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THE ESSENCE OF THE SERVICES MARKET IN REGIONAL ENTREPRENEURSHIP

Mahmudova Nozimaxon Baxriddinxonovna,
Namangan State Technical University, PhD
presentutor@gmail.com, +998972318800

Abstract: *This article discusses the fact that today services constitute an important component of the development of our country and local regions, the integrated services market covers a wide range of relations related to the provision of household, educational, medical, technical, municipal, cultural, communication, transport, consulting, engineering, leasing and other services to the population, and the essence of the services market in regional entrepreneurship.*

Keywords: *regional entrepreneurship, service market, specific characteristics of services, concept of service provision, integrated service market, business entities*

INTRODUCTION

The service sector is simultaneously an economic and a social domain. Its economic nature is manifested in the fact that a significant portion of the country's Gross Domestic Product (GDP) is generated within this sector. Its social nature lies in the fact that the vast majority of its activities are directed toward improving human life, enhancing public welfare, and creating favorable living conditions.

Today, the organizational-economic mechanism formed within the service sector of our republic lacks the capacity to organize full control and management of operations within the services market. In this regard, the Decree “On the Development Strategy of New Uzbekistan for 2022-2026” places particular emphasis on further improving the urbanization policy to improve the living conditions of the population in the regions, taking measures to transform the cities of Samarkand and Namangan into future 'cities of a million people', increasing the volume of services by 3 times over the next 5 years through the development of the service and hospitality sectors in the regions, and creating a total of 3.5 million new jobs in this direction, reducing the share of the shadow economy in the service sector by 3 times, and providing additional incentives to entrepreneurial entities in the sector in order to increase the attractiveness of the service industry.

Due to its diversity and prominent role in both the economy and the daily lives of people, the service sector can generate job opportunities rapidly and cost-effectively. Furthermore, the growth of household incomes is heavily contingent upon the development of the service sector.

LITERATURE REVIEW

Philip Kotler, widely considered one of the founding fathers of marketing theory, defined the concept of service as follows: “A service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. At the same time, services are often executed in connection with physical products or can serve to add value to them.” Based on this assertion, differentiating between goods and services can occasionally prove difficult. It is standard practice to identify four distinctive characteristics of services: intangibility, inseparability from the provider, perishability, and variability in quality. The unique nature of services lies in their complexity, as well as the impossibility of their storage, transportation, and post-purchase

inspection. The services market develops in accordance with the laws of a market economy, constituting an integral component of the general commodity market. This necessitates a distinct approach to satisfying business and marketing needs.

In defining the concept of service provision, primary attention must be directed toward the contextual substance of the term "service." Specifically, the five-volume Explanatory Dictionary of the Uzbek Language defines the term service as "rendering benefit to someone through assistance or the provision of aid." From this perspective, service provision is interpreted as an activity explicitly oriented toward a specific need or demand. By conducting a profound theoretical analysis of the service sector and its significance within the economy, the following scientific definition can be formulated: A service is a type of conscious economic activity directed by individuals, labor collectives, regions, the state, or society toward satisfying specific needs and aimed at delivering a particular benefit or utility. This definition allows for a more profound understanding of the position occupied by service activities within the economy, as well as their socio-economic essence.

RESEARCH METHODOLOGY

The research process utilized methods such as systems analysis, statistical observation, statistical aggregation and grouping, average values, time series analysis, correlation and regression analysis, econometric modeling, and forecasting.

ANALYSIS AND RESULTS

The traditional concept of services defines them as activities performed by one individual for another. However, this represents only a fraction of the broad spectrum of services. Their intensity varies significantly, ranging from automated processes such as car washes or banking services to highly staff-dependent services. The intensity of service delivery increases when highly qualified specialists are involved or when services are rendered directly at the customer's location.

Furthermore, services can be classified according to the level of customer relations. In cases where not only technical proficiency but also interpersonal communication skills are required, training personnel in the field of interpersonal relations becomes a necessity. Many firms operating in the service sector make a mistake by disregarding this preparation. They must realize that equipment repair technicians, automechanics, and other service workers need to function just like sales representatives and specialists who respond to complaints on the spot. They also serve as the firm's sole point of contact with the customer. By synthesizing these presented points, the definition given above can be fully substantiated theoretically. Indeed, as a structural component of the economy, the service sector can be noted to possess the following primary distinctive characteristics:

- unlike material products, services are invisible and imperceptible (intangible) economic goods, and service entities frequently operate as individual physical persons;
- entities providing services possess unique and individualized characteristics, and typically, it is impossible to separate the service production process from the person rendering it or to transfer it independently to another;
- services do not manifest as physical objects in the buying and selling process, and service quality is variable, meaning that the service of one individual can be of varying quality across different periods;
- it is impossible to store services as inventory, and likewise, it is impossible to transport the service itself from one location to another independently of its owner; it can only be consumed during the process of the service being rendered;
- the production and consumption of a service occur simultaneously, during which the service provider and the consumer entities can be directly together within the service process, and so forth.

The consumer goods and services markets share similarities in that they are both oriented toward satisfying the needs of the population. In developed countries, 65–70% of the economically active population is employed within these service market sectors, making a substantial contribution to the economy. Currently, the services market possesses immense prospects within both the Republic

of Uzbekistan and the territory of the Namangan region (Figure 1).

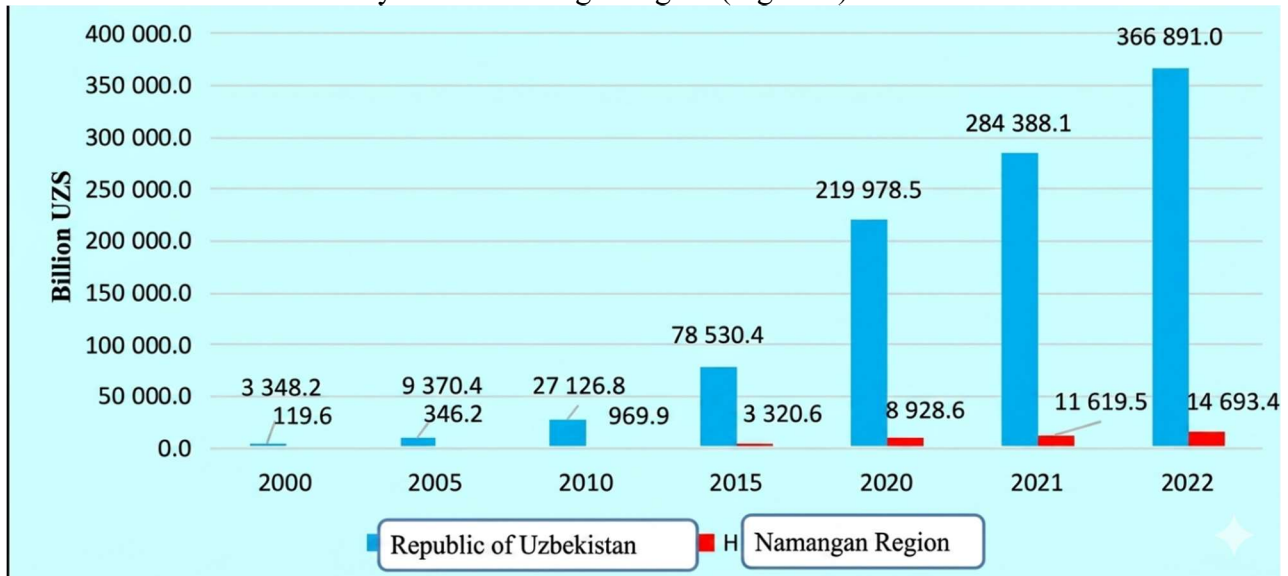


Figure 1. Dynamics of changes in the volume of services rendered across the Republic of Uzbekistan and the Namangan region for 2000–2022

In addition to classical characteristics, services today also constitute essential structural components for the development of our country and local territories. The integrated services market encompasses a wide range of relationships associated with the provision of household, educational, medical, technical, communal, cultural, communication, transport, consulting, engineering, leasing, and other services to the population. A variety of branches and institutions operate within this sphere.

The share of the service sector in the Gross Domestic Product of the Republic of Uzbekistan has been increasing from year to year. Based on the data presented in Figure 1.4, while it was equal to 2,097.4 billion UZS in 2000, by 2022 this indicator increased by 363,542.8 billion UZS compared to 2000; similarly, in the Namangan region, it grew by 14,573.8 billion UZS, amounting to 366,891.0 billion UZS and 14,693.4 billion UZS, respectively. As emphasized above, the analysis demonstrates that the service sector is simultaneously an economic and a social domain, whereby its economic nature is reflected in its creation as a component of the country's Gross Domestic Product, and its social nature lies in the fact that the vast majority of it is directed toward improving human life and making living conditions more convenient.

There is a significant diversity among services, and the less intangible they are, the closer their marketing aligns with product marketing. For highly intangible services, quality can only be evaluated after they are rendered, which complicates maintaining a consistent level of service. Conversely, services involving the rental and utilization of goods require tangible objects and possess a more physical nature, allowing marketing to be executed in a manner similar to selling commodities.

Providers offering services can possess varying levels of qualification, a circumstance that determines both the quality of the services and the level of consumer exigency toward them. Many customers rely on strict criteria when selecting high-quality services, which allows highly qualified specialists to establish competitive advantages within market conditions. For low-skilled services, consumers tend to be relatively flexible in their choices due to the frequent availability of numerous alternative options. At the same time, the orientation of services marketing can vary depending on regional characteristics, traditions, and the influence of local culture. Consequently, while in certain instances service activities are oriented toward generating profit for commercial purposes, in other cases, they may be organized in a non-commercial form.

The services market constitutes a critical structural component of the economic system, encompassing the activities of three primary types of economic agents: citizens (households), the state, and enterprises. The legal aspects of the services market are generally determined by the personal and proprietary participation of the founders, the organizational process, and the

composition of the enterprise's constitutive documents. These aspects define the fundamental characteristics of enterprise operations within the service sector, namely the objectives of their establishment, forms of ownership, the composition of founders, the rights and obligations of market participants, and the property rights of the enterprise.

Depending on the nature of the interacting entities, the concepts of wholesale and retail trade apply to the services market just as they do to the commodity market. In retail trade, citizens primarily act as purchasers, whereas organizations and institutions function as sellers. In wholesale trade, the procurement of agricultural products by the state occupies a distinct position. Here, the state acts as the primary buyer, while the sellers consist of farmers, private, cooperative, and state enterprises.

The classifications of markets are highly numerous, and the services market is categorized accordingly. Based on the characteristics of the products bought and sold, markets are divided into types such as the consumer goods and services market, the means of production and labor (resource) market, the currency market and stock exchanges, and the market for scientific and technological innovations and developments.

The services market plays a pivotal role in ensuring the provision of commodities and services necessary to satisfy the demands and needs of the population. To ensure the proportional operation of the services market and the sectors rendering services to the population, their regulation becomes imperative. This process encompasses administrative-legal methods (laws, regulatory acts) and economic mechanisms (contracts, budgets, taxes, prices), as well as a series of plans and programs.

Service enterprises can be classified based on indicators such as their commodity specialization, form of service provision, functional characteristics, price level, composition of the consumers served, and geographic location. Achieving the efficient and sustainable development of service enterprises is difficult without implementing a comprehensive set of measures aimed at improving the legal environment in which they conduct their financial and economic activities. At the foundation of a market economy lies a system of rights and obligations governing specific entities of entrepreneurial activity.

These entities must operate independently and resolve their challenges within the framework of laws and regulations. Global experience in market commerce demonstrates that contemporary market relations in any country are regulated by state legislation. Currently, there is an intensifying movement toward the development of entrepreneurship by the state, a transformation in the organizational form of relations between state agencies and private business entities, and an optimal convergence of state and market regulatory mechanisms.

In general terms, the functions of state regulation can include establishing the legal basis for organizing entrepreneurial activities and protecting their rights, limiting administrative interference in enterprise operations, creating a healthy competitive environment, stimulating entrepreneurship, ensuring commodity-money and budgetary equilibrium through financial, tax, and investment policies, combating monopolies, ensuring compliance with labor legislation, and regulating foreign economic activity.

Contemporary forms and methods of state regulation of economic relations are continuously improving and evolving. Today, a trend toward utilizing economic-legal mechanisms rather than traditional administrative management methods is being observed in the process of regulating economic relations within the service sector.

Under market conditions, as buyers purchase necessary goods, they participate in property relations regulated by the rules of civil legislation during the use of services provided by service enterprises. All legislative acts can be divided into laws and regulatory acts based on their legal force. Derived from the research results, it is worth emphasizing that in order to prevent stratification across the country's regions, a series of tasks must be implemented to develop the provision of quality services to the population of not only urban but also rural areas. These include:

- creating a competitive environment among entrepreneurial entities engaged in service provision in rural areas and ensuring the implementation of proper pricing policies and strategies;
- ensuring the coordination of interaction between entrepreneurs and regional divisions of the

Chamber of Commerce and Industry in matters of identifying domestic and foreign partners, conducting negotiations, and concluding contracts to form commodity resources for regional entrepreneurial entities engaged in service provision;

- organizing the extensive utilization of services from consulting firms that are specialized and sufficiently qualified in business development marketing services - including the services of the Chamber of Commerce and Industry - for regional entrepreneurial entities engaged in service provision;

- ensuring the organization of seminars and training courses to enhance the qualifications of regional entrepreneurial entities engaged in service provision regarding information technologies and advanced trade technologies;

- providing practical assistance in organizing the acquisition of new technologies and equipment to develop the material and technical base of entrepreneurial entities engaged in service provision within the regions.

Under the conditions of a contemporary economy, the interactions between service enterprises and local manufacturing enterprises are continuously evolving and improving. These cooperation mechanisms are expanding particularly to increase the production volume of high-quality and competitive consumer goods, diversify the product assortment, and strengthen efficient linkages between the manufacturing and service sectors. Another critical dimension of these cooperation mechanisms is promoting the production of competitive finished products by launching local goods and services into foreign markets, facilitating the technological modernization of manufacturing enterprises, and re-equipping production processes with modern technical means.

Under the conditions of innovative economic development, the proper organizational-economic formulation of the regional service sector is acquiring significant importance. Adapting the development of this sector to the conditions of the services market serves to enhance the quality and efficiency of service provision. Appropriately establishing the organization of labor activities within the regional service sector contributes to mitigating a series of socio-economic problems on a national economic scale. The aforementioned points and considerations hold substantial importance in ensuring the efficiency of the service sector. However, reforms within our country's economic policy aimed at increasing the weight of services necessitate the further development of these service industries.

CONCLUSIONS

In general, taking into account the diversity of the services market, developing the following directions holds significant importance for increasing the share of services in the country's economy: expanding retail services, automotive and household appliance repair, passenger and freight transportation services, educational and consulting services, household services, medical and healthcare services, banking and financial services - including deposit operations, securities and real estate transactions, insurance services - as well as other types of modern services. Ensuring the effective development of these services and their widespread provision to the public can achieve a significant increase in the share of the service sector within the structure of Gross Domestic Product. This, in turn, creates the necessary conditions for strengthening the country's economic stability and further improving the standard of living and welfare of the population.

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