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## THE ROLE OF THE SERVICE INDUSTRY IN THE FORMATION OF POSTINDUSTRIAL SOCIETY

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## РОЛЬ СЕКТОРА УСЛУГ В РАЗВИТИИ ПОСТИНДУСТРИАЛЬНОГО ОБЩЕСТВА

**Аннотация**

В статье освещаются прогрессивные реформы в стране, роль сектора услуг в развитии постиндустриального общества, развитие постиндустриального общества, обеспечение устойчивого экономического роста.

**Abstract**

The article highlights the progressive reforms in the country, the role of the service sector in the development of a post-industrial society, the development of a post-industrial society, and the state of development.

**Ключевые слова:** постиндустриальное общество, сфера услуг, уровень жизни, качество жизни, спрос, потребление, сбережения, заработная плата, доходы населения.

**Key words:** postindustrial society, service sector, living standards, quality of life, demand, consumption, savings, wages, income of the population.

In the world practice, the living standards of the population of the country are determined by the scale of the service sector, which is characterized by the combination of a number of important factors, such as its share in key macroeconomic indicators and the volume of public services per capita. The sphere of services will have a great positive impact on a particular state economy and will directly contribute to the growth of the living standards of the population. Hence, the share of the industry in GDP of the developed countries is 74 percent<sup>1</sup>, in general employment 70-75 percent and 90-95 percent of the total number of enterprises<sup>2</sup>.

The legal framework for the radical reform of the service sector, the effective utilization of this sector in addressing the transitional challenges, the development of the sectoral sector and the economic entities, as well as the development of the sphere of services have been created in Uzbekistan. At the present time, a number of theoretical and methodological, economic and legal bases for the development of tourism in our country are being explored in the following priority areas: accelerated development of tourism industry and strengthening its position in the national economy; modernization of the branch network and introduction of modern techniques and technologies; systematic improvement of the role of tourism in solving social problems, increasing the share of tourism services in the structure of population consumption, etc. Particular attention is paid to contemporary scientific research, which will create the basis for further development of the tourism sector and increase its share in the economy, increase the living standards and quality of life based on the employment and increase in the income of population. The significance of the research devoted to this area in Uzbekistan

is remarkable. The development of the services sector can contribute to the production of proposals on the use of innovative methods of management in order to improve the living standards of the population and transform it into one of the key and promising sectors of the innovative economy.

The authors of the brochure found it necessary to share their thoughts with the readers on the aforementioned issues related to increasing the impact of the services sector on the standard of living in the context of the formation of an innovative economy. We hope that your valuable comments and suggestions on the issues raised will be a great help in continuing and improving research on the development of the service industry.

Formation of the concept of social economy depends on the need to improve the welfare of the population and prevent the growth of needy and impoverished families. Therefore, intensive economic reforms, which are planned to be held in the Republic in 2018-2021, will have to become the basis for a flexible policy towards the income of the population. At every stage of market reforms, wage increases, differentiated income-based policies, strong social protection, and transfer payments to low-income population should be taken into an account.

In the context of shaping a socially-oriented market economy, the role of income is explained by the fact that every human being's material and spiritual life depends primarily on the level of his incomes. The higher the level of income of the population, the greater the possibility of meeting its basic needs, maintaining its health, getting education, organizing leisure, cultural leisure. In general, monetary income for a person's earnings and aspirations is crucial in determining the

<sup>1</sup><http://bukvi.ru>

<sup>2</sup>John W.R. Phillips Social Security Programs Throughout the World: Europe, 2016. P. 18 ISSA

economic situation of the family, which determines his or her living conditions and affects the way of life. Therefore, ensuring the reliable protection of private property rights and guarantees in the Strategy of Actions, eliminating all obstacles and restrictions on the development of private enterprise and small business, giving it full freedom, "If the population is rich, the state will be richer"<sup>3</sup>. It is also important to take into account the measures that are being taken to improve the situation.

Economic literature also emphasizes<sup>4</sup>: income is a means of livelihood, and it represents the level of living and many other similar thoughts<sup>5</sup>. Indeed, the income of the population is a major factor affecting the consumption of the population, including services. Theoretical considerations and practical research on this subject are described in detail in previous chapters. On the basis of development of entrepreneurship in the sphere of services, the prospects for the growth of cash incomes of the population are very wide. It is difficult to predict and plan the volume of income of the population by sector. However, without finding out the source of revenue and sources of employment, it is difficult to get full use of opportunities to improve the living standards of the people, to find a way to achieve them, and find ways to deal with potential problems in practice. Therefore, in the course of our researches, we have made great efforts to develop the expectations of the increase in the income of the population on the basis of the development of entrepreneurship in the sphere of services, and in this way to justify the role of this factor in raising the living standards of the population.

In our opinion, it will be necessary to make four things in the development of the principles of income generation in the service sector in Samarkand region, in justifying the ways to increase them in the future.

First of all, in the development of the Concept of Population Income Policy in the context of creating a socially-oriented market economy model in Uzbekistan:

- creation of economic conditions promoting active labor activity and ensuring high rates of average per capita income growth;
- precise planning of social protection of the population in need of social support;
- activating the labor market, achieving a balance between demand and supply of labor;
- creation of economic and legal conditions for expansion of self-employment of the population;
- organization of home-based work as a pre-primary tutor for pre-school children who are not working temporarily;
- avoid excessive leveling of income of different social groups at the level of living;

- Achieving sustainable growth of the real and voluntary income of the population, and so on.

The third reason for forecasting income in the service sector of the Samarkand region is the fact that the President of Uzbekistan Sh.M.Mirziyoev intensively increased the incomes of the entire population in the future and increased the real incomes of the population by more than 12 times in the future, wages, pensions and social benefits increased significantly<sup>6</sup>.

Finally, the fourth thing to do with Samarkand Region's revenue growth is to develop the service industry as a priority area in the country and to increase its role in the socio-economic development of Uzbekistan.

At every stage of society's development, the status and development prospects of a particular industry or a particular industry, its position and place in the national economy are determined by the specific features of a particular period. Service sector becomes a leading factor in socio-economic development. Based on the findings of the research, the main factors contributing to the steady increase in the monetary income of the population on the basis of the development of entrepreneurship in the sphere of services.

First of all, the government itself has a great interest in the development of entrepreneurship in the service sector. In other words, as a result of the development of entrepreneurship, the state budget is financed. In 2016, the share of small businesses in the country's GDP amounted to 56.7% (Samarkand region's share in the gross regional product - 72.2%), while the service sector average 70%. Growth of gross domestic product per capita was observed. Growth of gross domestic product per capita will lead to an increase in the real incomes of the population.

Secondly, the unemployment rate is decreasing due to the creation of new jobs. With the growth of labor productivity in the manufacturing sector, labor resources released will be used to develop the services sector. In Samarkand region, 48.1% (714.3 thousand) of the employed population were employed in material production, while 51.9% (770.8 thousand) were in service sector. This, in turn, will generate income by increasing the employment rate in the services sector. Thirdly, the increase in the population's income leads to a faster rise in demand for services. The final outcomes of economic growth are reflected in the growth of the real income of the population and the well-being of the population. During the years of independence the real incomes of the population have grown more than twelve times. Over the same period, the demand for the services has increased by 25.7 times<sup>7</sup>.

As a result of the research, we have identified problems that hinder the growth of employment in the service sector and should be addressed through direct

<sup>3</sup>The scientific article on Uzbekistan's Five-Area Development Strategy for 2017-2021 in the year of "Dialogue with people and people's interests. – Tashkent: Manaviyat; 2017. p. 141

<sup>4</sup>Annaev M.B. "Estimation of the profit of industrial companies and problems with audit.Monography", T., Navruz, 2011 - p.6

<sup>5</sup>Muhammedov M.M. Economic theory.Textbook.Samarkand, Zarafshan, 2017. – p.308

<sup>6</sup>The scientific article on Uzbekistan's Five-Area Development Strategy for 2017-2021 in the year of "Dialogue with people and people's interests". – Tashkent: Manaviyat; 2017. p. 170

<sup>7</sup>Statistical info of 2016 by Statistics Committee of the Republic of Uzbekistan.

intervention of the state and we have developed proposals for their solution:

- The results of the research have shown that the average wage in the service sector is considerably lower than in the material industries - 37.3%<sup>8</sup>. In developed countries, average wage in the service sector is 60-70% of total income. The benefits of entrepreneurial activity make up 15-18 percent of the total income of the developed economies (for example, the United States). In our country, this figure is 52.7% and the real estate - 3.2%.

As a result, the problem of attraction of qualified personnel in the industry, and the effective promotion of their labor remains to this day. To solve the problem, it is important to recognize the discrepancies between the service sector and the production of material goods and to gradually eliminate these differences on the basis of a policy of faster growth in service delivery (especially health, education, culture) to give;

- Important role in the provision of effective use of workers' labor during the service process. Business leaders in developed countries consider trade as the key to success, efficient use of employee service, and strictly adhere to this principle in their operations. They work on three major stimulus models - American, Japanese and European<sup>9</sup>. Thus, to improve the financial incentive funds in service enterprises and organizations and to increase the quality and effectiveness of the workforce through the use of paid premiums. As a source of material incentives, we believe that financial support from business entities, donations and gifts, business savings (business) savings, and the proceeds from entrepreneurial income, as well as officially received service facilities;

- service in rural areas is much lower than the profitability and profitability of business entities (legal entities) and individual entrepreneurs (individuals) in urban areas, who engage in such activities. In other words, the seasonality of agriculture, natural climatic and economic conditions, the existence of a risk of non-profit agriculture, the use of major agricultural products as a raw material for domestic businesses, rural services, workers are women, older, often retired. Senior adults and women reject some forms of entrepreneurial risk (risk) and thus hinder their work productivity. As a result, entrepreneurship in rural areas does not develop well and the consequences of this situation have a major negative impact on the living standards and quality of the rural population. In order to solve the problem, there is a need to strengthen taxation and credit support privileges and support policies for businesses operating in rural areas, and, if necessary, exempt from taxes;

- Non-formation of labor incentives and effective distribution of business income in the service sector. That is, in the service sector, there are natural resources, that is to say, the working subjects. At the same time, employees are primarily serviced by human beings, their needs and desires. During the activity of the ser-

vice, they face sensitive features, such as consciousness, psychology, social relations. It affects the nature of the labor. This kind of work has a creative character and requires a high level of staffing and intellectual abilities. The creative process of service in the service sector creates difficulties in its normalization and identification of its results.

In the world practice, effective methods of distribution of enterprise income and financial incentives for high performance indicators have been developed<sup>10</sup>. At present, income-generating companies are used as an important tool for achieving the level of quality and quantity of the company's employees by linking them with the results of labor, and in practice they are bringing great social benefits. In our country, the issues of stimulating the productivity of industries in the sectors of material production, in particular, in the field of science and industry, pay considerable attention. However, the creation and implementation of effective systems for distribution and improvement of earnings in the service sector and the incentives for labor have been negligible. Based on the specificity of the service sector, and the specific goals and objectives facing each particular entity, the system of revenue distribution, labor incentives, and rewarding systems should be developed. In our opinion, service sector, which serves as a paid service, will have a good positive effect on the participation of employees in the distribution of benefits by the employees in accordance with the interests and objectives of labor activity. In addition, it is necessary to introduce a system of participatory work to enhance the employees' interest in achieving high performance results.

According to the results of the analysis, the development of the service sector necessitated the development of the income of the population. The results of the research have shown that the factors influencing the average salary in the service sector are: the effectiveness of the provision of paid services to the population, the share of services in the gross regional product, and the change in the value of payments for goods and services. Therefore, the most important task of these factors is to calculate the share of these factors in the growth of monetary income of the population.

It is well known that currently at the current stage of economic reforms, the wide opportunities for the development of the sphere of services are being solved. These opportunities, in turn, require that this sector become an increasingly important part of the economy. We tried to justify theoretical and methodological basis for the ability of the sphere of services to transform the population into one of the conceptual directions of the most important socio-economic problem, such as increasing the cash income.

Based on the above, and based on the results of the research, we have proposed a model of total revenue generation in the service sector. The part of these incomes is different incomes for the share of employed

<sup>8</sup>Identified figures with the assistance from the staff of the municipality of Samarkand region.

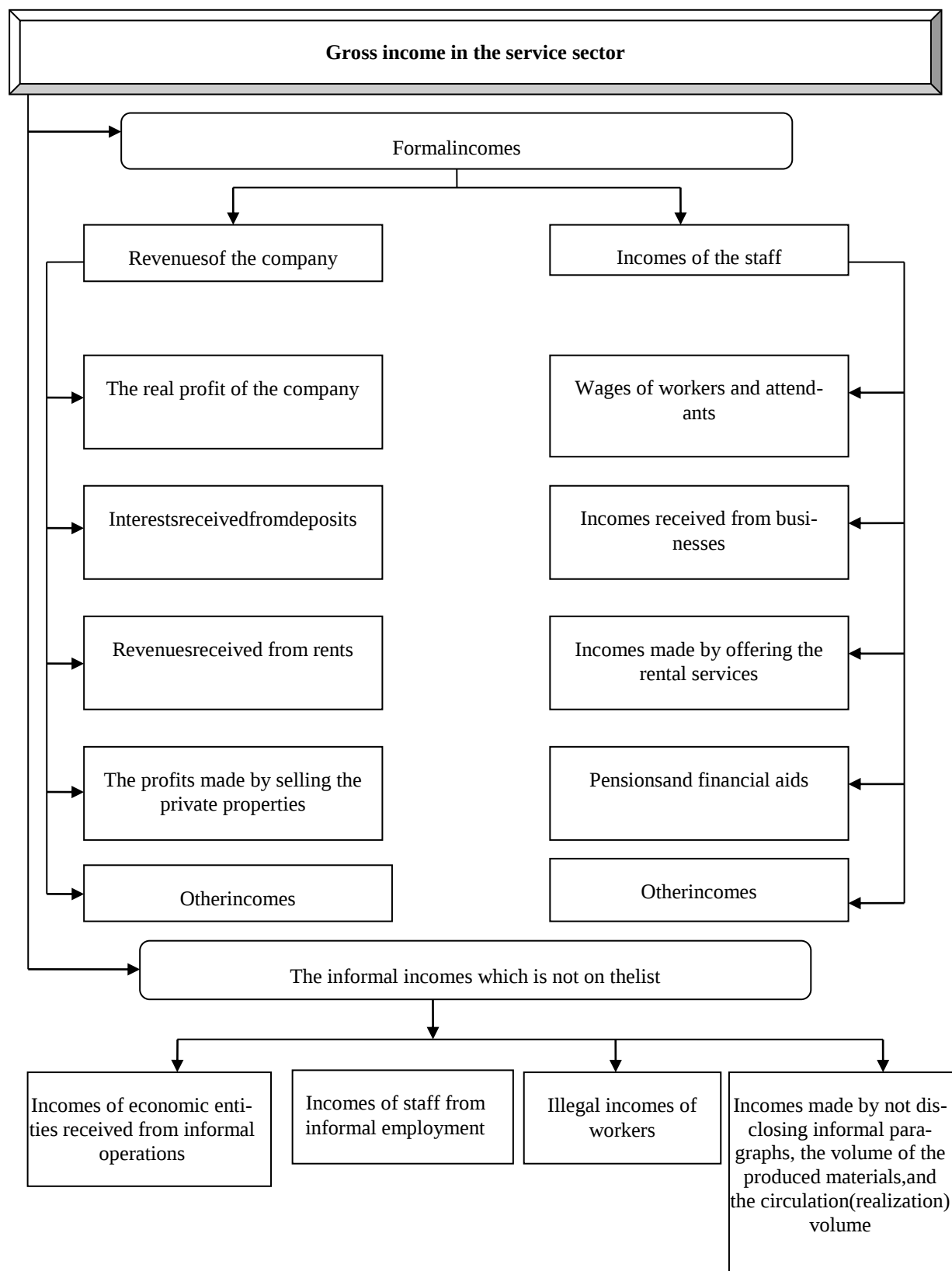
<sup>9</sup>Bazarova T.Y., Eremina B.L. Human Resources: A Textbook for Universities. 2<sup>nd</sup> Edition. – M.Unity, 2007. – p. 67

<sup>10</sup>The same source.

workers: salaries, entrepreneurship incomes and others (Picture 1).

The model we offer, along with the earnings of employees in the service sector, is also reflected in the income of the enterprise and other businesses. This model is based on both formal and informal sources of

income. An important aspect of this approach is that although the income of the enterprise is not directly involved in the standard of living of the population, they ultimately have a great positive impact on the living standards of the population.



Picture 1. Gross Income Generation Model \*

That is, the increase in the tax on the basis of the identification of non-registered enterprise income, and, consequently, the opportunity for low-income families to expand social protection services at the expense of budgetary funds.

The fact that the model reflects the official and informal earnings of employees in the model makes it easier to find ways to reduce the share of informal incomes that are not included in the gross income structure. As a result, it will create conditions for reducing the share of informal revenues, which will have a major negative impact on the overall income of workers.

In general, we aimed to explore a number of theoretically inaccurate aspects of this issue, taking into account the peculiarity of the role of the services in improving the living standards of the population. The research carried out in the context of the problems, criteria, indicators of these processes is not only theoretical but also practical. The total amount of revenue in the sphere of services should be assessed on the basis of the above model on separate economic entities, the industry, the whole industry, and in some districts, cities and regions. Only then will there be an objective assessment of the potential for predicting and increasing the volume of revenue generated in the service sector. But we believe that the main obstacle to achieving this goal is the unofficial income. This problem may be the subject of independent research.

Most of the income of the population in the service sector is formed as a salary. The policy pursued in our country is aimed at continuously raising wages and increasing the share of the population in total income.

Therefore, we think that the focus should be on increasing the salaries of each service provider. In our opinion, two major indicators should be taken into account in the planning of earnings of employees in the wage-earning businesses' enterprises.

The first one is the monthly wages of workers in a particular profession or in a service enterprise operating at the expense of the state budget and state budget. This should be avoided by the fact that the size of the monthly wage is lower than that of the state-owned enterprise.

The second is the share of the wage fund allocated to the employees of the enterprise in the gross income of the enterprise. The results of our research on commercial merchandise show that the share of wages paid to employees in the current period is about 40 percent in the total gross profit of the company. The higher the share of employees in the value added, the higher the material interest in improving their performance and the results of the enterprise. Therefore, it is desirable to raise this figure up to 50-55%.

In the area of service provision of the population in the sphere of services, along with the results of the analysis for the reporting period, the state policy aimed at the priority development of business plans of business entities, service sector and small and private entrepreneurship can be substantiated.

Thus, based on the aforementioned methods and approaches, it is possible to generate income in the service sector and accelerate their growth in the future, to increase these incomes to new levels of living standards of population, and, if necessary, to make macroeconomic impacts and modifications to those processes.