

**ANALYSIS OF THE STATUS OF DEVELOPMENT AND CHANGE TRENDS OF THE  
SERVICE SECTOR IN UZBEKISTAN**

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**Abstract:** This article analyzes the current state and development trends of the service sector in Uzbekistan. The article examines such important aspects as the role of the sector in the economy, its rapid growth rate, its inclusion of various sectors, investment flows and increased competition. The article also analyzes trends in change such as the introduction of technologies, improving the quality of services, the development of tourism and the emergence of new services. The article also discusses the problems that hinder the development of the sector, including the lack of qualified personnel, infrastructure problems and increased competition. In conclusion, the article emphasizes that the future of the service sector in Uzbekistan is bright, but it is necessary to focus on state support programs, investments and training of personnel to solve the problems.

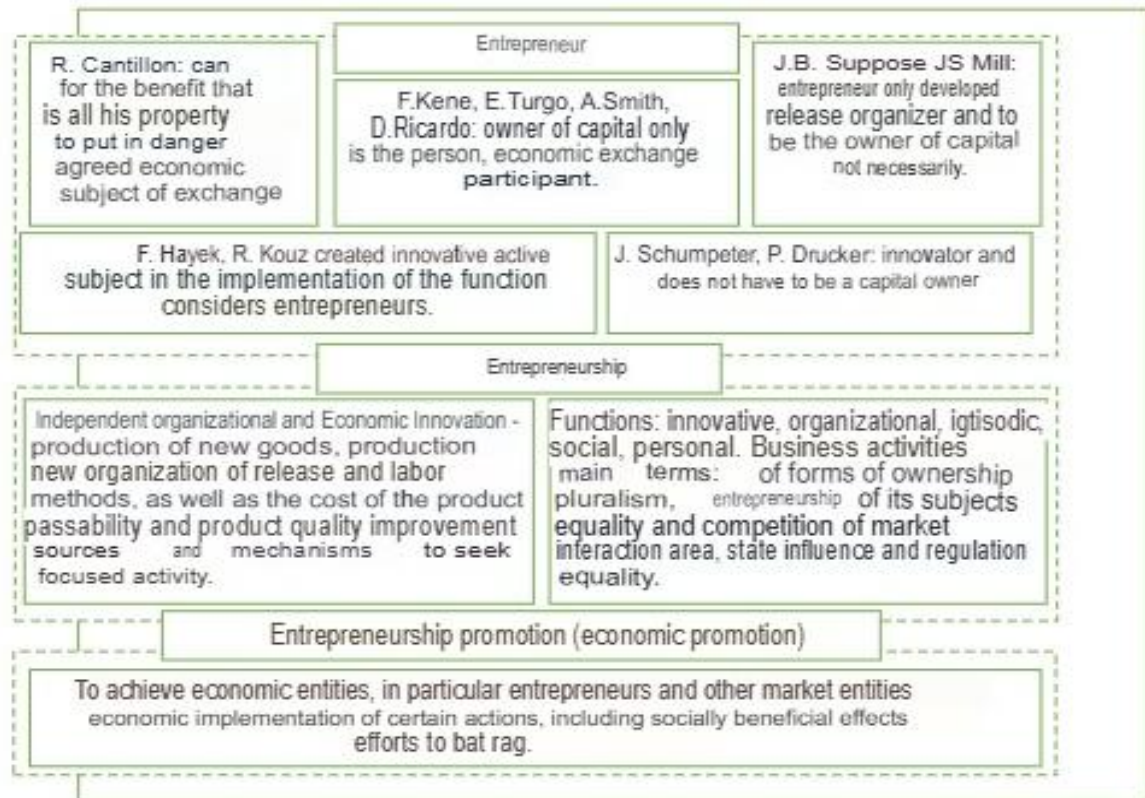
**Keywords:** Service sector, Uzbekistan, Development status, Trends in change, Economy, Investments, Competition, Technologies, Tourism, Human resources, Infrastructure, State support.

ENTRY : Uzbekistan economy fast photos with developed going one in the period service show field increasingly important importance profession This is industry not only economic to grow , maybe work places to create , to the population marriage level to increase and society general well-being to improve also contribution adds . Service show field various kind sectors own inside including trade , transport , communications , finance , education , health storage , tourism , hotel services and heart open . Last in years In Uzbekistan service show field fast photos with is developing . This of the industry share In GDP increasingly increasing is going and this of the country economy diversification to do aimed at strategy important part However, along with the development of the service sector, there are also a number of problems. For example, problems such as the lack of qualified personnel, infrastructure problems, and increased competition are hindering the further development of the service sector .

The rapid development of the service sector is one of the priority areas of the Development Strategy of New Uzbekistan. By developing services and service sectors in the regions, the volume of services will increase by three times in the next 5 years and create a total of 3.5 million new jobs in this area. The prospects for transforming the service sector into a leading sector of the economy largely depend on the development of entrepreneurial activity in this area, especially small and is inextricably linked to the development of private entrepreneurship, as services are mainly provided by small and private businesses.

It is worth noting that he, having distinguished all the currently known elements and components, methodologically proved the connection of entrepreneurship with innovation in the development of the economy and society. That is, he proved that an entrepreneur is an innovator, a subject of creative combination of resources and capital in order to make a profit. In general, in this classical concept, the essence of entrepreneurship as a phenomenon, entrepreneurial activity as a process is used in the practice of market management, as well as in scientific circulation. He is considered the direct founder of the classical theory of entrepreneurship, which has survived to our days and is a set of ideas for determining the fundamentals of entrepreneurial characteristics. At the same time, it is also believed that the priority in the distribution and definition of the concept of entrepreneurship according to the category of "entrepreneur" belongs to R. Cantillon, who, as M. Blaug[1] said, proposed the main factors of entrepreneurship as an entrepreneur, emphasizing that

entrepreneurial activity is a subject that seeks to make a profit, and for this he risks capital and resources. Theoretical and methodological skills for understanding the essence of entrepreneurship as a phenomenon that determines the prospects for human development have long been formed by science. In this sense, it is appropriate to theoretically and methodologically systematize the categories of importance of entrepreneurship and their characteristics in the study of entrepreneurship (Figure 1).



**Figure 1. Theoretical and methodological systematization of the categories of importance of entrepreneurial activity and their characteristics<sup>1</sup>**

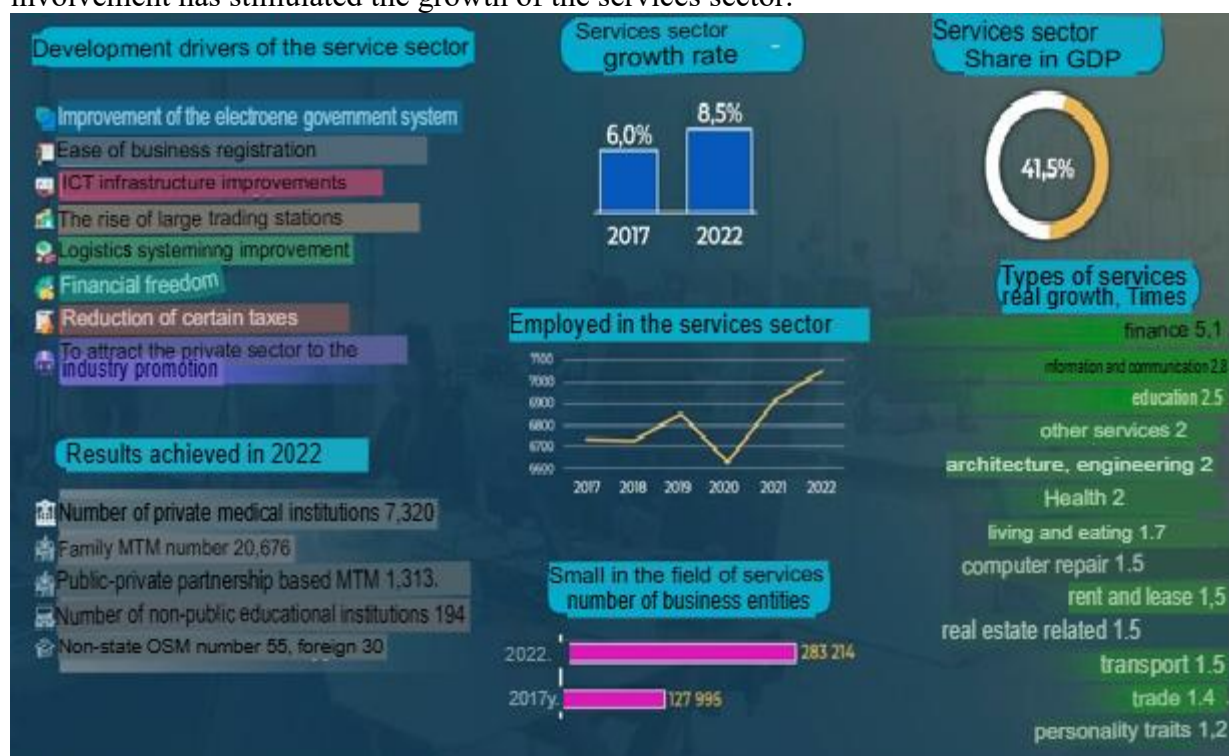
At the present stage of social development, the service sector occupies a significant place as an important and rapidly developing sector of the world economy. In the developed Western countries of the world, the service sector has become the most developed, first-class sector of the national economy. Its role in increasing GDP, creating new jobs, ensuring employment, increasing their income and free time, and fulfilling other important socio-economic tasks is increasingly growing. The service sector accounts for 70% of the GDP of the United States, 71% of France, and 62.5% of Germany. Also, more than 70% of the population employed in the economy in these countries is engaged in the service sector.

Scientific research is being conducted in the world to address the urgent problems of the rapid development of the service sector on an innovative basis. In particular, such important issues as the role of the service sector in ensuring employment and improving the well-being of the population, its impact on the processes of accelerating economic growth and forming a knowledge economy, its importance in the development of human capital, the creation and implementation of new types of services in the sector, etc. are being studied on a large scale. At the same time, consistent scientific research is being carried out to improve the innovative potential of the service

<sup>1</sup><https://finance.tsue.uz/index.php/afa/article/view/139/148>

sector, increase the competitiveness of the sector, and improve state policy aimed at its development. At the current new stage of social development, scientific research on the tasks facing the service sector, ways to introduce high technologies in the sector, and mechanisms for improving the living standards and employment of the population in the service sector is gaining importance.

Since 2017, e-government services have reached 368. Analysis shows that private sector involvement has stimulated the growth of the services sector.



**Figure 2. Dynamics of development of types of services in Uzbekistan in 2017-2022<sup>2</sup>**

Experts from the Institute for Forecasting and Macroeconomic Research (IMPR) analyzed the results of work on the development of services in Uzbekistan in 2017-2022.

In recent years, the service sector in Uzbekistan has been developing rapidly. The share of this sector in GDP is constantly increasing, and this is an important part of the country's strategy aimed at diversifying its economy. According to the results of 2022, the service sector in Uzbekistan accounted for 41.5 percent of GDP, and the real growth rate of the sector in 2017-2022 increased by 1.9 times.

Important steps have been taken to support and accelerate the development of the service sector. In particular:

- The "e-government" system has been improved, and the total number of e-government services has reached 368 (in 2019 - 173), of which 242 are intended for entrepreneurs;
- Business registration has been simplified and the number of small businesses in the services sector has increased by 2.2 times (128 thousand in 2017, 325 thousand in 2022);
- ICT infrastructure has improved by almost 6 times and the logistics system by 1.2 times. The length of fiber optic communication lines has increased from 20.3 thousand km in 2017 to 118 thousand km in 2022. Cargo transported has increased from 1146.2 million tons in 2017 to 1398.9 million tons in 2022.

<sup>2</sup><https://imrs.uz/>



Encouraging the involvement of the private sector in the development of modern services has borne fruit, and the following changes were noted in the years analyzed:

- financial services increased by 5.1 times. The involvement of private and foreign banks in the sector increased their competitiveness, and as of December 1, 2022, the HHI index decreased to 1016 (as of January 1, 2018, it was 1520);
- services in the information and communication sector increased by 2.8 times. The capacity of the international data transmission network increased to 1800 Gbit/s in 2022 (64.2 Gbit/s in 2017);
- services in the field of education increased by 2.5 times. The number of private preschool educational institutions reached 833 (250 in 2017), the number of preschool educational institutions based on public-private partnerships reached 1,313 (250 in 2018), the number of family preschool educational institutions reached 20,676 (579 in 2018), the number of non-state general educational institutions reached 194 (39 in 2017), the number of non-state higher educational institutions reached 55 (1 in 2018), the number of foreign higher educational institutions reached 30 (7 in 2017);

- healthcare services have increased 2.8 times, and currently 7,320 private medical institutions (of which 5,823 are outpatient and 1,497 are inpatient) are operating (in 2017 there were 4,000).

In the process of building a new Uzbekistan, special attention is paid to the issues of intensive development of the service sector, ensuring employment of the population in the regions through the effective use of its potential, and reducing poverty. The Development Strategy of the Republic of Uzbekistan for 2022-2026 sets out important tasks to further increase the well-being of our people, transform economic sectors, and unconditionally ensure human rights and interests based on the principle of "For the sake of human dignity." In solving these tasks, it is urgent to deepen scientific research in the areas of intensive development of the service sector in our country and increasing its role in ensuring employment of the population.

Development status of the service sector:

In recent years, the service sector in Uzbekistan has been developing rapidly. The share of this sector in GDP is steadily increasing, and this is an important part of the country's strategy aimed at diversifying its economy. The service sector includes various sectors, including trade, transport, communications, finance, education, healthcare, tourism, hotel services and entertainment. Each of these sectors has its own characteristics and affects different aspects of the economy. The flow of foreign and domestic investments into the service sector is increasing. The introduction of modern technologies in this sector is helping to improve infrastructure and improve the quality of services. Competition in the service sector is intensifying, which leads to an increase in the quality of services and a decrease in prices. This creates advantages for consumers, but requires businesses to be more competitive.

The introduction of technologies in the service sector is becoming increasingly widespread. In this area, the use of e-commerce, mobile payments, online services and other technologies is becoming widespread. This helps to make services more convenient and efficient. With the growth of consumer demands, attention is being paid to improving the quality of services. In this area, attention is being paid to individualization of services, customer orientation and quality control of services. The tourism sector in Uzbekistan is developing rapidly. This leads to an increase in demand for hotel services, tourist packages, transport and other services. The development of tourism also contributes to the development of other sectors of the service sector. With the development of technologies, new services are emerging. This leads to an increase in demand for online education, telemedicine, online shopping and other new services in this area. These services create even more opportunities for consumers.

Problems hindering the development of the service sector:

**Lack of skilled personnel:** The lack of skilled personnel in the service sector is hindering the development of this sector. To solve this problem, it is necessary to improve the personnel training system, modernize training programs, and introduce employee retraining programs.

**Disadvantages of the education system:** Curriculums do not meet market requirements, and there is insufficient attention to practical skills.

**Low level of foreign language proficiency:** In the service sector, especially in tourism, knowledge of foreign languages is very important.

**Insufficient staff retraining and development programs:** There are insufficient opportunities to introduce employees to new technologies and service standards.

**Low wages:** It is difficult to attract qualified personnel in the service sector due to low wages.

**Infrastructure problems:**

**Unreliability of utilities:** Outages in electricity, water, and gas supply disrupt the operations of service businesses.

**Inadequate transport infrastructure:** Underdeveloped roads, railways, and airports make service delivery difficult.

In conclusion, the service sector in Uzbekistan is developing rapidly and plays an important role in improving the overall well-being of the country's economy and society. The achievements made in recent years, in particular, the increase in the sector's share in GDP, investment inflows, the development of tourism, and the emergence of new services, are helping to accelerate the country's economic growth and create jobs. However, there are also a number of problems that hinder the development of the service sector. The lack of qualified personnel, infrastructure problems, increased competition, shortcomings in state policy and legislation, as well as cultural and social factors hinder the further development of the service sector. To address these problems, it is necessary to focus on state support programs, investments, training, improving legislation, and strengthening the fight against corruption. Businesses should also focus on increasing their competitiveness, improving the quality of services, and introducing new technologies. The development of the service sector will help accelerate Uzbekistan's economic growth, create jobs, and improve the living standards of the population. The joint efforts of the state, business, and society will contribute to the further development of this sector and a brighter future for the country.

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