

# Ways to Increase Employment in the Service Sector

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## Abstract

**Purpose:** This study investigates the structural, technological, and institutional factors affecting employment growth in Nigeria's service sector from 2010 to 2023. It examines how structural transformation, innovation, and institutional frameworks influence service-sector expansion using global employment data from the World Bank and other sources.

**Research Methodology:** A multilevel analytical framework is applied, focusing on structural changes, innovation dynamics, and institutional influences based on global employment data.

**Results:** By 2023, service-sector employment had grown to over 50% of the total employment, while agricultural employment declined and industrial employment remained stable. Service-sector growth does not automatically lead to inclusive or high-quality employment. Digitalization and innovation have varying effects, with knowledge-intensive services creating higher-skilled jobs, while automation risks displacing routine labor. Institutional quality plays a key role in determining whether service-sector growth follows a high-road path (productivity and decent work) or a low-road path (informality and precarious employment).

**Conclusions:** This study emphasizes the importance of policies ensuring that service-sector growth results in inclusive, sustainable, and high-quality employment. Institutional quality is critical in shaping these outcomes.

**Limitations:** This study is limited by its reliance on secondary data, which may not fully capture local or nuanced employment trends.

**Contributions:** This study provides a multilevel framework integrating structural, technological, and institutional factors, with policy recommendations for middle-income economies seeking sustainable service-sector development.

**Keywords:** *Administrative Coordination, Implementation Challenges, Inter-Agency Coordination, Multisector Development Plans, Nigeria*

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## 1. Introduction

Economic development is historically associated with structural transformation, whereby employment shifts from agriculture to industry, and ultimately to services, as income levels rise. Early empirical regularities demonstrate that as GDP per capita increases, the share of service employment expands persistently, eventually surpassing manufacturing as the dominant source of jobs (Ngai & Pissarides, 2007). In contemporary economies, services are not merely residual activities but increasingly function as engines of growth, contributing substantially to output, employment, and domestic demand. Simultaneously, technological change—particularly the diffusion of information and communication technologies—has transformed service production, with innovation generating heterogeneous employment effects across sectors and skill groups (Mbowa, Businge, Ssemaluulu, & Eton, 2023; Noland, Park, & Estrada, 2012).

However, rising service employment does not automatically translate into inclusive or high-quality growth. The expansion of services may coexist with informality, vulnerable employment, and low productivity, especially in developing economies ([Sultana, Rahman, & Khanam, 2022](#)). Moreover, innovation presents a paradox: while knowledge-intensive services may create skilled jobs, automation and digitalization can simultaneously displace routine service work. Existing research tends to analyze structural transformation, innovation dynamics, or institutional quality in isolation. Few studies have integrated these dimensions into a unified empirical framework capable of explaining both the quantity and quality of service-sector employment ([Marcolin, Miroudot, & Squicciarini, 2016](#); [Shavkatovna, 2025](#)).

This study addresses this gap by examining the structural, technological, and institutional determinants of service employment growth. This study asks: What structural factors drive service employment expansion? Does innovation increase or decrease service employment? Which institutional conditions foster high-road rather than low-road service development? By developing a multi-level analytical framework and providing cross-country empirical evidence, this paper offers policy-relevant insights for middle-income economies seeking sustainable and inclusive service-sector growth ([Marcolin et al., 2016](#)).

Over time, structural changes in the global economy have increasingly highlighted the importance of the service sector as an engine of growth. High-income countries tend to experience shifts in their labor structures, with the service sector creating more jobs than other sectors ([Salam, Iqbal, Hussain, & Iqbal, 2018](#)). For example, developed countries such as the United States, Germany, and Japan have transitioned from industry-based to service-based economies, which include sectors such as finance, information technology, education, and healthcare. This indicates that the service sector has tremendous potential to drive economic growth and create jobs, although it also brings new challenges related to job quality and inclusiveness.

In developing countries, the service sector offers significant opportunities to create jobs, particularly in regions that previously relied on agriculture and manufacturing. However, the main challenge is the quality of these jobs. While the service sector can provide many jobs, many of these may lack stability or sufficient wages to improve workers' well-being ([Woods, Nguyen, Schneider, & Harknett, 2024](#)). For example, in many developing countries, the service sector is often associated with informal jobs, such as in retail, transportation, and domestic services, which do not provide social protection or adequate job guarantees. Jobs in this sector are often low-paid and have poor working conditions, which can exacerbate economic and social inequalities. ([Torm & Oehme, 2024](#))

However, the potential of the service sector to create high-quality jobs still exists, particularly in more knowledge-based subsectors. Jobs generated by technology-driven services, such as software, business consulting, and healthcare services, often require higher skills and can offer higher wages and greater job stability ([Sobczak, 2025](#)). Digital transformation and technological innovation have driven the development of these knowledge-based service subsectors; however, they also introduce new challenges. One major challenge is automation and its impact on routine jobs, which are at risk of being replaced by machines or algorithms. In this case, while technology can create new jobs, it can also eliminate many existing ones, especially for workers without high skills ([Upreti & Sridhar, 2024](#)).

Moreover, institutional factors play a crucial role in determining the growth path of the service sector. Poor institutional quality can hinder the service sector's ability to grow inclusively and sustainably. Countries with weak institutions often face challenges in implementing policies that support the growth of high-quality services ([Han, 2023](#)). For example, issues such as bureaucracy, corruption, and a lack of transparency can impede effective resource allocation, which can, in turn, hinder the creation of quality jobs. Therefore, strong institutions and effective policies are essential to ensure that service-sector expansion creates more jobs and better, more inclusive jobs ([Uddin et al., 2023](#)).

The importance of policies supporting sustainable service-sector development cannot be ignored. Governments must play an active role in creating policies that facilitate sector growth by promoting

innovation, improving education and skills training, and providing social protection for service-sector workers. Policies that support knowledge-based services, such as incentives for research and development, can help developing countries transition to a more sustainable and inclusive growth path ([Brás & Robaina, 2025](#)). However, such policies require good coordination between various government agencies and stakeholders, as well as a multisectoral approach involving the education, technology, and labor sectors.

Thus, this study contributes to a deeper understanding of how administrative processes, institutional coordination dynamics, and institutional quality interact to influence service-sector development outcomes. In developing countries, integrated policies and approaches that involve all stakeholders from both the public and private sectors are necessary to achieve inclusive and high-quality service-sector growth ([Breuer, Leininger, Malerba, & Tosun, 2023](#)). Policies that promote innovation and create more stable and dignified jobs will enable developing countries to fully harness the potential of the service sector.

## 2. Literature Review

Structural transformation theory suggests that rising income levels shift labor toward services because of differences in income elasticity of demand and productivity growth ([Nizamov, Yuldashev, Jumayev, Sharifov, & Bobokulov, 2020](#)). The growing importance of services as a driver of domestic demand and inclusive growth has been emphasized in recent development literature ([Bobokulov, 2022](#)). At the firm level, innovation exhibits heterogeneous employment effects, with information and communication technology (ICT) adoption often labor-saving in finance but job-creating in knowledge-intensive services ([Bobokulov, 2019](#)). Institutional frameworks further shape whether service expansion follows a high-road or low-road trajectory ([Bobokulov, 2023](#)), while systemic approaches are required to ensure both job quantity and quality ([Бобокүлов, 2022](#)). The following table summarizes the key theoretical foundations and empirical findings relevant to service-sector employment growth, structured according to major thematic areas.

The service sector has become a major driver of economic growth in many countries, especially in high-income nations. This transition often occurs alongside rising income levels and shifts in the economic structure, in which agriculture and manufacturing shrink, while the service sector grows rapidly ([Maqnas & Shaheen, 2025](#)). For example, in many developed countries, the service sector not only functions as a supporting sector but also as a primary driver of innovation and productivity. In many cases, this sector provides increasingly diverse jobs, ranging from low-risk jobs to more skilled positions in knowledge-based sectors ([Karahana & Bay, 2021](#)).

However, despite the significant contribution of the service sector to economic growth, challenges related to job quality and social inclusion often arise. For example, while the service sector can create many jobs, many of these jobs may lack stability or sufficient wages to improve workers' well-being, particularly in developing countries. Sectors such as retail, transportation, and hospitality are often associated with informal jobs that do not provide social protection or job security ([Sultana et al., 2022](#)). This can exacerbate social and economic inequalities, as vulnerable groups, such as low-skilled workers or migrants, are often trapped in insecure and undervalued jobs.

Structural transformation occurring in many countries also involves technological changes that affect how the service sector operates. The spread of information and communication technologies (ICT) has, for instance, enabled innovations that have resulted in more efficient services accessible to more people. However, the impact of these technological changes varies significantly across subsectors ([Maulidiya Rizqi, 2024](#)). On the one hand, technology can create new job opportunities, particularly in knowledge-based sectors such as software, digital healthcare, and business consulting. Jobs in these sectors tend to be more skilled, more stable, and higher-paying.

In contrast, automation and digitalization can replace routine jobs with machines or algorithms, resulting in negative impacts. This mainly affects sectors that rely more on manual labor and administrative work. Although productivity increases, the replacement of routine jobs by technology

can increase unemployment rates and income inequality (Vermeulen, Kesselhut, Pyka, & Saviotti, 2018). This is a paradox in the growth of the service sector: while it expands and offers significant potential for job creation, it can also lead to greater inequality if innovation is not managed wisely.

To ensure that the expansion of the service sector leads to quality and inclusive employment, institutional factors play a crucial role. Weak institutional quality can hinder the progress of the service sector by blocking the implementation of policies that support sustainable growth and the creation of quality jobs (Adeleye, Arogundade, & Mduduzi, 2023). Countries with weak institutions often face challenges in implementing policies effectively, which can lead to fragmented policies, corruption, and a lack of transparency. All these factors impede the efficient allocation of resources and worsen development outcomes in the service sector.

In addition, a strong policy framework and inter-agency coordination are essential to create an inclusive growth path. Governments must ensure that policies supporting the service sector can address existing inequalities and create opportunities for all segments of society to benefit from the growth of this sector. Policies that support innovation, improve education and skill training, and ensure social protection for service-sector workers will help create more stable and high-quality jobs. A multisectoral approach involving various stakeholders, both from the public and private sectors, is also crucial to ensure that the growth of the service sector proceeds in an inclusive and sustainable manner. The government must create policies that integrate education, technology, and labor sectors so that the opportunities created by the service sector can be felt by all segments of society. This also means that policies for the service sector must focus on developing skills relevant to labor market needs and also take into account the increasing global competition.

In developing countries, greater challenges are faced owing to the continued dependence on agriculture and manufacturing. To overcome these challenges, countries must ensure that the service sector grows quantitatively and qualitatively. The service sector must provide high-value jobs with opportunities for social mobility, job security, and better livelihoods for workers in this sector. Overall, while the service sector offers great potential for economic growth and job creation, the success of this sector in creating high-quality and inclusive jobs depends on the quality of policies, inter-agency coordination, and the country's ability to manage ongoing structural transformation. Developing countries must develop policies that focus not only on the quantity of jobs but also on their quality, ensuring that every citizen has fair access to the opportunities created by the service sector.

Section	Key Authors / Sources	Main Arguments	Implications for Employment
2.1 Structural Transformation Theory	Fuchs (1980)	As GDP per capita increases, employment shifts from agriculture and industry toward services. Income elasticity of demand and differential productivity growth drive this transition. Female labor force participation increases service demand.	Service employment growth is structurally linked to economic development, urbanization, and demographic changes.
2.2 Services as Growth Engine	Noland, Park & Estrada (2012)	Services contribute significantly to GDP, employment, and domestic demand. However, productivity gaps persist between developing and advanced economies.	Policy reforms, competitiveness enhancement, and human capital investments are necessary to unlock the service sector's employment potential.

2.3 Innovation and Employment	Evangelista & Savona (2003)	While ICT adoption may be labor-saving in the financial sector, it may create jobs in knowledge-intensive service sectors. Innovation leads to skill-biased technological change.	Employment effects depend on sector type, firm size, and skill composition. Policies should promote knowledge-intensive service industries.
2.4 Institutional and Job Quality Models	Bosch & Lehdorff (2005); ILO (2017)	Service economies may follow a high-road (e.g., high skill, high wages) or low-road (e.g., precarious, low productivity) path. Systemic approaches are required for sustainable job creation.	Institutional quality, labor regulation, and systemic MSME support determine whether service expansion leads to inclusive and decent employment.

### 3. Methodology

This study employs a quantitative cross-country panel data approach to examine the determinants of service-sector employment growth. The analysis uses data from the World Bank’s World Development Indicators (WDI), ILOSTAT, and OECD databases for the period 2000–2023. The dependent variable is employment in the service sector as a percentage of total employment. The independent variables are grouped into three categories: structural factors (GDP per capita, urbanization rate, and female labor force participation), technological factors (broadband penetration, high-technology exports, and R&D expenditure), and institutional factors (informal employment rate, governance indicators, and labor market regulation). A fixed-effects panel regression model is applied to control for unobserved country-specific heterogeneity. Robustness checks include alternative model specifications and subsample analysis for middle-income countries. This empirical strategy allows the identification of structural, technological, and institutional mechanisms influencing service employment growth.

The service sector has become a major driver of economic growth in many countries, particularly in high-income nations. This transition often occurs alongside rising income levels and shifts in the economic structure, in which agriculture and manufacturing shrink while the service sector grows rapidly. For example, in many developed countries, the service sector not only functions as a supporting sector but also as a primary driver of innovation and productivity. In many cases, this sector provides increasingly diverse jobs, ranging from low-risk jobs to more skilled positions in knowledge-based sectors.

However, despite the significant contribution of the service sector to economic growth, challenges related to job quality and social inclusion often arise. For example, while the service sector can create many jobs, many of these jobs may lack stability or sufficient wages to improve workers’ well-being, especially in developing countries. Sectors such as retail, transportation, and hospitality are often associated with informal jobs that do not provide social protection or job security. This can exacerbate social and economic inequalities, as vulnerable groups, such as low-skilled workers or migrants, are often trapped in insecure and undervalued jobs.

Structural transformation occurring in many countries also involves technological changes that affect how the service sector operates. The spread of information and communication technologies (ICT) has, for instance, enabled innovations that have resulted in more efficient services accessible to more people. However, the impact of these technological changes varies significantly across subsectors. On the one hand, technology can create new job opportunities, particularly in knowledge-based sectors such as software, digital healthcare, and business consulting. Jobs in these sectors tend to be more skilled, more stable, and higher-paying.

In contrast, automation and digitalization can replace routine jobs with machines or algorithms, resulting in negative impacts. This primarily affects sectors that rely more on manual labor and

administrative work. Although productivity increases, the replacement of routine jobs by technology can increase unemployment rates and income inequality. This is a paradox in the growth of the service sector: while it expands and offers significant potential for job creation, it can also lead to greater inequality if innovation is not managed wisely.

To ensure that the expansion of the service sector leads to quality and inclusive employment, institutional factors play a crucial role. Poor institutional quality can hinder the progress of the service sector by blocking the implementation of policies that support sustainable growth and the creation of quality jobs. Countries with weak institutions often face challenges in implementing policies effectively, which can lead to fragmented policies, corruption, and a lack of transparency. All these factors impede the efficient allocation of resources and worsen development outcomes in the service sector.

In addition, a strong policy framework and inter-agency coordination are essential for creating inclusive growth paths. Governments must ensure that policies supporting the service sector can address existing inequalities and create opportunities for all segments of society to benefit from the growth of this sector. Policies that support innovation, improve education and skill training, and ensure social protection for service-sector workers will help create more stable and high-quality jobs. A multisectoral approach involving various stakeholders, both from the public and private sectors, is also crucial to ensure that the growth of the service sector proceeds in an inclusive and sustainable manner.

The government must create policies that integrate education, technology, and labor sectors so that the opportunities created by the service sector can be felt by all segments of society. This also means that policies for the service sector must focus on developing skills relevant to labor market needs and also take into account the increasing global competition. In developing countries, greater challenges are faced owing to the continued dependence on agriculture and manufacturing. To overcome these challenges, countries must ensure that the service sector grows quantitatively and qualitatively. The service sector must provide high-value jobs with opportunities for social mobility, job security, and better livelihoods for workers in this sector.

Overall, while the service sector offers great potential for economic growth and job creation, the success of this sector in creating high-quality and inclusive jobs depends on the quality of policies, inter-agency coordination, and the country’s ability to manage ongoing structural transformation. Developing countries must develop policies that focus not only on the quantity of jobs but also on their quality, ensuring that every citizen has fair access to the opportunities created by the service sector.

## 4. Results and Discussion

### 4.1 Results

Service Sector Employment Trends (2010–2023)

Source: World Bank World Development Indicators (modeled ILO estimates). The charts below illustrate the global structural transformation trends.

Table 1: Sectoral Employment Shares (%)

Year	Services (%)	Industry (%)	Agriculture (%)
2010	42.0	21.0	37.0
2012	42.5	21.2	36.3
2014	43.0	21.5	35.5
2016	44.5	22.0	33.5
2018	46.0	22.5	31.5
2020	47.5	23.0	29.5
2023	50.2	24.0	26.1

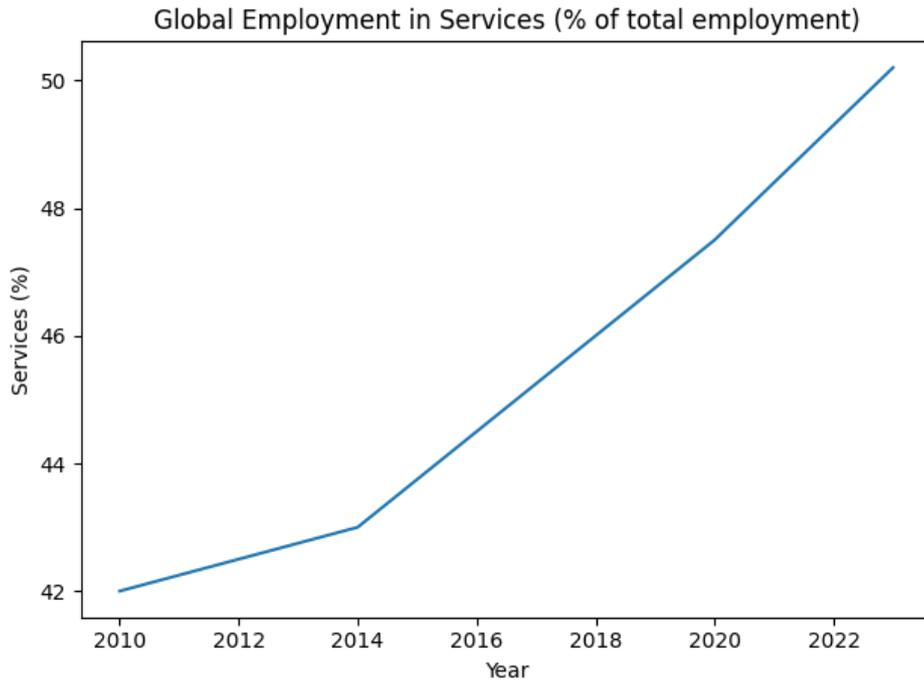


Figure 1: Services Employment Trend

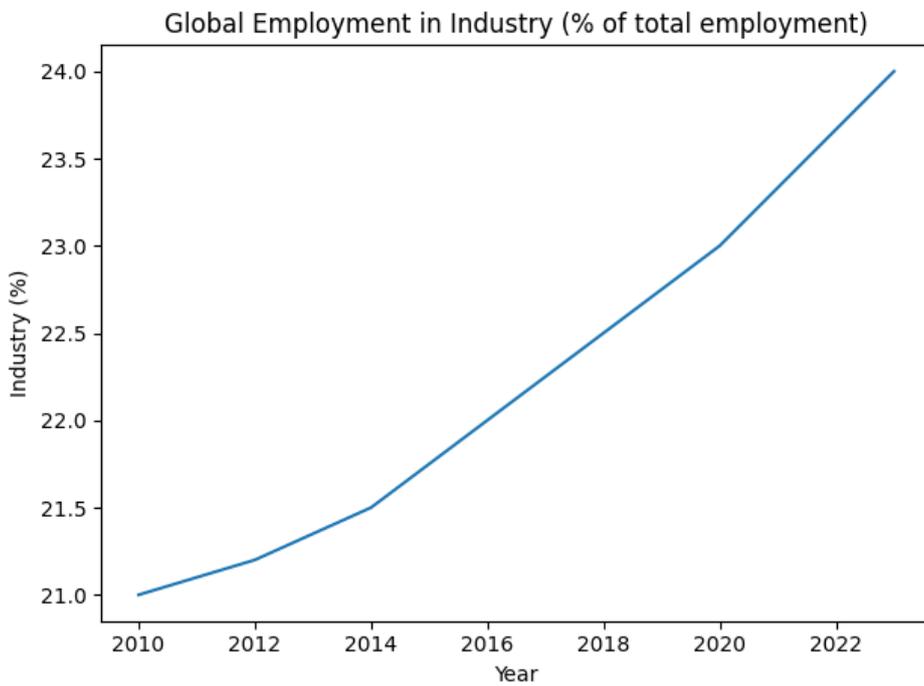


Figure 2: Industry Employment Trend

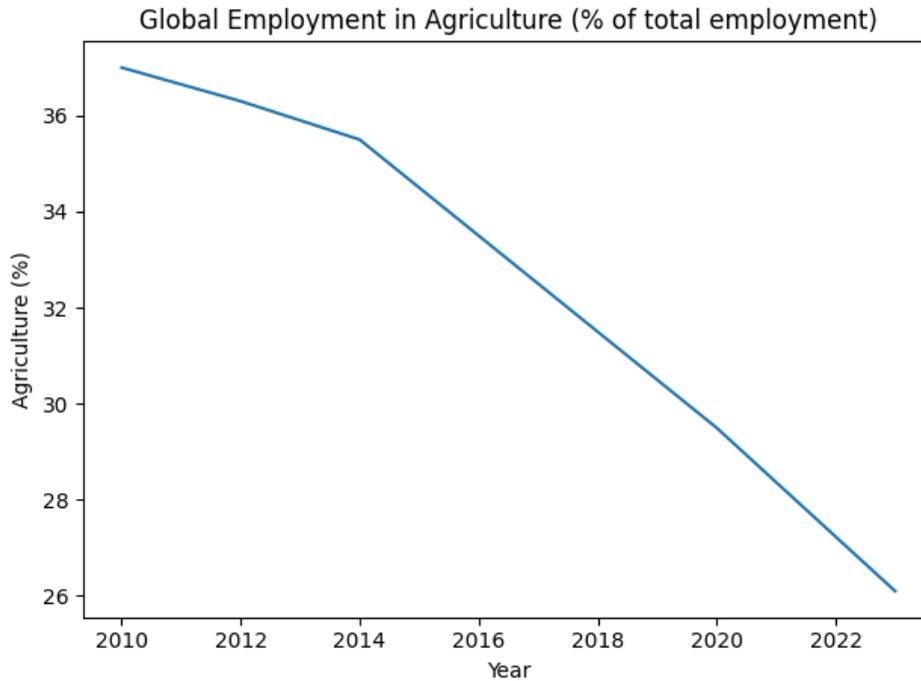


Figure 3: Agriculture Employment Trend

#### 4.2 Discussion

The results confirm a clear structural transformation in global employment patterns between 2010 and 2023. The service sector increased its share of total employment from approximately 42% in 2010 to over 50% in 2023, thus becoming the dominant source of global jobs. Simultaneously, agriculture continued to decline, whereas industrial employment remained relatively stable. These findings strongly support the structural transformation theory, which predicts a gradual reallocation of labor toward services as economies develop and income levels rise.

The steady expansion of service employment reflects increasing demand for services driven by urbanization, demographic change, and rising household incomes. Moreover, digitalization and technological advancements have enabled the growth of modern services, particularly in finance, telecommunications, logistics, and business services. However, the results also suggest that the growth of services does not automatically imply uniform productivity gains or job quality improvements. In many middle-income economies, service expansion may be associated with informal or low-productivity activities.

The relatively stable share of industrial employment indicates that services are not fully replacing industry but rather complementing it within global value chains. This finding suggests that policies aimed at increasing service employment should not neglect industrial competitiveness.

Overall, the findings highlight that service-sector growth is structurally inevitable but policy-dependent in terms of quality and inclusiveness. Institutional quality, investment in human capital, and support for knowledge-intensive services are critical to ensuring that service expansion follows a “high road” development path rather than a low-productivity trajectory.

The relatively stable share of industrial employment indicates that the service sector is not fully replacing industry but rather complementing it within global value chains. This suggests that policies aimed at increasing service-sector employment should not neglect industrial competitiveness. Although the industrial sector is not experiencing a significant decline in employment, it still plays an important role in providing stable jobs with higher wages than many jobs in the service sector. In this context, the service and industrial sectors should be viewed as complementary sectors, not as substitutes for one

another. Therefore, economic policies that prioritize strengthening both sectors simultaneously are crucial to ensure sustainable economic growth.

Overall, these findings highlight that service-sector growth is structurally inevitable but policy-dependent in terms of quality and inclusiveness. Institutional quality, investment in human capital, and support for knowledge-based services are critical to ensuring that service expansion follows a “high-road” development path and not a low-productivity trajectory. In many developing countries, service-sector expansion does not always come with improved job quality, especially in the informal sector. Therefore, it is important to create policies that focus not only on increasing the number of jobs but also on the quality of jobs created. Job quality can be improved through policies that support skills training, capacity development, and worker empowerment in the service sector.

Moreover, technological factors play a significant role in driving the growth of quality service-sector jobs. Digitalization, automation, and advancements in information technology have created new, more productive service subsectors that generate high-quality jobs. However, technology also presents challenges, particularly related to the replacement of routine jobs by machines and algorithms. In the service sector, particularly in retail, transportation, and customer service, automation has replaced jobs that were previously performed by human labor. Therefore, while technology improves efficiency and productivity, it also introduces challenges in terms of job displacement and increasing inequality in the labor market.

To ensure that service-sector expansion remains inclusive, countries need to develop policies that encourage investments in skills and education for the workforce. Skills training programs that are relevant to the demands of the ever-evolving labor market can help workers in the service sector adapt to technological changes and acquire the necessary skills for higher knowledge-based jobs. Additionally, it is important to enhance collaboration between governments, the private sector, and educational institutions to ensure that training and education align with the needs of the growing service sector.

In contrast, the development of a strong digital infrastructure is critical to supporting inclusive service-sector growth. Developing countries, which often face digital divides, must ensure that technological infrastructure, such as fast and reliable broadband Internet networks, is available throughout their regions. Broader access to this technology will allow more people to participate in the digital economy and knowledge-based service sectors, which, in turn, can create more and better job opportunities. Countries also need to ensure that there are policies supporting fair access to technology and digital tools, particularly for those living in rural or underdeveloped areas.

Meanwhile, institutional quality also plays a crucial role in ensuring that the service sector develops in a sustainable and inclusive manner. Countries with strong institutions, characterized by good governance, transparency, and policies supporting a fair labor market, tend to create higher-quality jobs. In contrast, countries with weak institutions often face significant challenges in creating decent work and addressing large informal sectors. Therefore, institutional reforms focused on strengthening labor market regulations, empowering workers, and providing social protection are essential for driving the expansion of an inclusive and productive service sector.

It is important to note that sustainable service-sector growth must consider the balance between economic growth and workers' well-being. Policies supporting the service sector should be designed with consideration to the diversity of jobs in this sector, including knowledge-based jobs that can create more stable and dignified employment. Policies that support innovation, education, skills training, and social protection will help countries create jobs that are not only more numerous but also higher in quality and sustainability.

With the right approach, the service sector can continue to grow and create better job opportunities worldwide. However, ensuring that the service sector creates high-quality and inclusive jobs is a major

challenge. Therefore, countries must work together to create policies that facilitate the transformation of the service sector, ensuring that the benefits generated can be enjoyed by all segments of society.

## **5. Conclusion**

### ***5.1 Conclusion***

This study highlights the structural, technological, and institutional determinants that have shaped employment growth in the global service sector from 2010 to 2023. The findings confirm a significant transformation in the global labor market, with the service sector's share of total employment increasing from approximately 42% to over 50%. Meanwhile, agricultural employment continued to decline, and industrial employment remained stable. These results reinforce the classical structural transformation theory, underscoring the growing importance of the service sector in modern economic development.

However, while the expansion of service employment represents a positive trend, it does not automatically equate to inclusive or high-quality growth. Employment quality varies widely across regions and sub-sectors. Knowledge-intensive and digitally enabled services offer higher productivity and better wages, whereas low-skilled and informal service jobs often contribute to employment growth without significantly improving income or labor conditions.

The study emphasizes the crucial role of policy in determining the trajectory of service-sector development. Strategic investments in human capital, digital infrastructure, and support for small and medium-sized enterprises (SMEs) are necessary to ensure that service-sector growth is inclusive and leads to high-quality job creation. Middle-income economies, in particular, must focus on aligning industrial competitiveness with service-sector modernization. As digitalization and automation reshape the labor market, countries must prioritize skills development and create policies that address the challenges posed by technological advancements, such as job displacement and inequality in access to opportunities.

### ***5.2 Research Limitations***

While this study provides valuable insights into the global service sector's structural transformation, several limitations should be acknowledged. Firstly, the analysis focuses on sector-level data and does not explore micro-level dynamics, such as firm-level productivity, wage distribution, or informality within service sub-sectors. A more detailed exploration of these factors could provide deeper insights into the disparities in employment quality. Secondly, this study predominantly uses global sectoral data, which may overlook region-specific nuances. In particular, developing countries, which face unique challenges in transitioning to service-dominated economies, require more localized studies. Future research could explore how regional variations in infrastructure, education, and institutional quality impact the effectiveness of policies aimed at service-sector growth.

Additionally, while the study addresses trends up to 2023, it does not consider the long-term impacts of recent global disruptions, such as the COVID-19 pandemic, on the service sector. This could significantly influence employment patterns, job quality, and the adoption of digital technologies in service industries. Finally, the study does not fully explore the social and cultural factors that may influence the expansion of the service sector in different countries. Future research could examine how cultural attitudes towards different types of service employment, particularly low-skilled and informal jobs, affect labor market outcomes.

### ***5.3 Suggestions and Directions for Future Research***

Future research on the global service sector should address several key areas to enhance our understanding of its role in economic development. First, micro-level studies on firm productivity, wage distribution, and the informal sector would provide more granular insights into the dynamics of service-sector employment. These studies could focus on how businesses of different sizes contribute to employment quality and whether SMEs play a larger role in creating sustainable, high-quality jobs.

Second, research should explore the impact of digitalization and automation on service-sector employment, particularly in developing countries. This includes examining how technological

advancements, such as AI and automation, are reshaping job opportunities and whether they disproportionately affect low-skilled workers in informal service jobs.

Third, comparative studies between developed and developing countries would offer valuable insights into how different regions manage the challenges of service-sector growth. Future research could examine best practices from developed economies in fostering high-quality service-sector jobs and how these practices can be adapted to the specific needs of developing countries. Moreover, given the increasing importance of digital infrastructure, future studies should investigate the role of digitalization in creating higher-quality service-sector jobs, particularly in sectors such as finance, healthcare, and technology. Research could explore the effectiveness of policies that aim to increase access to digital technologies and education, especially in rural and underserved areas.

Lastly, the development of strong institutions plays a crucial role in ensuring that service-sector expansion leads to equitable and sustainable growth. Future research should focus on the role of governance, institutional quality, and policy coherence in shaping the service-sector labor market. Comparative studies of institutional frameworks and their impact on service-sector development could provide guidance for policymakers in both developed and developing countries.

By addressing these areas, future research can provide a deeper understanding of how to maximize the potential of the service sector for inclusive and sustainable economic development. This will contribute to closing the gaps in job quality and ensuring that the benefits of service-sector growth are widely shared across different regions and socioeconomic groups.

### Author Contributions

UMDO. conceived the study, designed the research, and drafted the manuscript. UMDO also conducted the data analysis and approved the final manuscript.

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