

The Role of the Service Sector in the Formation of the Digital Economy

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ABSTRACT

In the context of globalization, the development of the service sector, migration, tourism, international trade, foreign investment, and communication means affects the growth rate of any national economy. Today, Uzbekistan is an integral part of the international community and the global financial and economic market. We can clearly see the confirmation of this in the fact that our relations with the outside world are expanding more and more, in the implementation of programs for the development, modernization, technical and technological re-equipment of economic sectors with the support of leading developed countries, in the integration of the service sector of Uzbekistan. We can call these the foundations of the Third Renaissance.

The rapid development of the service sector in our republic and the sharp increase of its share in the gross domestic product make it possible to solve a number of important social and economic problems, that is, to provide employment to the population, to increase the real income of people, and to improve the well-being of all layers of the population. One of the distinctive features of the development of the national economy of Uzbekistan is that the share of services in the country's gross domestic product is increasing year by year. In 2015, this indicator was 48.9 percent, and by 2021 it will be 35.5 percent. In the Samarkand region, the share of services in the gross domestic product (47.2-32.9, respectively) was percent. Rapid development of this sector in the future is one of the main components of the country's long-term macroeconomic policy. The fact that the President of the Republic of Uzbekistan, Sh.M. Mirziyoyev, raised the issue of increasing the share of tourism services to 28% in the gross domestic product by 2035 is a clear proof of our opinion.

Today, innovative processes in service enterprises in our country are developing more slowly,

the demands of the population for service services are not sufficiently met. This, in turn, has a negative impact on the formation and development of the service sector, reducing its impact on the standard of living of the population to a certain extent. In our opinion, the existence of such a situation is determined by the lack of development of a scientifically based, systematic methodology for solving the above-mentioned problems, in particular, for increasing the well-being of the population by rapidly developing the service sector and raising their quality to high levels. The lack of development of a single concept for the gradual development of the service system for all layers of the population in accordance with market relations and thus the improvement of the living conditions of the entire population of the country requires the need to carry out extensive scientific and research work in this direction.

Taking into account the above, it can be noted that a wide and deep analysis of the increase in the living standard of the population based on the development of the service sector, the development of scientifically based proposals and practical recommendations for improving its theoretical and methodological foundations is one of the most urgent issues.

It is natural that the negative situations that occurred in the economy with the implementation of reforms will affect the socio-economic development of the country, the standard of living of the population and the level of economic security of the country. According to the basic forecasts of the International Monetary Fund, based on the assumptions of the cessation of the expansion of the coronavirus pandemic and the gradual recovery of economic activity from the second half of the year, the world economy shows a 3.0% decrease in the gross domestic product in 2021¹. In our country, the coronavirus pandemic has had a significant impact on the economy, causing a decrease in economic growth.

In his address to the Parliament of the Republic of Uzbekistan on December 29, 2020, President Shavkat Mirziyoyev emphasized that, unlike previous years, this year has coincided with a difficult period, that the whole of humanity has experienced the global disaster of the coronavirus pandemic, and that such fluctuations in the economy have not occurred in a hundred years². In order to eliminate the problems that have arisen, the Decree "On additional measures to support the population, economic sectors and business entities during the coronavirus pandemic"³ strongly strengthens the social protection of the population during the fight against the spread of the coronavirus infection and ensures the stability of the operation of economic sectors, as well as , requires paying special attention to the support of certain economic entities.

At the current stage of society's development, the economy has become a complex of industries that embody not only production, but also thousands of services. The national economy that has been settling in the years of independence in the Republic of Uzbekistan, the new economic relations that are emerging as the final result of the consistently implemented economic reforms create favorable opportunities for the further development of the service sector. Today, this industry is rapidly developing the national economy, and is highly effective in improving the quality and standard of living of the population. It is one of the main components of the social and international division of labor. The service sector provides an opportunity for the development of other sectors, the coordination of new job creation, the introduction and improvement of new technologies, the development of private entrepreneurship and the increase of competitiveness. At the current stage of society's development, the service sector is a component of the complex of our economy, participates in the general system of economic relations and follows all existing economic laws. The scale of the industry, its share in important macroeconomic indicators, is determined by the volume of services per capita. The service sector

¹ <http://bukvi.ru>

² President of the Republic of Uzbekistan Mirziyoev Sh.M. "2021 is the year of youth support and public health promotion". People's word, December 30, 2020.

³ Decree of the President of the Republic of Uzbekistan "On additional measures to support the population, economic sectors and business entities during the coronavirus pandemic" T.: April 3, 2020, No. PF-5978. www.lex.uz

has a great positive impact on the economy of a particular country and directly serves to increase the standard of living of the population. Therefore, in developed countries, the share of the sector in the gross domestic product is 80 percent, 75 percent in total employment, and 90 percent in total enterprises^{4,5}.

In Uzbekistan, legal foundations have been created for radical reform of service industries, improvement of their activities, increasing their stabilizing role, formation of innovative economy and use as a factor of ensuring competitiveness. Advanced scientific and technical achievements were introduced into the service sector, expansion of professional and retraining of service providers, strengthening of mechanisms for organizing cooperation with large and small service enterprises based on the development of contractual relations, activation of participation in corporate relations was improved. However, despite the great progress achieved in the development of the service sector during the pandemic, the development of the service sector is lagging slightly in terms of the volume and quality of the services provided. For this reason, special attention is being paid to modern scientific researches that create a basis for further development of the service sector, increasing its share in the economy, providing employment and increasing the income of the population. In 2017-2021, the action strategy for the five priority directions of the development of the Republic of Uzbekistan defines the important tasks of "rapid development of the service sector, increasing the role and share of services in the formation of the gross domestic product"⁶. The effective performance of these tasks determines the relevance of work on the development of the service sector.

Improving the well-being of the population is at the center of all the problems of any economic system, and all efforts in the field of socio-economic development are ultimately aimed at solving this main problem. For this reason, issues related to social welfare and standard of living have attracted the attention of many economists since ancient times. For this reason, issues related to social welfare and standard of living have attracted the attention of many economists since ancient times⁷. Without their theoretical approaches and theoretical views on social well-being and its achievement, it is difficult to create a system of modern scientific views on the well-being of the population and the standard of living.

As a result of our theoretical research in this field, we have identified three important features of the current stage of human development in solving problems related to raising the standard of living of the population, i.e.: First, migration in the context of globalization, the service sector, international trade in the world market, foreign investments, and the development of communication tools are necessary for the growth of any national economy. has its effects. Today, Uzbekistan is an integral part of the international community and the global financial and economic market. This is confirmed by the fact that our relations with the outside world are expanding more and more, the programs for the development, modernization, technical and technological re-equipment of economic sectors are being implemented with the support of the leading developed countries, the integration of Uzbekistan into the international trade system in the world market, the growing import and export of products, goods and services. the population of each country has a great influence on the formation of the standard and quality of life.

⁴ <http://bukvi.ru>

⁵ Yulduz P. Urumbaeva Increasing the impact of service sector on the living standards of population in innovative economy environment <http://sersc.org/journals/index.php/IJAST/article/view/10387/5598> 2020. 05.

⁶ Appendix 1 of the Decree of the President of the Republic of Uzbekistan dated February 7, 2017 "On the strategy of actions for the further development of the Republic of Uzbekistan" No. PF-4947 "Strategy of actions on the five priority directions of the development of the Republic of Uzbekistan in 2017-2021" Lex.uz

⁷ Smith A. Research on the nature and causes of the wealth of nations. / translated from English by E.M. Mayburda.- M., 1993. - P.572 ; Zherebin V.M., Romanov A.N. Standards of living. - M.: UNITI-DANA, 2002.- C 224. ; Gorelov N.A. et al. The policy of income and the quality of life of the population: Proc. allowance. - St. Petersburg: Peter, 2003.- C 653.

Secondly, environmental (epidemic and pandemic) problems are intensifying. As a result of this, in order to rapidly develop the economy, the need to ensure national and international ecological safety in solving the problems of resource use, and to adhere to the concept of sustainable development, which ensures equality of interests of current and future generations, is increasing. Thirdly, it should be noted that the socially oriented market economy model is taking shape, the principles of social justice in distribution are becoming stronger, and the rational social policy is becoming the main factor of economic development. This requires the support of the state's needy strata of the population and socially vulnerable groups (disabled people, youth, women (those infected with Covid-19)) and social protection from market forces. On the other hand, the improvement of the standard of living of the broad strata of the population increases its labor and social activity, the role and importance of the human factor in production increases, and the participation in the processes of the country's economy increases.

In order to clarify the theoretical problem, it is important to dwell in more detail on the content of each direction and the essence of the mechanisms of influence. The main goal of social production and human economic activity is to satisfy the continuously growing needs of the population. The need to meet the needs of the population is also fully involved in the service sector. The needs for various services are an integral part of the general needs of the population, and satisfying them as fully as possible is the main function of social production.

Therefore, we can say that the position of the service sector in the national economy has strengthened and it has become a leading factor of expanded reproduction, one of the important features of the post-industrial society. The service sector is a characteristic of the interdependent development of various economic, social, political, natural, and cultural processes, which, as a result, is reflected in the improvement of human living standards. On the other hand, it is appropriate to recognize the natural desire to raise the standard of living of each person, to live in comfortable conditions, to fully satisfy one's material and spiritual needs, as an important factor that drives the development of society and the entire system of economic activity.

Although services as an important means of satisfying human vital needs appeared in very ancient times, scientific views about them were initially formed in the works of representatives of classical economic theory. In order to reveal the essence of the concept of services and justify their fundamental difference from goods in the form of goods, experts in the field divided all the goods consumed by humans into two types: tangible goods and intangible goods. It should be said that the representatives of economic education considered all services as intangible benefits and laid the foundation for the formation of the scientific concept of services for the first time in the history of science. For example, the classic economist A. Smith introduced the concepts of "productive labor" and "unproductive labor" in order to fully reveal the economic content of the pleasures in the form of service and to solve the problem of considering it as a source of social wealth of the country⁸. All types of work that create a material product, a material benefit, are productive work, and this work creates new value. Also, the labor of those employed in providing services is unproductive, and this labor does not create new value, but serves to absorb the value created in material production.

In the way of human activity and lifestyle, material blessings create material comforts for a person. But for a person, for his life, in what period (epidemic and coronavirus pandemic), in what country he lives, the situation in that country, the provision of civil and military security, the use of state property and free education, free health care opportunities, and the right to be protected by the court. is very important⁹.

⁸ Smith A. Research on the nature and causes of the wealth of nations. / translated from English by E.M. Maiburda.- M., 1993. - P.-152.

⁹ Urunbaeva Yu.P. Prospects for raising the standard of living of the population based on the development of the service sector. Dissertation S., 2018 189 p.

The current theoretical knowledge about the service industry has moved far away from the original ideas and scientific views about them. The huge economic potential of the service sector today and its position in the national economy of the country and the theoretical knowledge about this sector are the result of evolutionary development over several centuries.

For example, F. Kotler expressed this opinion regarding the nature of services: services are any activity or benefit that one party can offer to another party, a useful action that does not allow ownership of something¹⁰. There are also definitions that correspond in content to this idea, and it is important to touch on them separately. Services are intangible benefits purchased by consumers, but not in the form of property¹¹. A service is a beneficial concept or (action) relationship that does not have the possibility of acquiring property rights as a material object¹².

In our opinion, all the definitions and opinions given above do not fully reveal the economic and social essence of the concept of "service", but they are aimed at justifying an important aspect of this economic concept, which is that services, like all material goods, satisfy one or another human need. In our opinion, the main flaw in the given definitions is that if we are based on them in revealing the essence of the concept of "service", then we have to consider all material, that is, material goods as services¹³. "Any field, whether it is big or small, shows services in itself," says T. Levitt. Continuing this idea, F. Kotler gives a new meaning to this approach and states that "Actually, the customer, who is considered a buyer of goods, buys the service in the form of the goods offered to him. In the end, it all boils down to service delivery"¹⁴.

So, based on the above, we can conclude that service is a productive and conscious work that comes from the skill of the employee. Based on the content of the above ideas, these concepts can be defined as follows.

Providing services is an activity aimed at meeting the needs of the population, the state and society to the maximum extent, contributing to the improvement of the population's standard of living (health, cultural recreation, scientific potential, mood of all classes, saving valuable time spent on daily household concerns (depending on the need)).

Based on the above points, we can conclude that, recognizing that service delivery is a separate process, it can be said that in fact they are aimed at improving the standard of living of the population.

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¹² Nureev R.M. Economics of Development: Models for the Formation of a Market Economy.-M., 2008. - P 19.

¹³ Comment: Wealth comes from health, marriage is beautiful! If there is no health, even the wealth found is worthless like a child (Yu.P. Urunbaeva).

¹⁴ Kotler F. Marketing management. Express course. 2nd ed./trans. from English; ed. S.G. Bozhuk. - St. Petersburg: Peter, 2005.- P. 301.

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