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Article

Improving Organizational and Economic Mechanisms for Increasing The Efficiency of Retail Services in The Service Industry

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Abstract: This article examines the improvement of organizational and economic mechanisms aimed at increasing the efficiency of retail services in the service industry. The study applies a systematic approach to analyze the key factors influencing the economic performance of retail enterprises, with particular emphasis on service quality, customer satisfaction, and competitiveness. The research substantiates the role of organizational tools such as service standardization, personnel management, digital control, and innovative service organization, alongside economic instruments including pricing policy, cost management, logistics optimization, incentive systems, service monetization, and performance-based KPI evaluation. The interaction between financial and non-financial indicators is analyzed to assess service efficiency comprehensively. The findings demonstrate that the integrated application of organizational and economic mechanisms enhances operational efficiency, increases customer loyalty, optimizes resource utilization, and strengthens the sustainable economic growth and competitive position of retail service enterprises.

Keywords: Retail services, service networks, efficiency, organizational mechanism, economic mechanism, service quality, customer satisfaction, competitiveness , KPI indicators

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1. Introduction

Enhancing the efficiency of retail trade services is one of the key factors in the sustainable development of service industries and meeting the consumer needs of the population. In these days, retail is not only an area of sales of goods , but also the quality of customer service, service is emerging as a strategic system that forms competitive advantage through innovations and digital solutions. Therefore, the issue of improving organizational and economic mechanisms for increasing the efficiency of retail services in service industries is considered one of the relevant areas for economic science and practice.

In recent years, changes in the global economic environment, transformations in consumer purchasing behavior and the expansion of digital trading platforms have further uplifted the demand for retail services. Service quality, customer satisfaction, and loyalty are considered key factors that directly affect the economic efficiency of retail enterprises. Therefore, there is an increasing need to improve mechanisms such as service organization, resource utilization, cost management, and service monetization on a scientific basis.

The relevance of this topic is also reinforced by the decisions being made in Uzbekistan on economic reforms and the development of the service sector. In particular, the Presidential resolutions and strategic programs aimed at supporting the service sector, modernizing trade infrastructure, and creating favorable conditions for business entities in the period after 2022 have increased the practical importance of the issue of improving retail services. These decisions identify increasing efficiency in service sectors, introducing digital management systems, and developing customer-oriented service mechanisms as priority tasks. [1,2]

The scientific significance of this study is that it highlights the possibilities of forming and improving organizational and economic mechanisms that serve to increase the efficiency of retail services based on a systematic approach. The study scientifically substantiates the relationship between service quality, economic results, customer satisfaction and management instruments . The results serve as an important theoretical and practical basis for increasing the competitiveness of retail enterprises , ensuring sustainable service efficiency, and developing innovative economic mechanisms in service industries.

Literature review

To date, great deal of studies have been conducted by internatsional and national researchers on improving the organizational and economic mechanisms for improving the efficiency of retail trade services in the service sector.

In particular, “SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality ” article, based on the fact that service quality is a “core factor” of the efficiency of retail and service organizations, a 22-item SERVQUAL scale is developed to measure differences in service quality. The significance of this work for the topic is that it allows us to link organizational and economic mechanisms for improving the efficiency of retail services with precisely measurable indicators. That is, it provides an empirical answer to the question of “how does the mechanism work?” The researchers aimed to identify gaps in the quality of services of organizations and show which “ link” is more effective to direct resources to.[3]

Also, Christian Grönroos's "A Service" Quality Model and In his scientific article " The Marketing Implications of Service Quality", he considered service quality in two layers, **technical quality** and **functional quality**. Brand, corporate image are interpreted as factors that enhance this perception. The importance of this approach for the topic is that increasing efficiency in retail is not only related to reducing the cost of sales processes, but also to stabilizing demand and increasing loyalty through the method of service provision. The main idea of the scientist was that if organizational and economic mechanisms do not manage the “technical” and “functional” aspects of the service together, customer perception will decrease and even a good product may lose its value.[4]

Similarly, Richard L. Oliver’s “Whence Consumer Loyalty?” argues that customer loyalty is not an automatic result of satisfaction alone, that the satisfaction-loyalty link is asymmetrical, and that loyalty is a deeper psychological stages are explained. From the point of view of the topic, this is very important: if the mechanisms for improving the effectiveness of retail services are limited to increasing “satisfaction scores”, they may not fully achieve loyalty. Oliver’s contribution is to shift the policy of service provision from “satisfaction” to “loyalty architecture”: that is, to focus on creating long-term value. As a scientific gap , the article provides a strong theoretical explanation of loyalty, but a rigorous modeling of the “mechanism” in which combination of organizational and economic instruments enhances loyalty in the retail sector requires separate research. [5]

Mohammad Cow Lagzi and other scientists have called “A hybrid stochastic data envelopment analysis oath decision tree for performance prediction in retail industry” article discusses SDEA, Balanced Scorecard and Decision Tree approaches. The value of this work for the topic is that the improvement of organizational and economic mechanisms, starting from the “assessment” stage, moves to a numerical-analytical basis: by identifying which factors reduce efficiency in the branch section, it is possible to optimize resource allocation [6]. The authors show that only retrospective measurement of efficiency in retail management is not enough , and in conditions of uncertainty, a forecast and a “causal tree” are needed. As a gap, the model relied more on internal indicators; the universal integration of financial and operational indicators with the perception of service quality remains an open direction.[7]

Karimov B.’s article named“ Improving the methodological foundations of assessing the effectiveness of services provided in retail chains” systematizes the factors and conditions for improving the effectiveness of managing a complex of services in the retail chain, proposes a methodological approach to assessing the level of service, customer loyalty, service quality and satisfaction; also shows ways to form service attributes from the customer's point of view based on the Kano method . Its direct relevance to the topic is that it links organizational and economic mechanisms to a customer-oriented management model. The author’s contribution is to adapt international approaches to the context of the local retail chain and provide a practical “framework” for management. Although the article is strong at the conceptual -model level as a scientific gap, a large sample and longitudinal empirical studies on the economic effectiveness of the mechanisms are relevant for further work.[8]

Saidullayev Sh.Z.’s work “Increasing the competitiveness of trade enterprises based on improving trade services” highlights the role of additional trade services, “unique service” and customer orientation in increasing the competitiveness of retail enterprises, and proposes an approach to assessing competitiveness through the classification of trade services and the organization of additional services. The significance of the topic is that it does not limit the mechanisms for increasing efficiency only to internal processes, but also connects them with the value proposition and the incentive for repeat purchases: that is, it provides the logic of increasing revenue and market share by enriching the service package. The author's contribution is to view the service portfolio management and the service landscape as an instrument of competition. As a gap , the need remains to develop a set of standard indicators, combining the proposed assessment methodology with international methods, and to conduct comparative testing in networks of different formats.[9]

2. Materials and Methods

This research methodology focuses on scientifically analyzing the organizational and economic mechanisms for improving the efficiency of retail services, using a systematic approach, economic analysis and comparison methods. In the process of research, the SERVQUAL model, customer satisfaction and loyalty indicators, as well as financial and non-financial KPI indicators, were used as the main methodological tools for assessing the efficiency of services. In addition, the interrelationship of cost management, pricing policy, logistics and service monetization mechanisms in retail enterprises was substantiated through economic modeling and conceptual schemes.

3. Results

In general, we can divide the measures taken to improve the organizational and economic mechanisms for increasing the efficiency of retail services in service industries into two categories:

– Through organizational mechanisms;
– Through economic mechanisms. [10]

As an organizational mechanism , retail services are standardized, that is, service regiments and service protocols are developed. We can also improve the system of employee training and motivation by introducing customer-oriented service management.

The content of the economic mechanism is realized through reducing service costs and ensuring efficient use of resources, aligning pricing policy with service quality, diversifying revenue through additional retail services, and integrating financial and non-financial indicators in evaluating efficiency. [11]

The principle of operation of an organizationally structured mechanism starts from the external environment and controls the means of organizational influence through the subject and objects of management. Functional blocks reflect the entire management chain, from performance assessment to final results.

Factors included in the external environment, including market conditions, competitive environment, technological progress, consumer demand, and government policies, directly affect the organization of retail services and their efficiency . (Figure 1)

The starting block of the mechanism presented in the above scheme is efficiency improvement, which concentrates all management processes here. That is, it represents a single system of organizational and legal decisions, management methods and service strategies. If management entities are engaged in making and implementing decisions aimed at improving the efficiency of services, then their object includes retail services and service processes. [12]

Also, one of the most important blocks of this mechanism is its organizational tools.

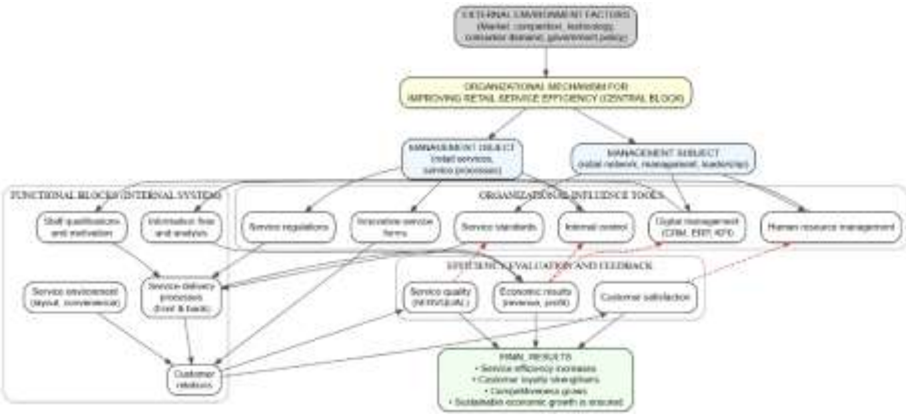

Figure 1. Improving the efficiency of retail services: an organizational mechanism[13]

The composition of the tools consists of stabilizing the quality of service, regulating, ensuring discipline, monitoring , selecting, training and motivating employees, and forming additional new types of services . Including:

- ❖ Service standards
- ❖ Service regulations
- ❖ Internal control
- ❖ Digital control
- ❖ Personnel management
- ❖ Innovative organization of services consists of such things as. [14]

Functional blocks represent the transformation of the organizational mechanism into practical activities. This block includes employee skills and motivation, information flow and analysis, service environment, service processes, and customer relations. It is in these blocks that service quality is formed and real interaction with customers occurs.

During the performance evaluation and feedback phase, the effectiveness of services is assessed in three main areas:

1. Service quality
2. Customer satisfaction with service

3. Consists of economic results [15]

In general, the operation of this scheme is carried out sequentially and requires control.

The second mechanism , the content of the economic mechanism, represents the economic mechanism for increasing the efficiency of retail services based on a systematic approach. In the initial part of the scheme, external economic environment factors such as inflation , competition, consumer demand, the tax system and the credit market are presented as the main influencing factors. Because the economic efficiency of retail services is always formed in accordance with market conditions. These external factors create restrictions and opportunities for enterprises, creating the need to develop an economic management mechanism. (Figure 1)

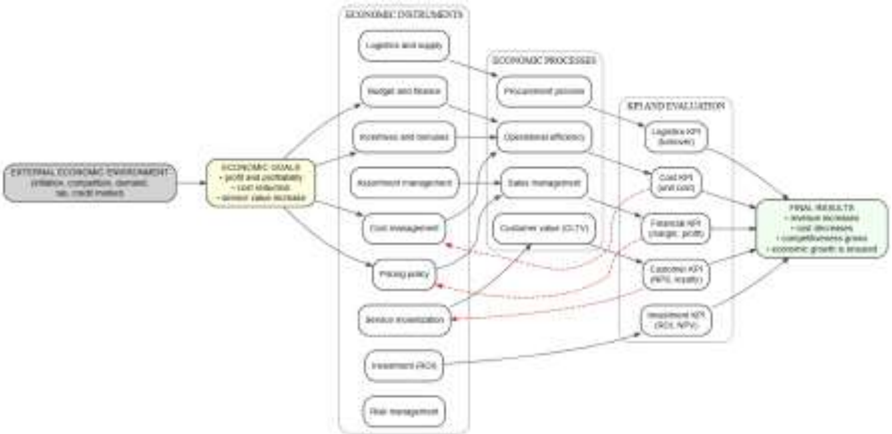

Figure 2. Improving the efficiency of retail services: an economic mechanism [15]

At the next stage of the scheme, economic goals are formulated. These goals are aimed at increasing profits and profitability, optimizing costs, and enhancing the value of services. It is on the basis of these goals that a system of economic instruments is formed. The instruments include pricing policy, cost management, financial budgeting , incentive mechanisms, assortment management, logistics and supply, service monetization , investment efficiency , and risk management. These tools serve to increase the level of use of economic resources by retail enterprises and increase income from services.

At the third stage, economic instruments affect operational processes. These processes are manifested through purchasing and contracting activities, operational efficiency, sales management, and increasing customer value. For example, a logistics and cost management system reduces costs in operational processes, while pricing policy and assortment management increase sales volume and margin. Also, service monetization allows you to diversify income through additional services . Thus, the economic mechanism is integrated into all key areas of the enterprise's activities.

At the final stage of the scheme, efficiency is assessed based on KPI indicators. Economic results are determined through financial KPI, cost KPI, logistics KPI, customer KPI and investment KPI. The results of this assessment serve as a feedback mechanism to improve the instruments , that is, if the KPI decreases, pricing policy or cost management is revised. The final result is increased revenue and profit, reduced costs, increased competitiveness and sustainable economic growth through retail services.

4. Conclusion

Retail trade service is one of the important factors in the sustainable development of service industries. The economic mechanism scheme developed during the study of the topic shows that the efficiency of retail services is closely related to the factors of the external economic environment, the goals of the enterprise and internal economic management instruments . This means that improving the efficiency of services requires not only improving operational processes, but also the formation of a comprehensive economic management system.

It was also found that pricing policy, cost management, logistics, assortment management, promotion and investment decisions, as the main core of the economic mechanism, directly affect the economic results of services. Through these instruments , enterprises will have the opportunity to increase profits, reduce costs and enhance the value of services. At the same time, modern approaches such as customer value and service monetization play an important role in making retail services competitive .

At the final stage, the efficiency assessment and feedback mechanism based on KPI indicators ensures continuous improvement of the economic mechanism. The efficiency of services is comprehensively measured through financial results, costs, logistics efficiency, customer loyalty and return on investment. As a result, the efficiency of retail services increases, ensuring the competitiveness of the enterprise and sustainable economic growth.

Based on the results of our analysis and observations, we have developed the following proposals. Including:

Firstly, modern cost management methods (ABC- costing , Lean) are used to improve service efficiency in retail businesses. management) should be introduced and economic control aimed at reducing costs should be strengthened.

Secondly, in order to improve pricing policy, it is necessary to expand opportunities for increasing revenue and margins through the use of dynamic pricing, segmentation , and discount systems based on the value of service.

Thirdly, it is recommended to optimize inventory turnover, incorporate digital monitoring systems, and OTIF indicators into management practices to improve logistics and supply chain efficiency .

Fourthly, it is advisable to develop a portfolio of additional services to strengthen customer loyalty and service monetization , and reformulate the service strategy based on customer KPIs such as CLTV and NPS

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