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Theoretical basis of service sphere influence on quality and living standard of the population

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ABSTRACT

This paper makes theoretical analyses on service sphere of Uzbekistan with deep scrutinizes. Moreover, investigations on quality and living standard of the population make possible conclusions over effects on topic. Furthermore, investigations make theoretical suggestions on service field while showing up better recommendations as whole.

Keywords: Service, effect, life standard, service types, quality control

1. INTRODUCTION

The development of the service sector is one of the most important conditions for the formation of a market economy with a social orientation. It should be borne in mind that the successes and positive results of the market reforms being implemented in the country are inseparably linked with the further development of the sphere of services, the increase of its role in solving the most important social and economic tasks of the development of society. The abundance of services contributes to the improvement of the quality of life and increases the motivation of life for a significant part of the population, eliminates the prerequisites for the emergence of acute social conflicts. On the contrary, the underdevelopment of the service sector, the shortage and low quality of many types of services have very significant negative

social consequences, lead to the formation of destructive tendencies in the development of the economy, as well as in the conditions and standard of living of the population.

Considering the great importance of the sphere of services and servicing of the population in creating a socially oriented market economy, it is necessary to clearly define the optimal value reflecting the necessary level of development of the service sector. Ensuring this level of development should be mandatory for each region of the republic. As an indicator characterizing the state and level of development of the service sector, it is advisable to use its share in the country's GDP.

Moreover, the first and most significant factor is the reform of the economy, the transition from one model of socio-economic development to another, i.e. from a planned, command economy to a market economy. A characteristic distinctive feature of the market economy is the development of commodity-money relations, the freedom of entrepreneurial activity, and the full manifestation of the laws of market economy. Overcoming the total state monopoly on the economy, expanding and developing commodity-money relations, involving in their orbit such types of benefits as the means of production and labor, the decline in the share of the so-called public consumption funds, the overwhelming part of which was delivered to consumers outside the participation of commodity-money relations, those are free. Moreover, the law of market economy is the excess of supply over demand, the complete absence of a deficit for any type of goods or services, overcoming anomalies associated with the acquisition of goods and services (the presence of queues).

Of course, ensuring in practice the conditions for exceeding supply over demand will require additional costs associated with the storage of inventory in the sphere of circulation. The emergence and development of commodity-money relations in the sphere of labor and employment also entail an increase in the costs associated with the purchase and sale of labor. The growth in the volume of costs per unit of finished products in the market conditions is also associated with increased competition between business entities, with difficulties in marketing finished products, the development of advertising and sales activities and intermediary operations, including financial and speculative transactions. One cannot dismiss the important fact that the development of market relations and entrepreneurial activities contribute to the expansion of the range, the emergence of new, previously non-existent types of services, which leads to an increase in the volume of service activities and a corresponding increase in the share in the price of goods.

The second, no less significant factor is the growth of real incomes and the increase in the level and quality of life of the population. In the years of independence, real incomes of the population have sharply increased, and the level and quality of his life have risen.

More detailed information about this with an appropriate analysis of factual material will be discussed in the subsequent chapters of the monograph. With the growth of real incomes of the population, saturation of the satisfaction of the physiological needs of people, needs for material goods, having a proprietary form, a part of effective demand gradually shifts to intangible goods, i.e. for services. In addition, not just for services, but for high-quality services. In other words, the demand grows not only for quantitative, volumetric parameters of services, but for also, for what is very important, for their qualitative parameters.

The latter entails the need to increase public costs (labor, natural, material) to develop and expand the network of enterprises that provide various types of services, to increase staffing in order to create maximum convenience for the consumer. The predominant

principle here is the principle that "the consumer should have the opportunity to receive the service provided then and on the place where and where it is convenient for him".

2. THEORETICAL ANALYSES

To make theoretical basis for the author's model of influence of quality of services for the living standard of the population we have done critical analyses of existing interpretation of level and quality of life, which allowed us to define morphology of the category "quality of life" and discover the essence of ideas of its components (Illustration 1).

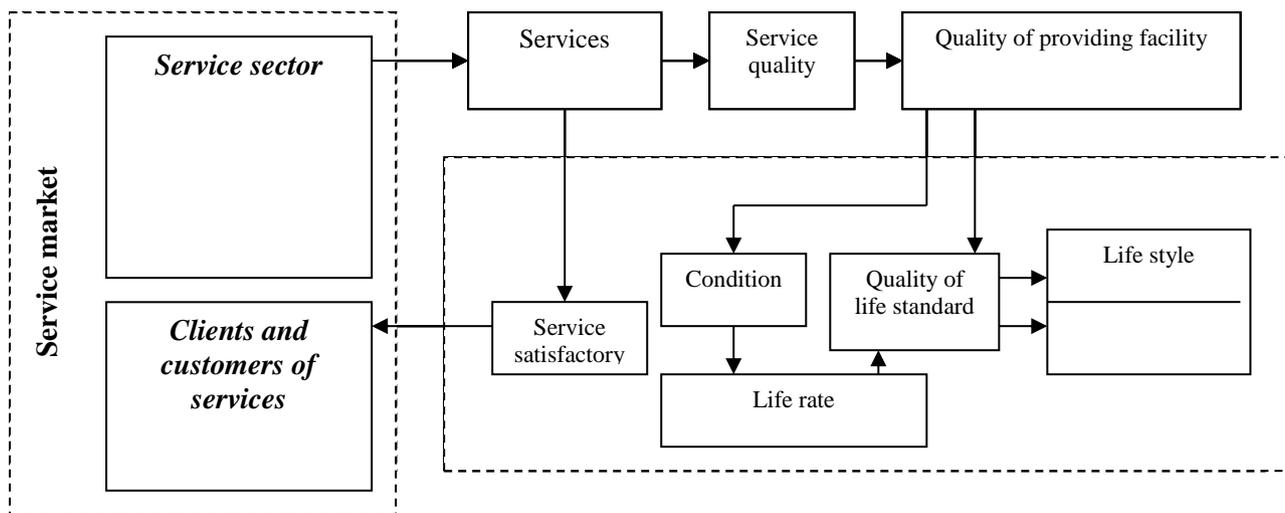


Illustration 1. Model of influence of quality of services for increasing quality.

Source: made by author.

The basis for formation of author's position is made through the thesis that the level of population's life is objective basis and the main first step of quality of life of the population. That is why the level and quality of life cannot be discussed as a part and a whole, as form and contents. These categories must be discussed as characteristics of one object that is life, but quality – from the positions of its diversity, formation of style and form of life from the point of view of financial basis which is the result of consumption of goods leading to form the level of wellbeing.

The level of life in opposition to quality of life depends on volume of monetary income, the level of its correct distribution, purchasing power of the population and volume of consumption of goods that is goods and services. Quality of life in difference to level of life embraces all spheres of life of the society and has two sides: objective and subjective. Criteria of objective value of quality of life are their consequence to norms of consumption. Nevertheless, demands themselves are strictly individual, degree of their satisfaction is not fixed by any statistical figures, they are practically in minds of a man, and consequently in his private opinions, values, and this defines the subjectivity of value of quality of life.

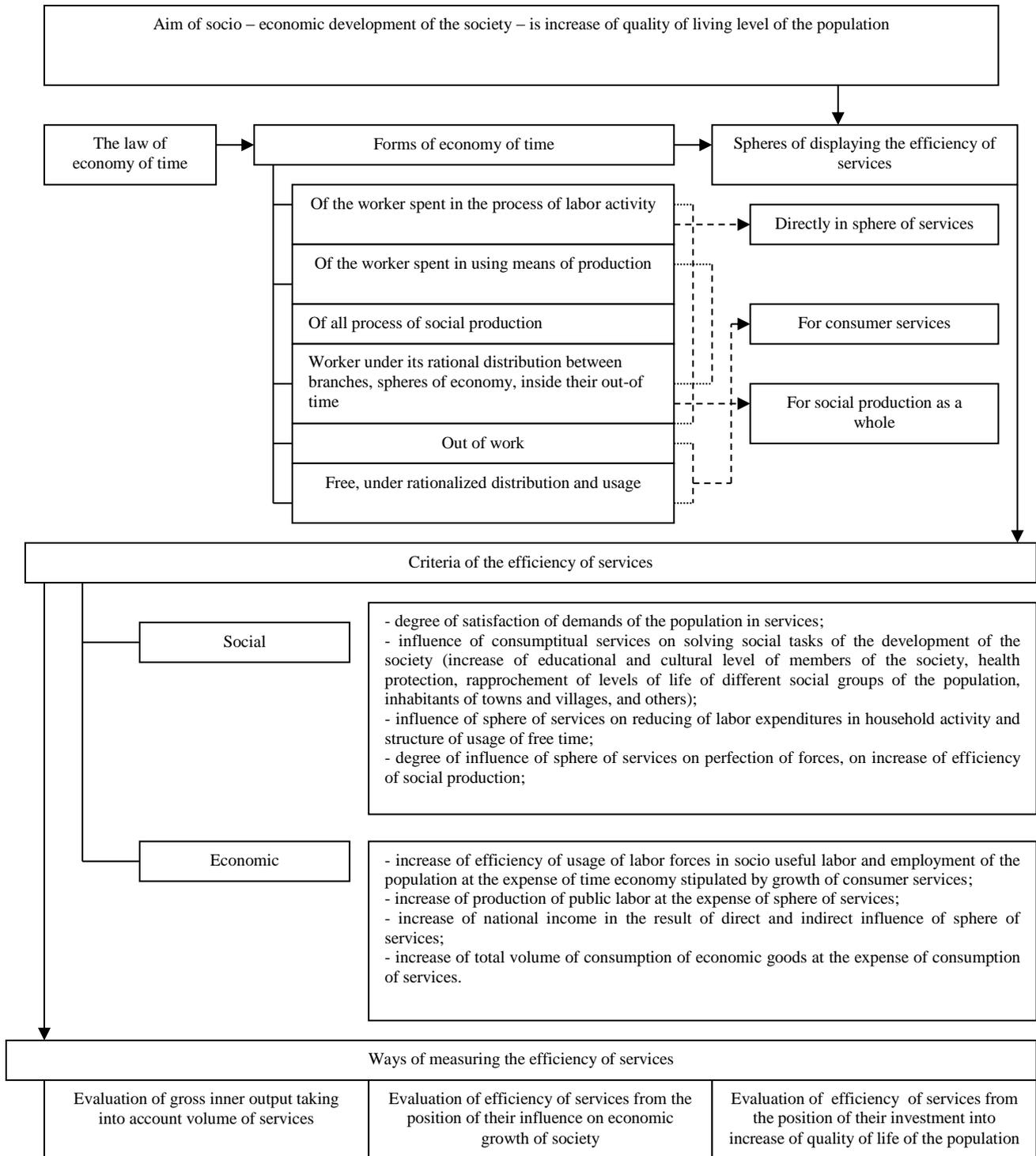


Illustration 2. Scheme of formation of methodological approach to investigation of efficiency of services proceeding from manifestation of the law of economy of time.

Source: made by author

We stand out different elements of quality of life, which include quality of a man, sphere of living, organization of society, consumption, social sphere, and infrastructure. Out of these to our opinion, a special attention must be given to quality of consumption. This will make it possible to give a base of the dependence of consumption in the sphere of services to the way and style of life as a quality of life. Through consumption, a man is a member of society, demonstrating his own role in some position in society. Besides what is very important is that consumption must give the feeling of satisfaction, of correctness of his choice and prestige.

Style and way of life determine the model of consumption, character of consumer activity, structure of consumer and other qualitative characteristics, which prove correlation of sphere of services, gives a man possibility of choice of goods for consumption, which coincide with individual style and way of life.

On the one hand, sphere of services gives a man possibility of choice of goods for consumption that coincide with individual style and way of life. On the other hand chosen models of behavior, style and way of life of a man form the structure of consumed by him services and needs in their receiving.

Just these circumstances make it possible to examine quality of life through it's formation under the influence of services of given quality which answers the man's imagination.

Elaboration of methodological basis of influence of sphere of services for quality of life is based on a traditional scheme of formation of any methodology: laws, principles, functions, methods and models.

Economic laws, which give the base to influence of the sphere of services for the life of the population, include realization, offers, demand, deprecating leveled usefulness, economy of time, substitution, monetary circulation, competition, decreasing return.

Traditionally valuation of the efficiency is made based on summarizing of expenditures and results.

We suggest methodological aspect to investigate the efficiency of services, which reflects the law of economy of time in the process of production and realization of services (Illustration 2).

For the consumers of services their efficiency is defined through the economy of out of work and free time through realization of its distribution and usage.

On the other hand, for the sphere of services – through the economy of working time that was paid in the process of labor as well as through realization of its distribution in the sphere of services itself as well as in correlated with its spheres of economy. As for the public production as a whole it is through the economy of working (labor) time in all its kinds.

3. ECONOMIC CONDITION OF UZBEKISTAN

Economic equality of the population is impossible in the conditions of market economy. Economic freedom on the one side gives to members of the society equal rights and possibility in increasing the quality of life. On the other hand, it limits the degree of realization of these rights and chances in connection with different economic activity, different abilities to work and individual demands.

This dialect contradiction gives basis to economic contradiction of the population which is the result of two differences: private incomes and size of private property, level and quality of education, private labor achievements, age and physiological distinctions, material wellbeing and as well as the level of consumption of goods and services defined by the level of purchasing abilities of population's incomes.

Taking into consideration all these facts, we accounted different methodological positions of valuation of differentiation of quality of the population in the result of which we came to optional level, which gives balance between interests of the workable population in the results of their activity and the guarantees of some level of consumption of goods. In this case, we speak about the result achieved and which is not lower than any given level.

We summarized basic approaches to investigations of differentiation of quality of life taking into account the meaning of concrete principles of the state policy in the field of quality of life, which coincide with different models of wellbeing: equality of level of population's life, equality in using goods given by society.

- Traditional: social stratification of society according to level and quality of life, formal distribution of level of life by rate of economic growth;
- Market: creation of conditions for development of economic activity of high standards of consumption, objective none quality of the life of the population of different social groups.

Correlation of different forms of quality based on individual satisfaction of consumers of services depending on achieved level of life is put into the basis of investigation of quality of services.

We formed summarized criteria to valuation of the quality of services and this means providing socially necessary quality that defines consumer qualities of services giving maximum satisfaction to consumer of the society having productive usage of given resources. In connection with these criteria, we produced figures and methods of valuation, giving analyses to basic models of evaluation of the satisfaction of consumers in quality of services and goods.

We have made three important methodological conclusions:

- Quality of services from the position of their influence on quality of life must be discussed wider than the characteristic of the service itself.

Touching the process of services, the service itself involves subject of evaluation of environment, defining the stuff of components of the quality of life as a whole: infrastructure, sphere of living, consumption itself and even a man as a subject of formation of his demands in services.

- Evaluation of quality of services supposes connection by the consumer the level of private writings of quality of life with the level of his own perception of quality defined by quality of the sphere of life and the quality of service itself including quality of services. Coincidence with the result of getting service defines the level of life and its divergence in its turn forms the image under the influence of society, mentality, level of life and other factors.
- Evaluation of quality of services by consumer cannot be put into the result of services. Giving this evaluation, we must take into account quality of the process of services.

In another words result of services and the process of services are indissoluble unity of two sides of the meaning “quality of services” which defines quality of consumption as a component of quality of life.

4. EFFECTS AND IMPORTANCE OF SERVICE SECTOR ON LIFE STANDARD. CASE OF UZBEKISTAN

The special importance of the service sector and the need to increase its share in GDP in Uzbekistan in the context of the formation of a socially-oriented market economy are determined by a number of circumstances.

In the beginning, the expansion and development of the service sector contributes to the increase in national income - the main source for increasing investment in human development. Suffice it to say that in 2015, more than half of GDP growth (54.5%) is due to increased production of services.

Besides this, the development of the service sector contributes to solving the problems of unemployment and employment, creating new jobs, which is of particular importance for Uzbekistan with a surplus economy. Moreover, the transition to a market system of management entailed the intensive use of all factors of production, including labor. The growth of labor productivity, due to the need for rational use of labor in a market economy, naturally led to a reduction in the number of employees in the sphere of material production.

Because of growth in labor productivity in agricultural production, the share of workers employed in this sector in the total number of employed in the economy fell from 41.9% in 1991 to 27.7% in 2015. In the conditions of the formation of a market economy and the growing competition between economic entities of different forms of ownership, their financial condition and economic well-being depends primary on the effectiveness of using limited and expensive resources. This can be achieved only with a high level of productivity of both living and materialized labor.

Followingly, the magnitude of income depends on the state and pace of development of the service sector, and consequently the level of material well-being of that part of the population that works in this sphere. Business and entrepreneurial activities bring in considerable income. The private sector strives to cover the most efficient and highly profitable parts of the services market. In certain branches of the service sector (trade, public catering, etc.), it occupies a dominant position. Therefore, along with wages, an important source of income employed in the service sector is entrepreneurial income.

Furthermore, the development of the service sector is the determining factor in ensuring a decent quality of life for the population. The world civilization shows that the low quality and lack of services, the lack of modern services negatively affect human life, create a real threat to dissatisfaction with the quality of life, reduce the life expectancy of people. On the contrary, the high quality and variety of services has a beneficial effect on the health and mood of people, increases the productivity of workers, reduces the cost of consumption, increases leisure time, improves leisure time. A steady trend of improving the quality of services and the level of service is manifested not only in the growth of demand, but also in support services in traditional sectors, for example, in public health, trade, public catering, and in the emergence and development of completely new, previously unknown types of high-tech services.

New types of information services, especially Internet communications, mobile phones and other achievements of science and technology provide a very favorable impact on human life and production and economic processes. As the development of scientific and technological progress, the release and sale of complex household appliances and other household items, the need for their repair and maintenance by professionals with advanced knowledge in this area increases.

5. CONCLUSION

In this article author analyzed the trend of development of services in Uzbekistan, discussed the factors that led to the development of services and presented a proposal for the further development of this sector. It should be noted that the stable growth of the service sector, in turn, has a decisive impact on the level of employment of the population. In the recent years, the service sector covers about 45-48% of those employed in the economy of the population. The structural analysis of employment in the service sector showed, that the largest share is occupied by socially important sectors, such as education, culture, art and science, trade and public catering, health and so on.

To ensure further accelerated development of the service sector, creation of a modern market of services, formation of rational structure production and consumption of services, to improve the level and quality of the life of the population in Uzbekistan, the Service Development Program for 2016-2020, within which currently detailed measures to ensure the fulfillment of tasks. In our opinion, rigorous implementation of this program will not only ensure balanced development and diversification of activities enterprises in this sphere, but also to increase competitiveness and the quality of the services they provide.

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