

THE SOCIO-ECONOMIC SIGNIFICANCE AND PRINCIPLES OF SERVICE SECTOR DEVELOPMENT

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Abstract: *This article examines the socio-economic significance, content, and essence of the development of the service sector, structural transformations implemented in the industry, types, and characteristics of services according to classification criteria, as well as the features and principles of effective development of the service sector.*

Keywords: *service economy, service sector, factors, enterprise, classification of services, service delivery process, consumers.*

The socio-economic development of the service sector, in its essence, encompasses various areas of economic activity aimed at improving living standards and quality of life, creating favorable conditions for the development of human capital through the formation of modern industries, and ensuring a relatively high level of labor division. Under economic transformation conditions, the service sector is economically more efficient than industrial production because initial activities in the service sector require less investment and have a much higher capital turnover rate.

Currently, in the context of economic transformation, ensuring the stable development of service enterprises and increasing service intensity is an urgent issue, requiring improvements in the socio-economic mechanism of efficiency enhancement. Accordingly, increasing the efficiency of service enterprises and improving their socio-economic mechanisms involve addressing issues such as increasing labor process intensity and productivity, efficient resource utilization, ensuring labor potential effectiveness, improving service quality and effectiveness, and better meeting consumer demands and needs.

Additionally, increasing the quality and competitiveness of services in international markets and expanding service exports are crucial for achieving economic growth in our country.

Economic growth, service economy development, socio-economic progress in the service sector, improving service quality and competitiveness, enhancing service delivery processes, regulating socio-economic relations, and increasing economic efficiency factors have been explored in the works of Keynes J.M. [6], Marshall A., Schumpeter J.A., Volgin A.P., Haksever C., Render B., Russell R., Murdick R. [8], Odegov Y.G., Abdurakhmanov K.H., Kotova L.R.

Research on service systems, service classification and characteristics, socio-economic mechanisms for improving service enterprise activities, increasing labor efficiency in the sector, ensuring service quality in relation to consumer preferences, service quality evaluation criteria and indicators, and consumer motivation in service formation has been

conducted by Teplitsky V., Kostyukovsky Y., Vesnin V.R., Katels M., Okoye A., Barinov N.A., Urakov J.R.

Assessing the economic growth factors in service industries from both qualitative and quantitative perspectives and determining the contribution of each factor to the growth of the service sector remain important scientific issues today. While various studies have analyzed the impact of different factors on the socio-economic development of the sector, they have not systematically examined the socio-economic development directions of service enterprises. Therefore, this research investigates the socio-economic development mechanisms in the service sector.

During the research process, dialectical and systematic approaches, comprehensive evaluation, comparative and relative analysis, statistical and dynamic approaches, as well as grouping methods were used to study the economic systems and proportions ensuring the socio-economic development of service enterprises.

Enhancing socio-economic efficiency in the service sector reflects the outcomes of business activities. Social efficiency, in turn, reflects the social effectiveness of economic entities and their impact on various aspects of social life. Here, social and economic efficiency were found to be interconnected. Additionally, service economy activities were classified into distinct groups.

At the current stage of economic development in our country, the demand for the quantity and quality of service activities is increasing. The adoption of international best practices has led to a rise in service demand, consequently altering consumer market structures. The improved financial well-being of certain population segments has created a new category of consumers with specific service demands and needs. Financially well-off consumers are more inclined to seek various services that enhance their quality of life. As a result, some service enterprises focus their activities specifically on meeting these demands.

Today, the efficiency of service enterprises is directly dependent on the rationale behind their strategies, with the formation of such strategies being one of the key responsibilities of top management. Improving the socio-economic mechanism for the development of service enterprises is particularly important under constantly changing external and internal conditions, as it allows businesses to maintain a leading position in the market.

Thus, developing a rational management mechanism for service enterprises requires studying their role and significance for end consumers—both individuals and legal entities—as well as for the national economy as a whole.

When studying the service sector, it is crucial to emphasize its unique characteristics. This is because service enterprises, organizations, and employees play a significant role in meeting a large portion of the population's material, social, daily, and cultural needs. To provide a general description of the service sector and determine the position and importance of business entities operating in this field, it is necessary first to analyze the concepts of "work" and "service" while considering the legal distinctions between them, despite their economic similarities.

The development of service enterprises has its own unique characteristics and dimensions. Therefore, a theoretical discussion of the specific features and trends in the

growth of this sector, considering the influence of various factors, is of particular importance.

To this day, there is no universally accepted definition of services. From a socio-economic perspective, defining services based on their distinction from material goods in terms of social significance and economic outcomes is of particular importance. In this regard, a key characteristic of services is their connection to meeting human needs, manifesting as the ultimate outcome of a specific activity type or form.

In modern economic literature, services are often described as follows: "...a form of purposeful (intentional) labor in which the result of production coincides with its consumption"

Western European economists define the "service" category in various ways. For instance, F. Kotler describes services as a broad variety of activities and commercial operations, stating that they "can be offered by one party to another and are largely intangible, leading to no ownership transfer. Service provision may or may not be linked to a tangible product"

According to T. Hill, a service is an activity performed by one economic entity on another entity (with the latter's prior consent), resulting in a change in the condition of the person or object belonging to the first entity. This definition allows services to be viewed as a specific outcome of beneficial economic activity, turning them into an object of exchange and trade.

M. Katels, considering the relationship between the economy and informatization, examined the modern characteristics of services and new forms of service provision. He argued that the service category historically encompasses activities formed within different social structures and production systems. The only common feature among the diverse service activities is the absence of a single defining characteristic. According to him, with the advancement of the information economy, the distinction between the "tangibility" and "intangibility" of goods has become less relevant.

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