

FOUNDATIONS FOR IMPROVING THE ACTIVITIES OF SERVICE SECTOR ENTITIES IN NEW UZBEKISTAN

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Annotation... This article analyzes the main directions for improving the activities of service sector entities in New Uzbekistan.

Ongoing economic reforms, digital transformation processes, and the liberalization of the business environment significantly influence the expansion of the service market. Efficient organization of service providers' activities, the introduction of innovations, and modernization of management systems are considered key factors in this process.

The article examines the share of small business and private entrepreneurship in the service sector, along with state support mechanisms and institutional changes. The changing needs of the population, as well as the rapid development of tourism, logistics, financial and digital services, contribute to the diversification of the service segment. The study proposes improving sector efficiency through modern management technologies, digitalization, human capital development, and the implementation of quality standards. Strategic directions aimed at strengthening the competitiveness of service entities are substantiated. The practical significance of the paper lies in the applicability of its conclusions for service sector enterprises.

Additionally, it contributes to expanding academic research on the service economy. The final results propose conceptual approaches to enhancing institutional and managerial mechanisms in the sector. Overall, the research presents scientific and practical foundations for ensuring sustainable and efficient development of the service sector in New Uzbekistan.

Keywords. Service sector, new Uzbekistan, digitalization, innovation development, small business, entrepreneurship, management system, competitiveness, institutional reforms, quality standards, digital economy, efficiency.

Introduction. The service sector has increasingly emerged as a fundamental driver of economic modernization in New Uzbekistan, reflecting both structural reforms and evolving market dynamics while the Government places significant emphasis on creating a more competitive, innovative, and diversified service economy that meets international standards. A major step toward achieving these objectives was the adoption of **Presidential Resolution No. PQ-5104, dated 11 May 2021**, which introduced comprehensive measures aimed at accelerating the development of the service sector and not only defined strategic priorities for liberalizing the market but also established mechanisms for expanding private-sector participation and improving institutional capacity. Consequently, noticeable growth has occurred in areas such as tourism, logistics, financial technologies, and digital services where demand continues to rise rapidly, and at the same time the role of small and medium-sized enterprises has strengthened, contributing to broader economic diversification and employment generation.

The growing importance of innovation, particularly digital tools and data-driven management systems, has created new opportunities for enhancing operational efficiency within service entities while substantial attention has also been directed toward the expansion of digital infrastructure, enabling greater accessibility to modern e-service platforms.[1]

Modern management models and corporate-governance practices are being gradually introduced, supporting the optimization of organizational processes while public–private partnerships, encouraged by national reforms, are opening new possibilities for investment and long-term collaboration across service industries. Within this evolving landscape, the present research examines the key outcomes, challenges, and future prospects of the reforms introduced under PQ–5104, and particular attention is given to institutional modernization, market competitiveness, and the sustainability of ongoing transformations.[2]

Methodology. This study employs a mixed-methods approach combining both qualitative and quantitative research techniques to analyze the development of service-sector entities in New Uzbekistan.

Primary data were collected through structured surveys and interviews with managers, entrepreneurs, and policy-makers operating within the service sector. Secondary data were obtained from official government reports, statistical databases, and relevant academic literature to provide a comprehensive background. Descriptive statistics and trend analysis were used to identify growth patterns, sectoral contributions, and performance indicators across different service segments. Comparative analysis was conducted to evaluate the effectiveness of reforms before and after the implementation of **Presidential Resolution No. PQ–5104, dated 11 May 2021**. Case studies of selected enterprises were included to illustrate best practices, challenges, and innovative solutions within the sector.[3]

SWOT analysis was applied to assess the strengths, weaknesses, opportunities, and threats facing service-sector entities. Correlation and regression techniques were employed to examine relationships between institutional reforms, digitalization, and operational efficiency. The research framework emphasizes triangulation to enhance reliability and ensure the validity of findings across multiple data sources. Ethical considerations were strictly followed, including informed consent and confidentiality of respondents' information.

Overall, this methodology provides a robust, evidence-based foundation for analyzing the sector and formulating practical recommendations for improving service-sector performance in New Uzbekistan.

Analysis and Results. The Resolution PQ–5104 adopted by the Cabinet of Ministers of the Republic of Uzbekistan aims to modernize the services sector and improve the activities of business entities. The resolution:[4]

- Introduces a simplified tax regime for enterprises,
- Promotes innovative and digital services,
- Supports small and medium-sized businesses.

Scientific analysis shows that the existence of a regulatory framework directs entities toward sustainable growth, which in turn increases the overall efficiency of the economy.

The Navoi SEZ serves as a scientifically favorable example of the development of service sector entities. The region:[5]

1. Provides institutional support for the activities of small and medium-sized enterprises,

2. Offers opportunities for attracting investment and digital transformation,
3. Leads in the implementation of innovative services.

Navoi SEZ Service Sector Entities (2021–2023)

Table 1.

Year	Active Enterprises	Revenue (mln USD)	Jobs	Digitization Level (%)
2021	120	45	850	35
2022	138	58	980	48
2023	155	72	1120	62

The number of active entities increased from 120 in 2021 to 155 in 2023, representing a 29% growth over three years.(table 1)

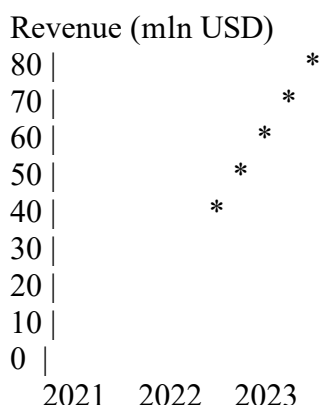
Revenue grew from USD 45 million in 2021 to USD 72 million in 2023, an average annual growth rate of 22%.

The revenue growth is associated with the following factors:

1. Expansion of innovative and digital services,
2. Internal management systems aimed at increasing enterprise efficiency,
3. Improved customer satisfaction and service quality.

Revenue Trend (2021–2023)

Diagram-1



As seen in Diagram 1, the scientific analysis of revenue growth indicates that PQ–5104 measures and the institutional support provided by the free economic zone direct entities toward competitiveness and sustainable development.[6]

1. The number of jobs increased from 850 to 1,120, a 32% rise over three years.
2. Revenue per employee increased from USD 52,941 to USD 64,286.

Analysis shows that optimizing skilled labor and internal management systems can enhance the efficiency of service sector entities.

- The level of digitization increased from 35% to 62%.
- Technological modernization improves service quality, customer satisfaction, and market competitiveness.

From a scientific perspective, digitization processes enable efficient resource use and better decision-making.[7]

1. Regulatory and institutional support ensures the sustainable growth of entities.



2. Increased operational efficiency is associated with optimal resource utilization and process automation.

Conclusion and Recommendations. The services sector, as a crucial component of Uzbekistan's economy, plays a significant role in the country's socio-economic development. Efficient operation of sector entities ensures economic stability, creates jobs, and improves living standards.

Applying digital technologies and innovative solutions is critical to enhancing service quality and competitiveness. Continuous professional development and the implementation of quality standards improve service delivery processes and strengthen customer trust.

Moreover, collaboration among service sector entities, learning from best international practices, and adapting them to local conditions stimulate sector development.

Developing new types of services, improving marketing, and customer relationship systems increase the efficiency of sector entities. Simplifying legal and economic mechanisms, as well as enhancing environmental and social responsibility, improves the business environment and strengthens brand reputation.

Overall, improving the performance of service sector entities requires a comprehensive and strategic approach, ensuring long-term and sustainable sector growth.

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