

Ways of Innovative Development of Services Field and Sectors in New Uzbekistan

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Abstract: This article talks about the innovative development of the service sector and its branches in the conditions of the new Uzbekistan . The research examines the factors of innovative development of the service sector, existing problems and ways to overcome them. Proposals and recommendations have also been developed based on priority areas such as digitalization processes, support of scientific and innovative activities, and strengthening of regional integration. This article is aimed at enriching scientific and practical knowledge on the improvement of innovative strategies in the service sector.

Keywords: Service sector, innovation, digitalization, scientific and technical development, regional integration, New Uzbekistan, economic stability.



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Introduction

In the conditions of the new Uzbekistan, the issues of economic diversification and increasing competitiveness are gaining urgent importance. In this case, the service sector appears as one of the main drivers of the country's economic development. The service sector plays an important role not only in increasing the GDP, but also in providing employment and strengthening socio-economic stability.

In the second half of the 21st century, the processes of globalization and technological progress initiated a new stage in the development of the service sector. Digital technologies, artificial intelligence, and "green economy" trends have increased the importance of innovative approaches in service industries. Under these circumstances, Uzbekistan will have the opportunity to strengthen its position in international economic systems by modernizing the service sector.

The innovative development strategy of the Republic of Uzbekistan for 2022-2026 (hereinafter referred to as the Strategy) was approved in accordance with Annex 1.

The main directions of the strategy should be defined as follows:

- supporting startup initiatives and organizing large-scale production (capital creation) by forming a network of innovative infrastructure entities (innovative technological park, technology transfer center, innovative cluster, venture organization, innovation center, startup accelerator, incubator);
- increase the share of innovative active organizations by improving the institutional mechanisms of state support for innovative activities;
- ensuring rapid socio-economic growth of regions by increasing the innovative activity of small businesses;
- stimulating the demand for innovation by providing a comprehensive system of creating new types of products and innovative technologies from the idea to the final consumer;
- formation of a system of reorientation of created capital to "radically renewing" innovations;
- further development of human capital in the management of innovative activities by developing creativity, innovative entrepreneurship and rationalization skills at all stages of education.

It should be noted that, based on the achieved results and relevant main directions of the Strategy, a step-by-step implementation strategy has been determined on the basis of the "Road Map", which will be separately approved starting from 2024 ¹.

This article is dedicated to justifying the need to develop the service sector in an innovative direction in the developing conditions of New Uzbekistan and to analyze the available opportunities in this direction. The purpose of the study is to identify new growth points for the country's economy and recommend ways of effective development by modernizing the national service sector in terms of technological and organizational structure.

The relevance of this research is determined by the fact that the innovative development of the service sector is important in solving the socio-economic problems of the country, in particular, in increasing the level of employment, improving the quality of life of the population, and accelerating economic growth. Therefore, in-depth analysis of the service sector and its structural branches, determination of its development prospects based on modern scientific approaches is one of the important scientific and practical tasks of today.

The article analyzes the existing theoretical approaches to the role and importance of the service industry in the economy, world experience, and opportunities for innovative development of service industries in the conditions of Uzbekistan. At the same time, special attention is paid to the introduction of digital technologies, the creation of an ecologically sustainable service system, and the development of human capital. The results of this research serve as a theoretical basis for the development of practical recommendations for the innovative development of the service sector.

Literature review

As the economy of Uzbekistan enters a new stage of development, the innovative development of the service sector and its structural sectors is gaining importance. The scientific researches and theoretical developments carried out in this field serve as an important source in determining the place of the service sector in economic development and studying the possibilities of its development in an innovative direction.

Services There is a rich literature on the importance of the services sector of the economy, particularly the intellectual services, logistics, health, education, and information technology

¹ Decree of the President of the Republic of Uzbekistan "On approval of the innovative development strategy of the Republic of Uzbekistan in 2022-2026"

sectors. In particular, the work of Gronroos (1994) ²on service marketing and identifying consumer needs is the main methodological source for managing service quality and developing customer-oriented innovative strategies. Meanwhile, ³the SERVQUAL model proposed by Zeithaml and Parasuraman (1985) is widely used as a universal method for measuring and evaluating service quality.

In the researches dedicated to the innovative development of the service sector in the conditions of Uzbekistan, the influence of sectors such as real estate, tourism and finance on the national economy was analyzed separately. Among them, A. Karimov (2018) ⁴revealed in his research the specific features of the digital transformation of the economy and the introduction of innovative technologies in the field of services. His work focuses on strategies to improve the efficiency of service delivery through the implementation of digital technologies.

In the current period, special attention is paid to the concept of creating innovative clustering and cooperation networks in the study of global trends in the service sector. For example, Porter's (1990) ⁵theory of competitive advantages justified the importance of clustering processes in increasing economic efficiency. In studying the application of this theoretical approach in the context of Uzbekistan, Islamov (2021) ⁶explored the possibilities of clustering in national service networks and proved their positive impact on the local economy.

The analysis of the literature shows that the introduction of innovations in the development of services in the conditions of the new Uzbekistan not only increases economic efficiency, but also serves social and economic stability. In this direction, issues such as digitization of the service sector, application of ecological innovations and development of human capital are of priority. In this regard, the importance of studying international experience and taking national specificities into account was noted.

In short, scientific sources for studying the innovative development of the service sector serve as an important scientific basis for making strategic decisions in this direction. At the same time, the analysis of the available literature shows the need for new research and practical work in determining the directions of innovative development for the service sector of Uzbekistan.

Research methodology

A systematic approach to scientific research, including monographic observation, statistical abstraction, logical reasoning, and forward-looking forecasting techniques, was widely used throughout this study. In addition, the methods of analysis and synthesis were effectively used in the implementation of scientific research.

Analysis and results

For the innovative development of the service sector in Uzbekistan, we need to analyze each branch of the service sector. The table below shows the changes in service sector industries in the period 2017-2023:

² Gronroos, C. (1994). *Service Management and Marketing: A Customer Relationship Management Approach* . Wiley.

³ Zeithaml, VA, & Parasuraman, A. (1985). The SERVQUAL Approach to Service Quality Measurement. *Journal of Marketing*, 49(2), 26-31.

⁴ Karimov, A. (2018). *Digital Transformation of the Economy and Innovative Technologies in the Service Sector of Uzbekistan* . *Economic Journal of Uzbekistan* , 3, 45-59.

⁵ Porter, ME (1990). *The Competitive Advantage of Nations* . Free Press.

⁶ Islamov, I. (2021). *Opportunities for Cluster Development in Uzbekistan's Service Sectors* . *Journal of Regional Economic Development* , 5, 102-114.

Classifier	2017	2018	2019	2020	2021	2022	2023
Trading services	100.3	104.9	107.4	103.8	112.3	108.3	110.6
Communication and information services	121.3	115.9	108.3	123.8	126.4	128.8	125.4
Transport services	109.9	104.5	106.7	91.4	115.7	111.8	107.2
Accommodation and food services	112.1	107	107.3	80.3	132.3	122.3	113.5
Financial services	136.5	121.5	147	125.6	128	131.7	121.6
Services related to real estate	106.6	107.9	104.7	90	123.1	110	112.6
Services in the field of architecture, engineering research, technical testing and analysis	124.7	118.1	115.5	93.3	117.9	105.9	101.5
Rental services	102.1	110.4	98.3	98.4	118.7	112.6	102.4
Services in the field of education	125.6	110.5	109.5	101	130.8	114.1	123.1
Services in the field of health	116.9	113.4	114.7	94.8	128.5	113.4	112.3
Computer and household goods repair services	102.6	104.2	107.1	94.5	122.9	106.6	105.3
Personal services	100.7	102.2	105.4	94.7	114.4	107.1	106.3
Other services	111.8	121.2	116.3	99.7	113	114.4	125.7

As can be seen from the uploaded table, the service sector of Uzbekistan showed significant dynamics in various indicators during 2017-2023. Below are the data analysis and economic conclusions:

Trade services showed an overall growth trend from 2017 to 2023. Although there was a slight decrease in 2020 (103.8%), growth resumed from 2021 (112.3%). This is due to limited trading activity during the pandemic and subsequent success of recovery strategies.

communication and information services has maintained a steady growth rate. The indicator of 121.3% in 2017 reached 125.4% in 2023. It is estimated as a result of the development of the digital economy and the rapid introduction of information technologies in the country. Transport services decreased sharply in 2020 (91.4%). This is explained by movement restrictions during the pandemic. But starting from 2021, a recovery was observed, reaching 107.2% in 2023.

The accommodation and food service industry is one of the sectors most affected by the pandemic. In 2020, a decrease of 80.3% was observed. Although a significant recovery was observed from 2021, in 2023 the figure was 113.5%, not fully recovered. Financial services

showed a high growth rate (136.5% in 2017, 121.6% in 2023). Although there was a slight decrease in 2020, the overall dynamic remains stable.

During the years of the pandemic, the network of services related to real estate suffered a serious decline (90% in 2020). However, in subsequent years there was a recovery of up to 123.1%. Educational services showed steady growth, reaching 123.1% in 2023. Reforms in this field and the expansion of online education have led to this result. Personal services declined during the pandemic (94.7%), but later recovered, reaching 106.3% in 2023. This is explained by the recovery of the population's income. The segment of other services shows an overall stable growth (125.7% in 2023).

Most service industries (transportation, lodging and dining, personal services) experienced a sharp decline in 2020 due to the pandemic. But in the following years, the pace of recovery increased. Indicators of stable growth in the fields of communication and information, education and financial services show the economic effect of the introduction of innovative technologies. It is important to continue the digital transformation along these lines.

Recovery in transport and accommodation services is slow. Therefore, it is necessary to take additional measures to encourage these industries in the economic policy. The service sector is of decisive importance in the stable growth of the economy of Uzbekistan. The results of 2023 indicate the need to develop strategic measures to increase the share of this sector in the national GDP.

Conclusions and suggestions

In the conditions of the new Uzbekistan, the service sector is one of the important factors of the country's economic development. In this article, various directions of the service sector were analyzed and their innovative development opportunities were studied. The results of the research show that this sector of the economy has the potential to bring the country's economy to a qualitatively new level by introducing digital technologies, developing human capital and ensuring environmental sustainability.

First, wide implementation of innovative technologies in the field of services allows to increase international competitiveness and ensure efficiency in the domestic market. Digital transformation in industries such as communications, transportation and financial services is showing positive economic performance.

Second, challenges in the service sector during the pandemic have created significant experiences. In particular, the observed declines in the accommodation and catering, personal services and real estate sectors indicated the need for significant strategic measures to ensure stability in these areas.

Third, the development of innovations in education and health services plays a crucial role in strengthening human capital and increasing socio-economic stability. This serves as a basis for long-term economic development.

Thus, the innovative development of the service sector is of great importance not only for accelerating economic growth, but also for improving the living standards of the population and strengthening social stability. In this direction, the development of systematic measures to support digital transformation processes, diversify service networks and ensure environmental stability is an important task.

In order to accelerate the process of innovative development of the service sector in the conditions of the new Uzbekistan, it is recommended to implement the following measures:

1. It is necessary to introduce modern information and communication technologies in all sectors of the service sector. In particular, it is necessary to focus on the development of infrastructure

for e-commerce, financial technologies (fintech) and online services. This serves to increase the speed and quality of services.

2. It is important to introduce special educational programs for training and improving the skills of specialists working in the field of services. In particular, it is necessary to pay attention to the training of personnel who have acquired innovative approaches in the fields of information technology, logistics, financial services and health care.
3. It is necessary to expand and encourage public-private partnership (PPP) mechanisms in the field of services. In particular, it is possible to reduce the financial burden and improve the quality of services by developing cooperation between the public and private sectors in transport and infrastructure, education and health services.
4. It is necessary to introduce green technologies in order to develop an ecologically safe and sustainable service delivery system. This will contribute to the long-term development of service industries such as tourism, transport and energy.
5. It is necessary to effectively use the economic potential of all regions by diversifying service industries at the regional level. For example, it is desirable to develop tourism and agro-services in rural areas, and to expand high-tech service networks in urban areas.
6. In order to stimulate scientific research and innovative development in the field of services, it is necessary to improve the system of allocation of grants and preferential loans by the state. Support programs for start-ups should be expanded to ensure the implementation of innovative projects.
7. In order to study and implement the experience of developed countries in the field of services, it is necessary to strengthen international cooperation relations. In particular, it is important to attract foreign investments, participate in international projects, and develop mechanisms for exchanging technological knowledge.

In the future, the successful development of New Uzbekistan in the field of services depends on the effectiveness of the state policy in this direction, the involvement of the private sector, and the strengthening of international cooperation. The results of this study can serve as a theoretical and practical basis for the development of this process.

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