HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

CRITERIA FOR EVALUATING THE EFFECTIVENESS OF INVESTMENT PROJECTS IN THE SERVICE SECTOR

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doi:https://doi.org/10.5281/zenodo.23312753

Abstract: This article examines the theoretical and practical aspects of evaluating the efficiency of investment projects in service-sector enterprises. It provides a systematic analysis of modern criteria used for selecting investment projects in the service sector, determining their economic efficiency, and assessing financial outcomes. The study explores the economic substance of financial indicators employed in evaluating investment project efficiency, such as net present value, internal rate of return, return on investment, payback period, profitability index, and others.

Keywords: service-sector enterprises, investment project, investment efficiency, investment activity, economic evaluation criteria, net present value, internal rate of return, return on investment, payback period, service sector.

Аннотация: В данной статье рассматриваются теоретические и практические аспекты оценки эффективности инвестиционных проектов на предприятиях сферы услуг. Систематически анализируются современные критерии, используемые при отборе инвестиционных проектов в секторе услуг, определении их экономической эффективности и оценке финансовых результатов. В ходе исследования раскрывается экономическое содержание финансовых показателей, используемых при оценке эффективности инвестиционных проектов, таких как чистая приведенная стоимость, внутренняя норма доходности, рентабельность инвестиций, срок окупаемости, индекс рентабельности и др.

Ключевые слова: предприятия сферы услуг, инвестиционный проект, эффективность инвестиций, инвестиционная деятельность, критерии экономической оценки, чистая приведенная стоимость, внутренняя норма доходности, рентабельность инвестиций, срок окупаемости, сектор услуг.

Annotatsiya: Ushbu maqolada xizmat ko‘rsatish korxonalarida investitsion loyihalarni amalga oshirish samaradorligini baholashning nazariy va amaliy jihatlari tadqiq etilgan. Xizmatlar sohasida investitsion loyihalarni tanlash, ularning iqtisodiy samaradorligini aniqlash hamda moliyaviy natijalarini baholashda qo‘llaniladigan zamonaviy mezonlar tizimli ravishda tahlil qilingan. Tadqiqot jarayonida investitsion loyihalar samaradorligini baholashda qo‘llaniladigan sof joriy qiymat, ichki

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daromadlilik normasi, investitsiyalar rentabelligi, qoplanish muddati, rentabellik indeksi kabi moliyaviy ko‘rsatkichlarning iqtisodiy mazmuni ochib berilgan.

Kalit so‘zlar: xizmat ko‘rsatish korxonalari, investitsion loyiha, investitsiya samaradorligi, investitsion faoliyat, iqtisodiy baholash mezonlari, sof joriy qiymat, ichki daromadlilik normasi, investitsiyalar rentabelligi, qoplanish muddati, xizmatlar sohasi.

Introduction. Today, the service sector is emerging as a key driver of economic growth and employment, while also stimulating innovation within the global economy. For service enterprises, market success requires not only expanding the range of existing services but also adopting new technologies, enhancing service quality, and developing innovative solutions that meet consumer needs. Effectively executing these processes is closely linked to the development, financing, and accurate assessment of investment projects. Unlike those in manufacturing, investment projects in the service sector possess unique characteristics; they focus not only on tangible assets but also on factors such as human capital, service technologies, digital platforms, customer service systems, and service quality. Consequently, the evaluation process must go beyond calculating financial outcomes to consider the project's long-term economic, social, and innovative impacts. International practice relies on metrics such as Net Present Value (NPV), Internal Rate of Return (IRR), Return on Investment (ROI), Profitability Index, and Payback Period to assess investment project efficiency. These criteria enable enterprises to determine the economic viability of projects, evaluate investment risks, and select the most effective option.

Developing the service sector, boosting private sector activity, and improving the investment climate are among the top priorities of economic policy in Uzbekistan. Notably, the Decree of the President of the Republic of Uzbekistan No. UP-60 dated January 28 2022, “On the Development Strategy of New Uzbekistan for 2022–2026” [1] outlines key objectives for the rapid development of the service sector, increased investment activity among business entities, and an expanded private sector share in the economy. Furthermore, the "Uzbekistan–2030" strategy places special emphasis on modernizing the service sector, supporting innovation, and effectively attracting investment. At the same time, the lack of unified, comprehensive criteria for evaluating investment projects in service-sector enterprises—as well as the challenge of harmonizing financial and non-financial performance indicators—remains a pressing practical issue. In the context of the digital economy, it is particularly important to consider innovation potential, service quality, customer satisfaction, market opportunities, and economic efficiency when evaluating investment projects in the service sector.

Main part. Implementing investment projects is a crucial economic process that ensures the long-term development of service enterprises. Amidst market relations, factors such as intensifying competition in the service sector, shifting consumer demands, and the widespread adoption of digital

[1] https://president.uz/oz/lists/view/4954

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technologies require enterprises to meticulously develop investment projects and assess their efficiency in advance.

Evaluating the efficiency of an investment project involves a comprehensive analysis of the economic outcomes, resource inputs, and potential financial risks associated with the project's implementation. In service enterprises, investment projects typically focus on introducing new types of services, developing service infrastructure, implementing modern technologies, enhancing service quality, and improving management systems.

When evaluating investment projects, it is essential to consider the specific characteristics of the service sector alongside traditional financial indicators. This is because the results of investments in this sector are determined not only by financial returns but also by customer satisfaction, service quality, market share expansion, and the enterprise's competitiveness.

The criteria for evaluating the effectiveness of investment projects can be categorized into the following main groups:

- financial efficiency criteria — assessing project profitability and cash flows;
- economic efficiency criteria — determining the overall economic outcome of investments;
- social efficiency criteria — evaluating the impact on service quality and employment;
- innovation efficiency criteria — determining the impact of new technologies and innovative solutions.

When determining the effectiveness of investment projects in service enterprises, it is insufficient to rely solely on the financial return on investment. This is because investment outcomes in the service sector often manifest over the long term and are shaped by factors such as service quality, the expansion of the customer base, innovation potential, and the strengthening of the enterprise's market position. Therefore, evaluating investment projects requires the use of a comprehensive system that integrates financial, economic, innovation, and social criteria.

Table 1

System of comprehensive criteria for evaluating the effectiveness of investment projects in service enterprises

№	Area of assessment	Evaluation criteria and indicators	Calculation method / valuation mechanism	Economic significance of the indicator	Significance for service enterprises
1	Absolute investment efficiency	Net Present Value (NPV)	NPV = Σ CFt/(1+r)t – I0	Determines the additional economic value generated by the investment project	Enables the assessment of the economic feasibility of long-term service projects

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2	Efficiency of capital utilization	Return on Investment (ROI)	ROI = NP/I ×100%	Indicates the amount of profit per unit of invested capital	Evaluates the effectiveness of funds allocated to service activities
3	Level of financial risk	Financial Leverage (FL)	FL = D/E	Assesses the financial burden via the debt-to-equity ratio	Identifies risks associated with the use of credit funds
4	Market efficiency	Market share, customer base growth, demand elasticity	Dynamic analysis and marketing assessment methods	Shows the impact of the investment on market opportunities	Determines the market position and competitive advantage of new services
5	Service quality efficiency	Service quality index, customer satisfaction level	Expert assessment, survey, and rating methods	Evaluates the impact of investments on consumer interests	Assesses the effectiveness of projects aimed at improving service quality
6	Innovation efficiency	Level of digitalization, share of new services, technological upgrades	Analysis of innovation activity indicators	Shows the impact of the investment on technological development	Facilitates the implementation of digital services and modern management systems
7	Socio-economic efficiency	New jobs, labor productivity, regional impact	Comprehensive socio-economic assessment	Determines the project's impact on the development of society and the region	Allows for the consideration of the social significance of the service sector

As the table demonstrates, evaluating the efficiency of investment projects in service enterprises requires a multi-criteria approach. While financial indicators (NPV, IRR, ROI, PP) determine a project's economic performance, metrics such as WACC and FL serve to assess financing efficiency and risk levels. Furthermore, given the unique nature of the service sector, it is essential to consider criteria related to innovation, market factors, and service quality. This comprehensive approach enables more precise project evaluation, facilitates effective investment decision-making, and ensures the long-term competitiveness of enterprises.

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In summary, evaluating investment project efficiency in service enterprises is a multi-criteria process that must account for service quality, innovation potential, and market prospects alongside financial indicators. Such a comprehensive approach enhances the soundness of investment decisions and fosters the sustainable development of enterprises.

Conclusions and suggestions. In conclusion, evaluating the efficiency of investment projects in service enterprises plays a crucial role in defining strategic development directions, ensuring the rational use of financial resources, and substantiating investment decisions. Research findings indicate that in the current environment, simply calculating investment volume and expected profit is insufficient; it is also essential to conduct a comprehensive analysis of the project's long-term economic, innovative, and social impacts. A distinctive feature of service enterprises is that investment outcomes often manifest not through an increase in tangible assets, but rather through improvements in service quality, customer satisfaction, the adoption of digital technologies, increased labor productivity, and the strengthening of the enterprise's market position. Therefore, evaluating investment projects requires considering non-financial indicators alongside traditional financial criteria. Based on the above, the following proposals have been developed to enhance the efficiency of investment projects in service enterprises:

- expanding the use of modern financial analysis methods in the investment decision-making process. Specifically, employing techniques such as the discounted cash flow model, Weighted Average Cost of Capital (WACC) assessment, and risk analysis enables a more accurate evaluation of project efficiency.

- supporting investment projects based on digital technologies. In particular, investments directed toward electronic services, automated management systems, and digital platforms contribute to improving service delivery efficiency.

- diversifying financing sources for investment projects. Enterprises can ensure financial stability by effectively utilizing their own funds, bank loans, leasing, state programs, and alternative financing instruments.

Overall, establishing a comprehensive system for evaluating the efficiency of investment projects in service enterprises is a crucial factor in ensuring the effective use of investment resources, mitigating financial risks, and securing the sustainable development of these enterprises. Implementing the proposed scientific and practical recommendations makes it possible to increase investment activity in the service sector and strengthen the competitiveness of enterprises.

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