

## DEVELOPMENT OF THE SERVICE SECTOR IN UZBEKISTAN

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### Annotation

The article examines the service sector as an important factor in ensuring the sustainability of economic growth in the country, ensuring employment and improving the living standards of the population. The results of the study show that the share of the service sector in GDP does not meet current market standards, this figure is significantly lower than in economically developed countries. However, the development of the service sector in Uzbekistan is currently taking place at a fairly rapid pace.

**Keywords:** service sector, employment, standard of living, features of the service market, innovative services, and innovative development.

### Introduction

Currently, the service sector is one of the most promising and fastest growing sectors of the economy.

Not so long ago, interactive services such as e-banking and online shopping were little known to consumers. At the moment, all this is an integral part of our life. According to the World Bank, services account for 75% of GDP and employment in most developed countries. But even in small developing countries, the service sector is 50%. Trade in services is gradually gaining momentum. About two thirds of the foreign direct investment market is in the service sector [1].

The development of the service sector makes a significant contribution to the overall growth of the economy. Because this sector is one of the main sources of creating new added value, organizing the production process, meeting the daily needs of the population, in general, forming and increasing the volume of gross domestic product.

In the Action Strategy for five priority areas of development of the Republic of Uzbekistan in 2017-2021, it was separately emphasized that "the accelerated development of the service sector, an increase in the role and share of services in the formation of gross domestic product, a fundamental change in the structure of services provided, primarily due to high-tech types of services »Is an important priority area [2]. All this creates the need for further development and improvement of the service sector in Uzbekistan.

Despite the rapid development of the industry and its importance in the economy, there are still different approaches to the concept of "service". The foundations for the allocation of services as a result of human activity were laid by A. Smith, who considered a service as "a

result of human activity, embodied in goods and disappearing after providing its useful effect” [3].

Describing the services K. Marx wrote: “This expression means nothing more than that special consumer value that this labor delivers, like any other labor; but the special use value of this labor has received a specific name "services" because labor provides services not as a thing, but as an activity ... ”[4].

F. Kotler argues that “a service is any event or benefit that one party can offer to the other, and which is mostly intangible and it approaches to take possession of something. The production of services may or may not be associated with a product in its material form”[5].

According to K. Grenroos, “Service is a process that includes a series (or several) of intangible actions that, if necessary, occur during the interaction between buyers and service personnel, physical resources, systems of the enterprise - service provider. This process is aimed at solving problems by service buyers”[6].

Of the country's domestic economists, Professor M. Pardaev asserts that "a service is a conscious activity of people who, having certain certificates and standards, are focused on meeting certain needs" [7].

In the UN classifier of services, the following definition is given, “... services can be defined as an action that is the result of production activities that satisfies the specific need of the recipient of the service” [8].

The electronic portal of Wikipedia interprets a service as a result of an action that is necessarily carried out in the interaction of a supplier and a consumer, and the service sector as a free generalizing category, including the production of various types of services provided by enterprises, organizations, and individuals [9].

Based on the results of studying the opinions of various authors on the content of the concept of "service", one may notice that there is no unambiguous interpretation of this concept. While some authors assert a service as an action, others as an activity or a result of human activity, others understand a service as a good that satisfies certain needs of the consumer.

With the development and improvement of new forms and methods of service, the content of the concept of service is enriched, the field of activity of the service sector expands. Services cover almost all sectors of the national economy, regardless of the type of activity. As a result of the wide distribution zone, services have become a separate and important sector of the economy.

In the last decade, services have come to play an important role in the economic structure of industrialized countries. The boundaries between the industrial sphere and the service sphere become mobile, there is a mutual penetration of one sphere into another [10]. For example, according to the World Bank's estimates, the share of the service sector in GDP was in 2019. in the USA - 77.4%, Great Britain - 71.0%, in France - 70.3%, Canada - 70.2%, Japan - 69.1%, Spain - 67.7%, Italy - 66.3% [eleven]. As the economic potential of this sector grows

and its role in meeting human needs and improving living standards, so does the attention given to it.

### Materials and methods:

The article used research methods such as systemic, formal-logical, analysis of statistical data.

### Results:

Economic transformations and market reforms aimed at creating a favorable business environment, improving the legal and regulatory framework for entrepreneurial activity, developing market infrastructure, and liberalizing the economy have provided not only an increase in economic growth, but also important qualitative changes in the structure of the economy, in particular, the formation and development of modern service sector in Uzbekistan.

The adoption after 2000 of measures for industrialization, modernization, technical and technological re-equipment of sectors of the economy, the creation of such new industries as automotive, petrochemical, and others. Ensured the growth of industrial production. In 1990-2019, the share of industry in the country's GDP increased from 17.6 to 30.0% (Table 1).

The share of the service sector is also growing in the structure of GDP. If in 1990 it accounted for 33.8%, then in 2019 - 35.5%.

As a result of the accelerated development of industry and services over these years, the share of agriculture in the country's GDP decreased from 33.4 to 28.1%.

Table 1. Sectoral structure of GDP and employment of the population of Uzbekistan, in%

Industry indicator	GDP				Employment			
	1990	2000	2010	2019	1990	2000	2010	2019
Agriculture	33,4	30,1	17,5	28,1	41,7	34,4	25,2	26,2
Industry	17,6	14,2	24,0	30,0	14,7	12,7	13,2	13,5
Services sector	33,8	37,0	49,0	35,5	37,0	43,0	52,4	50,5

Source: Compiled by the author based on statistical data from the State Statistics Committee of the Republic of Uzbekistan.

Analyzing the data in Table 1, one can notice a significant reduction in employment in the agricultural sector and a significant increase in employment in the service sector from 37.0 to 50.5%.

If we consider the dynamics of the volume of paid services per capita in Uzbekistan in 1990-2019, we can see their rapid increase. The volume of paid services per capita in 2019 increased by 8.4 times compared to 1990.

At the same time, the sectoral classification of the service sector shows that transport services make up the largest share in the structure of services provided by type of economic activity. In 2019, their share was 28.1 percent. Also, high rates were recorded in the field of trade services (25.1%) and financial services (18.2%), communication and information services (5.7%) [12].

In 2019, the share of enterprises and organizations engaged in trade and other services in the structure of enterprises and organizations working in the service sector occupies high positions (38.6 and 39.7%) [12]. accordingly, they occupy high positions in the structure of employment in the service sector.

The results of the analysis of the development of the service sector in the country indicate the need to develop innovative sectors of the national economy. Therefore, it will be expedient to further develop and improve various forms of state support in the service sector. Innovative services are of great importance today, the main task of which is to ensure the superiority of enterprises in the conditions of free competition and to maximize customer satisfaction for high-quality services.

At present, the modern consumer makes rather high demands on the quality of the services provided. American marketer Simon Adams argues that at least 50% of losses in business are the result of poor service or lack of it as such, and not high prices, as many think [13].

### **Conclusion:**

Further development of the service sector will depend on the level of development of innovative services in all areas. The main directions of innovative development of the service sector are: development of new types of products in the service sector, that is, new restaurant products, new types of hotel services, etc .; organization of services with extensive use of new equipment and technologies; change the existing processes of organizing services, the widespread use of new marketing research and management methods.

As the experience of developed countries shows, in order to increase innovation activity, it is necessary to create favorable conditions for the normal development of subjects of innovation, and stimulate, first of all, small and medium-sized businesses, as well as private investors investing in the development of innovative projects; effectively use credit and investment resources, provide a wide range of tax and customs benefits; to develop institutions of public-private partnership.

The development of innovative processes in the service sector, the creation of new types of services and the widespread introduction of new management technologies in the industry will lay the foundation for the accelerated development of the service sector.

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