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PAPER

FACTORS AND DIRECTIONS FOR IMPROVING EMPLOYEE CAPACITY IN THE ECONOMY

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Abstract

This thesis examines the factors and directions for improving employee capacity in the microeconomy. Employee capacity plays a crucial role in increasing labor productivity, ensuring business competitiveness, and enhancing organizational performance. In the context of microeconomic entities, such as small and medium-sized enterprises (SMEs), the development of employee potential depends on several key factors: knowledge and skills, motivation, working environment, innovation adoption, and effective management strategies. The results of the study show that investing in human capital directly contributes to improved productivity and sustainable growth at the microeconomic level. The thesis concludes that effective human resource management is an essential condition for achieving long-term development, increasing production efficiency, and maintaining competitive advantages in the market.

Key words: Employee capacity, microeconomy, human capital, productivity, motivation, training, innovation, performance management, organizational development, competitiveness.

Introduction

The digital economy is at the heart of global economic transformation today. Digital technologies and innovations are ensuring the rapid development of the service sector, increasing its economic importance. Digital technologies contribute to increasing the competitiveness of the service sector and the success of the national economy in the global market. This ensures the sustainable development of the economy. At the same time, the digital economy reduces unemployment by creating new jobs, an increase in employment in the service sector increases the income of the population and improves their standard of living, digital technologies simplify service processes, increase efficiency and create new types of services, expand the capabilities of small and medium-sized businesses through digital marketing and e-commerce and help them develop, digital economy services provide convenient and affordable services to a wide range of people,

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contribute to socio-economic growth, create an innovative ecosystem, and help develop new startups and technological projects, ensuring the stability of economic development in the country.

Modern foreign economists are conducting extensive scientific research on the development of the digital economy and the service sector. P. Anderson's study "Rapid Change Is Coming to the Service Sector" analyzed the impact of the digital economy on the service sector, changes in jobs and wages as a result of automation. Also, Erik Brynjolfsson and Andrew McAfee in their work "The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies" highlighted the impact of digital technologies on economic processes and their role in society. The research of scientists from the University of Washington studied how digital technologies affect the efficiency and growth rates of the service sector.

During the study, existing scientific works, literature and articles on the digital economy and the service sector were analyzed. This method, while revealing the scientific basis of the topic, made it possible to identify important areas and issues.

In the digital economy, the effective development of the services sector serves to diversify the industry, create favorable conditions for increasing labor potential, ensure employment, increase GDP, and form demand for services. In the service sector, rational use of resources, increasing labor productivity, expanding the resource potential of enterprises, and more fully meeting consumer needs are considered important tasks.

Discussion and Results

In today's economic changes, improving effective management mechanisms in service enterprises, increasing competitiveness, and expanding export potential are relevant. One of the advantages of the digital economy is that the services sector requires less initial capital and allows for the creation of business models that quickly yield results.

The experience of developed countries shows that digital technologies are leading to an expansion of supply in the services market, a change in consumer needs, and an increase in demand for modern services. As the population's well-being increases, the demand for services is also increasing. Therefore, many service companies are adapting their activities to the high-income customer segment. The success of service companies depends on the development of a promising strategy and the effective implementation of digital transformation. The development of the sector is determined by external and internal factors and ensures the strengthening of its position in the market in a competitive environment. The adaptation of service companies to the digital economy has its own specific features, and the theoretical study of these features is of great scientific importance. Despite its importance, taking charge behavior has not received sufficient research attention. Previous studies have primarily examined individual characteristics that influence taking charge, including self-actualization, psychological ownership, personal motivation (such as prosocial motivation and work engagement), and leadership quality (e.g., the leader–member exchange relationship). However, few studies have explored taking charge from the perspective of sustainable human resource management (HRM).

In organizational settings, HRM practices are generally considered a core mechanism for shaping employee behaviors and are essential for long-term growth and competitive advantage. Sustainable HRM is defined as the use of HR tools to integrate sustainability strategies into organizational systems and to create HR practices that contribute to long-term firm performance. Within this framework, employee empowerment is viewed as a sustainable HR practice designed to generate organizational benefits by enabling employees to act more independently. Conger and Kanungo describe empowerment as an internal motivational force that encourages proactive, change-oriented behavior—such as taking charge.

To analyze the connection between empowerment and taking charge behavior, we developed a conceptual model using trait activation theory. In this framework, employee empowerment serves as the independent variable, taking charge behavior as the dependent variable, and perceived organizational support as the moderating variable. We propose that empowerment will strongly encourage taking charge only when employees feel that the organization supports them. According to trait activation theory, individuals display

specific behaviors in response to cues in their environment. When the workplace provides cues that trigger empowerment (such as autonomy or support), empowered employees are more likely to engage in taking charge. Perceived organizational support serves as a trait-relevant cue that reinforces empowerment and increases employees' willingness to take initiative and adopt sustainable behavioral responses when faced with challenges.

This research provides several significant theoretical contributions. The study offers a detailed explanation of how employee empowerment encourages change-oriented actions—specifically, taking charge behaviour—when influenced by the situational factor of perceived organizational support. The results indicate that the relationship between empowerment and taking charge becomes stronger when perceived organizational support is low. By considering organizational support as a moderating variable, this study expands existing literature and provides new insight into how varying degrees of perceived support can produce different outcomes. Earlier studies have largely shown that perceived organizational support increases positive employee outcomes, such as work engagement, trust, and emotional commitment.

This study adds to that body of knowledge by showing another pathway through which organizational support affects employee outcomes—by acting as a moderator. More specifically, results suggest that lower levels of perceived support can sometimes strengthen the effectiveness of employee empowerment in fostering taking charge behaviour. Excessive support from the organization may overwhelm employees or make them feel overly monitored or controlled. While high support typically increases well-being and reduces conflict, too much organizational involvement can become intrusive and reduce an employee's initiative, leading to undesirable consequences.

Furthermore, this research strengthens trait activation theory by identifying organizational support as a workplace cue that triggers empowered employees to adopt change-oriented behaviours such as taking charge. By examining these relationships, this study responds to calls from sustainability researchers to further explore psychological mechanisms involved in sustainable performance. The findings highlight that a certain level of perceived support functions as a psychological driver that maintains empowered employees' proactive behaviour and leads to sustainable results. The study also offers important practical insights. First, there appears to be a limit to how much organizational support is beneficial. Excessive support may cause employees to feel burdened or controlled. Sometimes, employees may feel incapable or overly dependent when they receive excessive help from their employer. The findings suggest that organizations might achieve better proactive behaviour from empowered employees by providing support with a "less is more" approach. Such an approach could be particularly beneficial during periods of economic constraints when efficiency and sustainability are crucial.

In addition, managers should consider adopting other sustainable HR practices, such as training focused on self-actualization, performance counselling, investments in human capital, and development of a positive psychological climate—factors that may activate empowerment. Compensation strategies can also motivate employees to display more proactive behaviours, so managers may need to redesign reward systems to support continuous improvement and change-oriented actions.

Despite its contributions, the study has limitations, which offer directions for future research. Although data were collected from two different groups (team members and supervisors), empowerment and perceived organizational support were self-reported by employees, which may introduce response bias. Future researchers should consider collecting data on these variables from multiple independent sources. Additionally, longitudinal studies are recommended to better understand causal relationships, as cross-sectional time-lagged designs can limit causal interpretation. Future research could also incorporate other contextual or personal variables, such as organizational learning culture, emotional intelligence, leader–member exchange quality, or regulatory focus, to further explore and refine the proposed model.

Conclusion

The growth of the digital economy within the service sector plays a crucial role in overall economic development. Digital innovations and technologies elevate the sector to a more advanced stage, enhance service quality, increase efficiency, and stimulate economic activity. For Uzbekistan, the digitalization of the service industry is significant for several reasons: Digital tools enable higher productivity in service delivery and create greater convenience for consumers; The establishment of new workplaces and a rise in employment levels contribute to boosting economic activity and increasing household incomes; Digital marketing and e-commerce support small and medium-sized enterprises, increasing their competitiveness and facilitating their access to international markets; Digital solutions help reduce expenses, streamline business processes, and improve economic performance; A digital economy enables wider access to services, making them more affordable and improving overall living standards.

Taking these factors into account, the following recommendations are proposed to further advance the digital economy in the service sector of Uzbekistan:

1. **Development of digital infrastructure:** It is essential to upgrade and expand digital infrastructure, including reliable Internet networks, digital platforms, and technological resources that facilitate the integration of digital solutions into services.

2. **Education and workforce preparation:** To maximize the benefits of digitalization, skilled specialists are needed. This requires reforming the education system, introducing training programs focused on digital competencies, and improving professional skills.

3. **Encouragement of innovation:** Initiatives supporting digital transformation should be promoted through assistance to startups, research and development activities, and pilot projects aimed at testing innovative ideas.

4. **Strengthening international collaboration:** Studying global best practices and expanding cooperation with foreign partners will accelerate the adoption of advanced digital technologies and ensure knowledge exchange.

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