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# DIGITAL ECONOMY AND THE COMPETITIVENESS OF THE SERVICE SECTOR: PROSPECTS AND DEVELOPMENT PRIORITIES

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**Annotatsiya:** ushbu maqolada raqamli iqtisodiyot sharoitida xizmat ko‘rsatish sektorining raqobatbardoshligini oshirishning ustuvor yo‘nalishlari tadqiq etilgan. Tadqiqotda raqamli texnologiyalar, elektron platformalar, sun’iy intellekt va innovatsion yechimlarning xizmat ko‘rsatish korxonalari faoliyatiga ta’siri tahlil qilingan. Shuningdek, o‘zbekistonda xizmat ko‘rsatish sektorini raqamlashtirish jarayonlari hamda uning raqobatbardoshlikka ta’siri baholangan. Tadqiqot davomida qiyosiy, statistik va tizimli tahlil usullaridan foydalanildi. Natijalar raqamli texnologiyalarni keng joriy etish xizmatlar sifati, iqtisodiy samaradorlik va mijozlar qoniqishini oshirish orqali sektorning raqobatbardoshligini kuchaytirishini ko‘rsatdi. Tadqiqot yakunida xizmat ko‘rsatish sektorining barqaror rivojlanishini ta’minlash bo‘yicha ilmiy-amaliy tavsiyalar ishlab chiqildi.

**Kalit so‘zlar:** raqamli iqtisodiyot, xizmat ko‘rsatish sektori, raqobatbardoshlik, raqamli transformatsiya, innovatsiyalar, elektron xizmatlar, sun’iy intellekt, iqtisodiy samaradorlik.

**Аннотация:** В данной статье исследуются перспективы повышения конкурентоспособности сферы услуг в условиях цифровой экономики. Проанализировано влияние цифровых технологий, электронных платформ, искусственного интеллекта и инновационных решений на деятельность предприятий сферы услуг. Также дана оценка процессам цифровизации сферы услуг в узбекистане и их влиянию на конкурентоспособность. В ходе исследования использовались сравнительный, статистический и системный методы анализа. Результаты показали, что широкое внедрение цифровых технологий способствует повышению качества услуг, экономической эффективности и удовлетворённости клиентов, что в свою очередь усиливает конкурентоспособность сектора. По итогам исследования разработаны научно-практические рекомендации по обеспечению устойчивого развития сферы услуг.

**Ключевые слова:** цифровая экономика, сфера услуг, конкурентоспособность, цифровая трансформация, инновации, электронные услуги, искусственный интеллект, экономическая эффективность.

**Abstract:** This article explores the prospects for enhancing the competitiveness of the service sector in the context of the digital economy. The study analyzes the impact of digital technologies, electronic platforms, artificial intelligence, and innovative solutions on the activities of service enterprises. It also assesses the digitalization processes in uzbekistan's service sector and their

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influence on competitiveness. Comparative, statistical, and systematic analysis methods were employed during the research. The findings indicate that the widespread adoption of digital technologies improves service quality, economic efficiency, and customer satisfaction, thereby strengthening the sector's competitiveness. Based on the results, scientific and practical recommendations were developed to ensure the sustainable development of the service sector.

**Keywords:** digital economy, service sector, competitiveness, digital transformation, innovation, electronic services, artificial intelligence, economic efficiency.

**Introduction**

In today's rapidly evolving global economy, digitalization has become a key factor in enhancing economic growth and competitiveness. The development of digital technologies has significantly transformed the service sector by introducing new business models, improving service quality, and increasing operational efficiency. Technologies such as artificial intelligence, big data, cloud computing, and digital platforms are playing an increasingly important role in strengthening the competitive position of service enterprises.

The service sector is one of the leading components of the modern economy, contributing significantly to employment, income generation, and sustainable economic development. In the context of the digital economy, improving the competitiveness of service enterprises requires the effective adoption of innovative technologies and digital transformation strategies.

In uzbekistan, substantial efforts are being made to accelerate digital transformation and modernize the service sector within the framework of the "digital uzbekistan – 2030" strategy. However, challenges related to digital infrastructure, technological adoption, and human capital still exist. Therefore, investigating the prospects for improving the competitiveness of the service sector under digital economy conditions remains an important scientific and practical issue.

This study aims to analyze the prospects for enhancing the competitiveness of the service sector in the context of the digital economy and to develop practical recommendations for its sustainable development.

**Literature review**

The issue of improving the competitiveness of the service sector in the context of the digital economy has attracted considerable attention from both scholars and practitioners. Numerous studies have emphasized the significant role of digital technologies in enhancing service quality, operational efficiency, and customer satisfaction.

Vial (2019) defines digital transformation as a process through which organizations improve their performance by integrating digital technologies into business activities. According to the author, digital transformation enables firms to redesign their business models and strengthen their competitive advantages.

Verhoef et al. (2021) argue that digital technologies fundamentally reshape customer interactions and organizational processes. Their study highlights that the adoption of digital platforms and innovative technologies contributes significantly to the competitiveness and long-term sustainability of service enterprises.

Kaplan and haenlein (2019) emphasize that artificial intelligence has become an essential component of modern business development. The authors state that ai technologies facilitate personalized services, improve decision-making processes, and increase operational efficiency in service organizations.

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In the context of uzbekistan, several researchers have examined issues related to the digitalization of the economy and the modernization of the service sector. Existing studies mainly focus on the expansion of electronic services, digital infrastructure, and innovation-driven development. However, limited attention has been paid to comprehensively assessing the prospects for enhancing service sector competitiveness under digital economy conditions.

Therefore, further research is needed to identify effective mechanisms for increasing the competitiveness of the service sector through digital transformation and innovative technologies.

**Research methodology**

This study employs a qualitative and quantitative research approach to examine the prospects for enhancing the competitiveness of the service sector in the context of the digital economy. Comparative analysis, statistical analysis, and systematic approaches were applied to evaluate the impact of digital technologies on the competitiveness of service enterprises.

The research is based on secondary data obtained from the statistics agency under the president of the republic of uzbekistan, the world bank, oecd reports, and relevant scientific publications. Comparative analysis was used to assess digitalization trends and international experience in the service sector, while statistical methods were applied to analyze the dynamics of service sector development and digital transformation indicators.

Furthermore, a systematic approach was employed to identify the relationship between digital technologies, innovation, and competitiveness in the service sector. The findings of the study provide a scientific basis for developing practical recommendations aimed at strengthening the competitiveness and sustainable development of the service sector under digital economy conditions.

**Results and discussion**

The findings of the study indicate that digital transformation has become one of the most important factors influencing the competitiveness of the service sector. The integration of digital technologies enables service enterprises to improve operational efficiency, reduce transaction costs, and enhance customer satisfaction.

Recent trends in uzbekistan demonstrate a steady expansion of the service sector, supported by the increasing adoption of digital technologies and electronic services. The development of e-commerce platforms, online banking, digital payment systems, and mobile applications has significantly improved service accessibility and quality. As a result, service enterprises have gained new opportunities to expand their market share and strengthen their competitive position.

The analysis also reveals that the application of advanced digital technologies, such as artificial intelligence, big data analytics, and cloud computing, positively affects business performance. Artificial intelligence-based solutions facilitate personalized service delivery, improve decision-making processes, and enable enterprises to better understand consumer preferences. Consequently, firms adopting innovative technologies achieve higher productivity and maintain stronger competitive advantages.

However, several challenges still hinder the digital transformation of the service sector in uzbekistan. These include insufficient digital infrastructure in some regions, limited investment in advanced technologies, cybersecurity concerns, and a shortage of highly qualified ict specialists. Addressing these issues is essential for ensuring the sustainable and competitive development of the service sector.

Overall, the study confirms that the effective implementation of digital technologies is a key prerequisite for enhancing the competitiveness of the service sector in the digital economy. Strengthening digital infrastructure, promoting innovation, and investing in human capital will further accelerate the sector's sustainable growth and international competitiveness.

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**Conclusion**

The study concludes that digital transformation plays a crucial role in enhancing the competitiveness of the service sector in the digital economy. The adoption of advanced digital technologies, including artificial intelligence, digital platforms, big data, and cloud computing, significantly improves service quality, operational efficiency, and customer satisfaction.

The findings reveal that digitalization enables service enterprises to optimize business processes, reduce operational costs, and strengthen their competitive advantages in both domestic and international markets. Moreover, the effective use of innovative technologies contributes to sustainable economic growth and increases the overall performance of the service sector.

However, the research also identifies several challenges, such as inadequate digital infrastructure, limited technological capabilities, cybersecurity risks, and shortages of skilled human resources. Therefore, further efforts should be directed toward expanding digital infrastructure, encouraging innovation, enhancing digital skills, and supporting investment in advanced technologies.

In conclusion, strengthening digital transformation processes and promoting innovation-oriented policies are essential for ensuring the long-term competitiveness and sustainable development of the service sector in the era of the digital economy.

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