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Ways to Increase Population Welfare Through Development of The Service Sector

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Abstract: This article is devoted to studying ways to increase the well-being of the population and reduce poverty through the development of the service sector. Today, the service sector is an integral part of economic development and serves as an important source of growth for many countries. The article examines the main factors affecting the development of the service sector, including education, infrastructure, investments and the qualification of the workforce. The impact of the sector on the lifestyle of the population, especially on social support for the poor, is also discussed. Issues such as the creation of new jobs through the development of the service sector, achieving social welfare, improving the quality of education and health services are analyzed.

Keywords: Service Sector, Population Well-Being, Poverty Reduction, Economic Development, Job Creation, Social Protection, Infrastructure, International Experience, Investments in The Service Sector, Innovations and Technologies

1. Introduction

The service sector is one of the most important sectors of the modern economy. In recent years, the service sector has become one of the main factors of economic growth and social stability in many developed and developing countries of the world. Through the service sector, it is possible to improve the living standards of the population, create new jobs, develop social services such as healthcare and education. Such development plays an important role in reducing poverty and increasing social well-being.

In accordance with the Decree of the President of the Republic of Uzbekistan No. PF-158 dated September 11, 2023, the goal "Increasingly developing the service sector in the regions" under the serial number 59 of the STRATEGY "UZBEKISTAN — 2030" includes the following performance indicators for the goals to be achieved by 2030:

- Increase the volume of services by 3 times through the development of service sectors in the regions.
- Develop modern market services, IT, education, medicine, legal, art, tourism, hotel and catering, and transport services in medium and large cities and districts with a population of more than 300 thousand.
- Develop trade, household, recreation, and entertainment services by auctioning 233 thousand vacant land plots on densely populated streets with the necessary infrastructure based on urban development projects.

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- d. Create 36 thousand trade and service facilities by organizing central streets specializing in service provision in medium and large urban centers.
- e. Build 6 thousand trade and service facilities in the "New Uzbekistan" massifs and along international highways.
- f. Attracting leading project organizations to transform markets into modern, convenient shopping complexes that meet all security requirements [1].

The development of the service sector not only ensures economic efficiency, but also creates various opportunities for the general public. Issues such as meeting the needs of the population, improving the quality of services, introducing new technologies and training a qualified workforce have a direct impact on economic stability. Therefore, the development of the service sector is an urgent and necessary task, especially in terms of poverty reduction and increasing social well-being.

This article analyzes the role of the service sector in increasing the well-being of the population and reducing poverty, and considers the main ways and methods of developing the sector. The goal is to help to better understand the importance of the service sector in the social and economic spheres.

Currently, 30 percent of the total poor population in the world live in urban areas, 70 percent live in rural areas [2].

Therefore, in the context of globalization, economic measures taken to reduce the number of poor and underprivileged people are of great importance. The share of the poor population in Uzbekistan is expected to reach 14% of the total population in 2023 [3]. Based on this, the fundamental goal of the reforms being implemented in the new Uzbekistan is to reliably protect the interests of people and increase their standard of living and quality of life by providing them with jobs. For these purposes, the issue of employing the population, creating new jobs, and improving the quality of life and well-being is relevant today.

In order to reduce poverty in the new Uzbekistan, comprehensive measures are being implemented to comprehensively support sectors of the economy, attract investment, provide incentives to business entities, and increase employment. "Creating new jobs, raising the living standards of rural residents to the level of urban residents" Important tasks have been set. The decree "On measures to radically renew the state policy for economic development and poverty reduction" is a programmatic framework for the implementation of work in this area. This decree can be considered the first document that set out the tasks of improving the standard and quality of life of the population in the regions, in particular, reducing poverty [4].

Analysis of literature on the topic. Research work aimed at reducing poverty can be found in the scientific works of many foreign scientists. In particular, A. Smith, T. Malthus, D. Ricardo, J. Proudhon, K. Marx, F. Engels and others several scholars have described it in their works [5]. Scottish economist and moral philosopher, one of the founders of economic theory as a science, the founder of classical political economy A. Smith, "Describing the market economy system, the scientist argued that it is precisely the entrepreneur's desire to achieve his own personal interests, regardless of his will and consciousness, that leads to the achievement of economic benefits and benefits for society as a whole [6].

The main condition for achieving such results is the requirement for the implementation and guarantee of basic economic freedoms by all business entities: freedom to choose the field of activity, freedom to make decisions, freedom of competition and freedom of trade," says the economist and philosopher. In the 19th century, the teachings of A. Smith became the basis of the concept of economic liberalism and non-interference of the state in economic processes. A. Smith's ideas were also developed in the works of D. Ricardo and K. Marx and had a significant impact on many political trends. [7].

2. Materials and Methods

The main objective of this study is to study ways to increase the well-being of the population and reduce poverty through the development of the service sector. The first stage of the study is to analyze the theoretical literature on the service sector and its economic and social significance. At this stage, existing scientific works, articles and statistical data on the growth trends of the service sector, its impact on the economic development of countries, as well as its role in poverty reduction were analyzed.

The second stage of the study compared the experiences of different countries in increasing well-being and reducing poverty through the development of the service sector. For this, the experience of developed and developing countries was studied, and their policies, innovations and their results for the development of the service sector were analyzed [8].

Based on the results of the study, recommendations will be developed to increase the well-being of the population and reduce poverty through the development of the service sector. These recommendations were proposed as guidelines for the formation of economic policy, improving the quality of social services, and strategic measures to be implemented by state bodies [9].

3. Results and Discussion

One of the indicators of the economic development and social policy of each country, reflecting the standard of living of its population, is related to the level of poverty. The use of effective mechanisms to reduce this indicator and the implementation of a rational policy are considered to be constantly relevant. In order to regulate this problem, a number of regulatory and legal acts have been adopted: In particular, Resolution No. PQ-4653 of March 26, 2020 "On the organization of the activities of the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan and its system organizations" was adopted. In accordance with this resolution, the Ministry of Economy and Industry of Uzbekistan was reorganized as the Ministry of Economic Development and Poverty Reduction. Currently, in this direction, it is necessary to create a systematic, that is, permanent source of income for the poor; develop human capital based on the needs of the time; Measures are being implemented through effective mechanisms such as direct support [10].

The model of social development is largely determined by the nature of economic development. The main problem of any economy is the formation of an effective system of reproduction, the creation of appropriate ratios between sectors. This, of course, requires constant restructuring of the national economy. It is necessary to move away from the traditional source of economic growth and prosperity - raw materials - to a structure that creates added value. Because the model of development based on raw materials is exhausting its potential as extensive development.

According to the UN definition, poverty is a lack of income and resources necessary for a person to live, in addition, hunger and malnutrition, the presence of restrictions in access to health, education or other basic services, lack of housing, living in a dangerous natural and man-made environment, and in conditions of social inequality (from the UN "High-level World Summit on Social Protection") [11].

Poverty is a lack of choices and opportunities throughout a person's life, the presence of obstacles to full participation in society, in addition, the lack of opportunities to feed and clothe a family, receive education or treatment in a hospital, engage in any sector or provide income-generating work, and limited access to credit. Poverty is also considered to be a social limitation, helplessness and helplessness of individuals, households and communities in the face of risks (from the "Poverty Measurement Manual" of the United Nations Economic Commission for Europe, New York, Geneva, 2017). In addition, in order to increase the coverage of practical mechanisms for poverty reduction, the use of three

main tools widely used in world practice to create a permanent source of income for poor families has been expanded [12].

The first tool: in order to form initial capital to create a permanent source of income for the poor, subsidies are being provided for membership fees of individuals involved in cooperatives in the fields of household development, agriculture, crafts and other areas, and for employers who hire with the referral of labor authorities. In addition, the Entrepreneurship Support Fund is providing compensation and guarantees for the interest on bank loans taken by poor families wishing to engage in entrepreneurial activities [13].

The second tool: in order to improve the quality of human capital, monocenters are being provided to train the unemployed and unskilled population in various professions, incentive subsidies are being provided aimed at restoring and expanding the tradition of mentor-apprenticeship. Training of the poor population based on the "World skills" standards is being organized, and the participation of non-governmental organizations in this process is being expanded. In addition, training courses aimed at developing entrepreneurial skills are being organized by the Higher School of Business and Entrepreneurship and its regional branches for residents who wish to engage in entrepreneurial activities [14].

The third tool: direct material and non-material assistance to poor families, including exemption from fees for preschool educational organizations for their children, and assistance in providing free seasonal clothing for children studying at school [15].

Table 1. State Roles in Poverty Reduction

No	Social, economic and political state tasks of poverty reduction		
	Social	Economic	Political
1	Launching vocational training courses	Creating quality jobs	Guaranteeing freedom of information
2	Enriching the education system with modern technologies	Promoting innovation	Developing diplomatic relations with developed countries on multilateral migration
3	Providing preferential loans for housing in urban areas	Raising wages	Strengthening legal and regulatory systems
4	Affordable medical care for the poor	Expanding the volume of preferential loans for entrepreneurs	Ensuring exchange of innovations with developed countries
5	Increasing the scope of benefits for using public transport	Preferential mortgage loans for specific segments of the population	Ensuring freedom of expression

The Table 1 above factors make the well-being of the population the most important criterion for assessing the effectiveness of state socio-economic policy [16], and it is no exaggeration to say that increasing the well-being of the population is the main reason for socio-economic development [17]. The concept of "well-being of the population" in its modern interpretation is a broad concept that applies to all aspects of human activity [18].

The main reason for the existence of large differences in income inequality stems from the very characteristics of the economy based on the market system [19]. In our republic, the transition to a market economy also exacerbates the problem of income inequality. Here, the main role begins to be played by the factor of ownership of property - housing, real estate, shares (and others) [20], [21], [22].

Based on data provided by the Samarkand Regional Department of Statistics, the following table provides an indicator of factors affecting the well-being of some populations [23]:

Table 2. Composition of indicators affecting the well-being of the population in Samarkand region in 2020-2024 (billion soums)

No	Sector name	2020	2021	2022	2023	2024	2020-2024 growth rate in years (%)
1	Gross regional product	39.0505	43.8347	52.8936	61.6277	74.1153	89.79
2	Industrial production	15.7836	18.3834	22.8343	29.1886	32.6768	104
3	Consumer goods	8.7453	11.836	14.3819	9.8966	10.4157	19.6
4	Agriculture, forestry and fisheries	29.2947	33.7594	40.3296	42.0889	51.2164	76
5	Fixed capital investment	10.2667	14.6564	15.6416	18.9171	26.5846	165

The table 2 shows that the income and well-being of the population in Uzbekistan are increasing year by year. For example, the volume of gross regional product alone in 2020 was 39,050.5 billion soums, while forecasts indicate that this indicator will reach 74,115.3 billion soums by 2024 [24], [25], [26]. In addition, another figure that has an important impact on the well-being of the population is the volume of industrial products, which in 2020 amounted to 15,783.6 billion soums, while this indicator will reach 32,676.8 billion soums by 2024.

The sector of small business and private entrepreneurship is one of the important factors in filling our domestic market with competitive and high-quality products, providing employment to the population and, at the same time, achieving their decent income, increasing their well-being, and ensuring the formation and strengthening of the property class, which is considered the socio-political support and foundation of our society [27]. If we look at the issue more broadly, the labor market not only expresses the interaction of supply and demand for labor and the formation of the value of labor paid for labor on this basis, but also a set of phenomena associated with the level of development of a person as a person, an increase in the quality of work, a change in the specific characteristics of the labor force, and the emergence of its new qualities [28].

4. Conclusion

The current stage of economic reforms in Uzbekistan is characterized by the development of small business and private entrepreneurship, giving it broad economic freedom. In this regard, special attention is currently being paid to the development of small business and private entrepreneurship in our country. Because the issue of developing small business and private entrepreneurship is considered a strategic task of our state's economic policy, a factor in increasing the well-being of the population.

In conclusion, entrepreneurship plays an important role in Uzbekistan's worthy entry into the world economic community. Because many business analysts and researchers believe that in the 21st century, small business and private entrepreneurship have become a dynamic part of the economy in many countries and are the foundation of the national economy. In other words, it is the main basis for the successful development

and prosperity of any state and is recognized as the backbone of the economy in a market economy. Therefore, the growth rates of gross national product depend crucially on them, and the level of well-being of the population also depends on how developed it is.

The above considerations show that timely and successful resolution of urgent issues of small business and private entrepreneurship development at all the indicated levels will further increase the effectiveness of the processes of reform and modernization of our country's economy, further accelerate its socio-economic development.

The following conclusions based on the identified econometric models indicate that the forecast indicators calculated for the short term show that in the near future the number of employed people in the economy will have a tendency to grow depending on changes in the indicators of the factors affecting it.

Based on the analysis of the factors affecting population employment, we believe that in order to increase the level of employment of labor resources in the labor market of our country, we need to work in the following areas:

- a. Firstly, to increase the number of new jobs by increasing the volume of investments in fixed capital attracted to the economy based on sectors and industries, as well as a territorial approach.
- b. Secondly, to plan the amount of the working-age population that is added to the population of working age annually due to natural population growth to the most optimal level by changing the directions of demographic policies implemented at the regional and national levels.
- c. Thirdly, to increase the number of enterprises whose number of jobs is brought to an optimal level by optimizing the volume of production (services) of enterprises (organizations, institutions) operating in sectors and areas of the economy based on the current economic situation.
- d. Fourthly, to stabilize the consumer price index (inflation rate), which directly affects the level of effective employment of the population, by increasing the effectiveness of state anti-inflation measures (targeting, etc.) and preventing its sharp increase.
- e. Fifthly, to bring the level of migration balance to an optimal level by legally regulating migration processes and establishing agreements (quotas) on labor migration with foreign countries based on the optimal limits of the migration balance.
- f. Sixth, increase the nominal wage of the population in proportion to the inflation rate and the size of the consumer basket.
- g. Seventh, continuously increase its share in employment through the sustainable formation of new jobs by further improving the conditions for the development of small business, private and family entrepreneurship.

The development of the service sector plays an important role in increasing the well-being of the population and reducing poverty. The growth of this sector allows for economic stability, the creation of new jobs, improving the quality of social services, and providing the population with the necessary resources. The service sector, in particular, through such areas as education, healthcare, tourism, transport, and information technologies, makes a significant contribution to economic and social development.

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