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Development Trends and Economic Significance of The Service Sector in Samarkand Region

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Abstract: This article scientifically analyzes the development trends of the service sector in the Samarkand region, its role in the regional economy, and its economic significance. It substantiates the increasing share of the service sector in GDP under the conditions of globalization and economic modernization, particularly highlighting the rapid development of tourism, trade, transport and logistics, education, and healthcare services. The study also examines the impact of digitalization processes, the expansion of e-commerce, and the growth of foreign investment inflows on the innovative development of the service sector.

Keywords: Service Sector, Samarkand Region, Economic Development, Tourism, Digital Economy, E-Commerce, Small Business, Investment, Innovation

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1. Introduction

In the context of contemporary globalization and economic modernization, the service sector has emerged as one of the most important and rapidly growing components of national economies. Particularly in post-industrial economies, the service sector plays a significant role not only in increasing Gross Domestic Product (GDP) but also in ensuring employment, improving the investment climate, and enhancing the competitiveness of regions [1]. Therefore, studying the development trends of the service sector and assessing its economic significance has become one of the most relevant scientific and practical issues.

Within the framework of ongoing economic reforms in the Republic of Uzbekistan, special attention is being paid to the development of the service sector. In particular, ensuring sustainable growth in services through economic diversification, support for small businesses and private entrepreneurship, and the broad implementation of digital economy elements has been identified as a priority area [2]. In this regard, analyzing the specific characteristics of service sector development at the regional level is of considerable scientific and practical importance.

The Samarkand region, as one of the country's historical, cultural, and economic centers, possesses significant potential for the development of the service sector. Tourism, trade, transport and logistics, education, and healthcare services are rapidly expanding in the region, becoming essential components of the regional economy. In particular, the growth of international tourism has provided a strong impetus for the expansion of the service sector. At the same time, digitalization processes, the introduction of innovative technologies, and improvements in the business environment are contributing to a qualitatively new stage in the development of services [3]. The purpose of this study is to analyze the development trends of the service sector in the Samarkand region and to scientifically assess its significance in the regional economy. To achieve this objective,

structural changes, development factors, innovative directions, and the economic efficiency of the service sector are comprehensively examined [4].

Literature Review

An analysis of the existing scientific literature indicates that the service sector is widely recognized as a key driver of economic growth. Foreign scholars, particularly Zeithaml, Guerrieri, Acemoglu, and Gadrey, have examined the role of the service sector in the global economy, its relationship with structural transformations, and the specific aspects of evaluating its efficiency. Their studies demonstrate the direct impact of service quality on economic outcomes.

In the book *Services Marketing: Integrating Customer Focus Across the Firm*, American economist V. A. Zeithaml extensively discusses the role of the service sector in the economy, particularly the ways in which service quality and customer satisfaction contribute to economic efficiency [5]. The author argues that the development of the service sector is a crucial driver of economic growth and proposes a service quality model for evaluating service performance. This approach is highly relevant for understanding the expansion of the service sector in the Samarkand region, especially in tourism and trade services where quality plays a vital role. The major contribution of the study lies in emphasizing the necessity of analyzing the service sector not only in quantitative but also in qualitative terms. However, the work provides limited insight into the specific characteristics of service sector development in regional and developing economies [6].

The article *The Service Sector in the Global Economy* by Italian economist G. Guerrieri and colleagues analyzes the role of the service sector in the global economy and its significance in international trade. The study highlights the contribution of services to economic integration and competitiveness. This perspective serves as an important theoretical foundation for explaining the increasing number of foreign-invested enterprises and the growing export potential of services in the Samarkand region [7]. The authors' key contribution is demonstrating that the service sector is an integral component of global value chains. Nevertheless, the mechanisms of service sector development at the local and regional levels are not explored in sufficient depth, creating a notable research gap.

In the study *The Rise of Services: Structural Change and Economic Growth*, American economist D. Acemoglu and co-authors examine the growth of the service sector within the process of structural transformation. The researchers argue that the expansion of services is a natural consequence of the transition from agriculture and industry toward service-based economic activities [8]. This concept is particularly relevant for explaining the increase in the share of services in the Samarkand region from 44.7 percent to 52.1 percent. The study's primary contribution is its empirical demonstration of the close relationship between service sector expansion and economic growth. However, the specific conditions of developing countries and regional economies are not sufficiently reflected.

French economist J. Gadrey, in the article *The Misuse of Productivity Concepts in Services*, discusses the challenges of measuring productivity in the service sector. The author argues that traditional production indicators are often inadequate for evaluating service activities and that new methodologies are required. This approach suggests that assessments of the service sector in the Samarkand region should consider not only quantitative indicators but also quality and innovation factors. Gadrey's contribution lies in encouraging a reconsideration of service sector evaluation methodologies. However, practical mechanisms for implementation remain underdeveloped [9].

Uzbek scholar B. X. Khodiev, in his work *Theoretical Foundations of Service Sector Development in the National Economy*, analyzes the role and development directions of the service sector within the national economy. The author identifies the increasing share of services in GDP as a key indicator of economic modernization. This perspective provides

an important theoretical basis for assessing the economic significance of the service sector in the Samarkand region. The study's main contribution is the development of a model for service sector growth under national economic conditions. However, regional-level analyses, particularly at the provincial level, are not explored in sufficient detail [10].

Another Uzbek economist, Sh. Sh. Shodmonov, in the book *Service Economy*, extensively examines the structure, development factors, and economic efficiency of the service sector. The author emphasizes the role of services in increasing employment and improving public welfare [11]. This approach is particularly useful for understanding the development of the service sector in the Samarkand region through small and medium-sized enterprises. The study's key contribution is its comprehensive explanation of the socio-economic significance of services. Nevertheless, modern trends such as digital services and e-commerce are not adequately addressed.

Overall, the literature review indicates that although substantial theoretical foundations exist regarding the service sector, the study of its regional development characteristics—especially within the framework of innovation and digital transformation—remains a pressing scientific issue. This further highlights the relevance and importance of the present research [12].

2. Methodology

This study is aimed at examining the development trends of the service sector in the Samarkand region. Scientific approaches that enable a comprehensive analysis of economic processes were applied throughout the research. Both general scientific and specialized economic methods were employed.

In particular, the analysis and synthesis method was used to examine the theoretical foundations of service sector development and to generalize existing scientific approaches. The comparative analysis method facilitated the assessment of changes in service sector indicators across different years and their comparison with national averages. The statistical analysis method was applied to evaluate quantitative indicators related to the service sector, including its share in the regional gross product, employment levels, and business activity. Furthermore, the systematic approach was utilized to identify the interrelationships among various service industries and their contribution to regional economic development. The study also relied on official statistical data, scientific publications, and analytical reports as its primary information sources.

3. Results

The Samarkand region is one of the largest and economically significant regions of the Republic of Uzbekistan. According to the results of 2024, the region accounted for a substantial share of the country's gross domestic product, demonstrating its considerable economic potential. In recent years, the service sector has developed rapidly and has become one of the leading drivers of the regional economy. In particular, the share of services in the regional gross product increased from 44.7 percent in 2020 to 52.1 percent in 2024, exceeding the national average. This trend indicates a structural transformation of the regional economy toward greater dependence on service-based activities [13].

Among the key service industries in the region, tourism, trade, transport and logistics, education, and healthcare services occupy a prominent position. Samarkand city, with its rich historical and cultural heritage, is internationally recognized as a major tourist destination. The annual influx of millions of visitors has significantly stimulated the development of hospitality, catering, transportation, and retail services. At the same time, the expansion of the service market has intensified competition, requiring businesses to improve service quality and operational efficiency.[

The composition of business entities operating within the service sector is also an important economic indicator [14]. As of 2024, the majority of service providers in the

region consisted of small business enterprises, while the shares of medium-sized and large enterprises remained relatively significant. Such a structure reflects the stable and diversified development of the regional service sector and demonstrates its high investment attractiveness.

In addition, the ongoing process of digital transformation has become a key factor in the development of services in the Samarkand region. The increasing use of digital technologies, online platforms, and electronic payment systems has improved service accessibility and quality. The expansion of e-commerce, online education, digital banking, and electronic government services has created new opportunities for businesses and consumers alike. These developments contribute to higher labor productivity, lower transaction costs, and greater competitiveness within the regional economy.

Another important factor supporting service sector growth is the increasing volume of domestic and foreign investment. Investments directed toward tourism infrastructure, transport networks, information and communication technologies, and social services have accelerated modernization processes and enhanced the quality of service delivery. As a result, the service sector has become not only a major source of economic growth but also an important instrument for improving living standards and promoting sustainable regional development.

Overall, the findings indicate that the service sector has become a strategic component of the Samarkand region's economy. Its continued expansion contributes to economic diversification, employment generation, investment attraction, and increased regional competitiveness. Therefore, further support for innovation, digitalization, and entrepreneurship within the service sector remains essential for ensuring sustainable economic growth in the region.

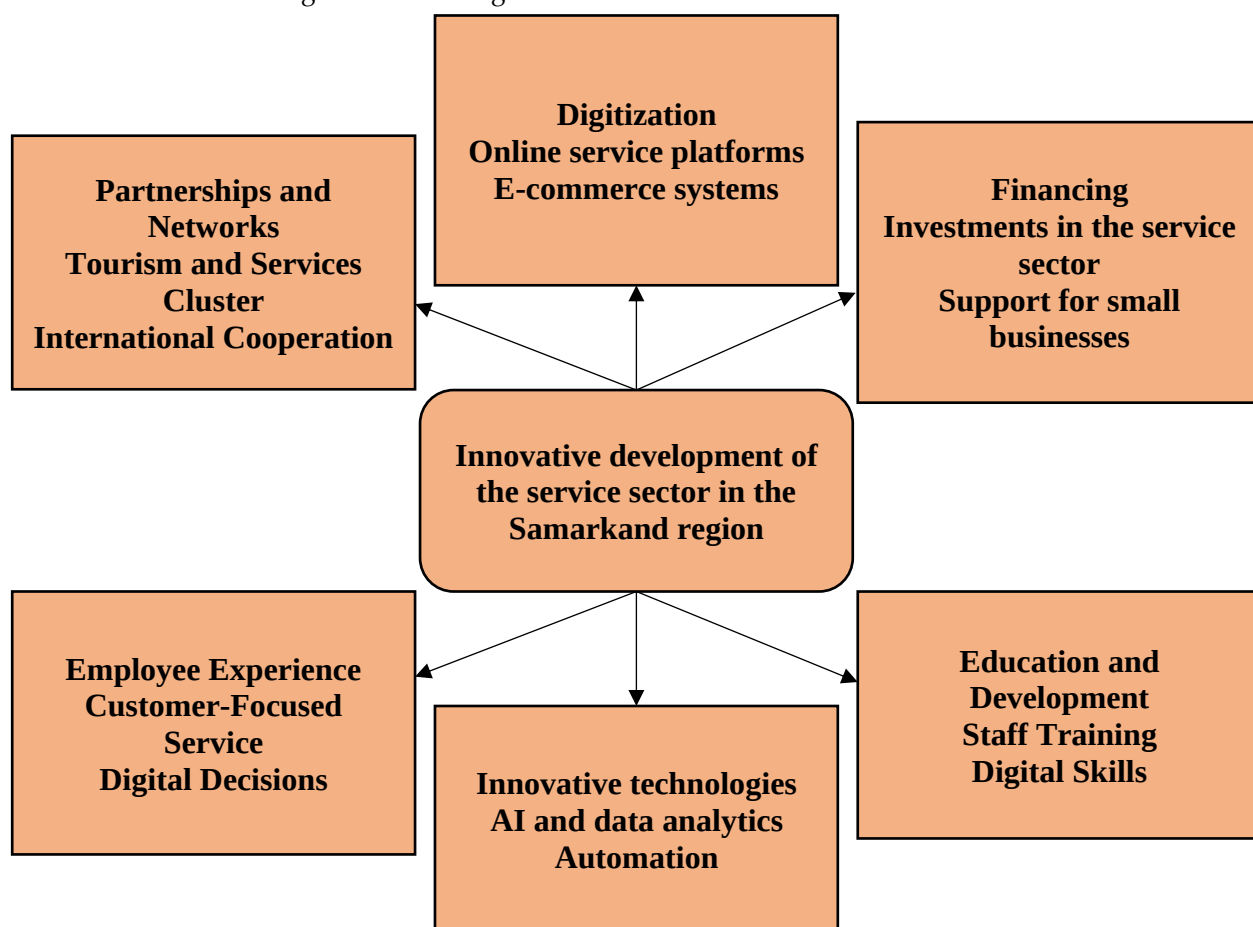


Figure 1. Factors of innovative development of the service sector in the Samarkand region

4. Discussion

Over the past five years, significant qualitative changes have been observed in the service sector. In particular, the widespread adoption of digital technologies and e-commerce has enabled the service market to enter a new stage of development. The substantial increase in the volume of electronic commerce indicates significant transformations in consumer behavior and business practices. At the same time, the growing number of enterprises with foreign capital participation has strengthened competition and fostered an innovative environment within the service sector [15]. Furthermore, the increasing share of enterprises implementing modern management approaches has become an important factor in improving service quality and enhancing operational efficiency.

5. Conclusion

In recent years, the service sector in the Samarkand region has developed steadily and rapidly, becoming one of the leading sectors of the regional economy. The increasing share of services in the regional gross product confirms the ongoing structural transformation of the economy, characterized by a gradual shift from production-oriented activities toward service-based industries. In particular, the development of tourism, trade, transport and logistics, education, and healthcare services has made a significant contribution to regional economic growth.

The analysis revealed that small and medium-sized enterprises play a crucial role in the development of the service sector. At the same time, the increasing number of large enterprises and companies with foreign capital participation has intensified competition in the service market, contributing to higher quality and efficiency. In recent years, the introduction of digital technologies, e-commerce, and modern management practices has emerged as one of the key factors driving the innovative development of the service sector.

However, the study also identified several challenges that hinder the full realization of the sector's potential. These include uneven development of service quality and infrastructure across different areas, shortages of qualified personnel, relatively low levels of digital technology adoption in certain service segments, and limited access of small businesses to financial resources.

Based on the findings, the following recommendations are proposed to further enhance the development of the service sector:

First, it is necessary to accelerate digitalization processes within the service sector by expanding the implementation of e-commerce, online services, and digital platforms in order to improve service quality and efficiency.

Second, mechanisms for supporting small and medium-sized enterprises should be strengthened through the expansion of preferential loans, subsidies, and investment programs.

Third, to improve human capital in the service sector, it is important to integrate education with practical training, develop modern professional competencies, and establish a continuous professional development system.

Fourth, tourism and related service infrastructure should be further developed, service diversification should be encouraged, and service delivery systems aligned with international standards should be established.

Fifth, attracting foreign investment and introducing innovative technologies are essential for increasing competitiveness in the service sector and expanding service exports.

In general, the consistent development of the service sector in the Samarkand region serves as an important factor in ensuring sustainable regional economic growth, increasing employment opportunities, and improving socio-economic welfare.

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