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THE ESSENCE OF THE SERVICE SECTOR AND THE SOCIO-ECONOMIC SIGNIFICANCE OF RAPID DEVELOPMENT TODAY

Annotation - The article emphasizes the essence of the service sector and the socio-economic importance of its rapid development.

Key words: living standards, quality of life, demand, consumption, population savings, wages, incomes.

Consistent reforms in our country, measures aimed at restoring sustainable economic growth, modernization of society, liberalization of the economy are leading to significant quantitative and qualitative changes in the national economy. The main goal of the ongoing reforms and radical changes in the path of socio-economic development is to continuously improve the living standards of the country's population and restore it to its previous state. In the implementation of this important task, that is, in the formation of a decent standard of living and quality of life for the population of the country, the service sector has a special role.

The rapid development of the service sector in the country and a sharp increase in its share in GDP allow solving several important socio-economic problems, such as employment, increasing real incomes, improving the welfare of all segments of the population. One of the peculiarities of the development of the national economy of Uzbekistan is that the share of services in the country's GDP is growing from year to year, and during the pandemic period there is a significant decline. In 2015, this figure was 48.9 per cent, and by 2020 it will be 33.5 per cent. In the Samarkand region, the share of services in GDP (47.2-30.9%, respectively). The rapid development of this sector in the future is one of the key components of the country's long-term macroeconomic policy. The fact that the President of the Republic of Uzbekistan Sh.M.Mirziyoev raised the issue of increasing the share of tourism services in GDP to 28% by 2035 is clear proof of our opinion.

Today, innovation processes in service enterprises in the country are developing slowly, the population's demand for services is not sufficiently met.

This, in turn, harms the formation and development of the service sector, which to some extent reduces its impact on the living standards of the population³³.

In our opinion, the existence of such a situation is determined by the lack of a scientifically based, systematic methodology to address the above problems, in particular, to improve the welfare of the population through the rapid development of services and improving their quality. The lack of a unified concept for the gradual development of the system of services to all segments of the population following market relations and thus increasing the welfare of the entire population of the country also requires extensive research in this area.

Given the above, it can be noted that one of the most pressing issues is a comprehensive and in-depth analysis of the increase in living standards of the population based on the development of the service sector, the development of scientifically based proposals and practical recommendations to improve its theoretical and methodological basis.

Today, government reforms to address the effects of the epidemic and the coronavirus pandemic are bearing fruit. However, it is natural that the negative developments in the economy with the implementation of reforms will affect the socio-economic development of the country, the living standards of the population and the level of economic security of the country. According to the International Monetary Fund's baseline forecasts based on the forecasts of the cessation of coronavirus pandemic expansion and the gradual recovery of economic activity from the second half of the year, the world economy will shrink by 3.0% in 2020. In our country, too, the coronavirus pandemic has had a significant impact on the economy, causing a slowdown in economic growth.

In his address to the Parliament of the Republic of Uzbekistan on December 29, 2020, President Shavkat Mirziyoyev noted that this year, unlike previous years, coincided with a difficult period, a global catastrophe called the coronavirus pandemic. To address the problems, the Decree "On additional measures to support the population, sectors of the economy and businesses during the coronavirus³⁴ pandemic" provides for strengthening social protection and ensuring the sustainability of economic sectors, as well as, requires special attention to the support of some business entities. At the current stage of the development of society, the economy has become a complex of industries that include not only production but also thousands of services. The national economy, which has been established in the years of independence of the Republic of Uzbekistan, the new economic relations that are emerging as a

³³ <http://bukvi>. President of the Republic of Uzbekistan Mirziyoyev Sh.M. "2021 is the Year of Youth Support and Public Health." People's Speech, December 30, 2020.

³⁴ Decree of the President of the Republic of Uzbekistan "On additional measures to support the population, sectors of the economy and businesses during the coronavirus pandemic" T.: April 3, 2020, No PF-5978. www.lex.uz <http://bukvi.ru> Yulduz P. Urumbaeva Increasing the impact of service sector on the living standards of the population in innovative economy environment <http://serisc.org/journals/index.php/IJAST/article/view/10387/5598> 2020. 05.

result of consistent economic reforms, create favourable conditions for further development of the service sector. Today, this sector is rapidly developing the national economy and is highly effective in improving the living standards and quality of life. It is one of the main components of the social and international division of labour. The service sector provides opportunities for the development of other industries, coordinating the creation of new jobs, the introduction and improvement of new technologies, the development of private entrepreneurship and increasing competitiveness. At the current stage of the development of society, the service sector is an integral part of the complex of our economy, participates in the general system of economic relations and is subject to all existing economic laws. The size of the industry, its share in key macroeconomic indicators, is determined by the volume of services per capita. The service sector has a great positive impact on the economy of a particular country and directly contributes to improving the living standards of the population. Consequently, in developed countries, the share of the industry in GDP is 80 per cent, 75 per cent in total employment and 90 per cent in total enterprises.

Uzbekistan has created a legal framework for radical reform of the service sector, improving their activities, enhancing their stabilizing role, using them as a factor in building an innovative economy and ensuring competitiveness. Advanced scientific and technical achievements have been introduced in the service sector, expanded professional and retraining of service providers, strengthened mechanisms for organizing cooperation with large and small service enterprises based on developing contractual relations, improved participation in corporate relations. However, despite the great achievements in the development of the service sector in the context of the pandemic, the development of the services³⁵ sector is lagging in terms of the volume and quality of services provided. Therefore, special attention is paid to modern research, which creates the basis for further development of the service sector, increasing its share in the economy, providing employment and increasing incomes to improve living standards and quality of life. The Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 identifies important tasks for "accelerated development of the service sector, increasing the role and share of services in GDP." The effective implementation of these tasks determines the urgency of work on the development of the service sector. Improving the well-being of the population is at the heart of all the problems of any economic system, and all efforts in the

³⁵ Appendix 1 to the Decree of the President of the Republic of Uzbekistan dated February 7, 2017 "On the strategy of actions for further development of the Republic of Uzbekistan" PF-4947 "Strategy of actions on five priority areas of development of the Republic of Uzbekistan for 2017-2021" Lex. Uz Smith A. Exploration of the nature and origins of the riches of the people. /per.S.angl.E.M.Mayburda.-M., 1993. - S.572.; Jerebin V.M., Romanov A.N. Uroven jizni naseleniya. - M.: UNITI-DANA, 2002.- S 224.; Gorelov N.A.I dr. Politics of income and quality of life of the population: Ucheb. posobie. - SPb.: Peter, 2003.- S 653.

field of socio-economic development are ultimately aimed at solving this main problem. Therefore, issues of social welfare and living standards have attracted the attention of many economists since ancient times. Well-known economists such as A.Smith, V.M.Jerebin, A.N.Romanov, N.A.Gorelov has made a huge contribution to the formation of the theory of social welfare and living standards. It is difficult to create a system of modern scientific views on the welfare and standard of living of the population without their theoretical approaches and theoretical views on social welfare and its achievement. As a result of our theoretical research in this area, human development has three important features of the current stage in solving the problems of improving living standards: First - migration in the context of globalization, services, international trade, foreign investment and communication exerts its effects. Today, Uzbekistan is an integral part of the international community and the global financial and economic market. This is evidenced by the growing ties with the outside world, the implementation of programs for the development, modernization, technical and technological re-equipment of economic sectors with the support of leading developed countries, Uzbekistan's integration into the world market, imports and exports of goods and services. has a great influence on the formation of living standards and quality of life of the population of each country. The second is the escalation of environmental problems (epidemics and pandemics). As a result, there is a growing need to ensure national and international environmental security, adherence to the concept of sustainable development, ensuring the equality of interests of present and future generations in solving the problems of resource use to develop the economy at a rapid pace. Thirdly, it is necessary to take into account the formation of a socially-oriented market economy model, the strengthening of the principles of social justice in the distribution, and the fact that rational social policy is becoming a key factor in economic development. This requires the support of the needy strata of the population and socially vulnerable groups (the disabled, young people, women (those infected with Covid-19 infection)) and social protection from market forces. In turn, the rise in living standards of the general population will strengthen its labour and social activities, the role and importance of the human factor in production will increase, participation in the development of the country's economy will increase. To clarify the theoretical problem posed, it is important to dwell in more detail on the content of each direction and the nature of the mechanisms of influence. The main goal of social production and human economic activity is to meet the constantly growing needs of the population. The need to meet the needs of the population also applies to the services sector. The need for a variety of services is an integral part of the general needs of the population and their satisfaction is the main function of social production.

Therefore, we can say that one of the important features of postindustrial society is that the position of the service sector in the national economy has

strengthened and become a leading factor in expanded reproduction. The service sector is a product of the interdependent development of various economic, social, political, natural and cultural processes, and, ultimately, is reflected in the improvement of living standards. In turn, it is expedient to recognize that raising the standard of living of each person to live in favourable conditions, the natural desire to fully meet their material and spiritual needs is an important factor in the development of society and the entire system of economic activity.

Although services arose in very ancient times as an important means of satisfying the vital needs of man, scientific views on them were originally formed in the works of the representatives of classical economic theory. To reveal the essence of the concept of services and to justify their radical difference from the goods in the form of goods, all the delicacies consumed by man were divided into two types: material delicacies and intangible delicacies. It should be noted 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 classical economist A. Smith introduced the concepts of "productive labour" and "unproductive labour" to fully reveal the economic content of the benefits of the service and to solve the ³⁶ problem of its view as a source of social wealth of the country. A material product, all kinds of labour that create material wealth, are productive labour, and this labour creates new value. Also, the labour of those engaged in service is unproductive, and this labour does not create new value but serves to assimilate the value created in material production.

Material benefits in the form of human life activities and lifestyles 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, the right to judicial protection, etc. is very important. Modern theoretical knowledge about the field of services has moved far from the content of the initial idea and scientific views about them. The huge economic potential of the service sector today, as well as its position in the national economy of the country and the theoretical knowledge of this sector, is the result of centuries of evolutionary development. For example, F. Kotler expressed the following opinion about 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 one to own anything.

Some definitions correspond to the content of this idea, it is important to dwell on them separately. Services are goods that are purchased by

³⁶ Smith A. Exploration of the nature and origins of the riches of the people. /per.S. angl. E. M. Mayburda. - M., 1993. - S. 152. Urumbaeva Yu. P. Prospects for improving the living standards of the population based on the development of the service sector. Dissertation S: 2018 189 p. Kotler F. Marketing management. Express course. 2nd ed. / per. s angl.; under red. S. G. Bojuk. - SPb.: Peter, 2005. - S. 301

consumers but are intangible, alien to the form and principle of ownership. Service is a profitable concept or (action) attitude that is not able to acquire the right of ownership of property as any material object.

In our opinion, all the above definitions and ideas do not fully reveal the socio-economic nature of the concept of "service" but are aimed at substantiating an important aspect of this economic concept, which is that services, like all material goods, meet human needs. The main shortcoming of these definitions, in our view, is that if we rely on them to explain the essence of the concept of "service", then we have to consider all material, that is, packaged blessings as service. "Every industry, big or small, provides services," Levitt said. Continuing ³⁷this idea, F. Kotler gives a new meaning to this approach, stating that "in fact, the customer, who is the buyer of the goods, buys the service in the form of goods offered to him... In the end, everything depends on the service." Hence, from the above, we can conclude that service is productive and conscious labour resulting from the skill of the employee. Based on the content of the above ideas, the following can be defined in terms of clarifying these concepts.

Service is an activity aimed at maximizing the needs of the population, the state and society, helping to improve living standards (health, cultural recreation, scientific potential, mood, saving valuable time spent on daily household worries (depending on need)). From the above considerations, we can conclude that while acknowledging that services are a separate process they can be said to be aimed at improving the living standards of the population.

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