



## THE ROLE OF INNOVATION IN THE FIELD OF SERVICE PROVISION

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**Abstract.** *The role of innovation in the service sector, the importance of an innovative approach is revealed in the article. The characteristics of the types of innovations in the service sector were considered, the main criteria of innovations in the service sector were proposed. Proposals for effective organization of innovative processes in the Republic of Uzbekistan are given.*

**Key words:** *service, service sector, post-industrial economy, innovation, types of innovations, innovation process, forms of organization of innovation processes.*

One of the characteristic features of the post-industrial economy is the rapid development of the service sector. Services appear as the main product of labor, and the consumption of services becomes the priority way of meeting the needs of the population. A sharp increase in the share of service industries in the overall structure of the economy indicates the transition from the industrial stage to the next stage of society's development.<sup>1</sup>

The solution of organizational-economic, social and legal problems helped the growth of the service sector in Uzbekistan, and also served to increase its contribution to the national economy.

Nowadays, it is observed that the importance of the innovative approach is increasing in the service sector as well as in all sectors of the economy. Innovations play an active role in all aspects of society's life. Many scientists emphasize that innovation is becoming the main driving force of economic and social development. Now it is impossible to imagine the modern world without innovations that have become commonplace, as well as future innovations that will contribute to further evolution.

Interest in innovative activity is determined by the fact that it raises the development of the world community to a new, higher level.<sup>2</sup>

The introduction of innovations leads to:

- economic growth of the country;
- creation of new production sectors in the economy;
- to create a single market space;

<sup>1</sup> Aliev F.A. Information-communication technologies and innovative economic conditions // Molodoy uchyonyi. – 2019. – No. 10. – S. 591-595.

<sup>2</sup> Karpova S.K. Sphere uslug kak obekt investitsionnoy deyatelnosti // Izvestia Rossiyskogo gosudarstvennogo pedagogicheskogo universiteta im. A.I. Hertsenyana. - 2021. - No. 73-1. - S. 17-19.



- to actively encourage competition and increase the competitiveness of individuals and organizations;
- the development and improvement of the legal base in the field;
- to develop and improve the legal basis for protection of intellectual property rights in the field of intellectual activity, individualization and means of obtaining commercial benefits;
- to increase the market share, expand the range of potential buyers, conquer new market segments, stabilize and strengthen the market position of enterprises; leads to a decrease in production costs.<sup>3</sup>

Thus, at present, innovative processes in the service sector are becoming more and more important, their main task is to ensure the competitiveness of service sector enterprises and organizations and achieve full satisfaction of consumers' demands for high-quality services.

There are different approaches to the concept of "innovation". But most of these definitions emphasize innovation as the result of a creative process and the process of introducing newness.

The concept of "innovation" began its new life as a result of the analysis of "innovative combinations" and changes in the development of economic systems in the scientific works of the Austrian and American economist J. Schumpeter at the beginning of the 20th century. Schumpeter was one of the first scientists to use this term in economics in the 1900s. We should look at innovation not as any kind of innovation, but as a factor that seriously increases the efficiency of the existing system. Despite common misconceptions, innovation is different from discovery. Innovation differs from scientific discoveries and inventions in that science is the transformation of resources into knowledge and ideas. Innovation is the transformation of knowledge and ideas into funds. Innovation is highlighting the practical value of an invention and turning it into a successful marketable product.<sup>4</sup>

In recent years, as a result of changes in the organizational and economic mechanism of the service sector, a service economy has begun to form in Uzbekistan. Initially, various innovations appeared in the first phase of denationalization of the service sector. In this case, strong impulses to introduce innovative forms and methods of service delivery and to expand effective service types were stimulated from within, that is, by both enterprises and consumers. At the same time, these processes were

<sup>3</sup> Polyanskaya N.M., Naydanova E.B. The role of innovative and economic Russia in eye regionov // Naukovedenie. T. 7. – 2018. – No. 4. <http://naukovedenie.ru/PDF/129EVN415.pdf>.

<sup>4</sup> Norov A.E. Theoretical and methodological foundations of innovative activity and commercialization of its results. // Scientific electronic magazine "Economy and innovative technologies". No. 1, January-February, 2020. 116-131b.





significantly influenced by foreign companies that actively entered our country with innovations.

They distinguish the following types of innovations in the service sector:

- organizational-technological innovations related to new types of services, using more effective forms of service provision and organizational norms;
- management innovations aimed at improving internal and external relations of the organization;
- complex innovations that cover all aspects of service organizations' activities at the same time.

The main criteria of innovation in the field of service are its novelty, practical importance and appropriateness (the ability to satisfy the important needs of service consumers).

Currently, the increasing need of the internal market of the service sector to use innovations is very urgent, which in turn puts the task of mastering modern innovations in order to develop and organize services and service forms that meet the needs of customers. At the same time, there is a need to activate and intensify innovative activities in Uzbekistan. In recent years, specific goal-oriented measures have been implemented for the innovative development of the sectors of the republic's economy and the social sphere, comprehensive support of science and scientific activities, and increasing their effectiveness. As a result, in 2021, the indicator of innovative activity of Uzbekistan increased by 8 points and amounted to 27.4 percent.<sup>5</sup>

A strategic program aimed at including the republic in the list of 50 advanced countries in the global ranking in the field of innovation was approved, new mechanisms for financing scientific projects were introduced, and additional conditions were created for financial stimulation of highly qualified personnel in the field of science.

Nevertheless, the large-scale reforms implemented at the modern stage of the country's development indicate the need to improve the mechanisms of state management in the field of science and innovation, increase transparency in the formation of state programs related to scientific activities, and accelerate the introduction of scientific achievements and innovative technologies in economic sectors and regions.

It should also be noted that service sector organizations' costs for innovation are generally much lower than those of industrial organizations. In general, this indicates a low level of innovation in the provision of information services (intellectual business

<sup>5</sup> The rating is innovative. <https://nonews.co/directory/lists/countries/global-innovation-index>



services - information technology, engineering, law, financial accounting, financial services) compared to goods-based (wholesale, retail) trade, transport services. In this regard, the issue of innovative budget is also of great importance. For example, services that require smart technologies (such as those provided by computer and engineering companies) typically have large innovation budgets.

In general, the introduction of innovations in the service sector allows developing enterprises not only to survive in the competition today, but also to succeed in the future. In today's economic environment, many service companies need to evolve faster and be more flexible, to be able to respond more actively to the demands of consumers.

Thus, to achieve the highest competitive advantages in a developed market, it is necessary to:

- rapid improvement of existing types and directions of service organizations;
- development and introduction of new, innovative types and directions of services to the industry, development of new service products that significantly increase the competitiveness of service enterprises.

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