



BOOSTING THE EFFICIENCY AND COMPETITIVENESS OF SERVICE-BASED INDUSTRIES

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Annotation. This article explores key strategies for enhancing the efficiency and competitiveness of service-based industries, with a particular focus on Uzbekistan. As global economies shift toward service-oriented structures, the development of this sector becomes crucial for economic diversification, employment generation, and innovation. The paper examines theoretical perspectives on the nature of services, analyzes government initiatives such as Presidential Decree No. PQ-5113, and evaluates the sector's growth through statistical trends from 2020 to 2024. Emphasis is placed on digitalization, quality improvement, institutional reform, and support for entrepreneurship. The study concludes that a strategic, innovation-driven approach is essential for achieving long-term resilience and global integration of Uzbekistan's service economy.

Keywords: Service sector, competitiveness, efficiency, innovation, digitalization, economic diversification, entrepreneurship, infrastructure development, human capital.

Аннотация. В данной статье рассматриваются ключевые стратегии повышения эффективности и конкурентоспособности отраслей, основанных на сфере услуг, с особым акцентом на Узбекистан. По мере того как мировые экономики переходят к структурам, ориентированным на сферу услуг, развитие данного сектора становится решающим для экономической диверсификации, создания рабочих мест и стимулирования инноваций. В статье анализируются теоретические подходы к пониманию природы услуг, рассматриваются государственные инициативы, такие как Указ Президента № PQ-5113, а также оценивается рост сектора на основе

статистических данных за период с 2020 по 2024 годы. Особое внимание уделяется цифровизации, повышению качества, институциональным реформам и поддержке предпринимательства. Исследование приходит к выводу, что стратегический и ориентированный на инновации подход является необходимым условием для достижения долгосрочной устойчивости и глобальной интеграции экономики услуг Узбекистана.

Ключевые слова: *Сфера услуг, конкурентоспособность, эффективность, инновации, цифровизация, экономическая диверсификация, предпринимательство, развитие инфраструктуры, человеческий капитал.*

Introduction. In the context of the modern global economy, service-based industries play a pivotal role in shaping sustainable development, driving innovation, and fostering employment. As economies increasingly transition toward knowledge - and service - oriented structures, the efficiency and competitiveness of the service sector have become vital determinants of national economic performance and global integration. This sector encompasses a wide range of activities—from tourism and hospitality to finance, logistics, and digital services—each contributing uniquely to the economic, social, and technological advancement of a country.

Main body. The concept of "service" holds a multifaceted position in economic literature, being interpreted through various theoretical lenses. As a socio-economic category, services are no longer seen merely as auxiliary functions but as independent, value-generating activities. Scholars such as F. Kotler and R. Normann define services as intangible acts that create utility without transferring ownership, while R.A. Fatkhutdinov emphasizes the interactive nature of service provision involving mutual benefit between provider and consumer. These perspectives highlight services as dynamic, process-based activities aimed at fulfilling human needs. Inconsistent definitions across literature reveal the necessity of conceptual clarity, especially when distinguishing between "service" and "service delivery." Without a unified understanding, bridging theory and practice remains a challenge.

National scholars have enriched this discourse by contextualizing services within societal development. Competitiveness, a key attribute of effective service sectors, requires continuous innovation, quality enhancement, and strategic positioning. As noted by M. Porter, competition is an evolving process, demanding adaptability and differentiation. Thus, improving service competitiveness involves more than cost-efficiency—it calls for integrated efforts in innovation, infrastructure, and human capital development. Only through such a comprehensive approach can service-based industries become resilient and globally competitive.

In many developing economies, including Uzbekistan, the strategic development of the service sector is seen as a powerful engine for diversification, job creation, and value-added growth. Strengthening this sector requires a comprehensive approach that combines institutional reforms, support for entrepreneurship, infrastructure development, and the adoption of modern technologies. Government initiatives aimed at fostering service innovation, easing access to finance, and building a favorable business environment reflect the growing recognition of the sector's transformative potential. Boosting the competitiveness of service-based industries also means enhancing their ability to meet international standards, attract foreign investment, and respond effectively to the evolving demands of global markets. It involves not only improving service quality and operational efficiency but also creating integrated systems that support human capital development, digital transformation, and regional cooperation. Therefore, exploring effective strategies to advance the efficiency and competitiveness of service-oriented sectors is crucial for ensuring inclusive and sustainable economic progress.

The service sector's contribution to national economic growth is increasingly recognized as a vital driver of transformation and diversification. In Uzbekistan, efforts to expand this sector's role have gained significant momentum through government initiatives such as Presidential Decree No. PQ-5113 (dated May 11,

2021), which outlines a comprehensive roadmap for service sector development. These measures prioritize doubling service output by 2024, creating supportive ecosystems for entrepreneurship, reducing bureaucratic barriers, and leveraging digital tools to enhance service accessibility across all regions. A critical component of competitiveness in this context lies in improving service quality and fostering innovation. The quality of services reflects a combination of functional efficiency, customer satisfaction, and adaptability to changing needs. Evaluation methods range from internal performance indicators to consumer perception-based metrics. Enterprises are thus encouraged to implement continuous quality assessment and innovation adoption strategies. Moreover, strengthening the institutional and infrastructural base of the service sector—particularly in transport, finance, education, and healthcare—supports broader goals such as employment generation, regional development, and social well-being. Introducing modern management practices, marketing strategies, and international benchmarks is essential for ensuring long-term competitiveness and integration into global markets. In this regard, enhancing the competitiveness of service-oriented enterprises is not solely a matter of market share or revenue, but a multidimensional challenge that encompasses innovation capacity, customer orientation, workforce competence, and responsiveness to economic policy. By aligning with best international practices and adapting to local conditions, Uzbekistan can ensure the sustainable growth of its service economy and position itself as a dynamic player in the regional and global service landscape.

The service sector, encompassing a wide array of activities, plays a pivotal role in today's modern economy by contributing to job creation, economic growth, and social welfare. Unlike traditional manufacturing sectors, services offer non-material solutions across various domains such as finance, education, healthcare, information technology, hospitality, and tourism. This diversity makes the sector uniquely positioned to respond flexibly to the changing demands of both domestic

and global markets. The service sector's ability to generate value without the need for large-scale physical capital investment makes it particularly attractive for emerging economies like Uzbekistan. By promoting entrepreneurship, supporting SMEs, and investing in skill development, the country can harness the full potential of its service industries. In doing so, Uzbekistan can accelerate its transition toward a more diversified and resilient economy, firmly anchored in knowledge-based and customer-oriented service delivery.



1-picture. Number of Enterprises.

Between 2020 and 2024, the number of service-sector enterprises in Uzbekistan experienced consistent and significant growth, demonstrating the dynamic development of this strategic segment of the economy. Specifically, the number of active enterprises increased from **261,979 in 2020** to **343,059 in 2024**, with the highest annual figure recorded in **2023 at 392,787** enterprises. This upward trend illustrates the growing entrepreneurial activity and improved enabling environment for businesses, particularly in service-related fields. Such growth reflects not only the state's policy focus on liberalization and diversification of the national economy, but also the increasing demand for a wider variety of services among the population. Government initiatives—such as Presidential Decree PQ-5113, which outlines measures to accelerate service sector development—have supported the emergence of new business entities by reducing bureaucratic barriers, expanding access to finance, and investing in infrastructure, especially in rural areas. The integration of digital platforms and simplified registration procedures have further stimulated small business formation and formalization in services. The

steady expansion in the number of enterprises over this five-year period underscores the sector's contribution to economic resilience and competitiveness. With proper strategic guidance, continued innovation, and investment in human capital, the service sector is positioned to remain a leading force in driving inclusive and sustainable development in Uzbekistan.

Conclusion. In an increasingly globalized and knowledge-driven economy, the service sector plays a vital role in promoting sustainable economic growth, job creation, and improved quality of life. Enhancing the efficiency and competitiveness of service-based industries requires a multifaceted approach, including the adoption of innovation, digitalization, human capital development, and strategic government support. Uzbekistan's efforts to modernize its service sector through comprehensive reforms, infrastructure investment, and the integration of advanced technologies demonstrate a strong commitment to positioning services as a key driver of economic diversification and resilience. Continued focus on improving service quality, expanding accessibility, and fostering a competitive business environment will be essential to ensuring long-term progress and integration into global value chains.

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