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PROSPECTS FOR MEETING POPULATION NEEDS THROUGH THE DEVELOPMENT OF THE SERVICE SECTOR

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Abstract: this article examines the prospects for meeting population needs through the development of the service sector from an economic perspective. In the modern economy, the service sector acts as a key driver of economic growth, contributing to improved living standards, employment expansion, and social well-being. The study analyzes structural transformations in the service market, the expansion of innovative service types, and the role of digitalization in satisfying population needs. Particular attention is given to the efficient use of human capital and the achievement of regional economic balance through service sector development. The research findings contribute to the formulation of strategic directions for the sustainable development of the service economy.

Keywords: service sector, population needs, service economy, employment, human capital.

Introduction

In the context of global economic transformation, the service sector has become one of the key drivers of sustainable economic growth and social development. Modern economies increasingly rely on services as a mechanism for improving living standards, expanding employment opportunities, and ensuring effective satisfaction of population needs. The transition from an industrial to a service-oriented economy reflects structural changes characterized by the growing role of knowledge, innovation, and human capital.

In Uzbekistan, the development of the service sector has been identified as a strategic priority of socio-economic policy aimed at improving the quality of life and increasing household income. The “Development Strategy of New Uzbekistan for 2022–2026” emphasizes the expansion of modern services, digital transformation, and entrepreneurship support as essential factors for meeting population needs and ensuring inclusive economic growth. In

particular, the strategy highlights the importance of diversifying service activities and increasing their share in gross domestic product through institutional reforms and infrastructure modernization.

Furthermore, the Presidential Decree “On measures for accelerated development of the service sector” establishes mechanisms for stimulating private initiative, expanding market-based services, and improving accessibility of social and household services across regions. These reforms aim to reduce regional disparities and create new employment opportunities, especially in labor-intensive service industries.

The increasing demand for high-quality services is also closely linked with demographic and social transformations. Urbanization, digitalization, and changes in consumption patterns require the formation of flexible service systems capable of responding to diverse population needs. In this regard, the Concept for the Development of the Service Sector in Uzbekistan focuses on enhancing service quality, supporting innovation, and improving institutional efficiency as fundamental conditions for sustainable development.

Literature review

From the perspective of international economic research, Matthess analyzes the relationship between digitalization and structural transformation in developing economies, arguing that modern services significantly contribute to economic diversification and improved accessibility of services for households. The author demonstrates that digital service platforms reduce transaction costs, expand labor market participation, and enhance consumer welfare through improved service availability. This approach confirms that the development of knowledge-intensive services plays a crucial role in satisfying evolving population needs in the digital economy [1].

Within the CIS research tradition, Kudrin and Gurvich examine structural economic changes in post-transition economies and underline the growing importance of the service sector as a stabilizing component of economic systems. Their findings show that expanding service industries contributes not only to employment generation but also to social adaptation under demographic changes, particularly population ageing. The authors stress that service-sector modernization improves institutional efficiency and supports balanced regional development, which is essential for maintaining social stability in emerging economies.

In Uzbek economic scholarship, K.Abdurakhmanov investigates the role of service-sector development in increasing employment and improving living standards in Uzbekistan. The study highlights that diversification of service activities, support for small entrepreneurship, and regional expansion of household services significantly enhance income opportunities and

accessibility of essential services. The author concludes that the service economy serves as an important instrument for improving population welfare and strengthening human capital utilization under national development reforms [3].

Methodology of research

This study applies a comprehensive methodological approach to examine the prospects for meeting population needs through the development of the service sector. The research framework combines theoretical analysis, statistical evaluation, and comparative economic methods to assess the relationship between service-sector expansion and socio-economic welfare indicators.

Despite significant progress, challenges remain in ensuring balanced regional development, improving service quality standards, and increasing the efficiency of resource allocation. Therefore, scientific analysis of the prospects for meeting population needs through service sector development becomes particularly relevant. This study aims to explore theoretical and practical approaches to strengthening the role of the service economy in improving social welfare and economic resilience.

In the conditions of a modern market economy, the service sector is emerging as one of the strategic drivers of economic growth. Global experience shows that at the post-industrial stage of economic development, the service sector occupies a leading share in gross domestic product and plays an important role in ensuring employment, social stability, and public welfare. Today, in developed countries, the share of services exceeds 60–70 percent of GDP, which confirms the priority importance of the service economy.

The processes of globalization and digital transformation are leading to qualitative changes in the service sector, expanding opportunities to meet the population's daily, social, cultural, and intellectual needs. In this regard, the development of the service sector is becoming an important direction not only of economic policy but also of social policy.

The service sector represents a set of economic activities aimed at satisfying the material and non-material needs of the population, including trade, transport, communications, finance, education, healthcare, tourism, information technologies, and social services.

The main characteristics of the service sector include:

– high labor intensity and strong potential for job creation;

– territorial dependence and close proximity to consumers;

– rapid adaptability to innovations;

– direct impact on human capital development.

According to World Bank data, the expansion of the service sector

strengthens economic diversification, increases production efficiency, and contributes to reducing income inequality.

The level of population needs is closely linked to economic development. Along with rising incomes, demand for quality education, healthcare services, financial services, digital platforms, and cultural and recreational activities is also increasing. This process not only improves the quality of life of the population but also leads to the formation of new segments in the service market.

According to United Nations studies, the development of the service sector has a direct impact on the growth of the Human Development Index and contributes to strengthening social inclusion.

In particular, expanding social and healthcare services for the population above working age is of special importance. This contributes to social protection of this group, supports a healthy lifestyle, and promotes active longevity. According to data from the International Labour Organization, the development of social services is a key factor in increasing the economic and social activity of older populations.

At the current stage, the development of the service sector is being implemented along the following key directions:

Digitalization. E-government, online banking services, distance education, and telemedicine are significantly expanding public access to services. Digital technologies improve service quality and efficiency while reducing transaction costs.

Support for entrepreneurship. Small businesses and private entrepreneurship are becoming the main driving forces of the service market. The scope of services can be expanded through preferential loans, tax incentives, and the development of business infrastructure.

Development of regional service infrastructure. Establishing service facilities in rural and remote areas makes it possible to reduce regional development disparities and ensure equal access to services for the population.

Introduction of quality standards. Service quality is becoming a key criterion of competitiveness, strengthening consumer confidence.

Socio-economic effects of the service sector. The rapid development of the service sector leads to the following outcomes:

– sustainable growth of gross domestic product;
– creation of new jobs;
– increase in real household incomes;
– reduction in poverty levels;
– development of human capital.

As a result of these processes, the service sector is becoming a strategic

industry that ensures not only economic growth but also social stability.

A service is a process of living or material labor that affects a person, their property, or the surrounding environment. It is provided on a paid or unpaid basis and aims to satisfy the needs of individuals, specific groups of people, or society as a whole. The main connotative meaning of the term “service” lies in its characteristic of bringing benefit to the target subject of the action.

For the purposes of managing service production and delivery processes, it is constructive to define a service as the result of interaction between the service provider (executor) and the consumer within the framework of “services aimed at satisfying consumer needs”.

Unlike a service, “service (servis)” represents a comprehensive system of service provision in society carried out by a producer or intermediary, enabling consumers to obtain maximum satisfaction from their emerging needs. Service may be characterized as service provision without services, services combined with service provision, or service provision treated as a service itself.

L. P. Malyuk and A. M. Varipayev consider serviceology as an independent scientific discipline and propose the following definition:

“Serviceology is a science of material and non-material services based on the theory of human needs, forming principles and methods for satisfying these needs”.

According to these researchers, “this definition clearly reflects the specific nature of service, which lies in its presence as a service-providing component across other important social spheres (culture, economy, education, religion), while at the same time emerging and functioning as an independent phenomenon governed by its own internal laws. The fundamental principle of service is its orientation toward satisfying needs in full scope and at the expected level of quality”.

Accordingly, the object of serviceology is the human being and their needs, while its subject is the methods and approaches for identifying and shaping the complex of physiological, social, and spiritual needs, as well as the process of satisfying these needs through the service sector. The methodological foundations of serviceology include studying the core complex of needs, their classification principles, examining the historical development of needs theory, and analyzing the modern “need–motivation–activity” paradigm across various natural and humanitarian fields of knowledge.

V. V. Glushenko and I. I. Glushenko They regard serviceology as a modern scientific discipline and a structural element of naukology. The science concerned with the creation of scientific knowledge, practical competencies, and technologies encompasses a complex of scientific problems, including

philosophy, ideology, politics, motivations, methods, tools, the development of innovative types of services and technologies, their circulation and delivery, as well as methods for assessing the financial outcomes of these activities and the impact of the service sector on the development of the state, economy, and society. We define this as the general theory of services.

From a gnoseological perspective, serviceology may be defined as a methodology for studying, analyzing, and managing ways of solving scientific and practical problems related to the challenges facing the service sector in the modern economy and society. The scientific method, object, subject, functions, and roles of the general theory of services are defined as follows:

"The set of tools, principles, and methods that ensure objective understanding of scientific processes and the socio-economic outcomes of designing, creating, circulating, providing, modernizing, and implementing service technologies is referred to in serviceology as the scientific method".

The functions of serviceology (from the Italian funzione, meaning "to perform") consist in achieving results within this discipline across the geopolitical, political, social, economic, technological, and ecological subsystems of the state, as well as within the global economy and society.

The problem of distinguishing a specific method for studying needs in serviceology has not yet received a sufficiently developed methodological solution, although it widely employs research methods developed in other scientific fields and domains. These methods make it possible to approximately estimate the balance of needs characteristic of an individual, a social group, or society. Therefore, in terms of its methods, serviceology is close to sociology, where the most commonly used research approach is the preference method. This method is based on an individual's choice of a particular object or type of activity within a designed projective situation.

Since the degree of clarity of needs is not always sufficiently precise, several specifying types of the preference method are distinguished.

The first type of the preference method involves measuring needs by assessing the distribution of monetary expenditures on activities related to need satisfaction. This approach draws on the utilitarian paradigm popular in the nineteenth century; however, it does not fully capture higher spiritual human needs, as individuals may sacrifice material well-being to satisfy such needs. Nevertheless, this type is widely applied in economics and marketing, including services marketing.

The second type of the preference method measures needs through the allocation of time budgets, that is, by evaluating the amount of time spent on activities associated with satisfying a particular need. This type is more universal and became widespread in the mid-twentieth century; it is used in

sociological research, although difficulties arise in defining and delimiting leisure time.

In psychology, a method known as the obstructive technique is applied. In studies conducted on animals, this method measures the physical and nervous efforts expended by the research subject to overcome all obstacles separating it from satisfying a particular need. This method has proven effective in studying animal needs and human physiological needs; however, it cannot be mechanically transferred to the study of complex higher human needs, since satisfying such needs involves a complex of motivations that are difficult to formalize and delimit. So, in our opinions service sector development hierarchy introduce the following concepts:

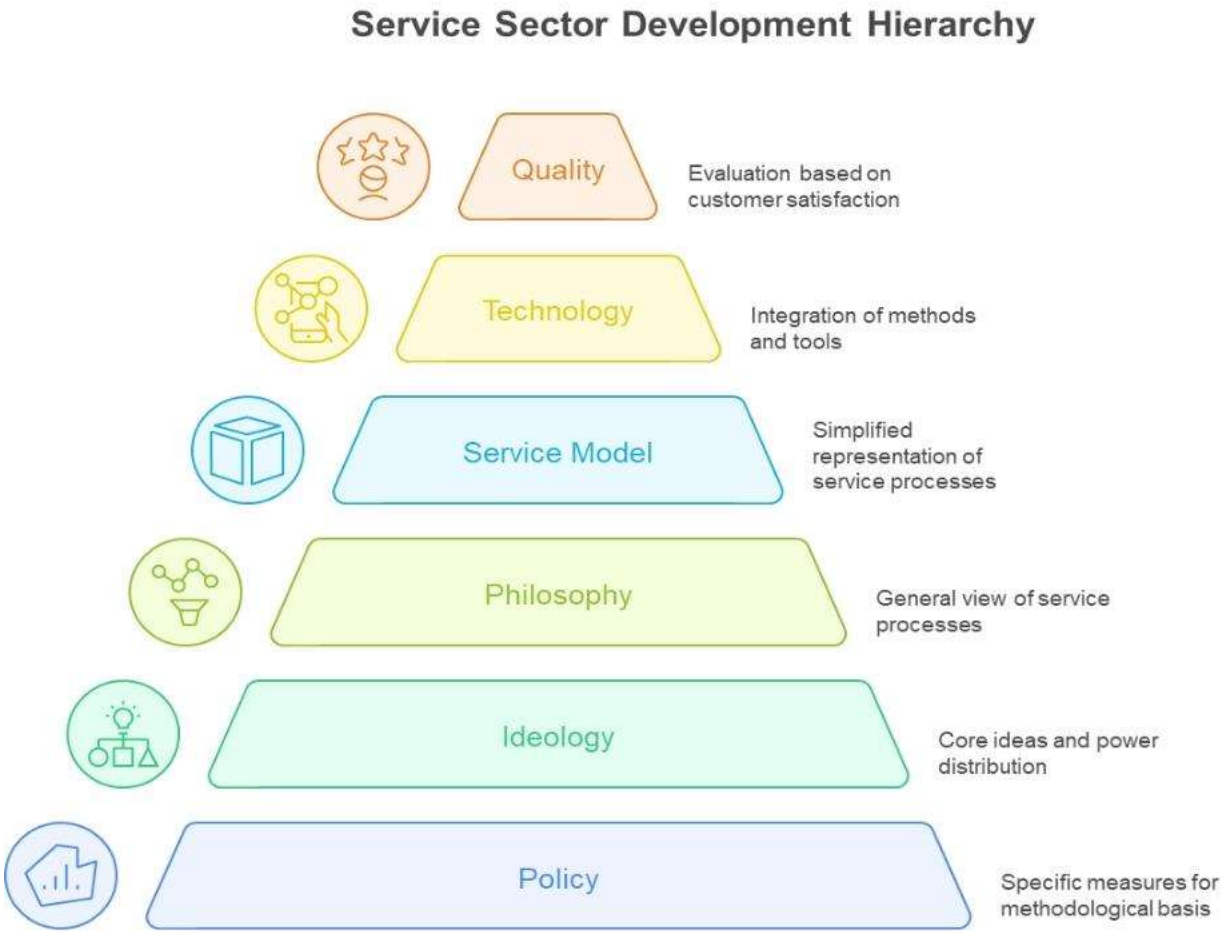


Figure 1. Factors Influencing Service Provision

Development of the service sector refers to the creation of new services and service types, expansion and formation of new markets, and improvement of service quality.

The paradigm of service sector development represents a systematic integration of the philosophy, ideology, and policy of service sector development.

The philosophy of service sector development reflects the most general view of the processes and outcomes of designing new services and service types, as well as expanding and creating new markets.

The ideology of service sector development includes, first, the core idea of such development and, second, the distribution of power within this development process.

The paradigm for forming the methodological foundation of service sector development is a systematic integration of philosophy, ideology, and policy aimed at establishing the scientific basis for service sector development.

The philosophy of forming the methodological foundation of service sector development represents the most general view of the process of developing the general theory of services and its significance for sustainable development and reducing risks in service sector growth.

The ideology of forming the methodological foundation of service sector development encompasses the core idea of developing serviceology as an advanced general theory of services, including the distribution of personal and/or institutional authority within this process.

The policy of forming the methodological foundation of service sector development is a set of specific measures aimed at establishing the methodological basis for service sector development.

A service model is a simplified, possibly typical and formalized representation of service provision processes, designed for the purposes of service process design, quality assessment, and service management.

Service delivery technology is a systematic integration of methods, technical tools, and personnel competencies required to provide services of a specified quality.

Service quality is evaluated across various systems; however, the primary criterion of service quality remains the subjective indicator of customer satisfaction.

Conclusion

The study confirms that the development of the service sector plays a decisive role in meeting population needs and ensuring sustainable socio-economic growth in modern economies. The transformation toward a service-oriented economic structure reflects not only structural changes in production but also evolving patterns of consumption, employment, and social welfare. The findings demonstrate that the expansion of services contributes to improving living standards through increased accessibility of essential services,

diversification of employment opportunities, and more efficient utilization of human capital.

The analysis shows that service-sector development enhances economic resilience by creating flexible labor market conditions and supporting inclusive growth. In particular, modern services based on digital technologies significantly reduce transaction costs, expand access to markets, and improve service delivery efficiency. As a result, the service economy becomes an important mechanism for balancing economic growth with social development objectives.

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