THEORETICAL ASPECTS OF PUBLIC ADMINISTRATION IN THE SERVICE SECTOR

Abstract. The article examines the theoretical aspects of Public Administration in the service sector. It is proved that the system of effective public administration in the service sector as a combination of administrative bodies, methods and technical means of management that ensure the performance of tasks, provides for an understanding of the specific features of activities, which consist in the intangible nature of services, the continuity of consumption and production of services, in the variability of its qualities, inability to store and dependence on the service provider. Also, for the management of service sector enterprises, it is necessary to take into account the following factors: a large number of micro- and small enterprises in this area; territorial segmentation; individuality; high requirements for personnel; difficulties in determining the quality of services and their standardization; special attention to the organization of the service process; dependence of growth in demand for services on real incomes of the population, etc.

Keywords: public administration, services, service sector, classification of services, consumption trends.

Introduction. One of the main global trends in the development of the modern economy is the phenomenal expansion of the service sector. It is difficult to say what is the cause and what is the consequence of the emergence of new types of services: the growing and changing needs of consumers or the very appearance of interesting, unexpected offers.

The system of effective public administration in the service sector as a combination of administrative bodies, methods and technical means of management that ensure the performance of tasks, provides for an understanding of the specific features of activities, which consist in the intangible nature of services, the continuity
of consumption and production of services, in the variability of its qualities, inability to store and dependence on the service provider. Also, for the management of service sector enterprises, it is necessary to take into account the following factors: a large number of micro- and small enterprises in this area; territorial segmentation; individual; high requirements for personnel; difficulties in determining the quality of services and their standardization; special attention to the organization of the service process; dependence of the growth of demand for services on real incomes of the population, etc. In this regard, there is a need for scientific research of Public Administration in the service sector.

**Analysis of research and publications.** Theoretical aspects of improvement in the service sector are devoted to the works of such foreign and domestic researchers, Druker P. [1], Petroie O. M. [4], Karpenko O. V. [5], Hryniv B.V. [6], Lavlok, K. [7], Bekvit, G. [8] et al. However, despite numerous studies, the problem of developing an effective public administration system in the service sector remains one of the most urgent.

**Purpose of the article.** The purpose of the article is to summarize the theoretical aspects of Public Administration in the service sector and provide suggestions for its improvement.

**Presentation of the main material.** Public administration is determined by many factors, including the form of ownership of the enterprise, available resources, formed views on the development of marketing policy, the structure of top management, human resource management, quality system, and so on.

The service enterprise management system should ensure the profitability of the enterprise's functioning, be transparent for control, use resources with maximum efficiency, and build an effective system of interaction between divisions within the organization and in External Relations.

Outstanding scientist in the field of management P. Drucker proposed theories of "management by goals" to ensure the long-term success of the company in the market, social responsibility of business to society, it is necessary to include in the process of developing plans and strategies of managers at all levels for better motivation of employees, as well as the need to focus on the consumer and in the process of meeting his requests and needs to produce better and cheaper products using innovative technologies [1, p. 125].

For example, as one of the most relevant directions for the development of social organizations in modern economic conditions, characterized by a significant decrease in the level of budget financing of public sector organizations, it is necessary to consider the commercialization of the main activities of these organizations and the activities of their infrastructure divisions within the existing capabilities [2, p. 64].

In the last 10-15 years, management modernization of the public sector of Ukraine aimed at improving the efficiency of budget expenditures, as well as the negative economic situation, actualize the need to introduce innovative mechanisms for
organizing activities, new management methods in the field of public and social services. For example, project technologies that are economically efficient and transparent in terms of performance evaluation are widely used. It is no coincidence that both the program-target approach and the grant distribution system are based on project management. Network and cluster interaction technologies are also actively used, which have proven the advantages of their use through synergistic and multiplicative effects.

In general, innovation activity can be described as the activity of mastering (implementing) in organizations, industries and the economy a wide range of innovations related to:

- production of new products and services;
- application of new technologies and/or development of new equipment;
- use of new sources of resources;
- introduction of new forms and methods of organizing production, labor and management;
- development or development of new markets.

So, innovation activity acts as organizational and managerial support for the implementation of all stages of the product life cycle. The range of tasks of innovation management is expanding and includes providing marketing support for innovations and managing the intellectual property created, organizing investment of innovations and overcoming resistance to changes on the part of personnel. All this requires the formation of scientific, methodological and theoretical justification and the development of adequate tools. Underestimation of the features of innovation activity and insufficient development of theory and methodology in the service sector lead to a significant decrease in the efficiency and effectiveness of innovations, which often affects the competitiveness of the organization [3, P. 42].

The result of powerful and widespread digitalization was the introduction of various corporate information systems at enterprises, significant investments in equipment and infrastructure, and the expansion of the use of the Internet and e-commerce. The main feature of using information systems in the service is the need to quickly, quickly and efficiently meet the needs of customers [4, p. 15].

Digital technologies are rapidly changing the usual forms and methods of doing business around the world – the business of not only individual companies, but also industries, regions and entire states is changing. For example, the basis of informatization of the system of providing public services in many countries of the world was the concept called "e-government". The United Nations pays great attention to the development of indicators for measuring the level of development of "e-government" in different countries of the world [5, p. 57].

Despite the comprehensive development of the service sector and the understanding of its growing value in contributing to economic development, there is no single definition of the concept of "service". Dozens of formulations can be divided into two groups: "service" as a service process and "service" as a result.
However, many authors say that for a comprehensive and multidimensional understanding of the essence of the service, it is necessary to synthesize these approaches, which will contribute to the actual interpretation of the term under consideration (a scientific and Bibliographic Review of the concept of "service" based on the analysis of various sources. Scientific discussion on the problem of defining and classifying services has shown the polyativeness, multidimensional nature of the category "service" and the inability to define it according to uniform standards, and even more so to classify it once and for all. However, it is possible and necessary to study general trends and characteristics in the service sector that are united by the "genre" of the service or its specifics.

The variety of types of services obliges the formation of general approaches to the state management of the service organization and classification of services. The most common classifications used in the practice of managing the economy of the service sector, which include the classification of the World Trade Organization (WTO), the International standard industrial classification (ISIC), the classification of the Organization for Economic Cooperation and Development (OECD), the state classifier of products and services DC 016-2010.

The classification of services given in these classifiers shows coincidences and differences in grouping features and classification principles. For example, the WTO classifier highlights services related to environmental protection. The state classifier of products and services includes about 800 different types of services. Legal services and services of cultural institutions are presented separately. In total, the state classifier contains about 1,500 items, but it does not include a number of new services to the population (audit, trust, etc.). The OECD classification classifies business services in detail by type, highlighting computer and information services.

Actions that today belong to the class of services are quite diverse. They are aimed at different objects, have different target audiences, sensitivity to promotion, elasticity of demand by price, differ in the degree of tangibility, transportation and storage capabilities. The performance of some services depends to a greater extent on the use of technological developments and inventions, others – on the talent and skill of the person who provides the service, etc. existing classifications record services as they appear, but do not offer the possibility of dividing them by type. In addition, a certain problem is the separation of services and goods, it is becoming increasingly difficult to differentiate physical goods, and companies are increasingly turning their eyes towards services [6].

It should be noted that although all the benefits of the market are usually divided into goods and services depending on the tangible or intangible nature of the product, in its pure form, a product or service is extremely rare.

K. Lovelock, in addition to these characteristics, adds several more causal relationships in services greater consumer involvement in the production process, employees and consumers are sometimes considered an integral part of the service.
The strong influence of the human factor in the production of services makes it almost impossible to ensure the constant quality of the resources used and the results obtained. It is difficult for consumers to assess the quality of many services [7, p. 357].

It is true that a particular service represents a specific use value only at a certain time and place, which dramatically limits the possibilities of its replacement in the market. An exception to this rule is network companies, large service companies with approved service standards and a wide coverage of the population (banking, mobile operators and air carriers, large consulting companies, etc.). Properties of a product or service are the most important condition that determines the strategy and implementation system as a whole.

G. Beckwith, author of the famous book "selling the invisible", notes that competing with the products of other companies, which almost exactly repeats their best products, today's sellers of "goods", as a rule, have only two opportunities to achieve advantages: reduce the cost of their products or increase their value for the buyer, offering the consumer additional services [8, p. 58].

Technologies, works and services in most cases are complex products that have a dynamic, process–built system of relations and procedures, each of which may have localized process quality characteristics, but not have a complete individual commodity and consumer value. It is for this reason that it is extremely important to highlight the characteristics and content of the service, determine what function it implements and to whom it provides consumer benefits.

The classical market economic system operates on the principles of self-regulation, where the behavior of sellers and buyers is coordinated through a price mechanism that maintains a balance between production and consumption, supply and demand with minimal state intervention [9].

The service sector market can be represented as a set of economic relations between producers and consumers of services in the conditions of purchase and sale. The scale of development of the service market and its structure are important criteria for the country's competitiveness and are determined by several interrelated factors of social development. First, it is the economic potential—the income of the population, the level of prices and inflation, the availability of institutionally organized consumption; secondly, the level of scientific and technical developments; third, the psychological factor in the form of public opinion, consumer preferences, culture and such socio-demographic indicators as the dynamics of birth and mortality, population migration, etc. one of the most important factors of demand in the service market is the awareness of the potential buyer of the service about consumer properties and benefits received, as well as about the quality of the service in order to reduce consumer risk. An important role in the emergence of demand for a particular service is played by the level of economic development of society, its culture, which, accordingly, determines the formation of supply. And the higher the role of the human factor in the process of service consumption, the more efforts are required to
institutionalize the consumption process.

The service market, as an example of a market with a high role of the human factor, is multidimensional – it provides both collective and individual benefits, is local and global at the same time, can be cost-effective in certain areas, but generally depends on state regulation. It has a high social significance, has an educational function, and produces emotions and feelings. On the one hand, this is not a basic necessity, you can do without it, save money (high elasticity of demand), and on the other hand, a live cultural product is unique (low elasticity of demand). Demand in this industry is rather a matter of priorities and features of the consumer mentality, and cultural services are most susceptible to the emotional and intellectual component in the process of consumption. All this affects the mechanism of market pricing, and also requires special approaches in the system of Public Administration of the service sector.

For these and many other reasons, the system of Public Administration of the service sector in Ukraine is mainly of a state-municipal nature. The structure of local self-government bodies is determined by legal acts. Large municipalities have cultural institutions under their jurisdiction, implement various own cultural development programs or participate in state programs, etc. Cultural institutions as conductors of state cultural policy are organizations whose statutory goals include ensuring broad access to various, high-quality cultural goods, as well as creating conditions for the realization of the creative potential of the population.

Current consumption trends in the service market show that, firstly, when making a purchase decision, the consumer evaluates not only the purchase price, but also the consumption price (service cost, consumables), and secondly, considers the degree of satisfaction of their own need for the product and/or service, that is, their benefit. Moreover, the benefit can be expressed in immeasurable parameters or measurable subjectively, for example, a sense of harmony or joy, which is especially difficult to systematize and evaluate quality.

Research on the influence of human emotions and sensations on economic behavior and processes was conducted in the XVIII century, starting with A. Smith. Scientific schools of modern institutional economics are actively developing [10, p. 95], closely related to the human factor, the growing importance of the sensory, individual component of consumer satisfaction: "the economy of culture", "the economy of symbolic exchange", "the economy of happiness" (B. Frey), "creative economy" (UNESCO), the economy of knowledge and impressions, etc. The concepts of "human capital", "creative industries", "post-industrial society", "territory development", and "quality of life" are firmly embedded in our lives.

Conclusions. Having considered the definitions, factors of supply and demand, types and classifications of the service sector, the author came to the conclusion that the category under study consists of many personal indicators that reflect one or another side of consumption. The time, place, boundaries, and even exclusivity of the
service are easily transformed according to the manufacturer's wishes and consumer preferences. In modern society, there is a tendency to move away from mass production in order to obtain an individual approach, the so-called "reasonable consumption". That is why many products are transferred to the category of services. The same" reasonableness "or" awareness " of consumer preferences increases the importance of obtaining emotional, semantic satisfaction from the service provided, which leads to the appearance of recommendation systems for choosing a service. In a competitive environment, all sorts of bonuses, loyalty programs, attracting new customers with big discounts and other tools are created by the service manufacturer in order to "feed" the buyer, trying to please and surprise: to do more of what you are paid for.

Modern approaches to public administration in the service sector focus on economic and practical aspects, on the processes of innovative creation and promotion of creative goods and services, and management technologies depend on the socio-economic development of society, the specific scope of their application, legal and information support for the industry and other factors.

References: