

Article

Organizational and Economic Mechanism of Increasing The Efficiency of Services to The Population in Neighborhoods

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Abstract: This study investigates the organizational and economic mechanisms aimed at enhancing the efficiency of service delivery at the neighborhood (mahalla) level in the Samarkand region of Uzbekistan. Amid rapid urbanization and growing demand for inclusive public services, the research identifies a gap in understanding how financial, institutional, and spatial tools function collectively to improve service access and employment in local communities. Using a mixed-method approach, the study analyzes quantitative data from regional statistics (January–June 2025) and qualitative case studies of infrastructure projects, credit allocation, and decentralized service models. Findings reveal a significant increase in service volume (26.6 trillion UZS), creation of over 52,000 jobs, and deployment of 2,545 new service points. Strategic financial inputs—including 1,652.1 billion UZS in bank credit—and land-based instruments like digital auctions and developer leasing supported diverse initiatives across health, tourism, and transport sectors. The study demonstrates that spatially adaptive, bottom-up service planning, when paired with institutional coordination, accelerates employment, entrepreneurship, and service equity. Despite successes, challenges such as formalizing informal labor, long-term sustainability, and weak evaluation frameworks persist. The study calls for integrated digital governance, participatory planning, and capacity-building as pathways to resilient and inclusive service ecosystems. These findings contribute to broader policy debates on decentralization, public-private partnerships, and regional development in post-Soviet contexts.

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1. Introduction

In the context of rapid economic development and urbanization, one of the key objectives of modern socio-economic policy is to ensure the accessibility and efficiency of services for the population, particularly at the level of local communities—mahallas [1]. The service sector significantly impacts quality of life, employment, and regional sustainable development. According to recent data, the volume of services rendered in the Samarkand region in January–June 2025 exceeded 26.6 trillion UZS, showing a growth rate of 112.7%. These indicators highlight the need for a comprehensive approach to organizing and stimulating service infrastructure, including financial, institutional, and administrative mechanisms [2].

Existing academic theories—from models of sustainable development to theories of decentralization and public administration—emphasize the importance of integrating economic tools with local self-governance to expand access to basic services [3], [4]. The

concept of "bottom-up governance" stresses the involvement of local communities in designing and implementing service-related initiatives. However, despite numerous studies in the field of municipal management, a gap remains in analyzing institutionalized mechanisms for increasing service efficiency in mahallas, particularly in terms of economic incentives, employment tools, and digitalization [5].

A number of empirical studies in Central Asia and Eastern Europe demonstrate that funding for small businesses, infrastructure development, and public-private partnerships are important factors for expanding services locally [6]. Nevertheless, the limited empirical base regarding the systemic efficiency of organizational-economic mechanisms—such as targeted lending, auction-based resource distribution, and self-employment programs—within Uzbekistan's mahallas [7] hinders the development of standardized strategies. This study seeks to address that gap by analyzing existing mechanisms in the Samarkand region using both quantitative and qualitative indicators.

Methodologically, this research is based on analytical generalization of official statistics, policy documents, and case studies of projects implemented at the mahalla level [8]. These include the creation of 2,545 service facilities, the launch of 24/7 streets, and the development of healthcare and tourism services [9]. The approach combines elements of institutional analysis, project effectiveness evaluation, and the assessment of labor and entrepreneurship outcomes as indicators of systemic impact. This enables a comprehensive evaluation of how current organizational and economic mechanisms align with the goals of enhancing accessibility, quality, and sustainability of services [10].

Expected results include a classification of institutional structures [11] and economic incentives, identification of key drivers for sustainable service expansion in neighborhoods, and development of practical recommendations for adapting successful models in other regions. The analysis indicates that coordinated state policy, financial involvement of commercial banks (3,800 billion UZS), mobilization of unused reserves (such as land and informal employment), and digital tools can significantly increase the efficiency of service delivery. The practical significance of this study lies in its applicability to municipal development strategies, national service economy programs, and mechanisms for improving social protection at the community level [12].

2. Materials and Methods

This research adopts a mixed-method approach, combining quantitative data analysis with qualitative case-based evaluation to assess the organizational and economic mechanisms enhancing service delivery in local neighborhoods (mahallas) of Samarkand region. The study is grounded in a pragmatic epistemological framework, which supports the integration of statistical indicators, financial allocations, and infrastructure development programs to examine how systemic mechanisms contribute to improved public service accessibility and economic participation at the community level.

The primary data source for this study includes detailed statistical and policy information from official regional reports for January–June 2025, specifically focusing on the service sector's development in Samarkand. These reports provide a comprehensive overview of service volume growth (26.6 trillion UZS with a 112.7% increase), population-level service accessibility (6179.1 thousand UZS per capita), and sector-specific interventions such as bank credits, employment initiatives, land auctions, and infrastructure investments. Particular attention was paid to the scale and structure of credit allocations by commercial banks—amounting to 1652.1 billion UZS for 8400 business entities—as well as the formation of 2545 service points in mahallas and the creation of over 52,000 new jobs, including informal and self-employment arrangements.

The methodological framework involves content analysis of these regional development plans and economic policy statements, interpreting how organizational arrangements (e.g., establishment of 24/7 service streets, developer-led leasing schemes, and auction-based land distribution) function as institutional mechanisms. Quantitative indicators such as credit distribution by sector, number of service projects implemented, job creation figures, and financial volumes mobilized are statistically summarized to illustrate trends and evaluate efficiency.

A case analysis technique was also applied to selected local initiatives to evaluate the contextual performance of specific mechanisms. For instance, the launch of the "Trade Market Yuksalish" commercial-entertainment center and the development of roadside service facilities like those by "Yodgor Trans" LLC serve as micro-level examples to assess impact. Additionally, investments in health tourism, with projects such as the 250-bed "Intramed" private hospital and regional public transport upgrades (e.g., introduction of 100 modern buses and tram lines supported by international financing), were used to demonstrate the sectoral and spatial diversity of service development.

In synthesizing the findings, the study employs a comparative logic—linking observed local outputs to broader national service delivery targets. This includes examining planned outcomes such as the creation of 195,000 new jobs, expansion of tourism services to 10.5 million visitors, and increase in service export revenue to over \$550 million. The triangulation of numerical performance data, policy intentions, and implemented cases allows for a multidimensional understanding of how economic and organizational levers interact to boost service efficiency and inclusivity at the neighborhood level.

Overall, this methodology ensures that the analysis remains context-sensitive, policy-relevant, and empirically grounded, offering insights applicable both within Uzbekistan and to comparable post-Soviet or developing regional governance contexts seeking to decentralize service provision and enhance socio-economic resilience at the grassroots.

3. Results and Discussion

The empirical findings from the Samarkand region demonstrate that well-coordinated organizational and economic mechanisms have the potential to significantly enhance the quality, accessibility, and efficiency of services at the neighborhood level. The implementation of targeted financial instruments, infrastructural investment, and localized service deployment has led to measurable improvements in employment, business activation, and service diversification within mahallas. This reflects the functional capacity of bottom-up development strategies embedded within regional governance structures.

The data show a substantial increase in the volume of services rendered—reaching 26.6 trillion UZS for the first half of 2025, with an annual growth rate of 112.7%. This growth is coupled with a strong per capita service expansion (6179.1 thousand UZS), suggesting improved inclusivity. A total of 2545 essential service points were established across local neighborhoods, facilitating access and contributing to the employment of approximately 3,500 residents. Additionally, over 52,000 citizens were engaged in various forms of employment through service sector initiatives, of whom 6,800 secured permanent jobs while the majority (45,200) were mobilized into entrepreneurship. As we can see in Table 1, the first half of 2025 demonstrated substantial growth in service volume, job creation, and entrepreneurship across the Samarkand region.

Table 1. Service Sector Achievements in Samarkand Region (Jan–June 2025)

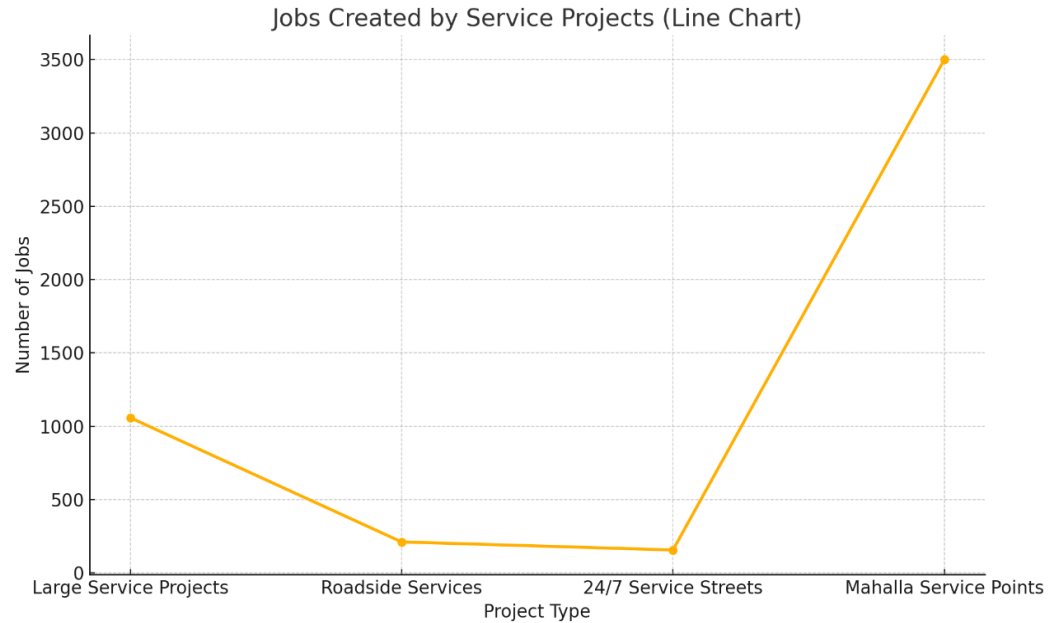
Category	Value
Total Service Volume	26.6 trillion UZS
Per Capita Service Volume	6,179 million UZS
Total Jobs Created	52,000
Permanent Jobs	6,800
Entrepreneurship Engagement	45,200
Service Points in Mahallas	2,545
Large-scale Service Projects	187 projects (558 bln UZS)
Credit Allocated to Service Sector	1,652.1 billion UZS

Table 2 presents a comparative overview of service project types, associated investments, and employment outcomes within the mahalla-level infrastructure

Table 2. Service Projects and Employment Outcomes (Jan–June 2025)

Project Type	Number of Projects	Credit Allocated (billion UZS)	Jobs Created
Large Service Projects	187	558.0	1058
Roadside Services	52	55.5	211
24/7 Service Streets	75	–	156
Mahalla Service Points	2545	–	3500

The Figure 1 shows the distribution of jobs created through various service project types, highlighting the contribution of both large-scale and local initiatives.

**Figure 1.** Jobs Created by Service Projects (*Line Chart*).

From an economic standpoint, the allocation of 1652.1 billion UZS in credit to 8400 enterprises exemplifies the operational effectiveness of banking sector engagement in service growth. Significant portions of this funding were targeted toward trade volume expansion, circulating capital, and capital investment in new service facilities. For instance, 558 billion UZS was invested in 187 large-scale service projects, resulting in the creation of 1058 new jobs. The Figure 2 shows how credit resources were distributed across service initiatives, emphasizing a strong financial focus on trade and capital-intensive projects.

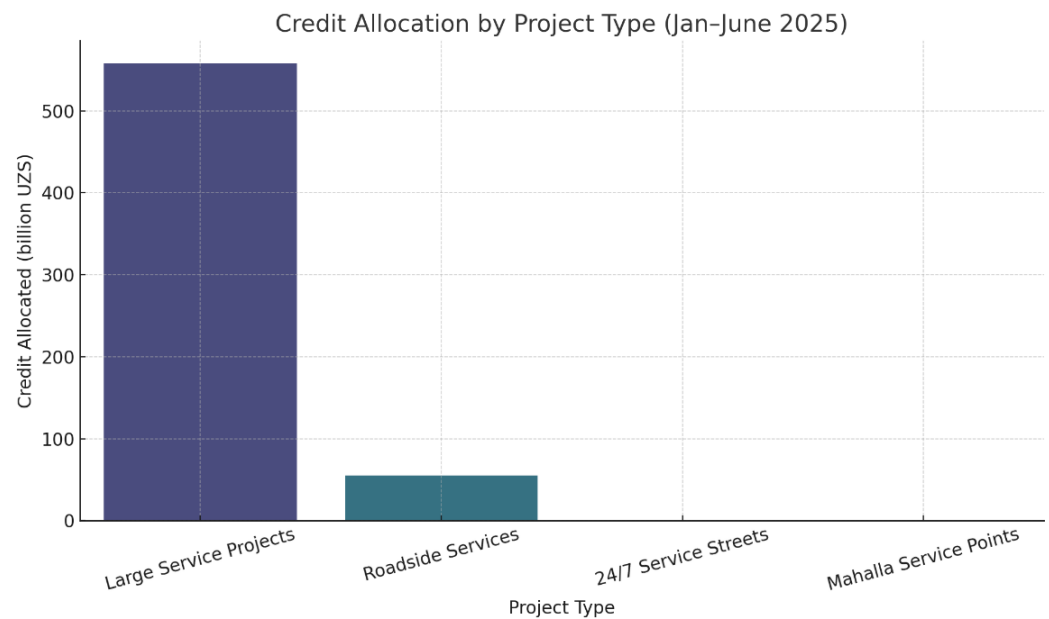


Figure 2. Credit Allocation by Project Type

Such activities validate the theoretical premise that strategic financial mechanisms—particularly credit accessibility and targeted subsidies—act as catalysts for regional service productivity and employment generation.

Infrastructure-based initiatives further augment these outcomes. The launch of 24/7 operational streets with 75 business projects, and the development of roadside service areas with 52 functional projects, indicate a growing recognition of spatial and temporal dynamics in service accessibility. Moreover, the establishment of developer-led leasing schemes for commercial properties (valued at 250 billion UZS), and the auctioning of 1000 land plots through digital platforms, reflect innovative policy instruments aimed at accelerating business entry into underserved localities. The planning and utilization of 1900 land parcels for commercial development (covering 161.5 hectares) illustrate a systemic approach to space-based service planning.

In terms of sectoral diversification, the results underscore a shift toward specialized services such as tourism, health, and transportation. For example, the opening of high-end hotels, hostels, and family-run guest houses—alongside planned events across 50 weeks—reflects a model of tourism-led neighborhood revitalization. Similarly, the deployment of 10 multi-specialty private medical centers and the operation of a high-tech, 250-bed hospital project ("Intramed") exemplify the vertical integration of service sectors into community-level development. Notably, these efforts resulted in the export of medical services to 8000 foreign citizens in 2024 alone. In transport, the introduction of 100 modern buses and new tram lines, supported by the European Bank for Reconstruction and Development, contributes to mobility, a foundational enabler of service effectiveness.

This includes examining planned outcomes such as the creation of 195,000 new jobs, expansion of tourism services to 10.5 million visitors, and increase in service export revenue to over \$550 million. We can see in Table 3 that the regional service development plan sets ambitious targets for employment, credit mobilization, and land-based service expansion by the end of 2025[9].

Table 3. 2025 Service Sector Development Targets

Indicator	Value
Planned Jobs (Total)	195,000
Permanent Jobs	85,000
Self-Employment	101,500
Legalized Informal Jobs	8,500

Indicator	Value
Planned Credit Allocation (bln UZS)	3,800
Developer Leasing Support (bln UZS)	250
Service Volume Target (trln UZS)	75.4
Target Growth Rate (%)	115.4
Planned Service Facilities	4,500
Land Parcels for Commercial Use	1,900 plots (161.5 ha)
Land Auctions via Digital Platform	1,000 plots

The Figure 3 shows the projected breakdown of job creation in 2025, underlining the dominant role of self-employment alongside formal and legalized informal work.

Planned Job Creation Breakdown in 2025

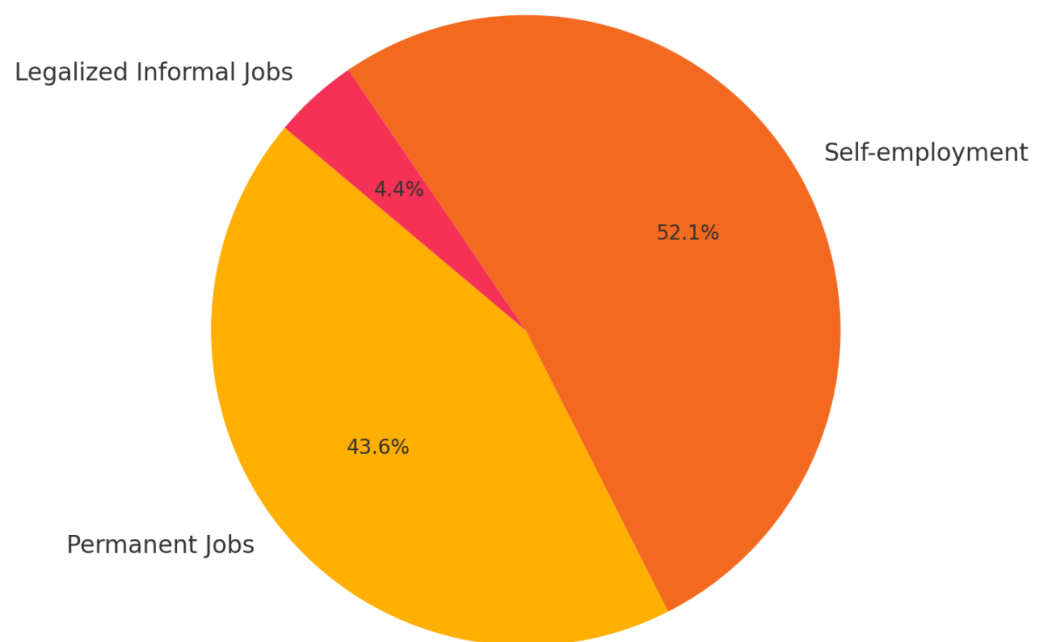


Figure 3. Planned Job Creation Breakdown

Despite these achievements, the study also identifies several knowledge and policy gaps. The first is a lack of rigorous evaluation frameworks to assess long-term sustainability of these mechanisms. While quantitative targets are being met, questions remain regarding the structural resilience of newly created service systems, especially in the face of economic or demographic shifts. Furthermore, there is limited clarity on how informal and self-employed populations will be integrated into formal economic structures—particularly with respect to labor rights, social protection, and tax systems. While 8.5 thousand informal jobs are planned for legalization, the administrative and

Institutional capacity to monitor and support this process remains unclear [13]. Theoretically, this research reinforces the role of decentralized governance and public-private synergy in the expansion of local service systems, aligning with the principles of institutional economics and development theory. It contributes to the evolving discourse on place-based policy interventions, particularly within post-Soviet transitional economies where centralized service delivery models have traditionally dominated. However, deeper theoretical inquiry is needed to unpack the dynamics of institutional trust, community

engagement, and behavioral economics in shaping the responsiveness and efficiency of neighborhood-based service frameworks [14].

In practical terms, this study underscores the importance of aligning financial mechanisms with spatial planning and social inclusion strategies. Future reforms should prioritize adaptive service ecosystems, capable of responding to evolving community needs and macroeconomic pressures. This includes integrating digital monitoring tools, fostering participatory planning at the mahalla level, and expanding financial literacy programs for local entrepreneurs [15], [9].

Further academic research should adopt longitudinal designs to evaluate the durability of these service delivery models over time. In-depth field studies and stakeholder interviews would provide richer insight into user experience, barriers to access, and institutional bottlenecks. Comparative studies across regions or countries employing similar mechanisms could also offer valuable benchmarks and highlight best practices. Moreover, integrating geospatial analysis and service mapping could help optimize resource allocation and reduce spatial inequalities in service provision [7], [16]. Another promising direction lies in studying the role of innovation in service delivery—particularly through e-governance platforms, mobile service access, and AI-driven decision-making. Understanding how such technologies interact with traditional governance structures at the local level can significantly expand the theoretical scope and practical applicability of the current research. Finally, interdisciplinary collaboration—bridging economics, public administration, urban planning, and social policy—will be vital in crafting holistic models that address the multifaceted challenges of neighborhood service delivery [17].

In conclusion, the case of Samarkand's service sector reform offers compelling evidence for the potential of well-structured organizational and economic mechanisms to enhance service accessibility, stimulate local economies, and promote inclusive growth. Yet it also invites a more nuanced, evidence-based dialogue on long-term impact, institutional evolution, and the role of community agency in public service transformation. Through continued empirical research and theoretical innovation, it is possible to design smarter, more resilient systems [17].

4. Conclusion

This study highlights the pivotal role of coordinated organizational and economic mechanisms in enhancing the accessibility, quality, and sustainability of service delivery at the neighborhood level in the Samarkand region. Empirical findings demonstrate a robust growth in service volume (26.6 trillion UZS), substantial job creation (over 52,000 jobs), and the expansion of localized service infrastructure, including 2,545 service points. The effective allocation of financial resources—particularly 1,652.1 billion UZS in targeted credits—combined with land auctions, developer-led leasing, and public-private partnerships, has significantly contributed to inclusive economic participation and sectoral diversification across health, tourism, and transport. However, challenges such as the formalization of informal labor, limited institutional monitoring capacity, and the absence of long-term evaluation frameworks persist. These findings imply the need for integrated digital governance systems, participatory planning, and fiscal tools that reinforce resilience in service ecosystems. Further research should focus on longitudinal impact assessments, the integration of geospatial service mapping, and comparative analyses across other post-Soviet and developing regions to refine decentralized service delivery strategies and address systemic inefficiencies.

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