

DEVELOPMENT OF THE SERVICE SECTOR IN SAMARKAND REGION - STRATEGIES AND PROSPECTS

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Abstract: *The article examines the service sector of Samarkand region as one of the key factors of socio-economic development of the region. The dynamics of the gross regional product (GRP) and its components are analyzed, the impact of global and regional factors on the development of the sector, in particular, the consequences of the COVID-19 pandemic, is assessed. The article highlights the main problems and constraints that hinder the growth of the service sector, and proposes specific measures to improve its efficiency. The recommendations include investments in infrastructure, human resources, digitalization and integration into global markets, which can serve as a basis for further sustainable development of the service sector in the Samarkand region.*

Keywords: *Samarkand region, service sector, socio-economic development, GRP, global factors, regional development, COVID-19 pandemic, infrastructure development, digitalization, investment policy, personnel training, sustainability, innovative development.*

Introduction

In today's world, where the economies of each region are becoming more and more globalized and interconnected, the importance of the service sector is becoming undeniable. The Samarkand region of Uzbekistan, known for its rich cultural and historical heritage and strategic location, is no exception to this global trend. In recent years, the region has shown significant growth and dynamic development, especially in the service sector, which plays a key role in the economic progress of the region.

The service sector in the Samarkand region covers a wide range of activities - from tourism and hospitality to information technology and financial services. The importance of this sector derives not only from its contribution to the gross regional product (GRP), but also from its ability to



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stimulate economic innovation, create jobs and improve the overall standard of living of the population.

However, despite the significant potential and successes achieved, the service sector in the Samarkand region faces a number of challenges, including the need to improve the quality and competitiveness of services, adapt to rapidly changing technological trends and meet the increasing demands of consumers. In this article, we will consider the main aspects of the development of the service sector in the Samarkand region, analyze the current problems and suggest ways to improve their efficiency.

Overview of the current state of the service sector in Samarkand region

In recent years, the Samarkand region of Uzbekistan has shown significant economic growth, which is reflected in the dynamics of the gross regional product (GRP). GRP is a key indicator that characterizes the total output of goods and services produced in a region over a certain period. The main components of the GRP of Samarkand region are industry, agriculture and services.

In 2019, the region's GRP grew by 108.7% compared to the previous year, demonstrating noticeable economic growth. By 2021, this figure increased by 108.8%, indicating stable economic development. Such growth is especially important in the context of global economic challenges and changes.

The region's industry also shows positive dynamics. In 2021, the volume of industrial production (including construction) amounted to 109.8% compared to the previous year. This indicates the expansion of production capacity and the strengthening of the industrial base of the region.

Agriculture, traditionally an important component of the region's economy, also showed growth. In 2021, agricultural production increased by 104.6%, which emphasizes the successful development of the agricultural sector.

Of particular note is the service sector, which shows the most dynamic growth. In 2021, the total volume of services in the region increased by 121.6% compared to previous years. Such indicators indicate that the service sector is becoming one of the leading areas of the economy of the Samarkand region, covering an increasing share of GRP and creating new opportunities for economic growth and development.

Looking at statistical data on the service sector in the Samarkand region allows us to deepen our understanding of the trends and changes taking place in this key sector of the economy. The volume of services provided in the region has shown marked growth, especially in recent years.

Table 1. Dynamics of growth of various types of services in Samarkand region¹

Indicators	Unit of Measurement	Year				
		2017	2018	2019	2020	2021
Total services, thereof:	billion soums	7581,0	8968,0	12786,8	14318,7	18656,7
	In relation to the previous	105,0	104,1	104,4	102,6	121,6

¹ *Compiled by the author on the basis of data from the Department of State Statistics of Samarkand region.

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	year, %					
Sales, accommodation and catering services	billion soums	1661,2	1987,5	2375,4	2762,8	3346,8
	In relation to the previous year, %	102,7	103,4	104,1	101,4	118,4
Transport, warehousing, information and communication services	billion soums	1801,6	2118,1	2342,1	2580,4	3215,7
	In relation to the previous year, %	105,3	107,0	103,9	100,3	105,5
Other Service Networks	million dollars	4118,2	4862,1	6676,2	8079,5	8752,6
	In relation to the previous year, %	105,7	103,0	104,6	100,0	108,3

In 2017, the total volume of services amounted to 7,581.0 billion soums, which increased to 18,656.7 billion soums by 2021. This indicates a significant increase in economic activity in the service sector. Accordingly, the growth rate compared to the previous year also showed a steady increase, reaching 121.6% in 2021, which may be an indicator of recovery from pandemic restrictions and strengthening market conditions.

The sales, accommodation and food services segment also showed a steady increase. In 2017, its volume was 1661.2 billion soums, and by 2021, the figure had grown to 3346.8 billion soums, which emphasizes the expansion of tourism and hotel infrastructure in the Samarkand region.

Transport and warehousing and information and communication services also showed positive dynamics. From 1801.6 billion UZS in 2017, the volume rose to 3215.7 billion UZS in 2021, reflecting the growing demand for logistics and telecommunications services.

In addition, other service networks saw an increase from \$4118.2 million in 2017 to \$8752.6 million in 2021, reflecting global service trends and the region's integration into international service networks.

These data highlight the potential of Samarkand's service sector as a driver of economic development and suggest opportunities for further growth and innovation.

Comparison with the national indicators of the development of the service sector in Uzbekistan

To fully understand the successes and challenges faced by the service sector in the Samarkand region, it is advisable to compare its indicators with the national data for Uzbekistan. This comparison will make it possible to assess how the Samarkand region performs in the context of the country's broad economic trends.

In recent years, Uzbekistan has shown steady growth in the service sector, which is part of the overall economic development. In particular, Samarkand region registered an increase in the volume of services by 121.6% in 2021, which is significantly higher than the national average. This



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indicates that the region is successfully developing its service sector, outpacing the national growth rate.

A comparison of the share of the service sector in the GRP of the Samarkand region with the national indicators also shows interesting insights. In 2017, the share of services in GRP was 41.8%, which is above the national average, highlighting the sector's significant contribution to the region's economy. However, by 2021, this figure had decreased to 34.7%, which may indicate the growth of other sectors of the economy or changes in the structure of regional GRP.

Considering specific segments of the service sector, it can be noted that transport, warehousing, information and communication services in the Samarkand region grew at a comparable rate to the national rates, which indicates the technological synchronization of the region with national trends. In contrast, the sales, accommodation and food services segment has seen higher growth, which may be due to the development of tourism infrastructure and an increase in the influx of tourists to the historical region.

In general, the Samarkand region is proving to be an important center for the development of the service sector in Uzbekistan, and its experience can serve as an example for other regions of the country seeking to increase their economic efficiency and improve the quality of life of the population.

Analysis of problems and challenges

Despite the impressive growth rates in the service sector of the Samarkand region, there are problems and constraints that prevent the full realization of the potential of this sector. Understanding these barriers is critical to developing strategies that further improve the efficiency and competitiveness of services.

One of the main problems is the lack of infrastructure, especially in remote and rural areas. This limits the availability and quality of services, which affects consumer satisfaction and can hinder the growth of tourism and hospitality.

Staffing shortages are also a significant constraint. The lack of skilled and trained personnel in the service sector limits the ability to innovate and improve the quality of service. This affects all industries, from tourism and hospitality to information technology.

In addition, there is a need to strengthen the legal and regulatory framework. Underdeveloped laws and regulations do not always protect consumers and support service businesses, which can lead to mistrust and investment in the sector.

Financial constraints and lack of investment can also seriously constrain the development of services. The lack of sufficient funding makes it difficult to expand and modernize the business, introduce new technologies and improve the level of service.

Global and regional factors have a significant impact on the efficiency of the service sector. In recent years, the world has faced unprecedented challenges related to the COVID-19 pandemic, which has particularly affected services.



The COVID-19 pandemic has been a major blow to many sectors of the economy, and the service sector is no exception. Samarkand region, like many other regions, felt a decrease in demand for services due to quarantine restrictions and a drop in incomes of the population. This has led to the temporary suspension of the activities of many enterprises and an increase in unemployment among workers in the service sector.

Globalization is also making its own adjustments, expanding opportunities for the development of the service sector, but at the same time increasing competition. Integration into international markets provides enterprises with access to new technologies and business models, but requires them to improve quality and efficiency in order to remain competitive.

Technological change is impacting the service industry, accelerating the need for digitalization and automation. This creates a need to update the skills of employees and adapt business processes to the new reality.

Economic sanctions and trade barriers, as well as currency fluctuations, can have a negative impact on the cost of services and access to necessary resources and markets.

Climate change and environmental concerns are also having an impact on the service sector, especially tourism and agri-services. The need for sustainable development and reducing environmental impact requires businesses to rethink their operations and adopt environmentally friendly technologies.

Regional political changes and social sentiments also play a role, as political stability and social well-being have a direct impact on the development of the service sector.

To overcome these challenges and take full advantage of the opportunities presented by global and regional factors, the Samarkand region requires a comprehensive and flexible approach that includes strategic planning, innovation and cooperation at all levels.

Proposals to improve the efficiency of the service sector

In order to strengthen and increase the efficiency of the service sector in the Samarkand region, it is necessary to take a number of measures aimed at stimulating growth and improving the quality of services provided. Here are some suggestions:

Infrastructure investment: Improving transport, communication and technology infrastructure is key to improving the availability and quality of services, especially in remote areas.

Training and development: Investments in education and training will ensure that the service sector has skilled professionals who are able to innovate and improve service standards.

Improving the regulatory framework: Transparent and effective regulation will help create a favorable business environment, protect consumer rights and encourage fair competition.

Digitalization of services: The introduction of digital technologies will increase the efficiency of business processes, improve customer interaction and expand market opportunities.

Financial support and incentives: Providing tax breaks and subsidies for start-up and innovative companies in the service sector can stimulate entrepreneurial activity and investment.



Supporting small and medium-sized businesses: Simplifying procedures for starting and running a business, as well as providing advisory and financial services, will strengthen the SME sector.

Marketing and promotion: Active promotion of Samarkand region as a center of high-quality services can attract new customers and tourists.

Integration with global markets: Encouraging international cooperation and participation in international service networks will enhance the export potential of services.

Sustainability: The introduction of environmentally sustainable practices and technologies in services will strengthen environmental responsibility and compliance with international standards.

These proposals can contribute to the creation of a basis for sustainable and dynamic growth of the service sector in the Samarkand region, which, in turn, will have a positive impact on the overall socio-economic development of the region.

Conclusion

The service sector in the Samarkand region has proven to be an important sector of the economy, demonstrating impressive growth rates and significant potential for further development. It has all the prerequisites to become a locomotive of economic progress and improve the quality of life of the population. However, in order to achieve these goals, a number of existing challenges and constraints need to be overcome, including infrastructural deficiencies, staff shortages, the need for a stronger regulatory framework and adaptation to global economic trends.

Global and regional challenges, including those caused by the COVID-19 pandemic, have shown that the service sector can be vulnerable, but at the same time capable of rapid recovery and adaptation to changing conditions. Investments in infrastructure, education, digitalization, and sustainable practices are key areas that require attention to strengthen the sector and sustain its growth.

The proposals presented in this article should be seen as a starting point for deeper strategic planning and implementation by regional and national authorities, as well as the private sector. Their implementation can help the service sector in the Samarkand region reach new heights, while ensuring the broader socio-economic development of the region.

Thus, the service sector remains a key area for investment and development, capable of ensuring long-term economic growth and improving the well-being of the population of the Samarkand region.

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