

INNOVATIVE DIRECTIONS AND PROSPECTS FOR INCREASING EMPLOYMENT

IN RURAL AREAS THROUGH SERVICE PROVISION

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Abstract: This article analyzes innovative directions and prospects for increasing employment in rural areas through service provision. It examines the role of the service sector in economic growth, its importance in ensuring employment, and the attention given to this direction in state policy. Furthermore, mechanisms for creating new jobs in rural areas through the development of digital service infrastructure, expansion of agro-service systems, support for startups and green technologies, promotion of agro tourism, and encouragement of female and youth entrepreneurship are substantiated. The article scientifically analyzes the economic efficiency of expanding innovative service networks and their role in improving the living standards of the population.

Keywords: population, agriculture, service, service provision, employment, entrepreneurship, infrastructure, living standards, economic development, service sector.

One of the key directions of the country's social policy is the development of small businesses and private entrepreneurship to increase population income and improve living standards. Today, due to practical measures in the service sector, opportunities to earn high income with low costs in a short period have expanded, leading to growth in entities operating in communications, transport, tourism, finance, construction, and trade. At the neighborhood level, family entrepreneurship, handicrafts, small-scale production, and service activities are being developed with state support through credit and financial assistance, resulting in job creation, increased employment, and higher household incomes.

The President's decree of December 3, 2021, "On priority directions of state policy for developing entrepreneurship in locality, ensuring employment, and reducing poverty" provides a systematic framework for managing this process. The development of the service sector facilitates the expansion of service infrastructure in rural areas and brings living standards closer to urban levels. Economically, services are considered labor products aimed at satisfying human needs; though intangible, they are value-creating economic activities.

President Sh. Mirziyoyev noted, "\$500 million is being allocated to the service sector; if these funds are used wisely, thousands of jobs will be created," highlighting the importance of responsible resource management in the sector. Recent programs, such as the "2017–2018 Program for the Development of the Service Sector in Uzbekistan" and the "2017–2019 Measures for Accelerated Development of Service Provision in Rural Areas," have provided a systematic basis for sector development.

As a result, the share of the service sector in GDP increased from 50.5% in 2020 to 54.5%, and the proportion of employed people in the sector accounts for more than half of total employment.

Nearly 81% of small business entities operate in service provision, showing the sector's growing role in the economic system. Additionally, over 2,000 enterprises benefit from state program incentives, increasing service volume by 1.7 times and per capita service provision by 1.6 times. Thus, the service sector is becoming a key driver of economic growth, employment, and prosperity.

Table 1.
Innovative Directions for Increasing Employment through Service Provision in Rural

Areas

Directions	Content
Development of digital service infrastructure	Expanding internet access and ICT in rural areas facilitates digital transformation of services. Online trade, remote education, telemedicine, and electronic payment systems create new jobs and increase economic activity
Expansion of agro-service and agro technical services	Establishing technical service centers, equipment rental, repair services, and agro technical consultancy in agriculture provides stable income sources and promotes innovative mechanisms in service provision.
Development of small businesses and startups	Financial support for youth and women's startups, micro grant, and microcredit programs increase employment in rural service sectors. Examples include online services, local logistics, repair workshops, and rural tourism startups
Green technology - based services	Services using environmentally friendly and energy-efficient technologies (solar panels, waste recycling, eco-friendly transport) create innovative rural jobs while ensuring ecological sustainability.
Development of tourism and agro tourism services	Local tourism, especially agro tourism, eco-tourism, and cultural heritage services, increases employment through guiding, accommodation, food services, transport, handicrafts, and recreation
Support for women and youth entrepreneurship	Establishing incubators and mentoring programs for rural women and youth encourages participation in the service sector, strengthens socio-economic equality, and generates innovative local initiatives.

Research results indicate that rural service provision plays a significant role in ensuring employment, increasing economic activity, and accelerating social development. Expanding services creates new jobs through small business development, support for family entrepreneurship, and infrastructure modernization.

The innovative directions for increasing employment through service provision include introducing digital economy solutions, establishing agro-service centers, applying green technologies, developing agrotourism, promoting women and youth entrepreneurship, and forming cooperative service systems. These initiatives enhance incomes, strengthen social stability, and contribute to comprehensive rural development.

Table 2.

Distribution of Employed Population by Type of Services in Samarkand Region,

2019–2024 (thousands)

Sector	2019	2020	2021	2022	2023	2024
Agriculture, forestry, and fishing	405.5	403.5	376.1	384.9	375.2	353.4
Electricity, gas, steam, and air conditioning	5.5	4.5	4.6	4.3	4.4	4.3
Water supply, sewage, waste management	2.2	2.3	2.7	3.1	3.1	3.3
Construction	110.4	102.4	118.3	118.6	137.7	123.6
Wholesale and retail trade; vehicle and motorcycle repair	180.9	177.9	197.6	197.9	206.4	185.7
Transportation and storage	77.6	73.8	86.2	83.1	83.3	73.5
Accommodation and food services	46.3	45.1	54.4	55.3	60.6	55.7
Information and communication	3	2.3	2.8	2.8	3.3	3.9
Administrative and support services	8.1	8	8.2	9.3	10	9.8
Education	131.7	133.9	140.5	147	149.1	148.7
Health and social services	64.5	71.1	69.9	76.4	77.2	74.2
Arts, entertainment, recreation	3.8	3.6	3.8	4	4	3.7
Other services	187.9	161.5	147.8	165.8	160.3	274.3

The table shows significant changes in employment distribution by service types in Samarkand Region from 2019 to 2024. The largest employment share traditionally belongs to agriculture, forestry, and fishing, which declined from 405.5 thousand in 2019 to 353.4 thousand in 2024, indicating a shift of labor to other service sectors.

Trade also plays a key role in employment, increasing from 180.9 thousand in 2019 to 206.4 thousand in 2023, but declining to 185.7 thousand in 2024 due to economic cycles, inflation, and changes in consumer demand. Construction showed growth from 118.3 thousand in 2021 to 137.7 thousand in 2023, followed by a decrease to 123.6 thousand in 2024.

Employment in education and health services has a steady upward trend, reflecting the social orientation of state policy. Employment in information and communication shows gradual growth (3 thousand to 3.9 thousand), indicating digital economy expansion. Significant changes are also observed in administrative/support and other services, particularly the latter, which rose sharply to 274.3 thousand in 2024, reflecting growth in new service types, including logistics, IT, and personal services.

Overall, the analysis indicates that the employment structure in Samarkand's service sectors is diversifying. The decline in traditional agrarian employment is being offset by modern, knowledge-based services, demonstrating the region's economic transformation.

Recommendations:

1. Expand public-private partnership mechanisms to develop digital service infrastructure in rural areas.
2. Increase grants and incubation programs to support women and youth startups.
3. Introduce tax incentives to promote green technology-based services.
4. Develop specialized investment programs for rural tourism and agrotourism.
5. Modernize vocational training and retraining systems in service provision.
6. Establish mobile service centers to provide convenient services to remote populations.
7. Implement innovative management models in the service sector to enhance efficiency and competitiveness.

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