

Economic and Legal Aspects of Service Sector Regulation

Elena Vital'evna Potekhina¹; Anastasiya Alexandrovna Smirnova²; Andrei Viktorovich Borisov³;
Victor Vladimirovich Gorovoy⁴; Pavel Nikolaevich Sharonin⁵

¹Russian State Social University, Moscow, Russia.

²Vyatka State University, Kirov, Russia.

³Russian University of Transport (MIIT), Moscow, Russia.

⁴Russian University of Transport (MIIT), Moscow, Russia.

⁵Moscow Polytechnic University, Moscow, Russia.

Abstract

The study is devoted to the development of economic and legal approaches to service sector regulation. The main task of economic and legal regulation of the service sector is to achieve the desired results by increasing the capacity of infrastructure networks in the service sector, improving its territorial organization and the quality of service. These measures should be implemented with strict observance of regulatory procedures and interests, as well as the rights of previous owners. The mechanism for the use of state property in the service sector must be formed considering the legal differentiation since neither the owner nor the state bodies representing the interests of the owner can act as enterprises. Given the difficult economic situation in the service sector, one should be very careful to apply tax and financial methods of regulation of service enterprises.

Keywords: Regulation, Management, Service Sector, Infrastructure, State, Property, Mechanism.

1. Introduction

Currently, the role and relevance of service sector development are difficult to overestimate, since modern human life is practically impossible without it. Therefore, in Russian society, it is necessary to pay attention to the economic and legal regulation of the service sector. The service sector is understood as a part of the economy, which covers all types of the commercial service sector which is the main part of the economy in economically developed countries.

Service sector development is an important sign of the progress of the post-industrial economic order. Public service provision was not developed in the past, since commodity exchange and trade were carried out mainly in the form of goods of agricultural or handicraft labor. It is with scientific and technological progress and mechanization and automation of physical labor that the pace of service sector development intensified, gradually turning into a key sector of the economy.

In the modern economy, there are important problems in the field of technology management and organization and distribution of goods. Intellectual human labor acquires special development and value. The division of intellectual labor creates a huge number of specialties and professions that require high scientific training and a high degree of integration of compatible human efforts against the background of an increase in social welfare.

S.V. Krepak [1], V.A. Magerchuk [3], A.V. Samigulina [4], M.N. Semyakin [5], A.A. Shabunova [6], and others study the issues related to service sector regulation. However, there are currently no established determinants of the economic and legal aspects of the regulation of the service and related sectors.

2. Methods

To substantiate approaches to determining the features of economic and legal regulation of the service sector in the system of social policy in modern conditions, we used an abstract-logical method, induction, deduction, analysis, synthesis, and systematization.

The information base of the study was the statistical data of state bodies, legislative and regulatory documents governing the economic and legal aspects of service sector regulation, and results of scientific research [7, 9, 12].

In the course of the study, it was planned to systematize the features of service sector development, develop measures to coordinate activities between the main participants of the service process, and determine its characteristics in the context of economic and legal regulation.

3. Results

The service sector of the economy is characterized by higher incomes than the industrial sector. The economic and legal regulation of the service sector is the creation of conditions for the

use of a stimulus system to accelerate, strengthen, and improve its development. The development should be stimulated through the use of several different forms and methods of stimulation.

By stimulus, we understand everything that causes interest in service sector development or any reason for the development. We believe that such development methods activate the existing stimuli for its development or creating new ones. Therefore, the form of stimulating service sector development is, in our opinion, a stimulus system organized in a certain way to enhance development.

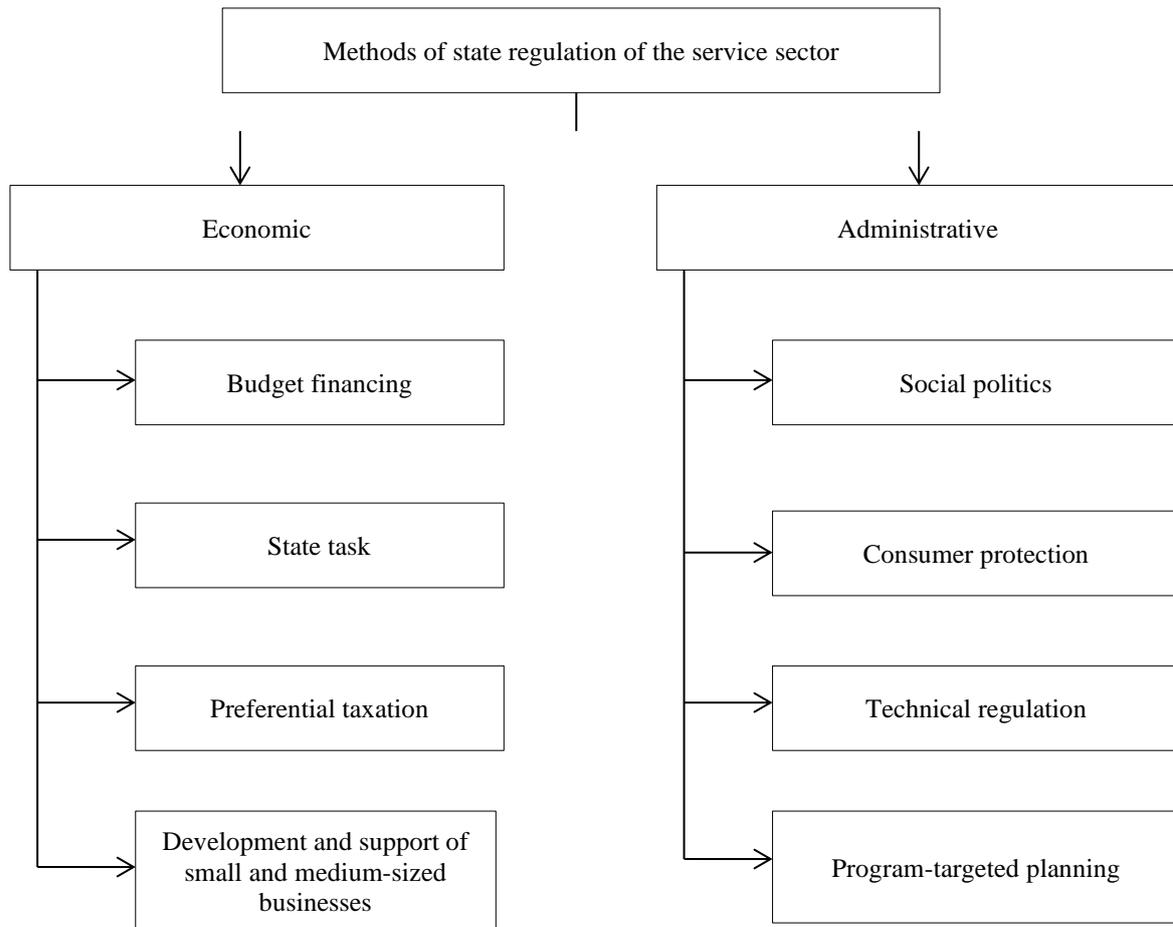
It can be stimulated through the use of various forms and methods of creating and using stimulus to enhance development. This stimulation is possible with the implementation of certain influences from the outside.

These influences are direct actions on the object of the service sector, its subsystem, the system as a whole, or a process that occurs in this area to ensure the desired changes in the structure and development features of the service sector and its elements, that is, those that would contribute to the implementation of the relevant goals of the activity and the desired result. When a direct action or a set of actions is conscious and occurs on the part of subjects, governing bodies, on people and economic objects to direct their actions and obtain the desired results, then this is called control.

Any direct actions are carried out under the influence of motivation, which provides for the presence of sources and motives, and induces certain subjects to act. The motivational process is internally incentive, and the stimulus is the ability to obtain means of satisfying one's needs for performing certain actions. Thus, the source of both motivation and stimulation is need. Therefore, the realization of needs is the final desired result of management, for which the entire management mechanism is built, including the mechanism for managing the service sector.

The stimulation of service sector development should be a link in any of the mechanisms for regulating economic processes, but in each of them, the stimulation will have corresponding features and signs. The specificity of the needs of the population is determined by the system of individual and public economic interests, which must consider economic and administrative methods (Figure 1).

Figure 1 - Service sector regulation methods



The stimulus system for the service sector is organized in a certain way. In the Russian Federation, statistics are structured in such a way that reporting is formed by types of economic activity. Service exists in virtually every economic activity, yet, there is no division into the production of goods and production of services within each type of economic activity. This makes it difficult to develop forms and methods to stimulate the service sector development of the country and individual regions.

Therefore, it is important to improve the statistical reporting system to accurately reflect the service sector position. It is the nature of statistical reporting that explains the choice of the main instruments of state support, which are used to enhance service sector development and focused mainly on ensuring the development of all types of infrastructure, namely:

provision of subventions to ensure the development of infrastructure;

provision of conditions for the creation of new service enterprises, including foreign ones;

formation of the state and regional infrastructure for attracting investments: investment attraction agencies, investor service bureaus;

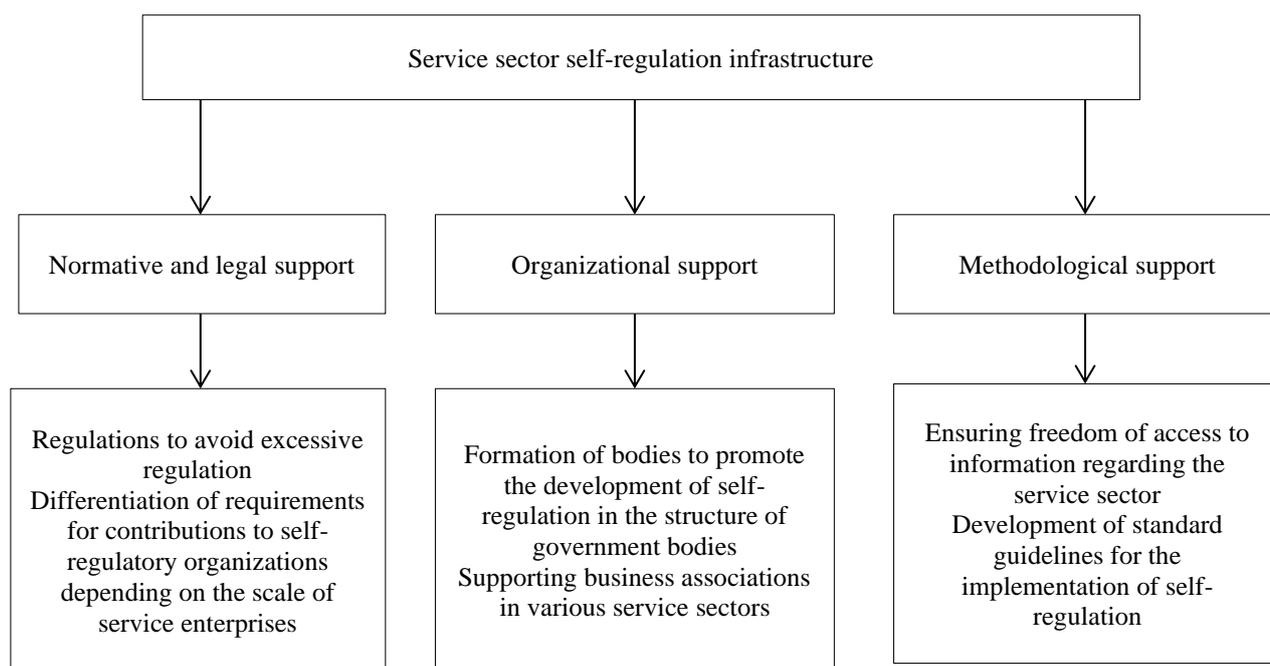
development of infrastructure for supporting service businesses: stock exchanges, exhibition halls, business incubators, service business centers, creating conditions for enhancing the activities of service enterprises (including small and medium-sized ones) in a certain area;

simplification of the procedure for the creation and registration of service enterprises;

stimulation of self-regulation in the sphere of consumer services (Figure 2).

It is also necessary to stimulate the development of scientific and technical potential, which simultaneously activates the formation of service markets. Nevertheless, the stimulation of service sector development can occur in two ways: direct (when the development of the enterprises themselves and subsystems of the service sector is activated) and indirect (when the socioeconomic position of the state is strengthened).

Figure 2 - Service sector self-regulation infrastructure



Legal regulation of the service sector should consider the conclusion of an agreement on paid services, which is one of the most dynamically developing institutions of civil law. The legal norms of this institution are aimed at regulating an extremely wide range of obligations. These are services

provided by educational organizations and medical institutions, barbershops and restaurants, hotels and travel companies.

The service sector is currently significantly ahead of the manufacturing sector in terms of growth rates and the variety of new services. Therefore, the high interest in the issues of legal regulation of obligations arising from the agreement on paid services is justified. Thus, in accordance with Article 128 of the Civil Code of the Russian Federation, the objects of civil rights “results of work” and “provision of services” are considered as separate legal categories. If we turn to the legal definition of “work”, we can conclude that “work”, considering paragraph 1 of Article 703 of the Civil Code of the Russian Federation includes actions for the manufacture or processing of goods or the performance of other work with the transfer of its result to the customer.

Consequently, actions aimed at changing the qualitative state of goods are “work”. Comparing “service” with “work”, it is possible to single out the fundamental feature of “service”: the absence of a materialized result in material objects (goods). In cases where, as part of the protection of the object, related work is carried out (for example, on equipping the premises with a security alarm), the rules on the agreement should be extended exclusively to the specified legal relations, and directly the security activity should be regulated by the rules on the agreement on paid services.

Studies show that the possibility of extending the relations between the paying agent and final recipient to the norms of the Civil Code of the Russian Federation on the agreement on paid services is excluded by the factual nature of the subject of the agreement, while the receipt of funds from payers can be classified as legal action.

When conducting a study of the legal regulation of compensation for losses caused to consumers of private law services, it is necessary to not only analyze the forms of civil liability themselves but also identify the specifics of compensation for losses in the field of paid services. Analyzing the issues of the concept and structure of legal relations arising from security activities, we consider the recognition of inequality in the legal status of private security organizations in relation to departmental and non-departmental security organizations to be debatable.

We also believe that the object of the legal relationship arising from security activities is “services for the protection of objects” and not the “objects of protection” themselves. We do not share the position regarding the recognition of the agreement of protection as a kind of work agreement, since the agreement on protection is not aimed at changing the qualitative state of a material object, which is a sign of service as the subject of the agreement on paid services.

In cases where, within the framework of ensuring the protection of the object, related work is carried out (for example, on equipping the premises with a security alarm), the rules on the agreement should be extended exclusively to the specified legal relations. The security activities should be directly regulated by the rules on the agreement on paid services.

The subject of the agreement on paid educational services is not any type of educational activity, but exclusively educational services provided on a paid basis. We believe that the possibility of extending the relations between the paying agent and final recipient to the norms of the Civil Code of the Russian Federation on the agreement on paid services is excluded by the factual nature of the subject of the agreement, referring to the receipt of funds from payers to the category of legal action.

Having broad powers of executive bodies, various administrations, and a sufficient amount of financial, material, and human resources that are at the disposal of state bodies gives the state ample opportunities to regulate the service sector. Therefore, the economic and legal regulation of the service sector at the regional level has certain social and economic goals, the composition of which is difficult to determine in regulatory, methodological, and scientific sources.

It is possible to define the following main goals of the service sector management at the regional level: to provide the population with a wide range and various types of services, depending on the working hours of business entities; to provide the population with different levels of services, considering their prices and income levels; to provide necessary services to categories of socially vulnerable citizens.

In our opinion, the application of these goals will be possible through the adoption of the following systemic and consistent economic, as well as administrative measures: assistance in regulation and increase in the production of services; control over the level of prices for various types of services; state regulation of the level of income of the population, their wages, and other types of income; regulation of monopoly relations in the service market, promoting the development of competitive relations; supervision over the quality of services.

4. Discussion.

The reliability of the approaches is confirmed by the fact that the use of state participation in the service sector is considered appropriate to carry out structural restructuring, as well as ensure effective management of important social facilities [8, 10, 11]. Based on this, it is extremely

important to create a mechanism for the economic implementation of state property, ensuring the effective functioning of state enterprises.

When implementing the economic and legal regulation of the service sector, it is necessary to: create a favorable environment for attracting foreign investors for the development and technical re-equipment of service sector enterprises; constantly monitor the activities of service companies to comply with the terms of purchase and sale agreements. In the conditions of economic independence of service enterprises, it is difficult to fulfill the task of preserving the profile of activities, observing assortment and nomenclature minimal.

To effectively solve this problem, it is necessary to form a system of constant control over the progress of the execution of concluded agreements, strengthen the system of fines, sanctions, and administrative responsibility for violation of agreement obligations, develop a mandatory assortment minimal for services for all branches of the service sector, and monitor their observance, as well as, to a certain extent, preserve the procedure for a long-term lease of premises and areas by service enterprises.

Another important measure to preserve the profile of enterprises in the service sector is the unification of numerous small enterprises into sector associations, corporations, and unions, with the assignment to the latter of the responsibility to preserve the total volumes and names of enterprises. Therefore, effective regulation of the service sector is impossible without preserving the state's rights and, if necessary, nationalizing service enterprises to ensure the vital interests of the country's population.

5. Conclusion

The main task of economic and legal regulation of the service sector is to achieve the desired results by increasing the capacity of infrastructure networks and the service sector and improving its territorial organization and the quality of service. However, these measures must be implemented with strict observance of regulatory procedures and interests, as well as the rights of the previous owners.

The mechanism for the use of state property in the service sector must be formed considering the legal distinction since neither the owner himself nor the state bodies representing the interests of the owner can act as enterprises. However, given the difficult economic situation of service companies, tax and financial regulation of service companies should be applied very carefully. This is

especially important for the provision of business entities in the service sector with tax benefits, preferences, and deductions.

References

- Krepak S.V., (2020), *GAPS IN THE LEGAL REGULATION OF BUSINESS*. Gaps in Russian legislation, 2: 31-35. (In Russian)
- Kobzeeva E. I. *The Problem of Financial and Legal Regulation of Transport Service Digitalization // Transport Law and Security*. 2019. № 2 (30). p-p. 108-111. (In Russian)
- Magerchuk V.A., Pavlov N.V. *Unification of the Provision of State and Municipal Services as an Element of the National Project // Meridian*. 2020. № 2 (36). p-p. 318-320. (In Russian)
- Samigulina A.V. *Actual Problems of fee-based Services // Pravo i ekonomika*. 2018. № 2 (360). p-p. 42-49. (In Russian)
- Semyakin M.N. *Civil Contract in the Digital Economy: Theoretical and Practical Aspects of the Study // Russian Juridical Journal*. 2020. № 1 (130). p-p. 107-116. (In Russian)
- Shabunova A.A., Kosygina K.E. *Public administration issues in the development of the non-profit sector at the regional level. Economic and Social Changes: Facts, Trends, Forecast, 2019, vol. 12, no. 4. pp. 86–103. DOI: 10.15838/esc.2019.4.64.6 (In Russian)*
- Agamirova Ek.V., Agamirova El.V., Lebedeva O.Ye., Lebedev K.A., Ilkevich S.V. *Methodology of estimation of quality of tourist product // Quality - Access to Success*. - 2017. - Vol. 18. - № 157. - P. 82-84.
- Lukiyanchuk I.N., Panasenko S.V., Kazantseva S.Yu., Lebedev K.A., Lebedeva O.Ye. *Development of online retailing logistics flows in a globalized digital economy // Revista Inclusiones*. - 2020. - Vol. 7. - № S2-1. - P. 407-416.
- Ogloblina E.V., Seredina M.I., Altunina J.O., Kodolov V.A. Lebedev K. A. *Socio-economic consequences of digital development of the economy // Revista Inclusiones*. - 2020. - Vol. 7. - No. Especial - Julio / Septiembre. - P. 421-430.
- Potekhina E.V., Gulina I.V., Dmitrieva O.V., Frolova V.B., Semenova Yu.A. *Increasing labor efficiency in the area of digital entrepreneurship // Revista Inclusiones*. - 2020. - Vol 7. - № S4-3. - P. 137-145.
- Zavalko N.A., Kozhina V.O., Zhakevich A.G., Matyunina O.E., Lebedeva O.Ye. *Methodical approaches to rating the quality of financial control at the enterprise // Quality - Access to Success*. - 2017. - Vol. 18. - № 161. - P. 69-72.
- Zhukova M.A. Zhukov V.A., Markova T.S., Tsabolova O.R., Tretyak E.B. *Prospects for development of higher education in Russia // Revista Inclusiones*. - 2020. - Vol. 7. - No. Especial – Octubre / Diciembre. - P. 51-60.