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SERVICE SECTOR IN THE NATIONAL ECONOMY STRUCTURE: THEORETICAL AND METHODOLOGICAL ASPECT

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Introduction. The 1970s of the 20th century were marked by intensive development of the service sector in advanced countries of the world. Within this period the share of the people employed in the service sector exceeded 50% of the total number of people employed in the national economies of the USA, Great Britain, France and Japan. On the turn of the 1980-1990s the share of the tertiary sector in the GDP and in the employment structure of developed countries of the world accounted for about 65%; in developing countries it made up about 45%. This tendency is still being observed nowadays. The characteristic feature is that the service sector prevails not only in developed countries but also in countries with emerging economies as well as in countries with transitional economies. Intensive development of the service sector nation-wide and world-wide took place not only in economic practice but also was deeply investigated by scientists of numerous science branches. The expansion of the service sector characterized a new civilization level; the transition from an industrial economy to a post-industrial one was carried out. A lot of scientists defined this period as development of service economy, then – as post-service one as there is an intensive development of information technologies within this period. These periods can be interpreted in different ways but there is no doubt that the service sector is prevailing. Therefore the intention of the countries to move towards the service sector expansion is completely justified. Before the global crisis the structure of the service sector was investigated in terms of quantity but it was hardly researched in terms of quality. The crisis of 2008-2009 intensified the problems of deformation of the service sector

structure both in countries with developed economies and in countries with transitional economies. Financial services, real estate deals in the pre-crisis period prevailed in the national economy structure in countries with developed economies and their share in the service sector structure approached 70%. For countries with transitional economies, the service sector formation has its characteristic features related to the legacy of the previous economic systems, globalization impact, world financial crisis as well. Ukraine can not be an outsider and avoid the world processes influence. In order to build a balanced structure of the national economy with consideration of the contemporary civilization evolution, it is necessary to cardinaly revise the priority development directions including the service sector.

The analysis of recent researches and publications. The researches of the service sector in a transitional economy were carried out in the works of the following Ukrainian and Russian scientists: T. Borumenko, V. Gerasimchuk, B. Danilishin, M. Dolishniy, E. Zhil'tsov, V. Inosemtsev, V. Kutsenko, S. Mocherny, A. Chukhno [1-7]. The researchers investigate the methodological, theoretical and practical aspects of the service sector development. The analysis of the recent publications shows a growth of the service sector role in the national economy structure. The researches by O. Mironov, A. Panteleymonenko, N. Vedmid' and by other scientists are dedicated to study of separate aspects of the service sector [8-9]. But at the same time a lot of issues still require scientific comprehension and improvement of the methodological approaches to determination of the service sector role in the national economy structure.

Problem statement. The purpose of the article is research of the service sector for determination of its role in the national economy structure. Study

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of different methodological approaches on the basis of formal logic methods and statistical analysis will allow to ground the integral character of the service sector in national economy.

Statement of basic material. The transition from a centrally planned economy to a market economy in Ukraine was accompanied by insufficient development of the service sector. The sectoral structure of the national economy in the 90-s of the last century is characterized by prevailing development of the secondary sector (industry, construction), insignificant development of the tertiary sector (service); the share of the primary sector (agriculture and forestry) accounted for 22,4% in the GVA. The building of market relations in the economy of Ukraine demanded the development of the service sector as a basic market constituent. Service sector performs economic and social functions in the national economy, which provide its functioning. The economic functions act in the following fields: maintenance of the process of material values production;

reproduction of labor force (educational services, health care, sports, leisure, art, etc.); creation of additional values (personal services, information and telecommunication services, etc.). Social functions of the service sector include satisfaction of the population needs in social goods; providing safety and normal functioning of the personality and state; increase in the amount of spare time for individual development.

The development of the service sector in the national economy within the period of market formation was of a contradictory character. Firstly, the absence of forward development of the infrastructure industries (wholesale and retail trade, hotels and restaurants, financial agency, public utilities, social and individual services); secondly, the disparity between the needs of the population and real structure of services; thirdly, integration and disintegration processes; fourthly, the processes of globalization introduced new types of services, but hindered the development of traditional ones. This resulted in

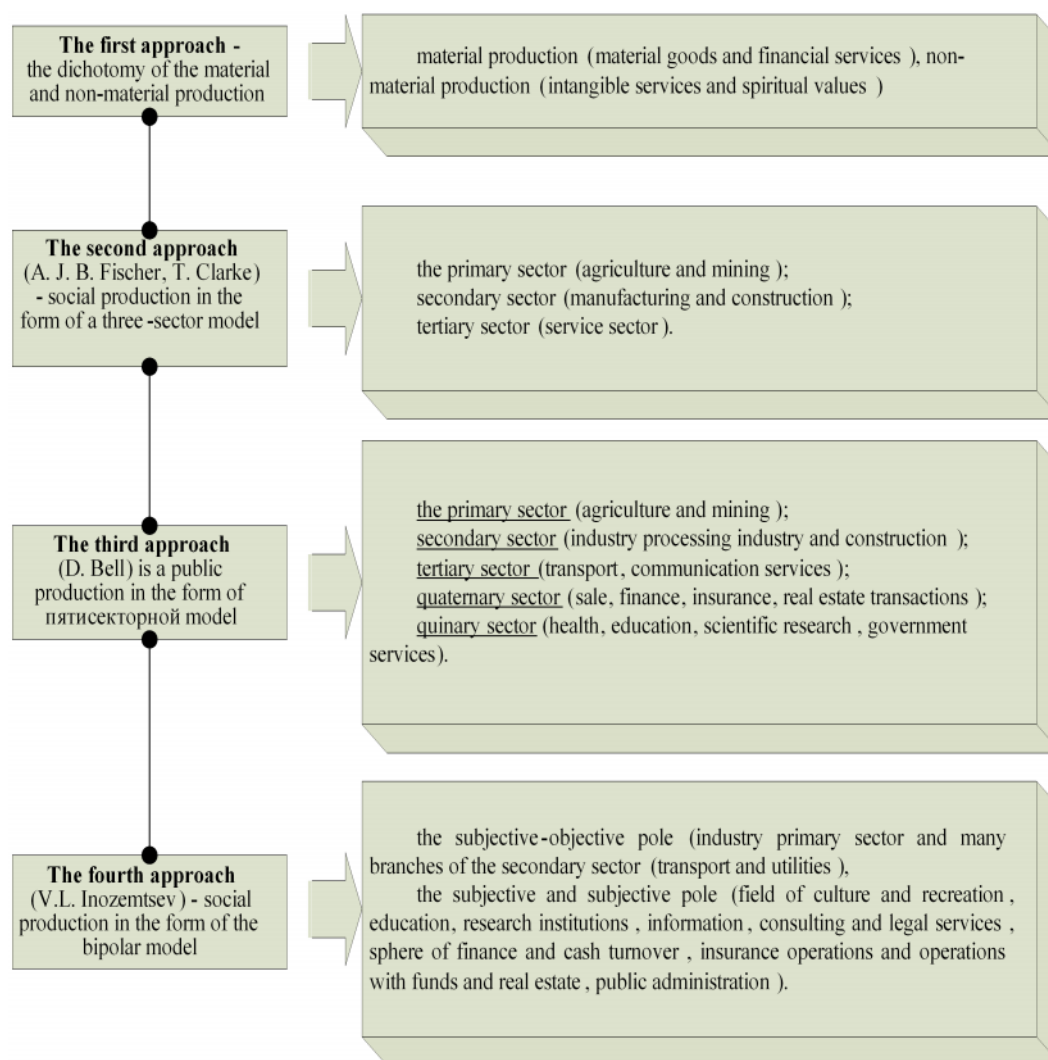


Fig. 1. The approaches to the structure of social production

Table 1. The structure of GVA (gross value added) in the context of the 3-sector model (% in the main prices)

| Country | Year | Primary sector | Secondary sector | Tertiary sector |
|---------|------|----------------|------------------|-----------------|
| Ukraine | 1991 | 22,4 | 50 | 27,6 |
| | 2001 | 16,1 | 34,2 | 49,7 |
| | 2011 | 7,7 | 21,8 | 68,5 |

imbalance both in the service sector structure and in the national economy.

The problems of imbalance are related not only to the practical aspect but also to the theoretical one. Therefore it is necessary to consider the methodological approaches in relation to the social production structure (fig. 1).

Each approach reflects the opinion about the problem from the standpoint of its time and reveals new tendencies in the changes of the economy structure.

The first approach bases on dichotomy of material and non-material production that is division of social production into two parts. The historical regularity is in the fact that material production being the main sphere of social production has played a sufficient role in providing people's vital activities for many centuries. But at the same time with the development of economy the two-sectoral structure of social production inadequately reflected the changes both inside material production (the relation between extractive and processing industries) and in terms of the place and role of non-material sphere. This approach prevailed in a centrally planned economy and this fact restrained the service sector development to some degree. The challenges of contemporary reality and significant changes in economy demanded a different view on its structure.

The second approach is grounded on the statement that social production is presented as a three-sector model. The founder of this theory is C. Clark who distinguishes primary, secondary and tertiary sectors in the economy structure [10]. The economy sectors have life cycles and under impact of appropriate changes in the people's hierarchy of needs the leading role of each of them consecutively shifts from the primary sector to the secondary, from the secondary to the tertiary one. It should be noted that the theory of sector model was developed by C. Clark but its scientific roots lie in the laws by E. Engel and in the theory of consumer behavior by E. Slutskiy [11].

The conception of sector model developed in the 1960s has preserved its topicality for analysts and scientists up to now; however, it requires further research in terms of quantitative proportions of sectors and their qualitative development in the economy of Ukraine. On the modern stage in the national

economy the tertiary sector in the structure of GVA accounts for 68,5% (2011), that is it reflects the world tendencies of the civilization evolution (tabl. 1). But a qualitative description of the service industries structure is required.

The third approach is based on the theory of sector model, which was further developed in the works by D. Bell and A. Toffler [12-13]. These scientists distinguish primary, secondary, tertiary, quaternary and quinary sectors (fig. 1). In this classification activities are presented consecutively in accordance with their place and role in the national economy structure, namely: from agriculture and industry to prevailing of a knowledge economy.

The fourth approach is a synthesis of the first and third approaches to structuring social production, which is proposed by V. Inozemtsev (fig. 1) [4]. According to him, economy can be presented as a bipolar system. The first pole includes industries of the primary sector and a row of subindustries of the secondary sector (transport and utilities) drawn towards the subject-object origin. The second pole includes culture and entertainment, education, scientific establishments, information, consultation and legal services, the whole field of finance and monetary circulation, deals in insurance, funds and real estate as well as state administration drawn towards the subject-subject origin. A subject-object pole, as its name implies, is co-operation of a man with the subject of his activity or with the object of consumption, and a subject-subject pole covers the industries where co-operation of people is based on interpersonal communication.

Comparing the first approach, three-sector and five-sector model of economy and the views by V. Inozemtsev we can see that the scientist uses the methodological basis of the conception of social production division into material and non-material, but with the other approach to the role of one or another sector in reproduction processes being applied and the thesis by D. Bell being used, according to which an industrial society is characterized by prevailing co-operation of a man with nature and a postindustrial society is competition between people. Thus we can assert that there is no common approach in science to structuring of social production but the methodological opinions considered above

Table 2. The structure of the category of «sphere of services» in the approaches of different authors

| | Authors | The essence of the phenomenon | The content of the phenomenon | The result of the phenomenon |
|---|------------------------|---|---|--|
| 1 | . Borisov [15; .707] | the set of branches of the economy | which render services to the population | |
| 2 | . Koryagina [16; p.5] | the set of branches of industries and subindustries, and types of economic activity | the functional purpose of which in the public system of production is expressed | in the production and sales of services and spiritual benefits to the population |
| 3 | S. Mocherny [6; p.543] | set of industries and types of social labour | which are created consumer cost in the form of the useful effect (inseparable from a particular work) | with a view to satisfy the material and spiritual needs of the population |
| 4 | V. Kotilko [17; p.12] | systems industry or system type of economic activity, irrespective of the departmental subordination and forms of ownership, which provide services | to the consumer the cost of which is expressed in the provision of services | |

enable us to get the idea about the essence and content of the service sector.

It should be noted that a plenty of works of Ukrainian scientists and researchers from the near abroad in 1960-90s testifies a considerable interest to the problems of service sector but the attention to this problem has gradually decreased within years. Methodological approaches of economists of the Soviet economic school, who examined service sector largely as a “non-productive” sphere, influenced the development of the service sector issues. This theoretical dogma was based on the Marxist approach to the division of labor into productive and non-productive and, respectively, to the division of the production spheres into productive and non-productive.

Service sector, with different contents, as an inde-

pendent constituent of social production, was researched in the works by Ukrainian and foreign scientists.

In our opinion, for a profound methodological research of the service sector category, it is expedient to use the methods by . Starostina [14]. Her method is an algorithm (the essence of the event – content of the event – result of the event) which permits to analyze the existing opinions about this category and construct the own one (tabl. 2).

From the analysis of the definitions of service sector given above it is clear that there are some disagreements in the interpretation of the given category, the basic constituents are not distinguished: if there is the essence and contents, there is no result; when determining the event content, its result is not clear (tabl. 3).

Table 3. The classification of existing approaches to the definition of the category «sphere of services»

| | Author | The essence of the phenomenon | | | | The presence of contents | The presence of results |
|---|------------------------|--------------------------------------|------------------------------|---------------------------------------|--|--------------------------|-------------------------|
| | | the set of branches | The set of the subindustries | the set of types of economic activity | set of industries and types of social labour | | |
| 1 | . Borisov [15, p.707] | + | | | | + | |
| 2 | . Koryagina [16, p. 5] | + | + | + | | + | + |
| 3 | S. Mocherny [6, 543] | + | | | + | + | + |
| 4 | V. Kotilko [17, p. 12] | + | | + | | + | |

We proceed from the assumption that the basic characteristic features of this event essence are as follows: the totality of industries, subindustries and economic activity lines, which provide services; the purpose of industries' activities is making profits by satisfying material and nonmaterial needs of the population.

This approach to definition of service sector permits to examine it not only in terms of material and nonmaterial production but in far wider terms. That is the service sector consists of separate industries, economic activity lines directly referred to firms providing services; sublimes of economic activity in industry and agriculture. Using the Classifier of Economic Activity Lines (CEAL – 2010), we will illustrate the relation of service sector with industry and agriculture (fig. 2).

In our opinion, service sector is an integral economic complex, which provides services to the primary and secondary sectors of national economy.

That is it does not function “for itself”. Such understanding of essence must be not only a theoretical achievement but a practical embodiment, which will permit to improve the service sector structure and level the imbalances of the sector structure of national economy.

Conclusions. Development of the services sector is a natural process of the civilization of motion of society. The structure of the needs of the people is changed with the growth of labour productivity and accordingly is changed the ratio between primary, secondary and tertiary sectors of the economy. The current stage is the dominance of the tertiary sector in the structure of the national economy. Formation of market relations and the influence of globalization processes ambiguous impact on the development of services sector in the economy of Ukraine: the uneven development of the infrastructure industries; overdevelopment of trade and the financial sector. There are increased disproportions in the structure of the

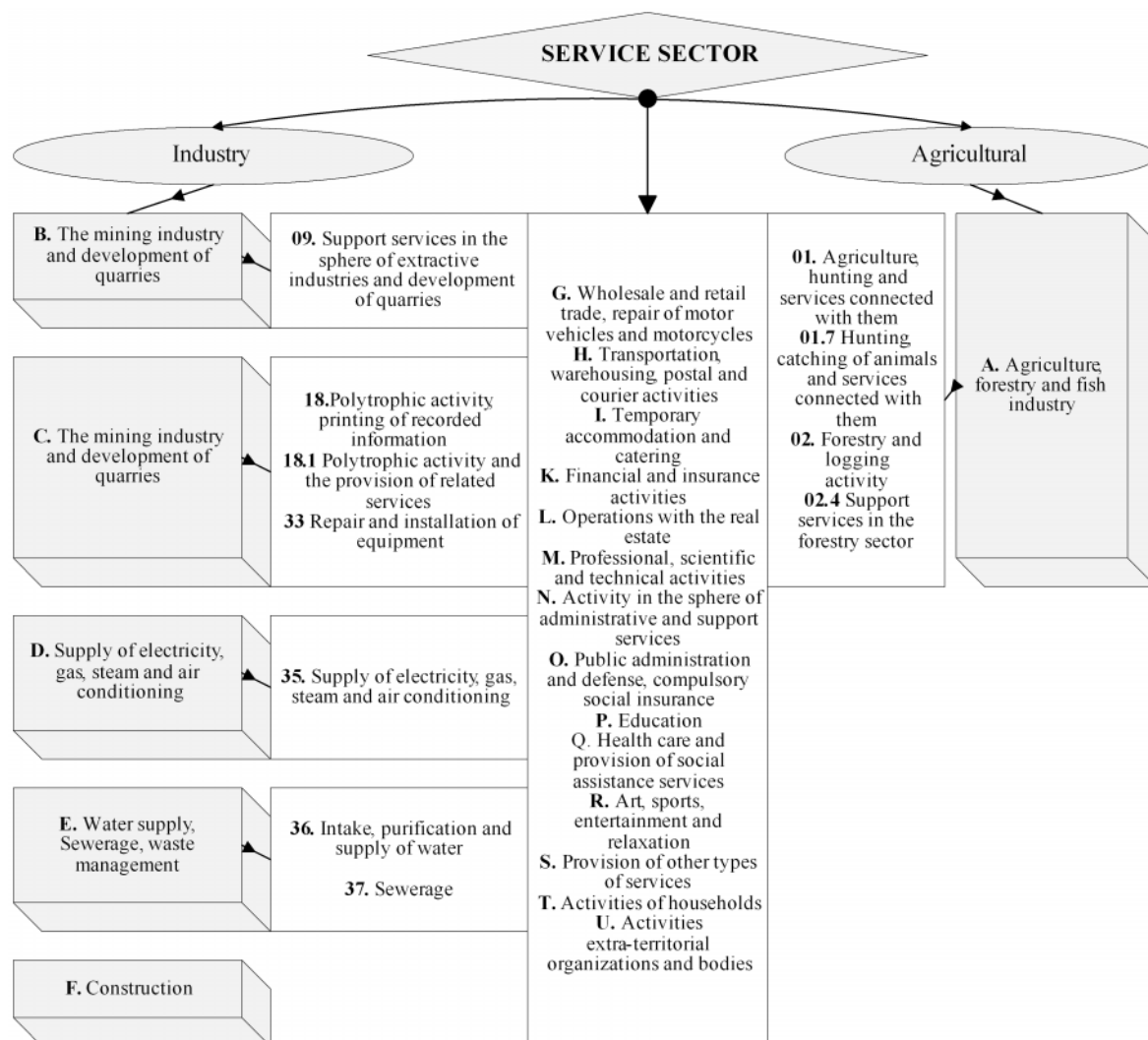


Fig. 2. The overall structure of economic activities (according to classifier of types of economic activity 2010)

national economy as a result of. Basing on the main methodological approaches to the structuring of the national production it is proved the necessity of development of the services sector as part of the tertiary sector of the economy. Using the tools of analysis of categorical apparatus of A.A. Starostina, it is proved that the services sector is an integral economic complex, which provides services for the development of the real sector of the economy. In future research should focus on the quantitative and qualitative proportions of the development of primary, secondary and tertiary sectors of the national economy.

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Prushkivska Emilia Vasilivna, candidate of economic science, associate professor, doctoral candidate of the international economy department. Taras Shevchenko national university of Kiev. **Service sector in the national economy structure: theoretical and methodological aspect.** Service sector is examined as a constituent of the national economy sectoral structure, the necessity of the service sector development towards global civilization processes is grounded. The methodological tools are applied for defining the service sector as an economic category. On the basis of the classifier of economic activity lines the author showed the relation of the service sector with industry and agriculture.

Keywords: classifier of economic activity lines, national economy, postindustrial society, sectoral structure, service sector, tertiary sector, service.

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