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THE IMPACT OF THE DEVELOPMENT OF THE SERVICE SECTOR ON THE EMPLOYMENT AND REAL INCOME OF THE POPULATION

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ABSTRACT

This article researches the ways of improvement of the efficiency of investment policy in the service sector, formation of investment funds in the service sector, investment methods and tools for the development of the service sector on the basis of public-private partnerships, the network structure of business entities in the service sector within the framework of the state investment strategy, mechanisms for determining their effectiveness, ways to ensure the participation of the private sector in the management and financing of socially significant strategic projects, some restrictions on the implementation of the public-private partnership mechanism, criteria for systemic identification and classification of public risks, as well as effective ways to implement the public-private partnership mechanism.

KEYWORDS

Service sector, private sector, public-private partnership, project, strategy, mechanism, state risks, limitations, criteria, employment, unemployment, shortfall, manufacturers, service providers.

INTRODUCTION

In economic literature (sciences), the concept of “employment” is mainly applied to labor resources. Employment of labor resources is the main form of

people’s activity, it requires manpower, energy and time consumption and provides vital conditions for people’s material support. In fact, the concept of

“employment” refers to the level of involvement of all types of resources available for use (labor, capital, land, entrepreneurship) in economically beneficial activities. It shows the relative share of the country’s existing labor resources, fertile land and other natural resources, fixed and circulating capital and money used for reproduction in the total volume of the country. Achieving a high level of employment depends on the main goals of the state’s macroeconomic policy, and through this process, it becomes possible to increase the amount of the offer to consumers, that is, to satisfy the population’s demand for products and services.

The problem of employment and unemployment is related to the cyclical development of the national and world economy, structural shifts in their economy, demographic and cultural-household processes, and changes that have their own meaning in the labor market. The theory of employment has gone through a long arc in its evolutionary development and is characterized by various ideological approaches, various methods and branches of research.

According to the classical theory of employment, the level of expenditure is insufficient to purchase goods and services produced under conditions of full employment. On the other hand, even if the level of total costs is insufficient, the levers of regulation such as prices, wages, and interest rates act much faster, and as a result, the reduction of total costs may not cause a reduction in the real volume of production,

employment, and real incomes. The rejection of the classical theory that the level of expenditure is sufficiently high is partly based on Say’s law. According to Say’s law, the production process of a commodity generates an income equal to the value of the commodity. This means that the production of any volume of the product automatically provides the necessary income to buy it. The offer creates its own demand. However, the fund complicates this process, that is, it is not guaranteed that the recipient of the income will spend it properly. Some part of the consumer’s monetary income may be withheld, which may not be reflected in the demand and cause a disruption in the flow of income and expenses. Savings lead to underconsumption and cause Say’s Law to be ineffective. As a result, there is a reduction in production, accumulation of unsold goods, unemployment and a decrease in income.

Economist classics emphasize that in real life, accumulation does not lead to a deficit of demand, and every accumulated amount is directed to investment by entrepreneurs. Therefore, any “shortfall” in consumption spending caused by the surplus is covered by investment. Say’s law begins to apply if households plan to save as much of their income as entrepreneurs (manufacturers and service providers) invest. So, in this case, production (service) and the level of employment will remain constant.

According to the preliminary data, we can see that the number of people employed in the economy for the period of January-December 2017 was 13,520,300, which is an increase of 1.7% compared to 2016. When analyzing the number of employed people in the section of economic activities, a significant increase in the number of employed people compared to 2016 was in transportation and storage (2.6%), finance and insurance activities (2.4%), construction (2.1%), was observed in trade (1.9%), accommodation and catering services (1.7%). The main part of the employed population is agriculture, forestry and fisheries (27.3%), industry (13.5%), trade (11.0%), construction (9.5%) and education (8.2%) contributed. Also, in the period of January-December 2017, the share of employees in the total number of jobs in small business and private entrepreneurship was 78.3% (it was 78.2% in January-December 2016).

The average monthly nominal salary amounted to 1983.4 thousand soums²¹ in December 2017 and increased by 13.2% in December 2016. The average monthly nominal salary for the months of January-December 2017 was 1453.2 thousand sums, and in 2016 increased by 12.3% compared to the corresponding period.

The average monthly salary by types of economic activity. The highest level is in finance and insurance activities - 2694.1 thousand sums (85.4% more than the average monthly salary in the republic), in information

and communication - 2498.5 thousand sums (71.9% more), in industry - 2091.7 thousand sums (up 43.9%), in transportation and storage - 1945.8 thousand sums (up 33.9%), in construction - 1808.4 thousand sums (24, by 4%) and in trade - 1650.7 thousand sums (13.6%). The highest level of the average monthly nominal salary in the region is Tashkent city - 1985.5 thousand sums (the highest in the republic 1.4 times more than the average monthly salary) and Navoi region - 1926.5 thousand sums (1.3 times more).

The lowest average monthly nominal wages were observed in Namangan (1140.5 thousand sums), Samarkand (1157.3 thousand sums) and Surkhondaryo (1172.0 thousand sums) regions. Average monthly nominal wages were 21.5%, 20.4%, and 19.4% less than the average monthly wages in the republic. It should be noted that in recent years consistent measures have been taken to develop the service sector in our republic. The composition of the services market is considered to be new promising types of services - banking and finance, insurance, accommodation and catering, educational services. The highest level of the average monthly nominal salary in the regions is Tashkent city - 1985.5 thousand sums (1.4 times more than the average monthly salary in the republic) and Navoi region - 1926.5 thousand sums (1.3 times more) accounted for the contribution. The lowest average monthly nominal wages were observed in Namangan (1140.5 thousand sums), Samarkand (1157.3 thousand

sums) and Surkhandarya (1172.0 thousand sums) regions. Average monthly nominal wages were 21.5%, 20.4%, and 19.4% less than the average monthly wages in the republic.

The average monthly nominal salary (thousand sums) by types of economic activity is improving due to the development of transport, personal services, information and communication services and administration. The sharp increase in the provision of sophisticated household appliances, computers and personal vehicles to families has made it possible to rapidly increase the number of services provided to them.

However, it should be recognized that in reality there are no serious shortcomings in the development of this field. In particular, the opportunities of the service sector as a promising source of increasing employment and income of the population, as well as filling the local budget, are underutilized. Services and service sector is developing very slowly, especially in rural areas. In terms of market relations, this sector is one of the fastest growing and profitable sectors. Because this industry does not require a lot of money, is suitable for small and private business and can develop very quickly. The peace, stability and solidarity of citizens in our country increasingly depends on the success of fundamental reforms in the political, economic and spiritual spheres carried out in our republic. During the years of independence, all conditions were created to

provide employment to the population. Employment structures have been improved, the types of work activities have been expanded, and there have been visible positive changes in the attitude towards work. In the process of implementing economic reforms in Uzbekistan, regulation of the labor market indicates that the organizational and legal framework in this regard is improving.

One of the final tasks of the current economic reform is the measures to further strengthen the involvement of the population in the service sector, to expand the formation of entrepreneurs and owners in the republic, and thus to ensure the growth of the population. It should be recognized that the importance of the service sector in solving the problems of employment of the population is incomparable. The development of the service sector has a significant impact on increasing the level of employment of the population. In addition, the creation of new jobs in this field allows not only to reduce the expenses allocated to the budget for consumption, but also serves the function of paying taxes from the republican and local budgets.

As a result of the development of the service sector, the following positive results are observed in the country's economy:

- the country's economy will be diversified and modernized (new industries will be launched);

- the development of the consumer market is observed and the types of consumer goods increase;
- state budget surplus is achieved;
- unemployment problems will be eliminated, etc. As a clear proof of the above, GDP of the services sector

we can take as an example the share in the last 10 years (2008-2017), there was a 2.1-fold increase in GDP. The analysis of the main factors and sources of economic growth shows that over the last 10 years, the high growth rate of the economy has been 1.8 times of agricultural production (average annual growth for 2008-2017 - 6.1%, due to the increase in industry - 1.7 times (5.4%), construction - 3.4 times (13.4%), services - 2.3 times (8.8%) provided.

From the above analysis, we can see that more than 50 percent of all small businesses and private enterprises in our republic, and more than a quarter of all employees in these enterprises belong to the service sector, more precisely, to the catering and trade sector. is coming. The development of this sector is beneficial for the development of the economy. But we need to achieve such significant changes in the dynamics of the development of other industries. However, despite this, there are no specific problems in the employment issues at the same time. Because the population of Uzbekistan today is 33 million. more than one person. More than 500,000 people join the

labor force every year, so it is necessary to solve the problem of employment on a larger scale. In addition, the desire of some retired persons to work makes the process of securing employment even more serious. Therefore, it is appropriate to define an important social task related to the development of small business and private entrepreneurship, especially in rural areas, opening new jobs and solving the problem of employment among young people. As labor resources tend to increase, the priority of the social task will increase.

Today, it is appropriate to create an opportunity to actively involve young people in real economic activities in the field of school and extra-school institutions, production, entrepreneurship, for the formation of such qualities as economic preparation, the ability to manage the economy, thrift. Now we need to take advantage of the wide opportunities in the development of small and private enterprises in the fields of agricultural processing, food production, industrialized processing, production of knitting and sewing products, production of construction materials, tourism services and other similar fields.

In my opinion, since the issues of increasing employment are related to the prospects of further development of small business and private entrepreneurship specializing in the service sector, it is appropriate to implement the following work in order to partially eliminate the existing problems in this field:

- first of all, implementing measures to fundamentally improve the service infrastructure in rural areas and improve its quality;
- It is necessary to introduce measures to expand not only the social infrastructure, but also the activities of the market infrastructure in order to develop economic relations. In recent years, due to the lack of attention to this, subjects of economic activity are moving to the center (cities).

2. Marketing communications: a European perspective Book by Patrick de Pelsmacker; Maggie Geuens; Joeri van den Bergh 2013.
3. Marketing communications: a European perspective Book by Patrick de Pelsmacker; Maggie Geuens; Joeri van den Bergh 2018.

As a result of our research, we came to the following conclusions. Service is primarily a product of labor. The main purpose of this product is to satisfy the specific requirements of the consumer. In other words, service is an economic activity aimed at satisfying human needs and requirements. Based on this, services mean the concept of conscious activity related to the service process, directed by entrepreneurs to satisfy a certain need of the consumer, business entity, and the state.

Service industries as a component of the country's economy are directly involved in the structure of the gross domestic product. The service sector is primarily a socio-economic activity and is directly suitable for small business and private business entities.

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