

# ROLE OF SERVICES IN THE DEVELOPMENT OF THE MODERN ECONOMY.

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**Abstract.** The article discusses the scope of services and its role in today's global economy. In recent years there has been a tendency to increase the role of services, and service sector growth is outstripping the growth of material production. This situation is typical not only for the developed countries but also developing countries. Development of services directly affects the standard of living of the population. The growing scale of the global trade in services will inevitably lead to the need of establishing an international regulatory mechanism. Today, the role of the service sector is growing as a result of the creation of certain socio-economic conditions.

**Keywords:** *services, development, influence intangible production, service sector, human capital, business services, innovative economy.*

**Абстракт.** В статье рассматривается сфера услуг и ее роль в современной глобальной экономике. В последние годы наметилась тенденция увеличения роли услуг, причем рост сферы услуг опережает рост материального производства. Такая ситуация характерна не только для развитых стран, но и для развивающихся стран. Развитие услуг напрямую влияет на уровень жизни населения. Растущие масштабы глобальной торговли услугами неизбежно приведут к необходимости создания международного механизма регулирования. Сегодня роль сферы услуг возрастает в результате создания определенных социально-экономических условий.

**Ключевые слова:** *услуги, развитие, влияние нематериального производства, сфера услуг, человеческий капитал, деловые услуги, инновационная экономика.*

**Introduction.** The article examines the sphere of services and its role in the modern world economy. In recent years it has been observed the tendency to increase the role of services, and the growth of the service sector is ahead of the growth of the material sector production. Such a situation is typical not only for economically developed countries, but also for developing ones of states. The development of the service sector directly affects the standard of living of the population. Zooming in world trade in services inevitably led to the need to create an international regulatory mechanism. Analysis of literature on the topic. In the scientific literature, the theoretical and methodological foundations of the research of the service sector were laid down in the works of such famous people economist classics such as F. Bastiat, A. Smith, J.-B. Sei, K. Marks, A. Marshall and others.

Separate issues of formation and development of the service sector are considered in the works of such Russian and Ukrainian scientists as E. Agababyan, V. Bazilevich, T. Blinov, Z. Varnalii, L. Verkhovodova, Yu. Golovin, M. Dolishnii, E. Zhiltsova, H. Zhuravlyov, V. Kozak, T. Koryagina, V. Kutsenko, V. Yakovleva etc. . Analysis of published works and materials, dedicated to the study of this problem, showed that it still has many unexplored aspects theoretical questions and unsolved practical problems. Selection of previously unresolved parts general problem. In the innovation process one of the leading roles is assigned to the state.

The state is interested in the development of the service sector and in increasing its competitiveness, it has great opportunities for stimulation innovative activity from the point of view of financing innovation, forming a favorable economic environment and organizing innovative infrastructure. Decision about that exactly how the state needs to act to create favorable conditions for the development of the services market not yet decided. The purpose of the article. There is the study of the regulation mechanism of the service sector and the search for ways to create an innovative structure - the integration of

science, business and providing access to the entire complex resources (human, informational, financial, industrial and other).

### **Analysis and results.**

The growth of the service sector in our country began in the 1990s. She became attractive to entrepreneurs, as some types of activities which it includes, practically do not require a large start-up capital (for example, consulting services), others due to their underdevelopment allow the founders to receive excess profit (financial, trust services). It should be noted that the demand for services is growing even with the stagnation of material production. Use of the product brings the consumer is more satisfied than the fact of owning the product. Material goods are perceived as a factor contributing to expansion services.

With the development of productive forces of society the industrial, economic aspect was strengthened services, and most importantly, the need for services grew and demand from the population. Services began to play a completely self-sufficient role in the economy. Service, as a type of activity, is located in continuous connection with the provision process or by performing this service, i.e. service. Objects of service can be natural and legal persons - population and enterprises. However, the sphere of services is traditionally limited to serving the population. In this aspects, it is quite legitimate to distinguish two groups services by the nature of their consumption: 1) production consumption of services, that is, services provided to legal entities - enterprises; 2) final consumption of services, i.e. services, provided to individuals - the public. The service economy, compared to the industrial economy, is more harmonious because it includes into a single complex of material production, circulation and services. In force brightly pronounced individualization, where the focus is specific client, the service economy is socially oriented. Services are knowledge-intensive and capital-intensive. They can have industrial character and require highly qualified performers, but may be unqualified and meet the personal needs of members

society. The sphere of services is to a greater extent under state protection from foreign competition than material production. The economy of social development and the optimization of the growth of the sphere are also traced services in comparison with material production and expansion of its economic positions.

The deepening of market transformations led to a significant increase in the number of entrepreneurs, firms, organizations engaged in providing services. The requirements for the quality of services have also changed.

The main conditions for the provision of which are:

- regulations;
- availability of the service for the consumer;
- control by the customer;
- safety, quality and service culture;
- protection of the client's legal interests when performing the service;
- state guarantees of availability of receipt services;
- professionalism.

The basis of high quality services is their regulatory support at the state level. In addition, there are universal types of services, that is, they are provided not only to individuals (the population), but also to legal entities (enterprises). In other words, in market conditions there is a convergence of production and final consumption of services, primarily due to the fact that part active population is engaged in entrepreneurship, including small business. The following services are required for wholesale market entities: a) from financial intermediation and insurance; b) related to the use of real estate (rental of non-residential property, cars and equipment, trucks, others types of transport equipment); c) computer equipment maintenance services; d) services in the field of accounting and auditing; consultations on taxation and production management; e) services in the

field of advertising. In addition, types of services related to wholesale trade, marketing and logistics are distinguished: wholesale trade services, purchasing services, marketing services, other trade services. In the implementation of the state innovation policy, designed to ensure the transition of the national economy to the path of modernization with the goal ensuring global competitiveness and sustainable socio-economic development country, the service sector is of great importance.

Its role in this process is manifested in the following directions: first, innovative development of the service sector itself as the most important sector of the country's economy; secondly, formational national innovation system and development national innovation infrastructure. The development of the service sector is supported by the competitiveness of services, which directly depends on the level of innovative activity, provided by the organization in the field of services.

The result of innovative activity (service product, technology or its separate elements, new organization of service activities), capable of more to effectively meet public needs is called innovation in the service sector. Implementation of innovative technologies in the service sector involves the introduction of new types of technology and technical and technological techniques in the service process (technical innovations); increase service efficiency (organizational and technological innovations); improvement of internal and external relations, improvement of methods management (management innovations). Innovative service enterprises to increase competitiveness conduct policy aimed at creating conditions that stimulate the creation of innovations. In the innovation policy, four main elements are distinguished: the search for the idea of a new service; design and organization of the production of new services; introducing a new service to the market and monitoring the progress of its implementation are received by the results In fact, the totality of the listed elements is an innovative process.

Successful management of the innovation process in organizations of the service sector is based on such most important principle.

- orientation to the consumer (offer to consumers those innovations that he really needs, at the same time, the organization can not only satisfy existing needs).
- systematic (clear organization of the process, allocation of clearly defined functions, their executors and relationships between them);
- adaptability (timely response to changes in the external and internal environment);
- priorities (priority of innovative processes over traditional ones);
- consistency with all participants of the innovation process (participants are all subjects,

The state is interested in the development of the service sector and in increasing its competitiveness, it has great opportunities in stimulating innovative activities from the point of view of financing innovation, creating a favorable economic environment and organizing innovative infrastructure. The main goal creation of an innovative structure – integration science and business and ensuring access to a whole set of resources (human, informational, financial, production, etc.).

### **Conclusions.**

Nowadays, the role of the service sector grows due to the creation of certain socioeconomic conditions. They arose as a result scientific and technical progress, a significant increase in labor productivity in the production of material goods, as well as changes in meaning and degree the urgency of meeting the various needs of modern society. At the same time, the services of large and small companies already provide more jobs than in all other sectors of the economy in aggregate. The demand for services is growing even with the stagnation of material

production. Material goods are perceived as a factor, which contributes to the expansion of services. Strengthening the role services stimulates the purchase. The service economy, compared to the industrial economy, is more harmonious, because it includes the spheres of material production, circulation and services in a single complex.

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