

WAYS TO INCREASE THE INCOME OF SERVICE SECTOR ENTERPRISES IN THE CONTEXT OF DIGITAL TRANSFORMATION

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Abstract.

The service sector is one of the key sectors of the modern economy and a determining factor of sustainable economic growth. In the Republic of Uzbekistan, services generate nearly half of gross domestic product and provide employment for a significant share of the population. Despite the high growth rates of service output, the incomes of enterprises in this sector remain constrained due to low labor productivity, regional disparities, infrastructure limitations, and shortages of qualified personnel. The purpose of this article is to analyze the dynamics of service sector enterprise incomes, identify the factors shaping their formation, and develop practical ways to increase incomes based on national and international experience. The study employs methods of statistical analysis, comparative analysis, and generalization. The results indicate that digitalization, human capital development, and liberalization of service markets are key determinants of enterprise income growth.

Keywords: service sector, enterprise income, digitalization, productivity, Uzbekistan, economic growth.

Introduction

The service sector occupies a central position in the modern economy of the Republic of Uzbekistan, accounting for nearly half of gross domestic product and providing employment for about 50 percent of the working-age population. In recent years, this sector has become the main driver of economic growth, compensating for the slowdown in certain branches of material production and contributing to the structural transformation of the economy.

According to the World Bank, the development of services oriented toward productivity growth and export potential can ensure long-term and inclusive economic growth. Analytical reports emphasize that the service sector can become a key source of economic diversification and enhanced national competitiveness.

In January 2025, the volume of services provided in Uzbekistan reached 64,784.6 billion soums, which is 11.4 percent higher than in the corresponding period of the previous year. At the same time, serious challenges persist, including low labor productivity, a high share of low-skilled jobs, monopolization of certain market segments, and pronounced regional disparities in service-sector development.

The relevance of this study is determined by the need for a comprehensive analysis of the mechanisms of income formation of service-sector enterprises and the search for effective ways to increase them in the context of economic modernization. The purpose of the article is to analyze the dynamics of service-sector enterprise incomes, identify the factors influencing their formation, and develop practical recommendations for their growth.

Literature Review

The issue of income formation and growth of service-sector enterprises is widely discussed in both international and domestic research. In classical economic theories, services are considered a key element of post-industrial development, ensuring accelerated economic growth



through a high share of value added and intensive use of human capital. According to the concept of post-industrial society developed by Daniel Bell, as income levels and technological progress increase, the structure of the economy shifts toward the predominance of services, which become the dominant sector in the formation of gross domestic product.

Modern international studies emphasize the relationship between the development of the service sector and overall economic productivity. Reports by the World Bank underline that services possess substantial potential for job creation, export expansion, and diversification of economic structures, especially in countries with transition and developing economies. Particular importance is attached to digital services, financial services, logistics, and business services as sources of sustainable growth in enterprise incomes.

A number of scholars point out that the incomes of service-sector enterprises are shaped by a combination of factors, including the level of demand, service quality, pricing policy, scale of activity, and innovation intensity. Research also highlights that services are highly sensitive to changes in household incomes, which makes them an important channel through which economic growth is transmitted into higher living standards.

Considerable attention in academic literature is paid to the impact of digitalization on enterprise incomes. It has been established that the adoption of information and communication technologies reduces transaction costs, expands market access, and increases operational efficiency. As a result, enterprises actively using digital platforms and online sales channels demonstrate higher income growth rates compared to traditional companies.

Domestic researchers view the development of the service sector as one of the key directions of structural modernization of Uzbekistan's economy. Their studies emphasize that enterprise incomes in this sector largely depend on the quality of labor resources, the level of entrepreneurial activity, and access to financial resources. Special attention is given to the role of small and medium-sized enterprises, which generate a significant share of gross value added in services.

At the same time, the analysis of existing literature shows that most studies focus either on the macroeconomic role of the service sector or on individual aspects of its development (digitalization, employment, investment). The mechanisms of income formation at the enterprise level and the relationship between sectoral structural characteristics and financial performance remain insufficiently explored. This research gap determines the necessity for a comprehensive study of the determinants of service-sector enterprise income and the development of practical recommendations for its growth.

Methodology

The methodological basis of this study is grounded in the principles of economic theory, the concept of post-industrial development, and the works of domestic and international scholars focused on the development of the service sector and the formation of enterprise incomes.

The study employs a combination of analytical methods, including analysis and synthesis, statistical analysis, comparative analysis, and a systems approach.

The information base for the research consists of official statistics of the Republic of Uzbekistan, materials from international organizations, results of scientific publications, and analytical reviews from relevant governmental agencies.

Analysis and Results

The incomes of service-sector enterprises represent the gross revenue from the provision of intangible products and depend on the volume of services provided, price levels, service quality, and demand structure. Unlike manufacturing, where the share of value added is approximately 42 percent, in the service sector it reaches 63 percent, making it one of the most efficient sources of economic growth.



Both domestic and international studies emphasize that the specificity of services lies in their intangibility, perishability, and simultaneity of production and consumption. These characteristics enhance the role of human capital and organizational innovations in income generation.

According to the theory of post-industrial society developed by Daniel Bell, services become the dominant sector in developed economies, accounting for 70–80 percent of GDP. Similar ideas are advanced by Alvin Toffler, who highlights the growing importance of knowledge, information, and innovation.

Domestic literature places particular emphasis on the impact of workforce qualifications, digital technologies, and the institutional environment on service-sector enterprise incomes. Studies indicate that a 10 percent increase in employee qualifications can raise enterprise incomes by approximately 1 percent, while the implementation of digital technologies can reduce costs by 20–30 percent.

In 2023, the service sector accounted for 43.9 percent of the GDP of the **Republic of Uzbekistan** and provided employment for approximately half of the economically active population. The largest sources of sector income are transport services (13,162.4 billion sums), financial services (11,864.5 billion sums), trade (10,295.2 billion sums), and telecommunications services (5,312.2 billion sums).

Small and medium-sized enterprises play a leading role in generating sector income, accounting for 53.7 percent of the total volume of services. In January 2025, 5,731 new service-sector enterprises were registered, indicating a high level of entrepreneurial activity.

At the same time, significant regional disparities persist. The city of Tashkent accounts for 38.5 percent of the total volume of services, while some regions contribute only 1–2 percent. The service sector is underdeveloped in rural areas, which account for only about 21.7 percent of service output.

Average wages in the sector remain relatively low compared to developed countries, limiting employee motivation and slowing labor productivity growth.

The factors influencing enterprise incomes can be categorized as internal and external. Internal factors include service quality, innovation activity, marketing effectiveness, business process organization, and staff qualifications. External factors include government policy, market competition, infrastructure development, and macroeconomic conditions.

Digitalization is particularly important, as it expands market access, reduces costs, and increases the transparency of enterprise operations.

International experience demonstrates that digital services, business process outsourcing, and ICT service exports are significant sources of income for developing countries. Many nations successfully employ tax incentives, educational programs, and public-private partnerships to stimulate the growth of the service sector.

Conclusion and Recommendations

The service sector in the Republic of Uzbekistan has significant potential for income growth and for increasing its contribution to the country's economic development. Implementing a set of measures focused on digitalization, human capital development, and improvement of the institutional environment will ensure sustainable growth of enterprise incomes and strengthen Uzbekistan's position in the global economy.

Key directions for increasing the incomes of service-sector enterprises include:

- Development of digital technologies and online platforms;
- Improvement of education quality and professional training of personnel;
- Promotion of competition and reduction of administrative barriers;
- Support for small and medium-sized enterprises;



- Implementation of regional service development programs.

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