

The Effectiveness Of The Development Of The Service Sector In Uzbekistan.

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Annotation. This article is devoted to the consideration and detailed study of the concept of “service”, and the author’s definition of this term is given, analyzed the development trends of the service sector in the Republic of Uzbekistan, based on the results of the analyses, the main directions of the development of the service sector in the country are proposed.

Key words: activity, benefit, service, service sector, high-tech services, innovative activity.

INTRODUCTION

In the current period of rapid development of the world economy, the volume of exports of the service sector, which brings high incomes in the international division of labor and has a growing trend, is \$ 6 trillion [1], its share in GDP in developed countries is 70-82% [2]. The service sector has a direct impact on the social living conditions of the population and the level of development of the country's economy. Therefore, the services provided in the economy of any society, in terms of their breadth and interdependence, require the organization of research in accordance with the requirements of the digital economy.

It should be noted, that in the context of the digital economy, it is necessary to study the activities of the service sector, taking into account its interaction with other sectors and spheres of influence. This is because the service sector also plays a special role as an integral component of the value chain created in other sectors and industries of the economy. Therefore, in a number of legal and normative acts adopted by the President and the Government focus on measures aimed at developing the service market, increasing the volume and variety of services and improving the quality of services.

In particular, in the Strategy of actions – further development of the republic of Uzbekistan pays special attention to “... the rapid development of the service sector, a radical change in the structure of services, primarily due to their modern high-tech types [3].

LITERATURE REVIEW

Today, the role of the services sector in the global economy is growing. From year to year, the number of scientific research in this area is increasing, and different approaches to the study of services are emerging. But even so, there is no holistic common approach among scholars on the concept of service. The founder of the use of the concept of service in economic theory was Adam Smith, who believed that services arise as a result of human activity and disappear from the moment they have a beneficial effect [4].

K. Marx studied A. Smith's views on services and developed it. Characterizing the concept of a service from the point of view of the result of the production process, he wrote: "This expression means nothing more than the special consumer value that this labor delivers, like any other labor. But the special consumer value of this labor received here the specific name "services", because labor does not provide services as a thing, but as an activity..."[5].

According to American scientist D. Bell, the founder of the theory of post-industrial society: "The first and simplest feature of a post-industrial society is that a large part of the labor force is employed not in agriculture and the processing industry, but integrated in the services sector, including trade, finance, transportation, healthcare, entertainment industry, as well as science, education and management" [6].

In defining the service, Kotler notes, "A service is any act or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. Increasingly, manufacturers, distributors, and retailers are providing value-added services, or simply excellent customer service, to differentiate themselves"[7].

According to G. Assel, services are intangible benefits that are acquired by the consumer, but not related to property [8].

As Ch.Gronroos writes in his work, "service is a process consisting of a series of activities where a number of different types of resources – people as well as goods and other physical resources, information, systems and infrastructures – are used, often in direct interactions with the customer, so that a solution is found and thus value emerges for the customer. Because the customer participates in it, the process, especially the part in which the customer is participating, becomes part of the solution"[9].

According to A.N. Fedyakina: "Services are a blessing for the buyer which provided through various types of activities at his request" [10].

As a result of studying the opinions of different authors about the content of the concept of service, we can see that there is no clear definition of this concept. While some authors emphasize a service as an action, others as a result of an activity or human activity, others consider a service as a good that satisfies the specific needs of the consumer.

Based on the above considerations, it can be argued that a service - is any kind of activity that one party with special knowledge and skills can offer to another, as a result, a useful consumer value is created and certain needs of various subjects of society are satisfied. In this case, the higher the level of knowledge and skills, the higher the effectiveness of this activity.

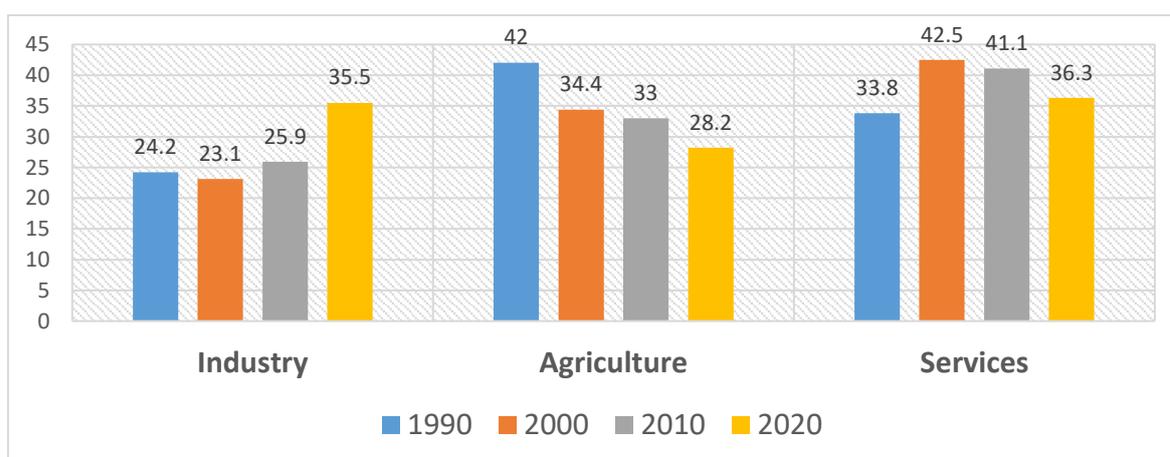
ANALYSIS AND RESULTS

The development of the services sector creates favorable conditions for the rapid development of the republic's economy. Growth in services is an important factor in reducing unemployment and poverty. This is because the establishment of service enterprises usually requires much less money and resources than the production of goods. This, in turn, encourages an increase in the number of service businesses. The creation of business entities means the creation of new jobs and an increase in employment [11].

As a result of the socio-economic reforms carried out in our country and the application of measures to modernize and diversify the economy, not only an increase in economic growth has been achieved, but also significant qualitative changes in the structure of the economy. In particular, the foundation has been laid for the development of the service sector in Uzbekistan.

The analysis shows that if in 1990 the largest share of the country's GDP, which is 42.0%, was accounted for by agriculture, by 2020 the largest share of GDP fell to the service sector (36.3%) (Figure 1).

Figure 1. Changes in the share of key sectors of the economy in GDP of Uzbekistan in 1990-2020, % [12].

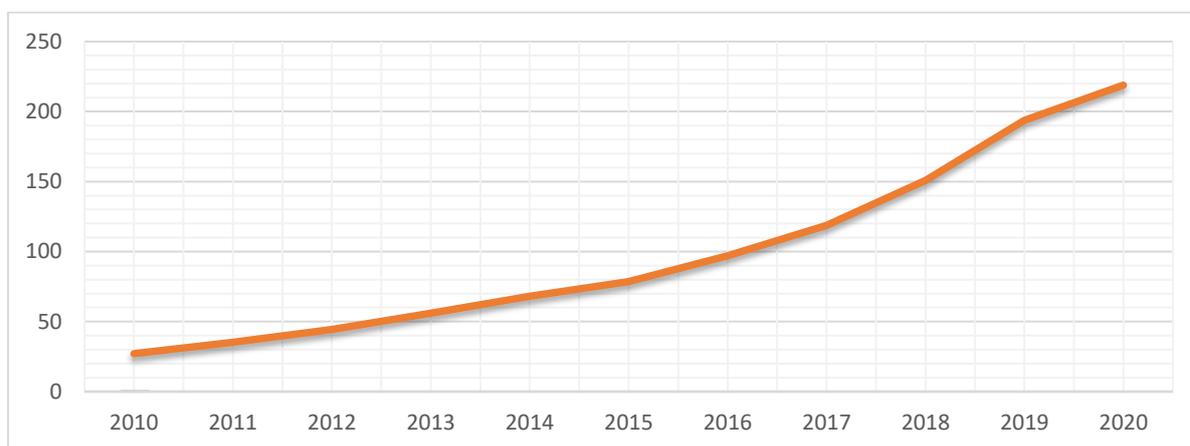


In addition, modernization, technical and technological renewal of industrial sectors led to an increase in the share of this sector in GDP from 24.2% to 35.5% in 1990-2020.

It is known from foreign experience, that the growth of the share of services in GDP has a positive impact on the living standards of the country's population. It should be noted, that the share of the service sector in the country's GDP does not fully meet the requirements of the current market economy. For example, the services in the US economy accounts for 77.3% of GDP, and in other developed countries this indicator is on average 70.0% [13]. This means that the level of this indicator in our country is almost 2 times lower than in developed countries.

However, the service sector in Uzbekistan is developing rapidly. In particular, the total volume of paid services provided by the main types of economic activity in the country increased by 8.1 times in value terms in 2010-2020 (Figure 2).

Figure 2. Changes in the volume of services provided by the main types of economic activity in Uzbekistan, trillion sum [12].



During the study period, the trend of increasing the volume of paid services in the country had a positive impact on the growth of per capita services. As a result, the volume of services per capita in the country in 2010-2020 increased by 7.1 times [12].

In general, the relatively positive change in the growth rate of services in the country in recent years, along with organizational and economic reforms in the development of the service sector, is associated with an increase in consumer solvency, which has a positive impact on the living standards of the population and the development of the infrastructure of the services market.

The growth in the volume of paid services in the country was due to an increase in 2020 of accommodation and food service activities by 19.7 times, financial services 17.6 times, services in the field of architecture, engineering research, technical research and analysis 16.3 times, services in the education 11.4 times, human health activities 10.7 times, trade services 8.6 times, renting and leasing services 8.45 times compared to 2010. At the same time, the largest share in the structure of

services falls on trade services. In 2020, their share was 25.8%. High rates were also observed in transport services (24.6%) and financial services (20.9%)[12].

Today, employees in the service sector make up 51.3% of the total employed population in the economy. At the end of 2020, more than 309.4 thousand enterprises and organizations operate in the service sector, which is 65.1% of the total number of economic entities in the country. The structure of enterprises and organizations in the service sector is dominated by trade organizations (42.7%).In particular, 9.7% of enterprises provide accommodation and food services, as well as 5.6% of transport enterprises, 3.1% of information and communication enterprises and 3.0% of healthcare organization [12].

In general, the trend in the development of the service sector in the country remains for most types of services (Table 1).

Table 1. Growth rates of services by main types of economic activity in Uzbekistan (compared to the previous year), % [12].

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Services - total	115,8	117,2	114,7	114,4	114,2	113,4	114,7	110,7	108,9	113,2	102,3
of which:											
Information and communication	130,5	141,4	123,6	121,2	127,6	116,0	114,6	121,3	115,9	108,3	115,3
Financial activities	116,4	115,4	114,5	131,5	132,1	130,6	119,8	136,5	121,5	147,0	125,6
Transport activities	109,8	112,5	109,4	108,0	104,6	104,3	107,8	109,9	104,5	106,7	91,6
of which: motor transport	122,3	118,5	117,6	118,7	116,7	115,9	117,2	102,1	101,6	105,1	101,4
Accommodation and food service activities	127,1	123,5	116,0	119,1	116,5	119,0	121,1	112,1	107,0	107,3	86,5
Trade	121,5	115,7	115,4	113,9	115,7	118,5	120,5	100,3	104,9	107,4	101,7
Real estate activities	128,4	122,0	123,6	116,8	119,9	118,5	117,5	106,6	107,9	104,7	91,1

Education	90,1	105,0	105,2	105,2	109,1	111,2	107,8	125,6	110,5	109,5	107,4
Human health activities	121,2	133,2	138,8	130,9	116,3	117,2	122,2	116,9	113,4	114,7	89,9
Renting and leasing	116,0	117,9	121,2	119,2	119,1	113,8	117,6	102,1	110,4	98,3	98,9
repair of computers and household goods	115,3	119,5	120,7	117,5	116,3	116,3	115,6	102,6	104,2	107,1	96,1
Personal	119,0	124,9	124,5	121,7	121,4	107,0	113,8	100,7	102,2	105,4	92,1
Architectural and engineering activities, technical testing and analysis	108,0	118,8	131,0	115,8	107,4	106,6	115,3	124,7	118,1	115,5	93,7
Other services	121,0	123,9	120,7	113,6	117,0	113,5	114,9	111,8	121,2	116,3	98,3

From the data in Table 1, it can be seen that in 2010-2020 years the total volume of services provided in the country and of the most varied types in some years was high, sometimes at the same level of growth.

However, the growth rate of services fell from 13.2% (2019) to 2.3%(2020). This is due to the reduction of domestic and international tourism due to the restriction of passenger traffic and the closure of borders in April and July 2020 due to the strengthening of quarantine measures due to Covid-19, the temporary suspension of catering and entertainment facilities.

In particular, compared to 2019, the volume of accommodation and food service activities decreased by -13.5%, human health services by -10.1% and transport services by -8.4%, while the volume of motor transport services increased by 1,4%. Declining demand for services such as treatment of minor illnesses, rehabilitation and medical examinations due to the spread of coronavirus is a key factor in the decline in medical services.

Also in the reporting year, positive growth rates were observed in financial services (25.6%), education (7.4%), trade (1.7%) and communication and information services (15.3%). The widespread use of remote banking technologies (internet banking and mobile banking) and modern payment

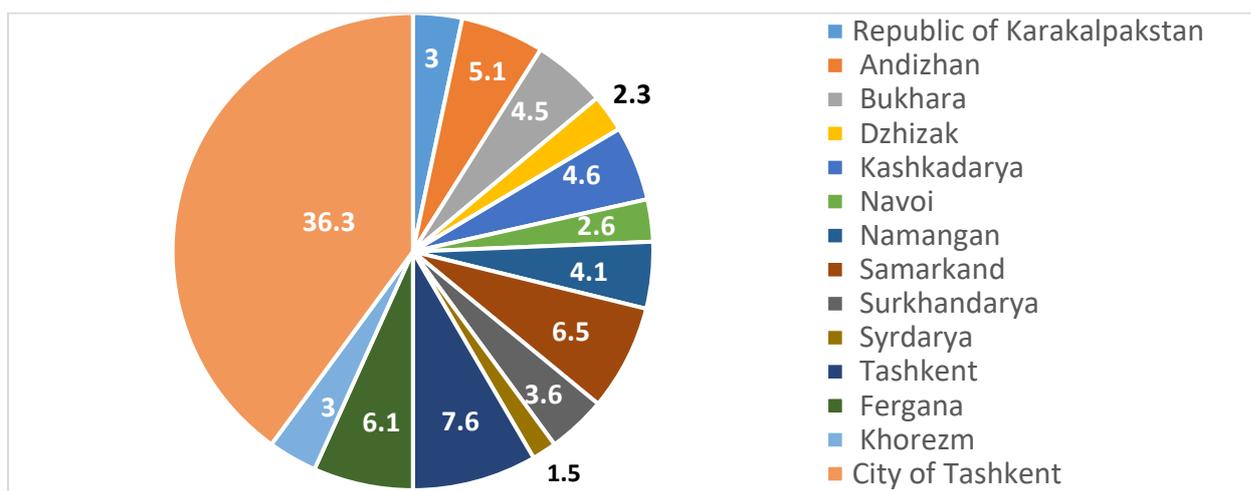
services in all categories of banks has provided a high level of financial services, providing remote access to banking services in a pandemic. The growth in the volume of educational services is associated with the development of distance learning services in the context of the limitations of traditional education; the growth of trade services is explained by the development of online commerce. The introduction of quarantine restrictions has led to an increase in demand for online commerce, remote banking and modern payment services, distance learning, communication and information services, and accelerated growth in this area.

The analysis also shows that the indicators for the years could actually be lower than the indicators foreseen for these years, and a number of reasons could influence this. This is due to the fact, that since 2010 in Uzbekistan in the national statistical reports, the indicators have been recalculated and the methodology for their calculation has been changed, as well as the requirement to ensure openness and transparency.

Therefore, for the development of the service sector in Uzbekistan using foreign experience, it is necessary to take into account important aspects that are relevant and specific for different stages of development of the national economy.

Analysis of the volume of services shows that the largest share among the regions fell on the city of Tashkent (36.3%), and the smallest share – in Syrdarya region (1.5%) (Figure 3).

Figure 3. The share of regions in the volume of paid services provided to the population in Uzbekistan in 2020, % [12].



This is due to

the fact that the majority of enterprises and organizations operating in the service sector in the country, that is, 23.0% are located in Tashkent city, and the smallest part is located in Syrdarya region (3.2%) [12].

The analyses of the volume of the services provided per capita in the Republic of Uzbekistan and its regions shows that in 2020 the highest level of services provided per capita fell to the city of Tashkent (4.7 times higher than the national level). The main reason for this is that in 2020 the average per capita income in Tashkent city was 2.0 times higher than the national average level. Surkhandarya region also has the lowest level of services per capita, which is 53.3% lower than the national average level[12].

The results of the analysis of the development of the service sector show that the level of its development differs sharply across regions. In addition, traditional types of services, such as transport and trade services, predominate in the country. Therefore, based on the experience of developed countries, it is expedient to develop high-tech information and communication, business, insurance, finance and other types of services in the country, increase the innovative activity of service enterprises.

It should be noted, that the following organizational and economic problems hinder the development of the service sector and increase its efficiency in the country:

- Insufficient modernization and diversification of services;
- Lack of clear innovative directions for the development and efficiency of the services sector and market;
- Insufficient consideration of the influence of various external factors (natural disasters, diseases and pandemics) on the development of the service sector in the regions;
- Incompleteness of the organizational and economic mechanism in accordance with the requirements of the digital economy in the processes and measures for the development of the service sector;
- The world experience in the development of the service sector, especially the advanced achievements of developed countries, is underutilized in the country and its regions, etc.

CONCLUSIONS

Taking into account the above and other problems, the following main directions of development of the service sector in the republic can be identified:

- Development of such types of services in the country, which will allow receiving high incomes at low costs and quickly recouping investments;
- Development of measures aimed at creating new jobs, providing employment and reducing the number of people recognized as poor through the introduction of new types of services based on digital technology and information and communication technologies in the country, especially in its less industrialised regions;

- Development of online services that will ensure the epidemiological safety of the country's population in various epidemiological situations, especially in pandemic conditions;
- Targeted use of world experience and achievements fully tested at the international level in the modernization and diversification of the service sector;
- Training of highly qualified specialists with deep specialization and professionalism, taking into account the further growth of the volume of services in the country and the proliferation of their high-tech types. In this process, the establishment of close cooperation with advanced universities of foreign countries, the introduction of a system of mutual exchange of personnel, etc.

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