

The Necessity and Socio-Economic Importance of Rapid Development of the Service Sector in the Post-Industrial Society

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Abstract

The article describes the concept of transition to a post-industrial society and the need for rapid development of the service sector in a post-industrial society. Also, the different aspects of service industry networks from other industry networks are revealed.

Keywords: *post-industrial society, service sector, productive and unproductive labor, primary sector, secondary sector, tertiary sector, industrialized countries.*

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The formation of the modern economy is mainly determined by the development of the service sector and information technologies, which indicates that the role of science in society has increased. In the middle of the 20th century, as a result of the scientific and technological revolution, the introduction of new technologies led to the complexity of production processes and the expansion of the service sector, the emergence of new types of activities in it. As a result of the rapid growth of the service sector, the economy of developed countries began to be called the service economy, which led to the activation of the analysis of its place and role in the development of the modern economy. At the moment, the share of the service sector in the gross domestic product in developed countries is 80%, and the share of employment belonging to this sector is more than 70%.

The well-known American scientist D. Bell made a great contribution to the development of the theory of the transition to a three-sector economy and post-industrial society in his book "The Future Post-Industrial Society". He gave the results of an in-depth analysis of the main trends of structural changes in economic sectors during the transition to a post-industrial society as "Social Forecasting Experience". A number of American scientists who played an important role in the development of the theory of the service sector - James E. Donovan, Donald A. Ferguson and Joseph H. Spiegelman - also highlighted the importance of the service sector in their scientific work. Today, as a result of increased competition in the world economy, modernization of scientific and technical progress, and increased consumer demands, the service sector is rapidly developing, and its new types and directions are being created. It should be noted that the study of the problems of the service sector by economists began relatively late - at the beginning of the 20th century. For a long time (until the end of the 19th century), the service sector was excluded from the production sector in terms of creating national wealth and was therefore not considered as an independent full-fledged sector of the economy.

The world-famous English economist Adam Smith created the concept of productive and unproductive labor in his time and assigned a secondary role to the service sector in creating social wealth. He believed that society's wealth is created only through productive labor (material production), and expressed a contrary point of view to include service in the social wealth. He considered priests, doctors, lawyers, writers, musicians, singers, and similar service professions to be unproductive workers.

In our opinion, this view of labor inefficiency in the service sector, which is fundamentally wrong, and most importantly, harmful to the industry in question, has led to a false perception of the role of this industry in the process of reproduction. It was he who later formed the basis of many economic teachings and played a negative role in the development of this field as a full-fledged part of social production.

In the first half of the last century, the theory of the three-sector economy was developed, and it became an important basis for the creation and development of the theory of modern services. The founder of this theory was Colin Clarke, who in his well-known work "Conditions of Economic Development" came to a very important conclusion that production in each of the three sectors he defined is subject to the laws of development characteristic of any socio-political and economic system. According to him, every country goes through three stages in its development: the first is agrarian (the country's production grows slowly), the second is industrial (the growth of production reaches its maximum level) and the third is the stage of dominant growth of the service sector (the growth rate of production is again slows down). In the network structure of employment, the weight of agriculture is constantly decreasing, the weight

of industry is increasing at first and then decreasing in the long-term perspective, and the share of the service sector is constantly increasing. According to K. Clark, the primary sector (agriculture and extractive industry) develops according to the law of diminishing returns, while the secondary sector (industrial production and construction) meets the requirements of the law of increasing profitability. As for the tertiary sector (all branches of the service industry), it follows both of these laws at the same time, that is, both the law of diminishing returns and the law of increasing profitability.¹

For many countries of the world, the service industry has long become a leading sector of the economy that successfully solves important problems of economic and social development, actively participates in the formation of social wealth and increases the level of well-being of the population, and plays a decisive role. According to 2020 data, the percentage of people employed in the service sector reached 79.07% in Canada, 80.44% in Sweden, 81.09% in Great Britain, 83.80% in Singapore, and 88.14% in Luxembourg.²

In the developed countries of the world, the role of the service sector in the formation of the main macroeconomic indicator, that is, the gross domestic product, is incomparable. At the same time, there is a steady increase in the share of services in the gross domestic product in the world economy. Despite the negative impact of the pandemic on the development of the service sector, this sector still occupies a high share of the GDP of developed countries.

The development of the service sector and the quality of services are the guarantee of sustainable economic growth and the well-being of society. The growth factor in the service sector is the result of the changes occurring in the system of social needs, the growth of the real income of the population, the improvement of the level and quality of life, as well as the increase of the human educational and cultural level. This, in turn, is linked to employment and poverty reduction. Rapid development of the tertiary sector is of particular importance for Uzbekistan, where large-scale efforts to reduce poverty have begun.

At the same time, the rapid development of the tertiary sector and the sharp increase of its share in the country's GDP is a very complex process and it creates great difficulties, which, in our opinion, is primarily due to the unfavorable structure inherited from the administrative-territorial structures. The underdevelopment of the tertiary sector in Uzbekistan is largely due to the lack of investment resources for financing promising sectors of the service sector (for example, education, tourism, healthcare, digital economy, etc.).

Rapid development of the tertiary sector with rational approaches implemented in scientific research can give a strong impetus to the growth of the economy, ensure the effective use of limited investment resources in the production of tangible and intangible services compared to other sectors of the economy. Therefore, rapid development of the service sector and increasing its contribution to the country's gross domestic product is not just a simple goal, but a macroeconomic policy implemented in the direction of increasing the future well-being of the people. Based on this approach, developing the economy, increasing the share of the tertiary sector in GDP and employment should be considered as a reliable, long-term means of increasing its economic and social efficiency.

If we pay attention to the experience of developed countries, we can see that the countries that

¹ https://spravochnick.ru/ekonomika/struktura_sektorov_ekonomiki/teoriya_sektorov_ekonomiki

² https://www.economicdata.ru/economics.php?menu=macroeconomics&data_t

initiated the intensive development of the service sector and ensured its dominant position in the economy initially aimed to radically increase the efficiency of the national economy. They undertook the responsibility of radically changing the structural structure of the economy in favor of the tertiary sector, and as a result achieved great success in economic development, took a worthy place in the list of developed countries of the world, and ensured a high standard of living for their people. It is no coincidence that at the current stage of Uzbekistan's economic development, within the framework of large-scale economic reforms, particularly important and increasing attention is paid to the service sector.

It is impossible to significantly increase the volume of investments in the tertiary sector of the economy due to an increase in its share in total investment costs. Because in order to accelerate the rate of its development, in order to increase the share of the service sector in the total volume of investment costs, it will be necessary to reduce investments in other sectors of the economy. The implementation of such a policy can seriously affect the interests of the primary (agricultural) and secondary (mining and manufacturing) sectors of the economy. The primary and secondary sectors of Uzbekistan's economy have huge economic potential and are in dire need of increasing investment resources.

Agriculture is one of the leading and basic sectors of the national economy, and has traditionally made and continues to make a significant contribution to the country's gross domestic product (25.1 percent in 2022).³ Uzbekistan has favorable natural and climatic conditions and undeniable competitive advantages in the production of agricultural products. Our country has good conditions for the rapid development of the entire agricultural sector, and it occupies a leading position in the CIS in the cultivation of cotton, many types of fruits and vegetables, fruit and grapes, cocoons, sorghum and wool. Also, in the concept of socio-economic complex development of the Republic of Uzbekistan until 2030, it is envisaged to create a system of effective economic relations based on market mechanisms and aimed at ensuring the country's food security, and to introduce a mechanism for effective use of land. In our opinion, it is not possible to direct some of the investment resources, which are still lacking, to the development of the tertiary sector.

We should pay attention to the social factors of forming a decent human life based on the rapid development of the tertiary sector in the economy of Uzbekistan. In general, the general global trend to shift production from material wealth creation to the provision of services, in our opinion, is due to their high liquidity, short-term flow of funds to the producer, relatively low material capacity (including the so-called material services), which adds value increases the amount and, therefore, the national income.⁴ The service sector allows to successfully solve not only the problems related to achieving sustainable economic growth, but also the acute problems of the social development of the society. The service sector allows to increase the standard of living of the population, increase free time and improve the quality of life. In addition, it actively attracts free labor force to production, significantly increases the level of population employment and the efficiency of use of labor resources, creates new jobs, and brings a lot of income to both its employees and the country's population.

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