

Development of the Service Sector: A Comparative Analysis of National and Foreign Practices

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Annotation: The article compares the foreign experience of innovative development of services. In addition, the possibilities of using advanced foreign experience in the transition of the practice of providing tourism services in our country to the path of innovative development have been identified.

Key words: services, provision of services, tourist services, tourist, innovative activity, innovative technologies, international tourist movement, innovative tourism

In the context of globalization of economic relations, the innovative development of the service sector in world practice plays an important scientific and practical role in ensuring sustainable economic growth. According to the World Bank, in the period before the Covid-19 pandemic, ie in 2019, the share of services in the GDP of developed countries averaged 74%. Also, the share of small and medium-sized businesses in this sector was 90-95%, while those engaged in services accounted for 70-75% of those employed in the total economy.¹ In the context of the global coronavirus pandemic, which began in 2019, due to the implementation of strict quarantine rules, the announcement of lockdowns in the countries, only the provision of social services to the population was allowed in the countries. This situation has had a negative impact on the economies of the countries. For this reason, in assessing the role of the services sector in the economy of countries, experts from most international economic organizations and economists have studied the general development trends in the period before Covid-19. The impact of the coronavirus pandemic on the service sector has also been studied separately across sectors.

The analysis of world practice of service sector development shows that state support for the development of this sector will increase the ability of countries to protect their economies from external economic risks and create the necessary conditions for rapid economic growth. According to the World Trade Organization, the per capita volume of services provided in the US economy in 2019 amounted to \$ 47,745.7. In the U.S. service sector, the provision of financial services to the population is more widespread than in other sectors, accounting for 40.4% of the total volume of services provided. According to the analysis, in the practice of developed countries, the provision of financial services to the population is one of the areas with a significant

¹Indicators of World Development. Economy and growth. World Bank. [Electronic resource]. URL: <https://data.worldbank.org/indicator> (contact data: 27.01.2021).

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share in other areas. In particular, the share of per capita services in the German economy in 2019 amounted to \$ 34,630.6, while the share of financial services in total services was 41.7% (see Table 1).

Table 1 Indicators of the volume of services provided per capita in some countries, 2019²

Areas of services	USA		Germany		Russia		Uzbekistan	
	In U.S. dollars	Percent	In U.S. dollars	Percent	In U.S. dollars	Percent	In U.S. dollars	Percent
Total services	47 745,7	100	34 630,6	100	6 761,3	100	711,3	100
<i>including:</i>								
Trade and catering	9 168,1	19,2	5 526,6	16,0	2 346,9	35,0	162,4	22,8
Education	9 406,3	19,7	7 264,9	21,0	666,5	9,9	21,1	2,9
Medical							7,5	1,1
Transport	4 226,9	8,9	3 164,4	9,1	935,2	13,8	178,9	25,2
Communication and Information Services (IT)							40,6	5,7
Financial services	19 288,8	40,4	14 440,6	41,7	1 289,9	19,1	76,7	10,8
Government services	2 917,1	6,1	2 183,9	6,3	1 117,9	16,5	-	-
Other services	2 738,5	5,7	2 050,2	5,9	387,0	5,7	224,1	31,5

According to the analysis of the data in Table 1, it can be observed that the development trends in the provision of services in our country lag significantly behind the world practice. In particular, the volume of services provided in the country per capita in 2019 amounted to \$ 711.3, which is 9.5 times less than in the Russian Federation. Also, taking into account that the volume of services provided in our country per capita is 61.1 times less than in the United States and 51.5 times less than in Germany, it can be concluded that the country does not fully use the opportunities for the development of this sector.

²Based on data from the World Trade Organization
https://www.wto.org/english/res_e/statis_e/statis_e.htm

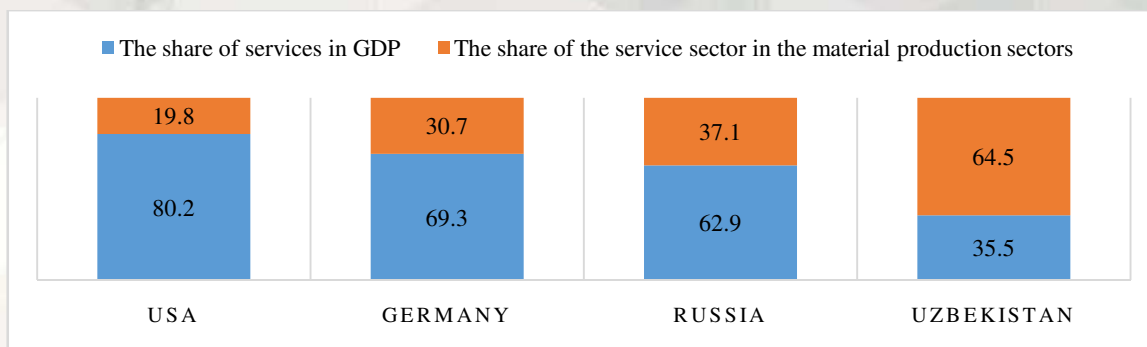


Figure 1. The share of services in the GDP and material production of countries (in percent, 2019)³

According to the International Labor Organization, the share of the service sector in the GDP of developed countries is more than 70%, while in the group of emerging and developing market economies it is less than 65%. The analysis shows that in 2019, the share of services in the US GDP was 80.2%, in Germany - 69.3%, in Russia - 62.9%, while in our country this figure was 35.5%. In particular, according to the analysis of indicators on the share of services in the field of material production, the opposite trend can be observed. At the same time, the share of services in the field of material production in countries with emerging and developing market economies is characterized by more than 35%. This situation is explained by the fact that in developing and emerging market economies, along with the formation of a post-industrial society, priority is given to reforms aimed at its development (see Figure 1).

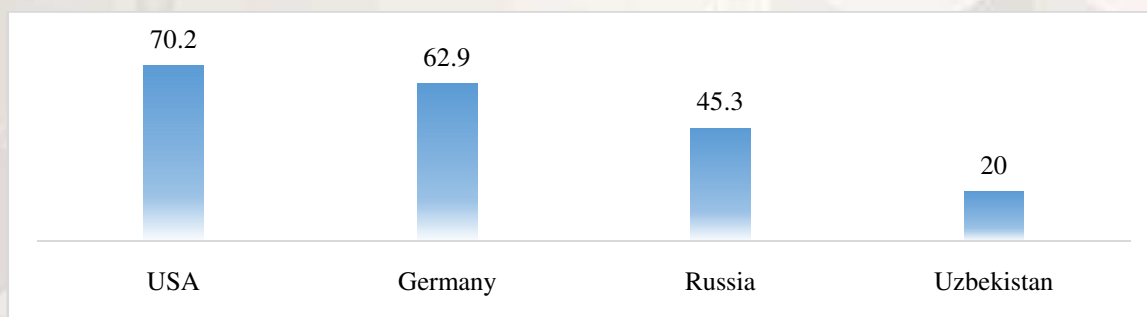


Figure 2. In some countries, the share of services in the structure of public spending, in percent⁴

According to the analysis of the practice of developed countries in the development of services, in this group of countries the population's access to services is significantly higher than in countries with emerging and developing market

³based on the data International Labor Organization <https://www.ilo.org/ilostat>; List of countries by GDP.; Analytical Center under the Government of the Russian Federation <https://www.ac.gov.ru>

⁴Iskhakova S.A. The impact of the development of the service sector on the income level of its employees. // Labor Economics. - 2021. - Volume 8. - No. 2. - S. 159-174. Doi: 10.18334 / et.8.2.111774 <https://1economic.ru/lib/111774>

economies. In particular, the share of services in the structure of public spending in the United States is 70.2%, 62.9%, in Russia this figure is 45.3%, and in Uzbekistan - 20.0% (see Figure 2). Based on this situation, it can be concluded that in the practice of developed countries, the share of expenditures of the population on the use of services in their total expenditures is more than 50%.

In this regard, based on the object of research, it is expedient to conduct a comparative analysis of world practice in the development of the market of tourism services. Since the end of the twentieth century, the market of tourist services has been one of the fastest growing sectors in the world economy. Favorable conditions for achieving sustainable growth of the national economy will be created through the development of the market of tourism services. Also, in recent years, with the rapid development of the world market of tourist services, the internationalization of socio-economic relations between the countries has been achieved through the development of tourism in the economies of the countries.⁵

According to UN experts, the share of tourism services in world trade will reach 7% in 2019, with one in ten of the world's working-age population employed in the sector. While the coronavirus pandemic, which began in late 2019, had a significant negative impact on the development of the industry, international tourist traffic in the first five months of 2020 fell by 56 percent compared to previous years due to the temporary closure of borders. Development trends in the global tourism services market have slowed to 58-78% in the context of the "Covid-19" pandemic. As a result, more than 100 million jobs in the world in the field of tourism are at risk of closure. In addition, the volume of exports of tourist services amounted to 1.2 trillion US dollars. (see Figure 3), global GDP decreased by 2.8% due to losses caused by the pandemic in the tourism services market.⁶

⁵**The current state of international tourism activities.** http://www.vfmgiu-tourism.ru/vidy_turistskih_organizacii_239/sovremennoe_sostoyanie_mejdunarodnoi_turistskoi_deyatelnosti_249/index.html (date of access **02.10.2021**)

⁶Concept Note: Covid-19 and Restructuring the Tourism Sector. // UN. https://www.un.org/sites/un2.un.org/files/policy_brief_covid-19_and_transforming_tourism_russian.pdf

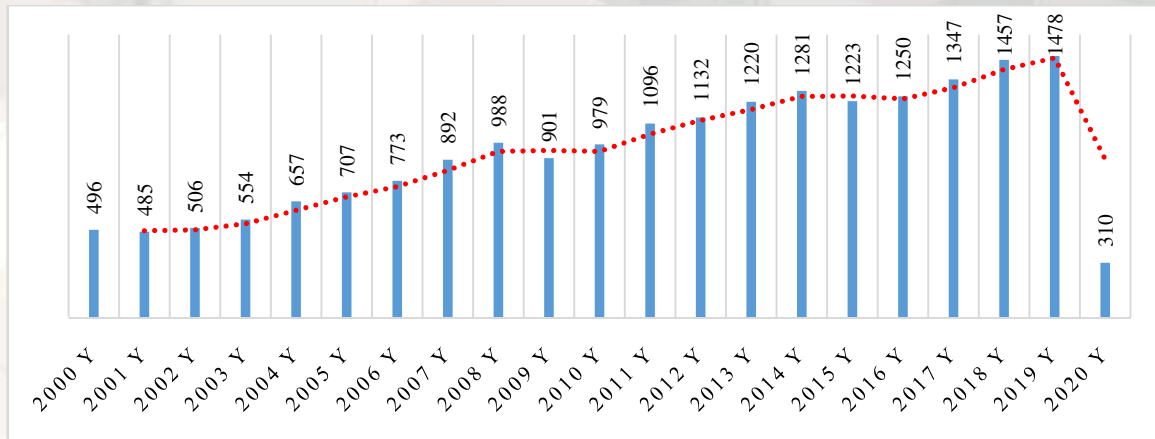


Figure 3. Development trends of international tourism exports⁷

Based on the above data on the role of tourism in the world economy, today the priority is given to reforms aimed at developing the practice of providing tourist services, its support by the state, increasing the country's tourist attractiveness, not only in developed countries but also in emerging and developing market economies. It will be possible to draw conclusions about

Today, priority is given to practical work to support the development of tourism in the post-coronavirus pandemic in the world. In particular, it is recommended that the United Nations International Tourism Organization prioritize the following measures to develop tourism in the post-Covid-19 countries:⁸

- ensuring liquidity and protection of jobs in the industry;
- Restoration of tourist flows through the gradual opening of borders between countries;
- a sense of responsibility for the opening of borders for tourists in the country so as not to harm their health, in particular, not to be infected with the coronavirus;
- Adoption of innovations as a new factor in the sustainable development of tourism;
- creation of sustainable jobs on the basis of new innovative technologies;
- Improving the mechanism of public-private partnership in improving the efficiency of tourism development;
- strengthening the focus on increasing the level of security and safety in justifying the confidence of tourists;

⁷based on the data Concept Note: Covid-19 and Restructuring the Tourism Sector. // UN. https://www.un.org/sites/un2.un.org/files/policy_brief_covid-19_and_transforming_tourism_russian.pdf

⁸Concept Note: Covid-19 and Restructuring the Tourism Sector. // UN. https://www.un.org/sites/un2.un.org/files/policy_brief_covid-19_and_transforming_tourism_russian.pdf

- Coordination of agreements between the countries within the framework of international protocols and procedures in the implementation of agreements on the development of tourism.

In our opinion, based on the recommendations of the above international experts in the development of tourism in our country, it is possible to achieve high results in the development of tourism in recent years.

Based on a comparative analysis of the world practice of providing tourist services, the following aspects that can be used creatively in the development of tourism in our country in recent years have been identified:

- Establishment of extra-budgetary trust funds for the development of tourism in the country, including in the regions;
- Development of tourism development strategies based on the study of the possibility of full use of tourist potential in the regions;
- identification of areas of specialization based on the advantages of providing tourist services in the regions;
- Transferring the activities of economic entities providing tourist services to the path of innovative development;
- Development of programs for crediting the activities of economic entities engaged in innovative tourism activities on favorable terms;
- Establishing control over the quality and price of tourism products and services, improving the practice of its licensing on the basis of world standards;
- Development and implementation of a mechanism of public-private partnership in the development of tourism in line with modern requirements, ensuring the transition of the industry to the path of innovative development;
- modernization of tourism infrastructure, creation of favorable conditions for tourists to have a good time;
- Encouraging the use of funds of international financial institutions, including foreign investors, in the development of the tourism industry of our country, etc.

In our opinion, taking into account the above proposals, the development of state programs aimed at the development of tourism in our country will allow to achieve sustainable development of the tourism industry in the long run.

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