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## FACTORS AFFECTING THE ECONOMIC DEVELOPMENT OF THE SERVICE SECTOR IN SMALL SCALE BUSINESS AND PRIVATE ENTREPRENEURSHIP

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### Annotation

Changes in economic conditions today lead to a change in the basic characteristics of entrepreneurship, an assessment of the position of business in the socio-economic development of the society, which is especially important for enterprises in the service sector. According to traditional taxonomy, the economy consists of three main sectors, namely agriculture, industry and service sectors. The agricultural sector consists mainly of farming, livestock, forestry and Fisheries. The industrial sector consists of mining, construction and small and large production.

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So all the rest of the economic activity belongs to the sphere of Service. These include activities related to the provision of services for the agricultural sector, water, electricity and gas supply, transport and communications, wholesale and retail trade, finance and insurance, business and personal services, as well as social services. Services can usually be divided into two types, namely traditional and new services. Traditional services include household services, fine dining, and hotel services. New services usually include services related to communication, business and legal practice, research and education.

Services are often considered intangible, invisible and quickly disruptive, since they require closeness between the provider (hotels, restaurants, hairdressers) and the consumer. Trade in these services is often considered a necessary condition of international transactions as a decisive factor for the mobility of factors. Therefore, the sale of many services is directly related to foreign investment and the movement of workers. Of course, it is possible to come up with examples of services that are permanent in international trade, namely natural supplements of trade in goods, in particular: finance, insurance, road and sea. There are also services where individual exchanges are carried out on an international scale, such as computers and information services, communications, architectural designs, etc., which can be.

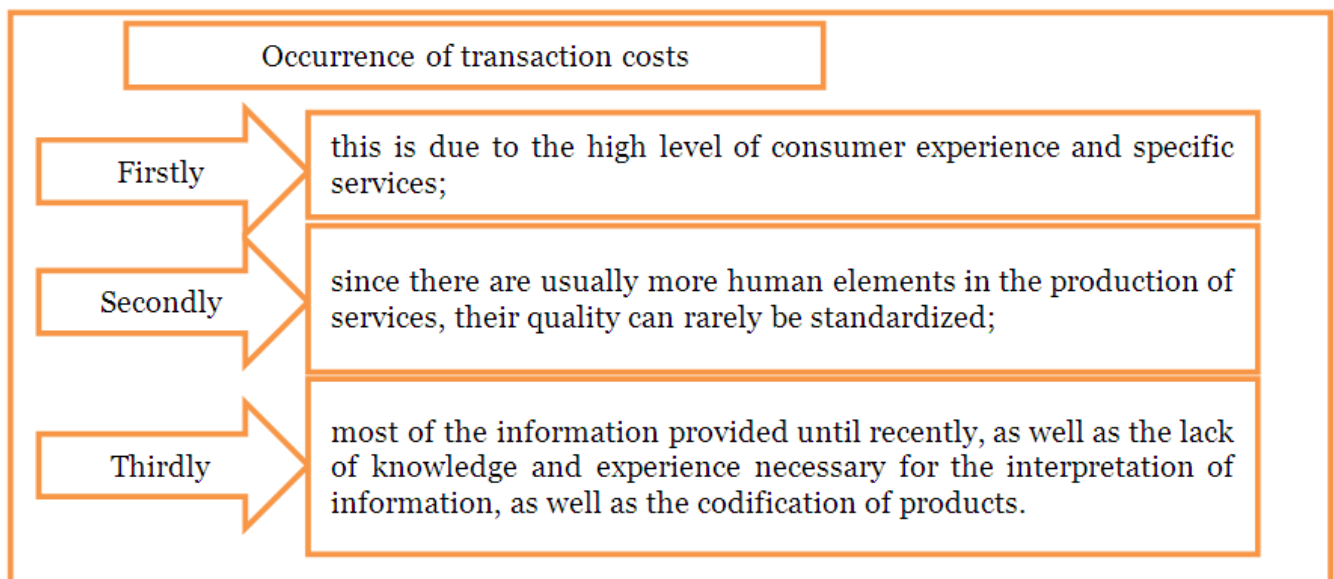
On the other hand, large segments of the services economy, ranging from hotels and restaurants to personal services, are not traded internationally. And this led to a general idea that the provision of services across borders, services can not be traded at all. Services play an important role in most countries regardless of the level of economic development. They account for the predominant share of gross domestic product in the growing, developed countries.

Despite the fact that the pandemic that occurred in 2020 year had its impact on the world economy, it is possible to conclude from the initial available circumstances that countries with a high percentage of services in GDP suffered more damage. For that matter. The economy is the highest narrow-among 10 countries, the largest share of services in the United States of America is more than 77 percent; in Great Britain - 71 %, in France – 70%. The share of services in the GDP of Russia was higher than in China (52%) and India (49%), and reached 54%.

In most economies of the world, there is a tendency to shift employment from commodity production sectors (agriculture and industry) to service sectors. This is well documented in all industrialized (OECD) countries where detailed and long-term data are available. As for the economies of developing countries, the data are usually available for a year or two.

The dependent situation occurs in the areas of service, which are practically non-existent in international trade, but constitute a large part of domestic products and employment. Here it is possible to distinguish two categories of services. First of all, these utilities (water and energy distribution, postal and telecommunications, some social services) and retail and wholesale trade. Together, they have the largest share of GDP and employment in most countries. Their absence in international trade can be partly explained by the need to produce and consume them at the same time, as well as by the lack of technical capabilities of cross-border trade, or in part by the fact that they do not allow international competition. As a result of most of these industries being regulated by governments, virtually no trade can develop.

Secondly, there are some business services (for example, professional, computer and advisory services) that have a significant impact on the domestic economy, but have a disproportionate small office in international trade. The demand for many business services is structured on the basis of local culture and can hardly be satisfied by external suppliers. In addition, the delivery of international services is often much more complicated and more expensive than the produced tables. Thus, higher transaction costs occur (figure 1).



1-picture. Occurrence of transaction costs in the service sector

If we stop for the third reason listed in Figure 1, then to date, the provision of this type of services was expensive, and personal communication was necessary. Now, the use of such services in the conditions of digitization of the economy in the country is not profitable for every subject.

Of course, many such reasons can be cited, including the fact that the service business organization is a system in which buyers interact, bringing them to the international market involves a much more

perfect organizational structure and attracting high-quality personnel than many production networks. As a result, the changes in the enterprises that are planning services to be exported are usually more complicated than with the export of tokens.

Also, the low level of internationalization of business services is associated with the fact that enterprises are not encouraged to develop international activities. This is due to the fact that in many areas services are provided by small, private, family organizations (for example, shops, as well as services of consultants, doctors, engineers). Their main goal is to maximize the profit of the owner, so as not to increase the volume of production and market share. It should be said that due to the small volume of production, marketing and other activities, these opportunities are nevertheless limited.

The features of the services mentioned above come up with significant problems in the proper evaluation of the value of services sales. Probably, therefore, their share in world trade was poorly estimated. It is worth noting that in this regard, first of all, there are difficulties with the registration of crossing the border, since the service is intangible and invisible. Data on the study of this activity are collected through systems based on bank accounts, foreign exchange control (which rarely provides information about service operations in this regard) or market surveys (usually incomplete).

It is more difficult because the services are often closely related to the goods: either in their composition (for example, computer programs) or in support of their sale (for example, advertising companies), and it is impossible to evaluate them separately. Some export operations will never be recognized. In particular, it is customary to sell services to non-residents who are temporarily abroad.

The second set of problems is related to the comparability and reliability of the data. The data is not comparable in broad coverage, detail or internationally. Countries use different statistical systems and tariffs of service sectors. For example, what is registered as a transport service in one economy can be written off on the account of tourist expenses in another. This leads to the emergence of enormous bilateral and multilateral irregularities in the trade. In some cases, information about service activities, mainly business services, is not collected. Significant irregularities also occur as a result of international offshore, since diversified entities do not always record the electronic operations carried out within the organization.

The reliability of service statistics is limited by the fact that many types of services are carried out. In addition, since services are often provided by small businesses and private business entities, they can hide some of the profits because the accounting rules are not so strict.

In this regard, the general agreement on trade in services (GATS) has introduced new needs for information that corresponds to the accepted definition of trade in services. GATS defines four modes of delivery of services:

- 1) cross-border trade (the service is transferred from the manufacturer in one country to the consumer in another country),
- 2) consumption abroad (the buyer consumes the service in the producing country),
- 3) commercial presence (services delivered through foreign branches or short-term commercial operations),
- 4) the presence of individuals (the manufacturer carries out the service in the country of the consumer).

Such a definition goes beyond the traditional balance of payments statistics, and it only covers transactions between residents and non-residents. Information on the services provided by individuals is partially covered by the statistics of sales, sales of computer and construction services, wages of employees and the balance of payment of workers' remittances. In this will belong to the last two categories not only services, but also all sectors of the economy. The growth in sales of services recorded in statistics is partly due to a good assessment of international trade in this area.

From the above comments, one of the conditions for the development of the service sector in our country can be noted that the economic potential of the country is an indicator of growth and increasing competitiveness of the national economy. The analysis shows that currently, the service sector in Uzbekistan is rapidly developing in relation to the real sector of the economy. This is manifested in the link between the sphere of services in small businesses, increasing the welfare and income of the population, as well as the development of the market with the sphere of services in the conditions of structural changes in the national economy, taking into account the global trends in the world economy.

The research carried out shows that the need to increase its share in the economy from the point of view of the formation of a socially oriented market economy in Uzbekistan is determined by a number of conditions, including:

- the growth and development of the service sector allows for sustainable economic growth and increased competitiveness of the national economy;
- the development of the sphere will help to solve the issues of employment at the national and regional levels.
- the dynamics of the development of the service network depends on the growth rate of the total income of the population, which in turn changes both the market scale and the industrial structure;
- over time, there will be a change in the market in the service sector, which will later lead to the emergence of the concept of the economy of the service sector;
- in any case, the modern economy, which constantly develops the services of the population, remains an important condition for ensuring the quality of life of the population.

From the findings of the study, it is found that the most important problems hindering the improvement of the quality of services is the inadequacy of competitive relations in the market and the restriction of the growth of tariffs as well as the reduction of administrative barriers to new organizational structures. The sphere of service is one of the promising spheres of the economy of the regions of the country, and its development in the first place affects the employment of the population in the non-productive sphere and the quality of human capital, as well as the introduction of modern technologies into production.

Thus, taking into account the main trends in the dynamics of the service sector in the national economy, it should be noted that the main condition for their formation and implementation is the need for sustainable development of the country's economy, which is reflected in the dynamics of key macroeconomic indicators. The result of the generalization of the research and local experience in the service sector will serve as the basis for the formulation of key trends in the development of the service sector at the present stage of economic development.

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