



Development of the Service Sector in Uzbekistan

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Abstract: This article describes the service sector as the dominant sector of the economy. The main reasons for the development of the service sector are described. An analysis of the state of the service sector by industry in the Republic of Uzbekistan was carried out.

Key words: services, service sector, educational services, new types of services, GDP.

Introduction. A characteristic feature of the development of modern civilization is the transformation of the service sector into the dominant sector of the economy. In recent years, the service sector has become one of the most promising sectors of the economy. Today, both developed and developing countries are seeking to accelerate the development of services to impact economic growth.

Some of the main reasons for the development of this area are the transformation of the industrial economy into a post-industrial one, the complication of the structure of production, the complication of technology, the growth of living standards of the population, and the globalization of society.

According to the World Bank, the sector's current share in the gross domestic product of developed countries is 74%, in the total number of employed - 70-75% and in the total number of enterprises - 90-95%. The level of development of the service sector has become a determining factor in ensuring a high quality of life for the population and accelerating economic growth.

In the modern world, due to the accelerated development of competition and consumer demands, various types of services are appearing. Thanks to the dynamic modernization of scientific, technical and technological progress, new areas of service activity have been created. Enterprises and organizations in the service sector, through the integration of information technologies and means of communication, were able to move to a qualitatively different level of doing business.

Main part. In the life of modern society, the service sector is important. Today there are practically no enterprises and organizations left that do not provide services to one degree or another. And each of us is faced with this area every day: cell phones, the Internet, services of shopping and entertainment centers, catering outlets, beauty salons, consulting, medical and educational institutions, travel and transportation of goods by various types of transport. All this variety of services constitutes the concept of the service sector.

The service sector is a consolidated general category that includes the reproduction of various types of services provided by enterprises, organizations, and individuals. In other words, these are sectors of the country's economy that specialize in the provision of commercial, professional and consumer services.

As consumers of services, not each of us understands their significance. The service sector, in comparison with material production, has a number of specific features.

First, unlike goods, services are mostly produced and consumed at one time and cannot be stored.

Secondly, services are often contrasted with products, although in industry the role of service is increasing - equipment repair, after-sales service and other things related to the sale of goods. It can be said that in many cases there is a product element to the service. Just like when selling products, there is an element of service.

The service sector is one of the three components of the economy, along with industry and agriculture. Based on the share of the sector in GDP, one can judge the level of progressivity of the state's economy.

Post-industrial transformation has turned the service sector into a leader in terms of employment and GDP in all developed countries of the world and in a number of developing countries.

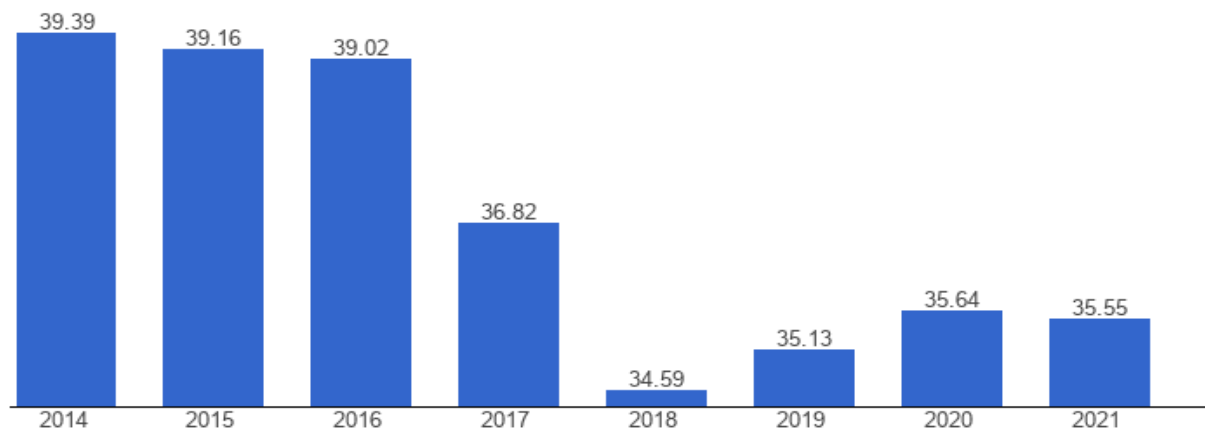
For Uzbekistan, where the pressure of demographic factors on the labor market is very high, the social importance of the service sector is greatly increasing.

The processes of reforming the national economy, carried out under the leadership of President Shavkat Mirziyoyev, contribute to the achievement of high indicators in the service sector and the creation of preconditions for its development.

In particular, in order to ensure accelerated growth rates of the service sector in the republic, further support of entrepreneurship and the creation of new jobs for the population in this direction, the Presidential Decree of June 16, 2020 approved measures to support the service sector. The document provides for the allocation of loans within the framework of the "Every Family is an Entrepreneur" program for 67 types of activities (works, services) that self-employed persons can engage in in accordance with the resolution of the head of state "On measures to simplify state regulation of business activities and self-employment" dated June 8, 2020.[1]

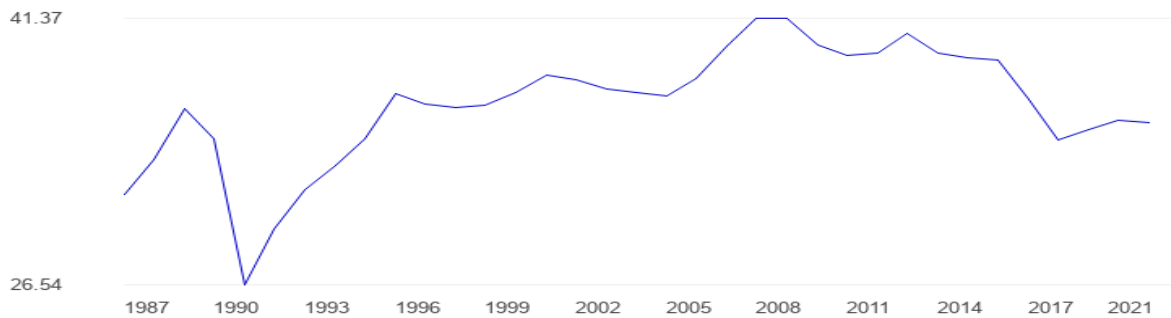
We provide data for Uzbekistan from 1987 to 2021. The average value for Uzbekistan during that period was 36.51 percent with a minimum of 26.54 percent in 1991 and a maximum of 41.37 percent in 2009. The latest value from 2021 is 35.55 percent. For comparison, the world average in 2021 based on 175 countries is 55.34 percent. See the global rankings for that indicator or use the country comparator to compare trends over time.

Diagram 1. Recent values



Source: Data from the State Committee of the Republic of Uzbekistan on Statistics.

Diagram 2. Longer historical series



Source: Data from the State Committee of the Republic of Uzbekistan on Statistics.

The importance of services in the economy of Uzbekistan and other countries is measured as the value added of services as percent of GDP. The services sector includes wholesale and retail trade, transport, financial services, education, health care, and real estate.

Services correspond to ISIC divisions 50-99 and they include value added in wholesale and retail trade (including hotels and restaurants), transport, and government, financial, professional, and personal services such as education, health care, and real estate services. Also included are imputed bank service charges, import duties, and any statistical discrepancies noted by national compilers as well as discrepancies arising from rescaling.

At the end of 2022, the share of the service sector in the gross domestic product of Uzbekistan amounted to 41.5%. From 2017 to 2022, the service sector grew 1.9 times. The basis for this was the improvement of information and communication infrastructure, an increase in the types of public services, simplification of business registration, and the adoption of a program for the development of the service sector.[2]

According to forecasts for the development of services in 2022-2023, the growth of the sector should be 2.2 times. Certain types of services developed in proportion to the forecast parameters. An example of this is financial services.

The sector's growth was lower than expected due to underutilization of opportunities. The growth of educational services was 50% less than expected. Higher education accounts for 54% of the service sector. This is a very large share, which means that most of the lost opportunities are in the field of higher education. In a historically short period of time, much has been done in higher education, as at other levels of education. If in 2018 there was only one private university, then over the past period many private universities have been opened. Foreign universities have appeared in Uzbekistan, their number has reached 30, and in 2017 there were only 7. According to World Bank indicators, there is a 14-fold difference between students from Uzbekistan studying abroad and foreign students studying in our country. The population of our country has a great demand for higher education services, but we have a lot to do in terms of quality.

The development of services in the health system is also viewed through the lens of missed opportunities. Services in this area, like educational services, grew 40% less than expected. Analysts note that education and health services are not developing as expected, which can be explained by the fact that they are also provided by the state.

The growth of tourism services turned out to be 30% less than predicted. We have a lot of missed opportunities. For example, in the Global Muslim Tourism Index, Uzbekistan ranks 9th with 62 points.

Today, new types of services are actively developing in the republic. Their importance for regional economies, primarily in urban agglomerations, has noticeably increased. Not long ago, interactive services such as electronic banking and online shopping were completely unknown to consumers. Today they form an integral part of our lives.

In the modern information world, as a result of the widespread use of the Internet, logistics, the emergence of electronic payment systems and electronic document management, a new form of activity is actively developing - e-commerce. More and more consumers are purchasing goods via the Internet, and commercial organizations are one way or another using the capabilities of this network when carrying out business activities.

In modern conditions, the service sector contributes to an increase in free time, creates opportunities for more complete satisfaction and development of the needs of people and society, and is an essential element in the formation of a modern quality of life.

The main factor influencing the development of the service sector is the scientific and technological revolution, which contributes to scientific, technical and technological progress, increased incomes, the desire of people to improve the quality of life, increase free time, urbanization, changes within families (where almost all family members work, which leads to the need for new services), increasing the complexity of consumer demand. The increasing role and influence of the service sector on the economy has necessitated research to classify them and identify the level of regulation.

The development of network information technologies has opened up new prospects in the field of education. The merging of modern educational methods and information technologies has made it possible to form new integrated learning technologies, in particular those based on Internet technologies. Distance learning includes the ability to download additional materials from almost anywhere that support the theory obtained using electronic textbooks, submit completed assignments, and consult with the teacher.[5]

To monitor the development of distance learning, service codes have been introduced in the field of preschool education and e-schools in various areas.

The list of new types of services is quite extensive and will increase due to the dynamic development of activities using innovative information and communication technologies.

Until recently, concepts such as car sharing, valet parking, catering, cryptocurrency mining, agrotourism, hostel, and other types of services were known only in Europe and abroad. However, today these types of services have begun to develop at an accelerated pace in Uzbekistan.

Conclusion. The appearance of new services on the market is determined by the future requirements of consumers and is based on the latest trends in global scientific and technological development and breakthrough innovations. Service innovations are associated not only with the emergence of new or updated types of services, but also with the improvement of the processes and technological operations of providing services, which is generally aimed at increasing their consumer value.

At the present stage, the development of the service sector in Uzbekistan is considered as an important direction for improving the well-being of the population. The modernization of the service sector and its most important sectors will continue. In our opinion, in the process of its further development it is important to pay special attention to the following points:

- the development and expansion of the service sector should be carried out on the basis of the development of paid services;
- equalizing the level of development of the service sector in the regions of the republic, including in rural areas;
- accelerated development of tourism, educational services, services in the field of computer and information communications, audit, marketing, finance, consulting and information services;
- development of small business and private entrepreneurship in the service sector.

Considering the importance of developing the educational services market in the process of transition to an innovative economy in Uzbekistan, it seems necessary to give priority attention to educational services.

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