

Growth of the role and importance of service industry in the modern global economic space

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Abstract: According to international experience, service industry has important role in economic growth of economies. Its main tendencies of growth were analyzed in domestic economy. It was offered to consider growth of service industry as main factor of Ukrainian economy in nearest future.

Keywords – service industry, outsourcing, economic development, national economy.

I. Introduction

The growth of the service industry is one of the main features of the most powerful economies for most of the XX century. If in 1950 the share of services in the US GDP 20%, then in 2000 it reached 78% [2]. This tendency is characteristic for countries with very powerful economy.

By the beginning of the XXI century, the level of development of the service industry in the USA, their technological support, investment parameters, exceed the similar indexes of the economy of any other country. After all, in countries with the most developed economy, the largest share of GDP is booked by service industry.

II. Main Results

The tab. 1 shows the share of revenues from services in GDP (in percentages) of different countries, which are united into groups.

Table 1

LEVEL OF DEVELOPMENT OF SERVICE INDUSTRY IN COUNTRIES (BY SHARE IN GDP), COMPLETED BY AUTHORS

Group	Countries	Share of revenues from services in GDP (%)
I	USA, Belgium, United Kingdom, France, Canada, Australia, Monaco, Luxembourg, Malta, Cyprus, Panama, Maldives, Greece, Japan.	More than 70
II	Austria, Finland, Italy, Spain, Portugal.	60-70
III	Morocco, Chile, Costa Rica, Ukraine.	50-60
IV	Ghana, Botswana, Mali	Less than 50

According to the results of the tab. 1 you can see that almost all countries from I group have a powerful economy. Although there are some quite rich countries

that are focused on industry because of their wealth nature resources, namely oil, gas and other minerals. These countries are focused on this perspective industry. This includes: Qatar, Kuwait, United Arab Emirates, Saudi Arabia, Bahrain...

Many countries from Group IV have weak economy because they probably are concentrated on agriculture that is not very perspective nowadays. Most of them are African countries.

Also, a bright example is Panama, small country between two oceans and share of service industry in its GDP is more than 90% because of Panama canal.



Picture 1. Panama canal

The Panama Canal Expansion was the largest infrastructure project since the Canal's opening in 1914. Considered and analyzed for a decade with more than 100 studies, the Expanded Canal provides the world's shippers, retailers, manufacturers and consumers with greater shipping options, better maritime service, enhanced logistics and supply-chain reliability [6].

To date, the Panama Canal, which connects the Caribbean Sea, the Atlantic and Pacific Oceans, is still considered one of the largest and, of course, the most complicated constructions in the history. The Panama Canal is a real benefit in the economy and shipping throughout our vast planet. It is worth imagining just how much the way for ships that go from the largest metropolis in the New York world to San Francisco has been reduced. The ships had to cross the distance of almost 23,000 kilometers between the two cities. Thanks to the human-made canal, this way was reduced to only 9,500 kilometers. In 2012, the New York Times newspaper, popular not only in the United States but around the world, has a list of places that are recommended to visit tourists and tourists for sure. Interestingly, this small list was headed by Panama [5]. Last fact means that the Canal is useful in shipment but also it is priceless because of tourism that is also considered as service industry.

According to the level of development of service industry, all countries can be divided into 4 groups. Almost all countries from I and II groups are powerful countries. On the example of Japan, it can be seen that this country is not so well-endowed with natural resources and often is stormed by hurricanes and earthquakes; instead, there is an incredible development of service

industry. As we see, now Ukraine is in Group III, which means that there is still place for growth.

Nowadays, Ukraine is a country with an economy that is developing. In Ukraine, the share of agriculture in GDP is 10%, industry – 31.2% and service industry – 58.8% [1]. Our country is also beginning to become more and more involved into service industry, as evidenced by an increase in the number of IT and outsourcing companies. In the world ranking of software manufacturers Ukraine took 15th place. There are about a thousand companies involved in software development in the country, about 25-30 thousand Ukrainian specialists are involved in the field. The president of the Alliance of software companies told that the annual share of Ukraine in global outsourcing was about \$ 600 million.

Since 2006, Ukraine has become a full-fledged player in outsourcing. Previously, outsourcing companies were concentrated in big cities, and now this trend is actively developing in regions. In 2006, many Ukrainian young Ukrainian companies from the regions participated in the Ukrainian Outsourcing Forum. Most domestic companies are focused on foreign markets. 55-60% of our outsourcing is export products. According to representatives of Microsoft, the Ukrainian market is young and characterized by the features of all such markets: "It is characterized by piracy and a small need for software products in the domestic market" [3].

In 2016 Ukraine has risen in the ranking of Global Services Location Index in the market of outsourcing services and has taken 24th place. Data for 2016 shows that the number of employees in IT and outsourcing companies is growing quite fast. Moreover, in Ukrainian top10 companies are included 5 companies, whose offices

are located in Lviv as well: "Epm", "SoftServe", "GlobalLogic", "Ciklum", "Eleks" [4].

Conclusion

After all, according to international tendencies service industry in Ukraine is rapidly developing and it will take an even bigger share in the national economy in the future. After all, if the IT industry has developed a bit in Ukraine, outsourcing is only improving. Development of service industry in Ukraine can significantly improve our economy in total.

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