American Journal of Business Practice Vol.2, No.6 (June, 2025),
E-ISSN: 2997-934X
American Journal of Business Practice
https://semantjournals.org/index.php/AJBP

| Research Article

Check for updates

The Importance of Service Sector Development

Amirov Timur Mashrabovich
Assistant, Department of Economic Theory, Samarkand Institute of Economics and Service

Abstract: At present, the development of the service sector holds significant importance in the economy. The service sector has become a vital field of professional activity. It is formed through the integration of scientific knowledge, intangible collections, information technology, and entrepreneurial activities, and is considered one of the key factors of economic growth. This sector of the economy includes various types of activities within itself and contributes to increasing production efficiency. Unlike other sectors, the end result of service activities is not a tangible product, but rather the services themselves.

Services can be provided not only to businesses but also to individuals—making them accessible to final consumers.

Key words: Services, service technologies, tourism services.

This is an open-access article under the CC-BY 4.0 license

The Service Sector: Volume and Development Trends

The scope of the service sector is highly diverse. It includes activities ranging from the delivery of products and services from the producer to the client, to the organization of entertainment events, as well as services such as hairdressing, restaurants, repair workshops, sports clubs, tourism agencies, and others. With the rapid growth of innovative technologies, traditional services are also being transformed through transparent, targeted, and complex measures aimed at expanding the service market and increasing operational volumes.According to available data, the volume of services rendered during the months of January to July 2020 amounted to 3,464.0 billion Uzbek soums. Compared to the same period in 2019, this represented a growth rate of 100.9%.

Social, political, and public issues, as well as regional economic potential, cannot be resolved or improved sustainably without the development of services. Regional policy can achieve its goals effectively only by implementing economically sound projects. The socio-economic development prospects of modern Uzbekistan are closely tied to national and local interests, and depend on the efficient and rational use of resources in each economic district and region of the country. The lowest share of total service volume was recorded in the cities of Tuproqqal'a (1.4%), Yangibozor district (3.4%), and Khiva (3.4%). In terms of the types of economic activity, the largest share of

the service market belonged to trade services. As of January–July 2020, their share was 27.0%. Following trade were transport services (23.7%), financial services (20.4%), and communication and information services (5.5%).

Other categories such as healthcare services accounted for 1.7%, rental services 2.0%, housing and food services 2.1%, and architecture, engineering research, technical testing, and analytical services 2.2%. Almost all regions showed growth in service market volume, with positive contributions from financial, transport, and trade services. In recent years, Uzbekistan's information and communication technology (ICT) sector has also grown rapidly. Infrastructure development in ICT, including broadband internet, service expansion, and the construction of new data centers, has attracted large-scale investment. The state is supporting ICT development by offering tax benefits and creating favorable conditions, especially relevant in a country like Uzbekistan, rich in young entrepreneurs and innovative startups. As a result, a dynamic and modern ICT ecosystem is emerging. From 2019 to 2023, the volume of communication and information services tripled. By 2023, the volume reached 22.9 trillion soums, compared to 14.7 trillion in 2019. In the mobile communication market of Uzbekistan, key service providers include "Unitel LLC" (brand name "Beeline"), "Universal Mobile Systems" LLC (UMS), "Perfectum Mobile," "Coscom" LLC (brand name "Ucell"), and the UzMobile branch of "Uzbektelecom" JSC.

Mobile communication services make up 37% of total communication services, while internet services account for 36%. Although other directions still hold a specific share, the growing presence of digital technologies has led to a visible decline in traditional communication services such as radiobroadcasting, signal transmission, and telegraph services. The small business sector holds an important place in the service industry. As of early 2024, approximately 277.1 thousand small businesses were engaged in service-related and shuttle trade activities. In 2023, the service volume generated by small businesses reached 224.4 trillion soums (compared to 103.1 trillion soums in 2019), contributing 47.7% to the overall service market. At the same time, new types of services are actively developing in Uzbekistan. Their economic importance is particularly noticeable in urban agglomerations, where they are gaining increasing prominence. In the modern world, characterized by the emergence and widespread adoption of internet technologies, logistics, electronic payment systems, and digital document flows, new forms of economic activity—such as e-commerce—are rapidly evolving. According to the Law of the Republic of Uzbekistan No. 792 dated September 29, 2022, e-commerce is defined as a part of entrepreneurial activity carried out via information systems and electronic trading platforms for the sale and purchase of goods (works, services) under structured contracts.

According to the UN report "COVID-19 and E-Commerce: Key Lessons," Geneva, 2021, and the Global Review [16], digital economy and e-commerce are playing an increasingly important role in achieving the Sustainable Development Goals (SDGs), offering new opportunities and challenges. Information and communication technologies (ICTs) are significantly influencing methods of production, consumption, and the exchange of goods and services.

References:

1. Mamatkulov, Kh.M., Abdukhamidov, S.A. Tourism Infrastructure: Instructional Guide. Samarkand: SamIES, 2020.
2. Boltabayev, M.R., Tukhliyev, I.S., et al. Tourism: Theory and Practice. Tashkent: Science and Technology, 2018.
3. Mamatkulov, Kh.M. Tourism Infrastructure: Instructional Guide. Tashkent: "Uzbekistan Philosophical Society" Publishing House, 2011.

4. Mamatkulov, Kh.M. Organization of Services in Tourist Complexes: Instructional Guide. Samarkand: SamIES, 2012.