

## Opportunities for the Development of the Service Sector Based on the Introduction of the Digital Economy and Innovative Technologies

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**Abstract:** *This article reveals the internal opportunities for the development of services in Uzbekistan on the basis of digital technologies, as well as identifies priority areas for future development of services using digital technologies.*

**Keywords:** *digital technology, digital economy, service, ICT, programming, internet and mobile services*

### Introduction

It is known that the development strategy of the world economy today and in the future is aimed at the organization of all sectors and industries, the management system of economic entities operating on them on the basis of innovative digital technologies and methods. Therefore, the development of the service sector in our country on the basis of the introduction of digital technologies is becoming a requirement of the times.

The experience of developed foreign countries shows that fast and quality services based on digital technologies, methods and tools create a solid foundation for sustainable financing of the industry and high benefits from the services provided by enterprises. With the development of digital innovative methods and technologies, the world economy, in particular the economy of Uzbekistan, is also undergoing structural and structural changes. An important role in this is played by the "digitization" of many services, ie the establishment of socio-economic relations between people through the use of Internet technologies and various equipment.

In the developed countries of the world, digital technologies are entering almost every aspect of life. In particular, the European Commission has published the results of a Eurobarometer survey, which reflects the views of citizens on the impact of digitalization and automation on everyday life. According to him, the majority of respondents believe that the latest digital technologies have a positive impact on the economy (75%), quality of life (67%) and society (64%) [1].

Indeed, in recent years, people's daily lives have been changing dramatically through digital technologies. Cheap and high-quality technology is spreading around the world, with more than 8 billion devices currently connected to the Internet, and is projected to grow to 1 trillion by 2030. [2]

Regardless of the type of industry and the size of the businesses, many companies are turning their workplaces into digital workplaces. Many workplaces today require extensive use of technology and the ability to use it at a rapid pace. However, digitalization is perceived as both a destroyer of the workplace and a creator at the same time, leading to a radical change in the demands placed on the workplace [3].

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Today, the share of the digital economy in GDP in Uzbekistan is 2.2%. For information, for example, in the world's leading countries this figure averages 7-8%, including in the UK - 12.4%, South Korea - 8%, China - 6.9%, India - 5.6%, Russia - 2, 8% and in Kazakhstan - 3.9%.

Thus, taking into account the experience of foreign countries, the issue of developing the service sector in our country on the basis of innovative digital technologies is of great importance.

## Literature review

Digital technologies - the internet, mobile phones and all other means of collecting, storing, analyzing and exchanging data in digital form are spreading rapidly. In developing countries, the number of households with mobile communications is higher than the number of households with access to electricity or clean drinking water; about 70% of the lower strata of the population have a mobile phone. The number of Internet users in the world has more than tripled in the last decade.

Digital technologies are technologies for collecting, storing, processing, retrieving, and presenting information electronically [6]. With the development of digital technologies, concepts such as the digital economy have also emerged. The digital economy is now embracing countless aspects of the global economy that affect various sectors such as banking, retail, energy, transportation, education, publishing, media or healthcare. Information and communication technologies are changing our social interactions and personal relationships: landline, mobile and broadcast networks are merging, devices and facilities are becoming increasingly connected to Internet products [7].

The digital economy is an economic Internet activity, as well as forms, methods, tools and communication environment for its implementation [8]. The digital economy is a major source of economic growth, which encourages competition, investment and innovation. As a result, opportunities will be created to improve the quality of service, expand consumer choice and create new jobs [9].

At the same time, the digitization process simplifies complex work by generalizing and systematizing large-scale work in the service sector, especially in the use of intellectual intelligence, and creates opportunities for storage and targeted processing of existing data, and on this basis increases service efficiency [10].

Through the development of digital technologies, it will be possible to increase labor productivity, increase the competitiveness of companies, reduce production costs, create new jobs, reduce poverty and social inequality [5].

Tom Goodwin, a media strategy expert, said: "Uber, the world's largest taxi company, does not own vehicles. The most popular social network in the world - Facebook does not create products. The Alibaba store, the largest retailer, has no stock of goods. Airbnb, the owner of the world's largest online housing placement, search and short-term rental platform, is not a real estate owner." [11] The companies named above were unknown a few years ago, but today they are leading the list of the most profitable companies in the world, achieving increased service efficiency based on digital technologies.

## Analysis and results.

All over the world, the number of users of social networks is growing rapidly and these networks are constantly evolving. Currently, the most popular platforms in our country are Facebook, Telegram, Youtube, Pinterest and Twitter.

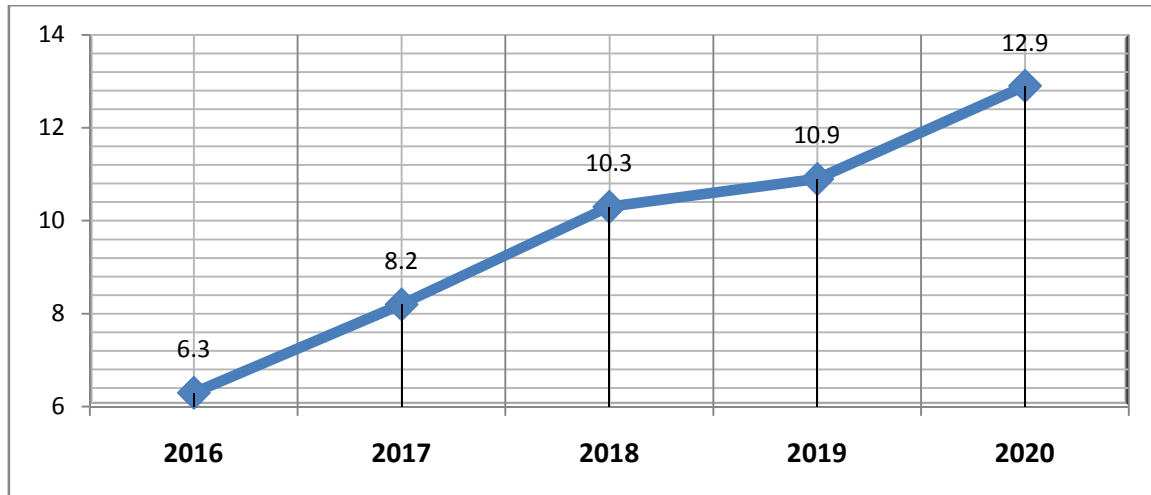
In general, it is no exaggeration to say that the development of the social network market is leading to the acceleration and development of globalization processes. It is social networks that play a key role in the spread of the concept of the digital economy and its relevance today. In our country, not only social networks, but also other areas of ICT are developing. In particular, the volume of services

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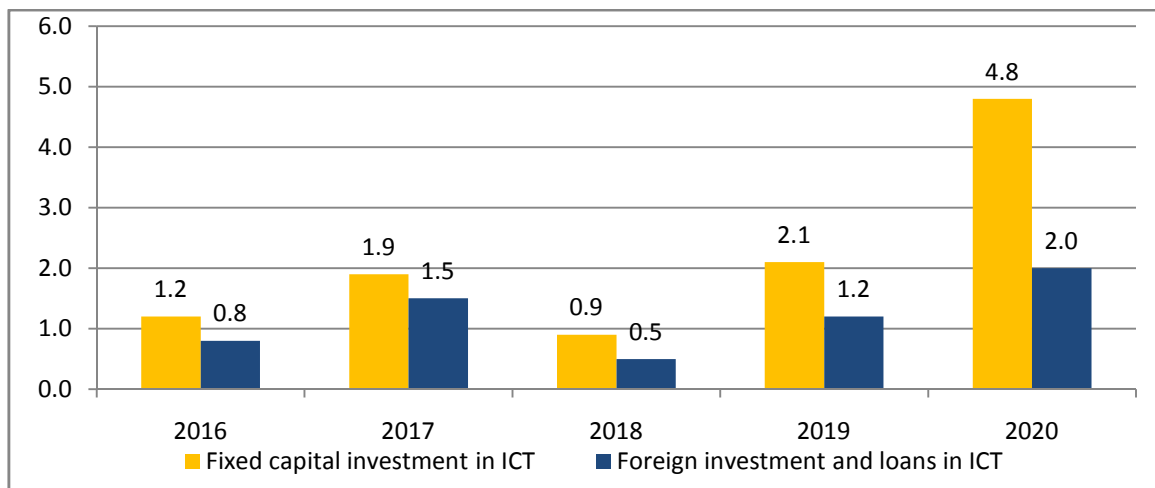
provided in the field is growing, especially computer and programming services. For example, the volume of communication and information services in 2020 increased by 2.0 times compared to 2016 (Figure 1).

**Figure 1. Dynamics of growth of Information and communication services in Uzbekistan in 2016-2020, tn. UZS [13].**



It should be noted that the development of the ICT sector in the country in 2016-2020 was positively influenced by a 4-fold increase in investment in fixed assets in the field of "information and communication", including a 2.5-fold increase in foreign investment and loans (Figure 2).

**Figure 2. Dynamics of Fixed Capital Investment in ICT in Uzbekistan, 2016-2020, tn. UZS [13].**



The increase in exports of services, the implementation of projects with foreign investment in the industry, the positive changes taking place in our country have led to the improvement of the business environment and the development of infrastructure. In particular, there are rapid positive changes and trends in the field of public services based on digital technologies. Virtual reception of the Prime Minister's appeals to the population and entrepreneurs in order to improve the quality and efficiency of the organization of work with entrepreneurs, including foreign investors, to ensure open and direct transparent communication with them, to implement their legal requirements and solve their problems that is, the portal "biznes.gov.uz" was launched. It should be noted that in the international ranking of

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the UN e-government development index in 2016, Uzbekistan took 80th place (index - 0.54), and in 2020 - 87th place among 193 countries (index - 0.67) [14].

According to the data, in 2020, the volume of telecommunications services in Uzbekistan (wired and mobile communications, Internet, satellite communications, etc.) accounted for 78.4% of total communication and information services. In the total volume of communication and information services, computer programming services, consulting and other related services accounted for 6.9%, other communication services for 5.2%, information services for 4.9% and publishing services for 4.6% [15].

Therefore, the types and volume of Internet and mobile communication services in the country are expected to be further developed and comprehensive in the future, noting high performance compared to other communication services. In general, priority should be given to the organization of measures for the introduction of digitalization and innovative technologies in the sectors and industries of the economy, as well as in the service entities within them, based on the requirements of the digital economy. Therefore, the Resolution of the President of the Republic of Uzbekistan dated April 28, 2020 "On the development of the digital economy and e-government" deserves special attention [16]. According to him: the accelerated formation of the digital economy - to double its share in GDP by 2023, complete modernization of digital infrastructure and access to modern IT services in all regions, development of e-government - by 2022 the share of e-government services to 60% Development of "digital entrepreneurship" through the supply, production of software products and the creation of technological platforms - by 2023 to triple the volume of services in this area and increase their exports to 100 million. Delivery in US dollars is scheduled.

## Conclusions and suggestions

In recent years, the development of digital technologies and accelerating the transition to a digital economy in Uzbekistan has been identified as one of the priorities. As a result, the opportunities for the development of the service sector on the basis of digital technologies and innovations are expanding.

In this regard, it is expedient to develop digital infrastructure, eliminate the shortage of knowledgeable, qualified and in-depth professionals in the field of information technology, improve the quality of vocational education in information technology and technical-technological areas of higher education and widely introduce best international practices.

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