



THE ROLE OF THE SERVICE SECTOR IN A POST-INDUSTRIAL SOCIETY:  
ECONOMIC AND SOCIAL FUNCTIONS"

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**Abstract:** this article examines the significance of the service sector in the modern economy and post-industrial society. It analyzes the concepts of “service” and “service sector,” highlighting the main economic and social functions of the sector. Economic functions include the creation of added value, provision of services to production processes, and reproduction of the workforce. Social functions involve employment of the population, effective organization of leisure time, and meeting various service needs. The article also evaluates the development prospects of the service sector in Uzbekistan and its potential to become a leading sector in a post-industrial society.

**Keywords:** Service sector, Post-industrial society, Economic functions, Social functions, GDP, Market economy, Employment

Based on the topic under study, it is first necessary to understand the essence of the concepts of “service” and “service sector.” Theoretical research shows that scientific literature provides several approaches to defining these concepts. Before analyzing the functions and specific characteristics of the service sector, it is essential to clarify the meaning of these terms.

In the explanatory dictionary of the Uzbek language, the term “service” is defined as “service, work, labor, assistance, support.” However, the concept of the “service sector” is not directly defined in this dictionary. In the dictionary of economic terms, the “service sector” is described as “sectors of social production aimed at creating non-material consumer values.” While this definition emphasizes that services are intangible, it does not specify whose needs the services are intended to meet.

In contrast, the Great Russian Encyclopedia defines the “service sector” as “the part of the economy encompassing all types of commercial and non-commercial services, generalized as the repeated production of various services provided by enterprises, organizations, and individuals.” This definition is more precise, noting that the service sector is a structural part of the economy, involves the repeated production of diverse services, and serves as a generalizing concept encompassing multiple components of the sector. However, it still does not clarify which population or groups the services aim to serve.

We propose the following definition: “The service sector is a systematized set of economic industries that produce intangible goods and services, creating conditions and conveniences for the population’s daily life and consumption needs, as well as for production, without producing material objects.”

The service sector, as the tertiary sector of the economy, performs several important functions. Some literature identifies the following functions: repeated production, socio-communicative, smoothing inequalities, stratification, and integration. However, this approach does not fully reflect the role and specific functions of the sector in a modern economy or its importance in shaping a post-industrial society.



According to another source, it is more appropriate to classify the functions of the service sector into economic and social categories. This source identifies three economic and four social functions.

**1. Economic functions:**

- Providing services to the production of material goods;
- Reproduction of the workforce (e.g., services of educational institutions);
- Production of durable goods for long-term services or restoration of their lost consumption value, creating additional material wealth (performed by household service establishments).

**2. Social functions:**

- Meeting the population's needs for various services;
- Reducing labor costs and improving working conditions in households through utilities and household services;
- Promoting efficient use of leisure through cultural and recreational institutions;
- Ensuring state security and proper functioning of government bodies.

Dividing the functions into economic and social categories allows a more complete characterization of the sector's role in managing and developing society. However, some important functions of the service sector have been overlooked by researchers.

We consider the main economic function of the service sector to be the formation of the country's economic potential—i.e., GDP—through the production and provision of various services. In other words, the sector creates a significant amount of added value, actively participating in meeting the population's needs and generating national wealth. In Uzbekistan, the service sector accounts for 44.1% of GDP, while in developed countries it reaches up to 80%. Therefore, contributing to economic growth through the production of various services should be considered the main economic function of the sector. The other economic functions, such as providing services to material production and reproducing the workforce, are already reflected in this primary function and need not be considered independent.

Regarding social functions, we believe that the primary social function is to engage the working-age population in socially useful labor, increasing incomes and employment. Currently, 52.3% of employed people in Uzbekistan work in the service sector, whereas in developed countries this figure exceeds 80%.

The second key social function is to increase the population's leisure time. Modern civilization has led to an increase in available leisure time and a growing demand for various services. Increased disposable income also allows more freedom to choose and use leisure effectively, including sports, cultural events, travel, and hobbies.

Based on theoretical research, we conclude that the service sector performs five main functions:

1. Meeting the needs of the population and production for services;
2. Creating added value;
3. Providing employment;
4. Increasing available leisure time;
5. Enhancing the efficiency of leisure use.

The successful fulfillment of these functions is a key condition for transitioning to a higher stage of socio-economic development—a post-industrial society.

In a post-industrial society, the service sector becomes not only a leading sector of the national economy but also develops specific characteristics reflecting its growing importance.



The study identifies the features of the service sector in post-industrial societies and evaluates Uzbekistan's potential for transition.

Uzbekistan is currently undergoing a complex stage of socio-economic development as part of broad economic reforms. Future policy aims to align the country's economic potential with the aspirations of a laborious population and move closer to the level of developed countries. Creating a post-industrial society is central to Uzbekistan's macroeconomic strategy.

Analysis of international experience from advanced post-industrial economies, including the USA, Canada, and Japan, shows that countries with strong economies have specific characteristics of the service sector that allow it to dominate GDP and employment. Research indicates that in post-industrial countries, the share of services in GDP exceeds 50%, and the proportion of employment in the sector is high (Luxembourg 80.6%, USA 79.1%, UK and Singapore 72.5%, France 70.3%). In Uzbekistan, the share is currently 44.1%, indicating significant potential for development.

We conclude that the post-industrial service sector is characterized by:

- A high share of GDP generated in the sector;
- A high share of employment in the sector;
- Creation of added value and meeting the diverse needs of the population;
- Provision of conditions for improving leisure and social well-being.

The development of the service sector is a crucial factor for Uzbekistan's transition to a post-industrial society and its integration into the group of advanced economies.

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