



## INNOVATION MANAGEMENT IN THE SERVICE SECTOR: BEST PRACTICES AND EXPERIENCE OF LEADING COMPANIES

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**Abstract:** Innovative development in the service sector plays a key role in enhancing the competitiveness of companies in a rapidly changing business environment. This article discusses the importance of continuously monitoring change and adapting strategy to meet new challenges and opportunities. The main factors that emphasise the need for this approach are discussed, such as the dynamic market, customer needs, the competitive environment and technological advances. The authors suggest that continuous monitoring and adaptation of strategy helps companies to remain agile, innovative and competitive, ensuring successful development in the long term.

**Keywords:** innovation, development, services, monitoring, adaptation, strategy, competitiveness, customers, market, technology.

**Introduction.** Emphasising the importance of continuously monitoring change and adapting strategy to meet new challenges and opportunities is a critical aspect of successful service innovation. Here are a few key points that emphasise this importance:

**Dynamic market and rapid technological development:** Today's services market is characterised by rapid and continuous change driven by technological innovation, changes in consumer behaviour and competition. Continuous monitoring enables the company to react quickly to these changes and adapt its strategy accordingly.

**Customer Needs and Expectations:** Customer needs and preferences are constantly changing due to new technologies, socio-cultural factors and other variables. Monitoring these changes helps companies understand what new services and features they need to offer to remain competitive and meet the needs of their customers. **Competitive environment:** Competition in the service industry is constantly increasing and companies must constantly monitor their competitors and changes in the marketplace. This helps to identify new opportunities and dangers and adapt their strategy to stay ahead of the competition.



**Technological advancements:** New technologies and innovations are emerging in the market at an increasing speed. By monitoring technological trends and their application in the service industry, companies can identify new opportunities to improve their services and optimise their business processes.

**Flexibility and adaptability:** Rapid change requires companies to be flexible and able to respond quickly to new challenges and opportunities. Continuous monitoring and adaptation of strategy helps companies to maintain competitiveness and successfully adapt to changing market conditions.

It is therefore important that companies recognise the need to continuously monitor and adapt their strategy in line with changes in the market and external environment. This will enable them to remain reactive, innovative and successful in the long term.

**Main part.** An integral part of socio-economic public policy

In the field of innovation development, it focuses on the development and stimulation of innovation activity, which implies modernisation and improvement of products on the basis of scientifically based promising developments.

and improvement of products on the basis of scientifically-based promising developments. Innovation potential expands the possibilities of socio-economic development of society, saves capital and natural resources. The higher the development of science and human capital activity, the higher the level of innovation potential of the society.

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and research activities, as well as to improve their efficiency.

In particular, the Ministry of Innovative Development has been established to implement a unified state policy, the Law on Innovative Activity and the Concept of Science Development until 2030 have been adopted, defining the legal framework for regulating relations in the field of innovation.

The development of innovations in the country directly depends on the processes of creation and promotion of knowledge in the field of scientific research, and this in turn is conditioned by the activity of independent specialised research organisations, i.e. scientists (scientific personnel) engaged in scientific innovation novelty.





If we analyse the situation in Uzbekistan, we can see that the number of specialists engaged in research is decreasing from year to year. In particular, according to the State Committee on Statistics, from 2017 to 2020 the number of researchers has decreased from 36.8 thousand to 30.3 thousand, or by about 18 per cent.

Currently, the role of the service sector as one of the most important sectors of the economy is very large and relevant. This is, in particular, due to the increasing complexity of production, market saturation with goods of both everyday and individual demand, rapid growth of scientific and technological progress, which leads to innovations in the life of society.

The sphere of services is very multifaceted, and it includes various activities that help to increase labour productivity and achieve production efficiency. The final result of such activities is not a finished product, but the provision of services, which can be provided not only to enterprises, but also to businesses.

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Today the sphere of services is among the three largest economic spheres. Thus, according to the results of the World Bank study, the USA is one of the largest economies in the world and has a well-developed service sector. In 2021, this sector (value added) will account for 77.6 % 1) of the country's GDP.

The information technology (IT) sector has been developing rapidly in Uzbekistan in recent years. The country is actively attracting investments for the development of ICT infrastructure, including for the expansion of broadband Internet access services and the construction of new data centres. Over 2017-2022, the total volume of communication and informatisation services has tripled. By the end of 2022, the volume of communications and informatisation services was recorded at SUM 22.9 trillion. Compared to 2017, it increased by UZS 14.7 trillion.

In the Uzbek market, mobile communication services are provided by such companies as Unitel LLC (trade mark "Beeline"), Universal Mobile Systems LLC (trade mark "UMS"), RWC JV (trade mark "Perfectum Mobile"), Coscom LLC (trade mark "ise11"), Humans LLC (trade mark "Humans") and UzMobile branch of Uzbektelecom.

The Uzbek authorities are taking a number of measures to improve the qualifications of personnel in the service sector.

In particular, the following measures have been taken:

Decree of the President of the Republic of Uzbekistan "On measures to further improve the system of vocational education" of 24 May 2023



Decree of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to implement the State Programme for the development of the service sector in the Republic of Uzbekistan for 2022-2026" of 10 January 2023

Another important part of the service sector in Uzbekistan is the financial sector. The country is developing its banking sector by introducing new financial products and services and improving access to finance. The government of the republic is working to attract foreign investment in the financial sector, which has helped bring new technologies and accumulated experience here, contributing to the modernisation of the financial sector. For example, the volume of financial services increased 5.1 times between 2017 and 2022. For 2022, the volume of financial services reached SUM 80.4 trillion. Compared to 2017 (UZS 15.0 trillion), there was an increase in the volume of financial services for 2022 by UZS 65.4 trillion.

At present, new types of services are being actively developed in Uzbekistan, and their importance for regional economies, primarily in urban agglomerations, has increased markedly.

Today, electronic banking and Internet shopping form an integral part of our lives. In today's information world, as a result of the widespread use of the Internet, logistics, the emergence of electronic payment systems and electronic document management, a new form of activity - electronic commerce - is actively developing.

**Conclusion.** Summary of the main conclusions and recommendations on innovative development of the service sector:

Innovation plays a key role in improving the efficiency and competitiveness of the service sector in a rapidly changing market and technological transformation.

There is a need for active and systematic innovation in various aspects of the business, from technological solutions to service processes and customer interaction models.

It is important to continuously monitor the market and customer needs in order to promptly respond to changes and adapt to new requirements.

The innovation development strategy should focus on creating value for customers, improving the quality of services provided and enhancing the customer experience.

Co-operation with external partners, including start-ups, investors, universities and other companies, can stimulate innovative ideas and accelerate the development of new services.





Developing an innovative culture within the company and encouraging employee initiative and creativity is an important success factor in innovation development.

It is necessary to invest in the development of employees' skills and competences to ensure successful implementation of innovative projects and adaptation to new technologies.

Regular updating and adjustment of the innovation development strategy in accordance with changing market conditions and technological trends will help the company to stay at the forefront and achieve its goals.

Innovative development of the service sector requires a comprehensive and systematic approach, including both the introduction of new technologies and changes in business processes and culture of the organisation. However, with the right strategy and management, innovation can become a key factor of success and long-term development of a company in today's market conditions.

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