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STRATEGIC PRIORITIES FOR THE DEVELOPMENT OF THE NATIONAL SERVICE SECTOR IN THE FACE OF GLOBAL CHALLENGES

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ABSTRACT

The purpose of the study is to determine the priorities of the development of the service sector at a significant level of threats. Opposite signs of trends in changes in the shares of services and production in the global GDP were revealed. It is indicated that the service sector is more adaptable to threats than the production sector, which makes increasing its share in the country's economy a strategic priority. Significant differentiation and dynamism of labour supply and demand in various areas of service activity were revealed, which is evidence of the high sensitivity of the service sector to market needs and significant uncertainty in the results for subjects of economic activity in the service sector in conditions of significant external challenges. The study of the dynamics of export and import by services indicated that the adaptability of business to a systemic threat cannot be considered as a reaction to a single-vector external influence - not only direct challenges but also secondary threats can be significant for business activity. The priorities of the development of the service sector are indicated. It is proposed, first of all, to promote the development of those areas of service activity that are multipliers of economic growth in other industries and areas that are capable of solving urgent economic and social problems promptly.

Keywords: service sector, service economy, GDP, development priorities, digitalization, global challenges, economic policy

JEL Classification: O10, O33, L10, L80

INTRODUCTION

Global challenges exacerbate the need for sustainable development of the world economy in general and national economies in particular. The above makes it necessary to revise the views on the structure of the economy established during the industrial stage of development and to determine the strategic directions of restructuring for each of the spheres of economic activity.

Economically developed countries are realizing the transition to a post-industrial society in which the sphere of services is increasingly used to create the gross domestic product (GDP). These changes in the structure of the world economy are so significant that the scientific community uses the term "service economy" to define them (Boreiko, 2017). The sphere of service activity as a tool for solving economic and social problems, in particular employment and solvency of the population, comes in handy in a period of significant challenges. If Ukraine previously faced the dilemma of choosing the path of development - industrial, agrarian or service, then, in conditions of permanent crises, threats of full-scale war, when the aggressor purposefully destroys industrial production facilities, the development of the service sector, for a significant part of the areas of service activity less vulnerable to missile and bomb attacks of the aggressor, becomes, in a certain way, an alternative path to the development of the national economy.

In the conditions of global challenges, which lead to a crisis of national economies, with a significant level of risks, modern innovative approaches and technologies make it possible to support the level of the national gross product, primarily in the field of services, since their provision and consumption are often not accompanied by material flows, but are carried out remotely, online (Balyk et al., 2024). Removing barriers to remote service provision contributes to the fragmentation of service activities and the expansion of online production in global technological chains. This, on the one hand, leads to an increase in the number of specialized service providers that are formally localized in one or another country but are involved in the global economy, and, on the other hand, makes the national service sector vulnerable to global crises, an example of which is the global financial crisis of 2009 and the related drop in the volume of service activities. The above determines the need for institutional structures to take this threat into account when forming national strategic priorities for the development of the service sector.

The COVID-19 pandemic and a full-scale war also indicated the level of vulnerability of the Ukrainian economy to the influence of global challenges, which made it urgent to study the main trends in the development of the national service sector and determine its priorities.

LITERATURE REVIEW

Many scientists have devoted their works to the study of various aspects of the development of the service sector, which directly or indirectly affect the choice of strategic priorities of the specified sector.

Thus, Di Meglio and Gallego (2022) investigated the importance of the service sector in comparison with the production sector as an accelerator of economic development for developing countries. It is indicated that the sphere of service activity is one of the main mechanisms of increasing aggregate productivity, which is primarily manifested during the accelerated growth of indicators of the gross domestic product and, accordingly, determines the priorities of the development of the sphere of services. Di Meglio and Gallego (2022) indicated the heterogeneity of the service sector and compared different categories of services using Kaldor's growth laws. This gave reason to apply this approach to the development of Ukrainian service sector priorities. A study by Hoekman et al. (2024) confirms the thesis of the article by Di Meglio and Gallego (2022) regarding the importance of the service sector for the transformation of the economy and focuses on the export of services as a priority tool for influencing economic transformations. This determined the study of the problematic balance of export and import of services in the presented article and pointed to the need to substantiate localization of certain areas of the service sector on the national market. The article of Fiorini et al. (2023) indicated the need to limit foreign direct investment in the service sector and control international payments to prevent the outflow of national capital due to the development of services export volumes. The influence of the development of the service sector on the productivity of the manufacturing sectors of the economy was also confirmed.

The priority of the development of the service sector for the post-industrial reconstruction of the country's economy is indicated in the academic studies of Ukrainian scientists, in particular, Boreiko (2017). The need for institutional measures to acquire the irreversible nature of the service-oriented Ukrainian economy is studied in the fundamental article by Dombrovska and Bahlyk (2019).

Hornyk (2023) indicated the need for a holistic strategy for the development of the service sector as a tool for increasing the competitiveness of the Ukrainian economy on the global market. The priority of expanding the contribution of service activities to ensure the proper level of the national economy is also indicated in the article by Parfentieva (2023). Approaches to reducing risks and neutralizing threats as a tool for ensuring service activity and providing it with the necessary level of competitiveness in crisis conditions are proposed in the work of Grynchuk et al. (2023). The thesis of Hornyk (2023) regarding a differentiated approach to the selection of promising areas of service activity to ensure the competitive positions of the national economy is used in the presented study.

The studies of Lupak and Mykytyn (2024), Zayed et al. (2022) and Sakun et al. (2021) indicated that the use of innovations is a priority for the service industry, and for this, a reverse approach to the management of enterprises of the industry should be introduced, when a certain part of the profit is directed to the establishment of innovative activities. Irtishcheva et al. (2021) noted that the priority of the development of the national service sector in conditions of uncertainty should not be so much the growth of the gross domestic product as the introduction of information and non-traditional services, the formation of connections between the directions of the service sector. This creates a dilemma of priorities in the crisis - whether to balance the state budget or to direct the strategy to the development of the industry's infrastructure and ensuring its competitiveness.

A detailed analysis of service activity development priorities is provided in the articles by Kucherenko et al. (2021) and Rudevska et al. (2024), where the inconsistency of the development of this activity in the domestic and world economy is indicated. In his opinion evidence of this is the industrial orientation of Ukrainian service activity, meeting the needs of medium-tech industries, an inappropriate share of the volumes that provide services to the population, and neglecting

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innovative directions of development. This leads to a dichotomy of quasi-post-industrial and industrial directions of development of the industry. Therefore, according to Kucherenko et al. (2021), the priorities there should be the maximum provision of services to the population (in the areas of communal, household, transport, educational, and medical services); maximum provision of the consumer's individual needs (cultural, tourist, financial, insurance, health care spheres); maximum promotion of the competitiveness of the Ukrainian service sector. Unfortunately, these proposals cannot be used to their full extent in the context of the crisis - institutional assistance should be limited to priority areas of service activity, which, in particular, may include the field of health care (Mudrak et al., 2023).

The article by Lynnyk and Iershova (2021), and Sakun et al. (2023) analyzed the activities of small service-oriented enterprises and indicated their advantages over large businesses: better service, lack of need for significant financial resources, etc. Based on the conclusions of Lynnyk and Iershova (2021), the presented article examined the adaptive capabilities of Ukrainian service enterprises in crisis conditions.

In the articles of Maiboroda (2022), Perevozova et al. (2019) and Bhuiyan et al. (2022) researched the priority of innovative development of enterprises in the service sector and the specifics of the risks of this sector of activity, the greater significance of the uncertainty of innovative solutions for effective activity in it is indicated. Hmyria et al. (2023) indicated the possibility of expanding service activities in the agricultural sector, and Sienko et al. (2023) - in the field of maritime services under global challenges, which is considered in the presented articles.

Ovdiuk and Shvets (2020) studied foreign trade in services, provided the structure of foreign trade in services, and pointed to significant diversification and regionalization of services. This provided an opportunity to indicate the reasons for the imbalance in the volumes of export and import of services in the presented study.

Niameshchuk and Galushko (2023) indicated the trend of year-on-year growth of added value in the field of service activities for the global economy and related this process to the implementation of Industry 4.0 and digitalization of the service sector. A decrease in global indicators of service provision in the crisis years of 2009 and 2020 is noted. This, according to Niameshchuk and Galushko (2023), is due to a significant share of financial services in their total volume, a decrease in demand for them during the crisis and a change in the structure of consumption during this period. It is noted that in times of crisis, global instability and military conflicts, the digital services sector can provide a stabilizing influence on the service sector. This thesis is used in the presented article.

Fedoruk (2023) determined the direct and indirect influence of the service sector on the country's economy, identified promising areas of service activity, and indicated the need for liberalization of trade in services, primarily in export trade. Shaleva and Olesnevych (2022) investigated the factors on which the effectiveness of service activity depends and indicated the priority for the functioning of service enterprises of the quality of services and the influence of external factors on it. The analysis of the specified factors provided in the article by Shaleva and Olesnevych (2022) was used in the presented study to determine the strategic priorities of service activities. The research of Shaleva and Olesnevych (2022) on the factor of service quality is used in the presented study as one of the factors of the viability of the Ukrainian service sector in the conditions of threats of significant force.

At the same time, a review of the scientific literature on the specified issues revealed the need to study the main trends in the development of the national service sector under conditions of crisis and to identify its priorities, the peculiarities of the service sector and its importance for the stability of the economy of Ukraine, establishing the prerequisites for the development of the service sector not only for determining development priorities of service areas of economic activity but also for the needs of their operational change, first of all, as a result of global challenges.

AIMS AND OBJECTIVES

The purpose of the study is to determine the priorities of the development of the service sector of Ukraine in the conditions of global challenges and a significant level of threats. The objectives of the research are studying the prerequisites and trends of national service activity and the impact of crises on them, the features of the service sector and its importance for sustainable economic development in Ukraine, the peculiarities of determining the priorities of service industries and the needs of their operational change under dynamic changes in external conditions, primarily as a result of global challenges.

METHODS

When conducting the research, general scientific and special methods of cognition were used. Using the method of analysis and synthesis, priorities for the development of the national service sector in the face of global challenges are proposed. The use of the method of critical analysis made it possible to investigate the adaptive possibilities of the economic activity of service areas. By using the method of content analysis, the prerequisites and trends of service activity, the impact of the crisis on them, the peculiarities of the service sector and its importance for the Ukrainian economy to become sustainable were identified. The method of comparison applied to the linearized trends of the dynamics of the shares of the service sector and the production sector in the global GDP made it possible to establish not only the trend of anticipatory development of the contribution of the service sector to the global GDP but also the opposite signs of the dynamics of the indicated indicators. The method of abstract logical analysis made it possible to establish that increasing the productivity of service activity is still mainly extensive in nature. The method of generalization indicated a significant differentiation of demand and supply of labour in various areas of economic activity in the field of service provision and high dynamics of demand and supply indicators in this field. Using the method of logical abstraction, the need for an operational change in the priorities of service industries was determined due to dynamic changes in external conditions, primarily as a result of global challenges.

RESULTS

The service sector is more adaptable to external challenges compared to the production sector. One of the reasons for this is the greater adaptability of the service sector to market demand and changes in external conditions. The adaptive capabilities of the specified area contribute to faster rates of its development. The peculiarities of the service sector in many areas of economic activity, which strengthen its adaptability to external challenges, are significant rates of capital turnover, which are due to a much shorter technological cycle than in the production of goods; a significant level of differentiation in the provision of services, even in the same field of activity. This makes it possible to obtain a higher profit in certain areas of service activity than in commodity production and in a much shorter period, since the request for a service, its production and consumption occur almost simultaneously for some types of services. The differentiation of service provision not only increases the adaptability of service activity but also provides an opportunity to quickly respond to changes in demand, especially in related areas of service activity.

The reasons for the increase in the level of adaptability in this area are also the fact that the provision of services relies to a greater extent on non-material components, so entities in the specified area can implement their activities with lower economic costs. Enterprises that provide services can more easily change the focus, implementation peculiarities and even the direction of economic activity. To a large extent, this is facilitated by the development of technologies primarily in the information and communication direction. Information and communication technologies have revolutionized the forms of customer service both before, during and after the provision of the service. Data storage and analysis provide opportunities for personalization in the provision of services, which increases the level of trust and contributes to the formation of long-term business relationships between the provider and the consumer of the service. The above, as practice shows, begins to play a special role in the development of the service sector in conditions of crises and significant challenges that create a state of psychological uncertainty among consumers.

At the same time, the significant uncertainty of its economic result often leads to a decrease in the level of adaptability of this type of activity, which is caused by significant volatility of demand in certain directions, instability of the client base due to a significant level of intra-industry competition, changes in the structure of service consumption during the crisis (Khaietska et al., 2023), a significant level of consumer demands for service quality and service speed.

As evidenced by the data presented in Figure 1, the contribution of the service sector to the development of the world economy has already exceeded for a considerable period of time the contribution of the production sector by almost 2.5 times. The ratio of these contributions varies significantly by a group of countries. In developed countries, this indicator is higher. For example, for the USA it is more than 80%. In Ukraine, before the start of full-scale aggression, it was only ~23% of the national GDP. At the same time, significant fluctuations of this indicator occur under conditions of crises. The growth of the share of the service sector in the structure of global GDP in the preceding crisis periods of 2008 and 2019 was accompanied by a drop in global GDP in the following years - by ~5.2% in 2009, by ~3.1% in 2020 and negative values of added value growth in the specified sphere ~-0.1% in 2009 and ~-2.7% in 2020, which, respectively, created risks for national economies.

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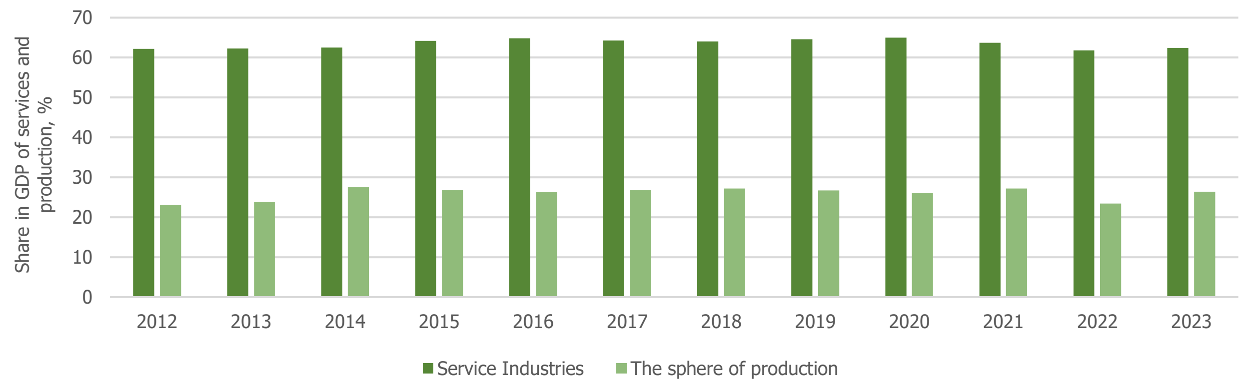

Figure 1. Dynamics of the shares of the service sector and the production sector in the global GDP, %. *(Source: based on World Bank, 2024 and World Bank, 2024a)*

In the course of the research, a comparison of the linearized trends in the dynamics of the shares of the service sector and the production sector in the global GDP was carried out. This comparison was conducted during the relatively stable period of development of the world economy in 2014-2020 before the period of the pandemic crisis. As a result, the trend equation of the dynamics of the share of the service sector was obtained:

$$y = 0{,}2679x + 63{,}129, \quad (1)$$

and areas of production

$$y = -0{,}125x + 27{,}271. \quad (2)$$

The comparison of the indicated trends made it possible to establish not only the trend of significant anticipatory development of the contribution of the service sector to the global GDP (by almost four times) in relation to the rate of development of the contribution of the production sector, but also the opposite signs of the dynamics of the indicated indicators, which makes it possible to predict the further influence of the service and production sectors on the development of world and, accordingly, the national economy and, based on this, to determine the strategic priorities of the national service economy.

At the same time, global challenges, such as pandemics, food crises, etc. lead to significant effects on the ratio of shares of the service sector and the production sector in the global GDP and introduce uncertainty not only in forecasting the strategic priorities of the development of the industry but also in the operational forecasting of the values of the specified indicators. For example, as a result of the pandemic, the ratio of these indicators decreased by ~ 5% (Figure 1). Accordingly, this affects the development of the service sector in Ukraine. Thus, due to quarantine restrictions, the volume of service provision in the Ukrainian economy has decreased so much that institutional structures have introduced special measures to promote the mentioned economic activity. The recovery process was interrupted by a full-scale aggression (Figure 2).

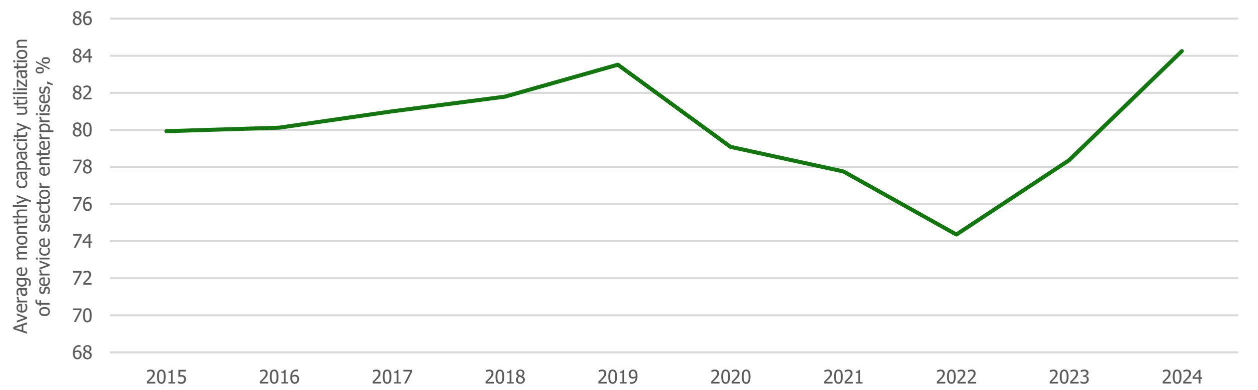

Figure 2. Dynamics of the average monthly capacity utilization of service sector enterprises, %. *(Source: based on data from the State Statistics Service of Ukraine, 2024)*

According to the State Statistics Service, the volume of services provided by Ukrainian enterprises in the fourth quarter

In 2021, it showed a 17.0% increase compared to the corresponding figure in 2020. At the same time, the volume of services provided to the population exceeded the growth rate of the total volume of services by 1.6%. This is evidence of the rapid adaptation of the sector to the challenges of the COVID-19 pandemic and confirms that the main reserve for increasing the volume of services is the population itself.

The following also contributed to the adaptability of service activity at this time: resource mobility of enterprises in the service sector; short time required for reformatting work processes; less need for financial resources; absence of inefficient administration; and high motivation of enterprise employees.

At the same time, this adaptation was not without problems. The pandemic crisis caused significant changes in the structure of economic activity in the service sector. According to the data of the third quarter of 2021, the number of individual entrepreneurs (FPOs) has doubled compared to the same period of 2020, in particular, in the IT sector - by ~16,000 FPOs. The need for individual services, and food/beverage services has increased significantly. The direction of remote provision of online services grew predominantly. At the same time, according to the data of the third quarter of 2021, ~ 12,000 individual entrepreneurs ceased their activities. Mostly, this happened in the following areas: warehouse activity, social assistance, television and radio communications, and services related to air transport.

According to the common general trends of the service sector, presented in Figure 2 there is a differentiation of the response of indicators of the dynamics of the average monthly workload of enterprises by types of services to external calls. Thus, with a relatively stable indicator of capacity utilization of transport enterprises, during the pandemic, there is a certain reduction in the growth of the indicated indicator for land transport in 2023 relative to the indicators of 2022, which is explained by the obstacles of the martial law to the production of other types of transport. Indicators for warehouse activity experienced similar growth in the specified periods. However, enterprises in the field of information and telecommunications had periods of growth delayed relative to the above-mentioned areas of service provision per year. Services in the field of financial and insurance activities also had a delayed and prolonged growth trend. However, services in the field of real estate transactions and activities in the field of employment showed the greatest growth during this period. According to the results of 2022, the results of the IT sector, which compared to 2021, showed a growth of 27%, was record-breaking not only in the field of services but also in other types of economic activity.

By comparing the changes in the shares of the service sector and the production sector in the global GDP during the pandemic and the beginning of a full-scale war, a significant difference in the changes in the indicators of the specified sectors during these periods was determined. So, if the indicator for the production sector in 2020 compared to 2018 decreased by almost 5%, then the indicator for the service sector in the current period, on the contrary, showed an increase of 1.56%. A greater difference - by almost 12% - is characteristic of the indicators of the specified spheres of economic activity when comparing the values of 2022 and 2021.

In general, as the data in Figure 1 and Figure 2 show, the challenges of the pandemic crisis and full-scale war were a certain incentive for the development of activities for the service sector.

At the same time, it should be noted that increasing the productivity of service activities still has signs of extensiveness. This is due to the growth of retail trade, and the peculiarities of institutional stimulation of trade in services on foreign markets. The use of innovations for the development of the infrastructure of service industries, in particular, in the transport sector, is insufficient to acquire an intensive nature of development (Kinash et al., 2019).

The importance of the service sector for providing jobs, especially in times of crisis, is growing. So, according to professional groups, trade and service workers took second place with an indicator in 2023 at the level of ~19.7%. At the same time, the data presented in Table 1 indicate both a significant differentiation (by more than an order of magnitude) of demand and supply of labour in various areas of economic activity in the field of service provision, as well as high dynamics of demand and supply indicators in this field. This is evidence of the high sensitivity of the service sector to the needs of the market and significant uncertainty in the results for subjects of economic activity in the service sector. High mobility in changing directions, and forms of activity, both due to changes in market conditions and changes in the level of risks, in particular, military threats, also leads to significant dynamism of employment in the service sector. At the same time, this is also another tool that ensures high adaptability of the service sector to activities in conditions of threats and uncertainty.

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Table 1. Dynamics of vacancies and the number of job seekers registered in the State Employment Service by types of economic activity in the service sector. *(Source: based on State Employment Center data, 2024).*

№	Field of activity in the service sector	Number of vacancies as of June 1, 2023, units	Number of registered unemployed as of June 1, 2023, persons	Number of vacancies as of June 1, 2024, units	Increase (decrease) in the number of vacancies, %	Number of registered unemployed as of June 1, 2024, persons	Increase (decrease) in the number of registered unemployed, %
1	Trade and repair	8267	14611	7465	-9.70	15 523	-6.24187
2	Transport, warehousing	4979	7599	4666	-6.29	5 150	32.22792
3	Accommodation and food	2506	2287	1970	-21.39	2 631	-15.0415
4	Information and telecommunications	234	918	325	38.89	682	25.70806
5	Financial and insurance activities	383	1 807	634	65.54	1 326	26.61871
6	Real estate transactions	491	651	452	-7.94	814	-25.0384
7	Administrative and auxiliary service	1967	1973	1703	-13.42	2 278	-15.4587
8	Education	9813	4007	634	-93.54	1 326	66.90791
9	Health care	3971	4827	452	-88.62	814	83.13652
10	Provision of other types of services	496	720	571	15.12	954	-32.5

At the same time, the activity of service providers in the crisis period after the start of a full-scale war was not without problems. The infrastructure of the mentioned area was also destroyed, in particular, as a result of the hostilities, logistics and warehouse activities were complicated. The problems of warehouse activity during this period were related to the need to relocate warehouse capacities from regions where the risk was greater. Also, during this period, enterprises revised their benchmarks in the volume of warehouse reserves, which required, as mentioned above, a higher average monthly utilization of warehouse capacities. In general, this led to an increase in overhead costs for enterprises in the service sector, associated with an increase in prices for logistics services, additional measures to neutralize risks, etc., which, in turn, led to an increase in prices for certain types of services. For example, a comparison of the price index of the first quarter of 2022 and 2021 shows an increase in the direction of postal and courier activity by 29.8%, and in the direction of telecommunications (electrical communication) by 10.4%. The increase in tariffs for land transport services, in particular, for cargo transportation services by railway, where tariffs were increased by 25.4%, was also significant. A significant increase in risks also led to an increase in the cost of insurance services, for example, personal transport insurance - by 9.05%. The increase in prices and tariffs for services led to significant changes in the client base. This challenge, in turn, required additional adaptation efforts in the service sector.

In the conditions of a full-scale war, the possibilities of subjects of economic activity in the field of exporting services have become significantly more difficult. As can be seen from Table 2, the balance of current operations of Ukraine for the period of the 1st quarter 2023 - 2nd quarter 2024 is negative, which leads to a deficit of the state budget of Ukraine. The ratio of debit and credit for goods and services indicates the importance of services in the country's export and import operations in wartime conditions.

Table 2. Account of current operations of the balance of payments of Ukraine, USD million. *(Source: based on data from the National Bank of Ukraine. Balance of payments of Ukraine, 2024).*

Clause of the balance of payments	1st quarter 2023	2nd quarter 2023	3rd quarter 2023	4th quarter 2023	1st quarter 2024	2nd quarter 2024
Current account (balance)	-1732	-76	-4227	-3620	-3234	-5445
Goods (balance)	-5907	-5935	-8682	-8271	-5604	-7211
debit	9851	8718	7407	8702	10004	9445
credit	15758	14653	16089	16973	15608	16656
Services (balance)	-3654	-1809	-1834	-1645	-1359	-1450
debit	3979	3991	4044	4401	4227	4236
credit	7633	5800	5878	6046	5586	5686

At the same time, the deficit of trade in services in 2024 significantly decreased compared to the indicators of 2023. Unfortunately, in the conditions of war, the country is forced to increase the import of services. Thus, in 2024, compared to the indicator of 2023, the import of transport services, mainly maritime transport services, increased, where the volume of imports increased by 9.2%. Import of computer services also increased by 170%. At the same time, the decrease in the deficit in trade in services was facilitated by an increase in the export of transport services - by 10.4%, and the export of technical services - by 10%. The volume of export of other types of services, in particular, financial services, increased significantly - by 160%. At the same time, a decrease in the export of computer services was a negative factor - by 10.6%. The reason for the latter is not only military threats and troubles connected with the state of war. There is also insufficient efficiency of economic and tax regulatory policy and institutional structures in the IT sphere. It is this area that is characterized by a minimal level of business localization and can quite easily, with an increase in the level of negative impact, pass under the jurisdiction of other countries (see point 6 of Table 3).

This also shows that the adaptability of business to one or another global challenge, and systemic threat cannot be considered as a reaction to a one-vector external influence. In particular, the experience of the functioning of the economy during a full-scale war proved the need for a comprehensive consideration of this challenge as a multi-level, multi-vector and long-term factor characterized by a significant level and aperiodicity of risks. Thus, in the conditions of war, a negative impulse of business activity can be given not only by direct threats but also by secondary negative influences. This also applies to certain probable measures of institutional structures, in particular, aimed at increasing revenues to the state budget. For example, this is evidenced by analytical research based on data from Advanter Group (2024) surveys of expected business reactions to a possible tax increase (see Table 3). As it can be seen from the above analysis, the specified probable measures will lead to a direct (see points 6 and 7 of Table 3) or indirect (see point 1 of Table 3) reduction in the volume of production of goods and services, reduction of employees as a direct response of business (see points 1 and 5 Table 3) or an indirect reaction (see points 1 and 3 Table 3). Evidence of this, in particular, as indicated above, are signs of the suspension of activities in the Ukrainian jurisdiction by subjects of economic activity in the field of information services. As it is indicated in Table. 3 reactions will be detected in a relatively short period of time, then it will have all the signs of an economic and social crisis, which is a certain signal to a more reasonable fiscal policy, first of all, in the sphere of service activity. In general, the indicated data also confirm that the adaptive capabilities of subjects of economic activity in the service sector are unstable and the action of a separate threat can lead to significant negative consequences, which also determines the need for the heterogeneity of the service sector.

Table 3. Planned business measures in the event of a possible tax increase. *(Source: based on data from Advanter Group, 2024)*

№	Planned measures to neutralize the negative impact of tax increases on business activities	The share of surveyed leading managers and owners of economic activity subjects, %
1	Increase in prices for products/services	72.2
2	An attempt to optimize the payment of taxes	47.7
3	Cost optimization	45.0
4	Search for new markets for own products/services	21.9
5	Staff reduction	21.9
6	Suspension of activity in Ukrainian jurisdiction	17.9
7	Introduction of new technological solutions to increase the efficiency of economic activity	11.3
8	Reducing the volume of production of own products/services	10.8
9	The use of tax payment optimization is not foreseen	2.0

Significant opportunities in the industrial and agricultural spheres, which are due to the peculiarities of the previous stages of the country's economic development, determine certain directions and priorities for the development of the national service sector in the conditions of post-industrial development. For example, promising for the expansion of agricultural production, in particular, in view of the need to expand the export capacity of Ukrainian agriculture, is the formation of a direction of service activities on foreign markets in marketing and ensuring the organization of export supplies (Hmyria et al., 2023), promotion of organic farming (Shmygol et al., 2024), etc.

In view of the above, in order to use the capabilities of service industries in order to stabilize the economy in a crisis period and to permanently increase the volume of service provision, the determination of strategic priorities for the development of the national service sector in the face of global challenges should be carried out in view of the need to increase the

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adaptive capacity of the service sector, increase its importance in the structure of the Ukrainian economy, the introduction of an operational change of priorities due to dynamic changes in external conditions, primarily as a result of global challenges.

The strategic priorities for the development of the national service sector in the face of global challenges include the following:

1. Under the conditions of a lack of resources, those areas of the service sector that lead to increased labour productivity, are technological and economic multipliers for the development of other areas of economic activity, sectors of the economy, and developed institutional measures to promote the specified areas of the service sector should be the first to be selected. In particular, these directions include the IT industry, whose development indicators, according to the given data, are beginning to be inferior to other directions in the service sector. These measures should be aimed at ensuring an increase in returns from the direction of service activity in accordance with the growth of its scale, that is, to ensure a synergistic effect of development according to Kaldor's law (Di Meglio and Gallego, 2022).
2. Due to the unconditional importance of the export of services for the national budget, the localization of certain areas of the service sector in Ukraine to meet the needs of the population is a socially and economically significant issue. The specified localization increases the adaptive capabilities of the service sector, provides stability to the development of the specified areas due to the reduction of the impact of global economic crises, and ensures the use of niche development in certain areas of the service sector.
3. Increasing attention to the development of service industries, ensuring diversification and balancing the structure of the national economy during the crisis, since, as proven by the experience of military operations, the service sector is able to ensure a certain level of stability of the economy.
4. Ensuring the investment attractiveness of the economy, because in the conditions of threats to destroy the infrastructure of other industries, a certain security against military risks in the service sector can promote investment.
5. Formation of new innovative services as a means of ensuring the appropriate level of adaptability of the industry and growth in the volume of service provision.
6. For the reliability of the functioning and development of the service sector, the infrastructure of the industry must be improved. This should be institutionally ensured by facilitating access to financial and technological resources.
7. Since the level of technological complexity of providing certain areas of service activity is growing and is beginning to determine new requirements for infrastructure provision, the lack of qualified personnel in this area may prevent expanded development. Therefore, for the development of the national service sector, it is a priority to forecast the needs for qualified personnel of certain specializations and their accelerated training in educational institutions.
8. Promotion of increased participation of national service enterprises in global service value chains.
9. Promotion of the heterogeneity of the service sector as one of the conditions for the sustainable development of the specified sector.
10. Stimulation of efficiency and quality in the field of service activities.

In the face of significant challenges, the main attention of institutional structures should be focused on promoting the development of those service areas of economic activity that dynamically perceive, generate, implement and transfer new technological, organizational, and methodical methods to other branches of the economy. That is, the task of determining economic growth multipliers among service areas arises. Those service sectors that are directly related to the manufacturing of products, and sometimes form additional technological chains, also require immediate attention, since they can ensure the growth of manufacturing productivity and, as a result, directly affect the growth of GDP.

At the same time, there are areas of service activity that are capable of solving urgent economic and social problems in an operational manner. An example can be retail trade, which allows to reduce unemployment, especially in regions where there is no significant industrial capacity and there is a rapid increase in the number of the population, in particular, due to internal migration.

Only innovative and exclusive products can provide the maximum added value in the provision of services. Exclusive services in Ukraine could include tourist activities with visits to historical, and cultural monuments and natural locations, as certain areas of the restaurant business (Aleskerova et al. 2023). It will be possible to carry out such activities on a full scale only after the end of the war, although it is promising even during wartime.

DISCUSSION

Studying the importance of the service sector as an accelerator of economic development, researchers, in particular, Di Meglio and Gallego (2022), often leave the question of forming an effective infrastructure of the specified sector. The formation of infrastructure for certain areas of service activity, for example, the IT sphere, requires significant financial, organizational, and technological resources and, accordingly, the attention of institutional structures. Failure to consider this factor may lead to insufficient relevance of researchers' conclusions.

The views of Hoekman et al. (2024) regarding the predominant export direction of the service sector, in our opinion, somewhat narrow the importance of localization of certain areas of the service sector in the national market.

Hsuan Tsai (2020) using the experience of Taiwan and researched network relationships of the service industry points to the need for stages in the export direction of services. This phasing, according to Hsuan Tsai (2020), consists of, first, updating the industry, then promoting foreign investment and, only then, export development. The issue of differences in time between the specified stages is not indisputable. In particular, the use of the proposed approach in Ukraine is limited by the conditions of the crisis and the need to introduce decisive and immediate actions to balance the export-import of services.

A number of scholars, including Melnyk (2018), Anhelko et al. (2022), and Karyy et al. (2021) considering the state and prospects of the development of the sphere of service activity in Ukraine do not pay due attention to the level of challenges to the national economy and, accordingly, the need for prompt adjustment of priorities in this sphere. Determination of priorities in a period of crisis is conditioned by the lack of all kinds of resources and not only material, energy, financial, organizational but also time resources. Ignoring these factors reduces the weight of the conclusions of these studies.

Shaleva and Olesnevych (2022) as well as a number of other scientists, including Bilous et al. (2022), analyzing the impact of a pandemic and a full-scale war on the development of the service industry, in our opinion, underestimate the adaptive capabilities of the service industry, as they predict its recovery only in the post-war period.

The thesis expressed in the article by Maiboroda (2022) that the effective management of the development of entities of economic activity in the service sector is not related to the scope of activity is not indisputable, since it is the scalability of the service direction that leads to synergy of effectiveness, as indicated in the presented research.

Ovdiuk and Shvets (2020) examined foreign trade in services. The allocation of a small period of time (a few years) did not allow Ovdiuk and Shvets (2020) to predict the level of imbalance in the volume of exports and imports of services and to assess the risks of this imbalance. These issues are considered more widely in the presented article.

CONCLUSIONS

A comparison of trends in the dynamics of the shares of the service sector and the production sector in the global GDP made it possible to establish not only the tendency of the advanced development of the contribution of the service sector to the global GDP in relation to the development rates of the contribution of the production sector, but also the opposite signs of the dynamics of the indicated indicators, which makes it possible to predict the further influence of the spheres of services and production on the development of the world and, accordingly, the national economy and, based on this, to determine the strategic priorities of the national service economy. At the same time, global challenges lead to significant effects on the ratio of shares of the service sector and the production sector in the global GDP and introduce uncertainty not only into the forecasting of the strategic priorities of the industry's development but also into the operational forecasting of the values of the specified indicators. Accordingly, this affects the development of the service sector in Ukraine. Thus, due to quarantine restrictions, the volume of service provision in the Ukrainian economy was reduced to such an extent that institutional structures introduced special measures to promote the specified economic activity, but the recovery process was interrupted by full-scale aggression. It is indicated that the service sector is more adaptable to external challenges than the production sector. The rapid recovery of activity in the post-war period and after the start of full-scale aggression is one of the signs of this level of adaptability. Adaptation capabilities of service activity to both market conditions and challenges and threats, firstly, form a priority for promoting the development of the service sector in the structure of the national economy as a tool for stabilizing the economy in a crisis period, and secondly, determine the difference in approaches in the formation of priorities for the sector services and the production sphere, make it more important for the service sphere to implement an operational change of priorities in the face of dynamic changes in external conditions, primarily as a result of global challenges. The reasons for the greater adaptability of the service sector are indicated.

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It is indicated that increasing the productivity of service activities is still mainly extensive in nature. This is due to the growth of retail trade, and the peculiarities of institutional stimulation of trade in services on foreign markets. It is indicated that the use of innovations for the development of the infrastructure of service industries, in particular, in the transport sector, is insufficient for acquiring an intensive nature of development.

Significant differentiation (by more than an order of magnitude) of demand and supply of labour force in various areas of economic activity in the field of service provision and high dynamics of demand and supply indicators in this field are indicated. This is evidence of the high sensitivity of the service sector to market needs and significant uncertainty in the results for subjects of economic activity in the service sector in conditions of significant external challenges.

The study of the dynamics of the current operations of the balance of payments of Ukraine indicated that in the conditions of a full-scale war, the opportunities of subjects of economic activity in the field of exporting services have become significantly more complicated, which requires the priority attention of institutional structures. The study of the dynamics of export and import by services also shows that the adaptability of business to one or another global challenge or systemic threat cannot be considered as a reaction to a single-vector external influence. It is indicated that not only direct threats but also secondary negative influences can give a negative impulse to business activity in the conditions of war. It is also stated that the adaptive capabilities of the subjects of service activity are unstable and the action of a separate threat can lead to significant negative consequences, which determines the need for the heterogeneity of the service sector.

A list of priorities for the development of the national service sector in the face of global challenges has been developed in order to use the opportunities of service industries in order to stabilize the economy in a crisis period and to permanently increase the volume of service provision.

It is indicated that in conditions of significant challenges, the main attention of institutional structures should be focused on promoting the development of those service areas of economic activity that dynamically perceive, generate, implement and transfer new technological, organizational, methodical, etc. methods to other branches of the economy. That is, the task of determining economic growth multipliers among service areas arises. At the same time, there are areas of service activity that are capable of solving urgent economic and social problems in an operational manner and, therefore, also require the attention of institutional structures. An example can be retail trade, which allows to reduce unemployment, especially in regions where there is no significant industrial capacity and there is a rapid increase in the number of the population, in particular, due to internal migration.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

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The Authors declare that there is no conflict of interest.

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СТРАТЕГІЧНІ ПРІОРИТЕТИ РОЗВИТКУ НАЦІОНАЛЬНОЇ СФЕРИ ПОСЛУГ В УМОВАХ ГЛОБАЛЬНИХ ВИКЛИКІВ

Метою дослідження є визначення пріоритетів розвитку сфери послуг за значного рівня загроз. Виявлено протилежні знаки трендів зміни часток сфер послуг і виробництва в глобальному ВВП. Зазначено, що сфера послуг є більш пристосованою до загроз, ніж виробнича сфера, що робить збільшення її частки в економіці країни стратегічним пріоритетом. Виявлено значну диференціацію та динамічність попиту й пропозиції робочої сили за різними напрямами сервісної діяльності, що є свідченням високої чутливості сфери послуг до потреб ринку й значної невизначеності в результатах для суб'єктів економічної діяльності в сфері послуг в умовах значних зовнішніх викликів. Дослідження динаміки експорту й імпорту у сфері надання послуг показало, що адаптивність бізнесу до системної загрози не можна розглядати як реакцію на одновекторний зовнішній вплив: для бізнес-активності можуть бути вагомими не тільки прямі виклики, а й вторинні загрози. У статті визначені пріоритети розвитку сфери послуг. Запропоновано насамперед сприяти розвиткові тих напрямів сервісної діяльності, які є мультиплікаторами економічного зростання в інших галузях, та напрямів, які здатні оперативно розв'язувати першочергові економічні й соціальні проблеми.

Ключові слова: сфера послуг, сервісна економіка, ВВП, пріоритети розвитку, цифровізація, глобальні виклики, економічна політика

JEL Класифікація: O10, O33, L10, L80