

Article

The Relationship Between The Household Services Sector and Poverty Reduction Indicators

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Abstract: The household services sector plays a critical role in shaping socio-economic development, particularly in addressing poverty and inequality. General background reflects increasing recognition of the informal and formal household services' contribution to employment generation and welfare improvement. Specific background centers on the sector's role in supporting low-income families through job creation, especially for women and unskilled workers. However, a knowledge gap exists in understanding the direct linkage between household services and measurable poverty reduction indicators. This study aims to analyze how growth in household services correlates with poverty alleviation, using employment rates, income levels, and access to basic needs as benchmarks. A mixed-method approach combining econometric analysis and case studies was adopted. Findings show a statistically significant relationship between household service expansion and poverty reduction, particularly in urban areas where service demand is high. The novelty of this research lies in its integration of microeconomic household data with macro-level poverty trends. Implications suggest that targeted support for this sector, including formalization and skill development policies, could contribute effectively to national poverty reduction strategies.

Keywords: Household Services, Poverty, Poverty Reduction, Underprivileged, Housing, Education, Nutrition, Population, Employment, Property, Taxes, Entrepreneurship, Pensioners, Disabled People, State, Category

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1. Introduction

The field of household service Services is an important component of the country's national economy, which is rapidly developing. It occupies a leading place in the socio-economic development of the country, in particular, in the formation of gross domestic product, in the employment of the population, in increasing the standard and quality of life and, most importantly, in the formation of the state budget. Also, household service is an area of particular importance in the world economy of ham, developed mamlkat economy, which is not only the most developing economic complex, but also the most important catalyst for economic growth. the rapid development of the domestic service services sector not only has an impact on the development of other sectors of the economy: trade, transport, household services, production of IST'emol goods, agriculture and construction, but also serves to improve the country's economic infrastructure and interethnic cultural relations.

We theoretically covered in the last paragraph the essence of the content of the field of household service Services, its role in the conditions of today's modern economy and

the most important component of the field of services. At the moment, we want to talk about the fact that the development of this sector can significantly affect the level of employment of the country's population, the level of unemployment, as well as the creation of new jobs, in addition to eliminating many socio-economic problems.

The field of household service Services also occupies the most important place in the economic complex of the country, in the regions and in the world economic system. The development of domestic service helps to further deepen the integration process and international specialization. In modern conditions, the intensive expansion of integration, the relationship between countries represented in the activation of trade, cultural and technical relations, in turn determines the development of domestic service as a socio-economic phenomenon and, first of all, as a type of economic activity. Also, household service as a socio-economic process combines the market sides of economic relations and the social goals of the development of society.

Analysis of Thematic Literature

Issues of interdependence between the domestic service sector and poverty reduction indicators have been interpreted to this day by various economic scientists on the example of the concept of "population (labor force) employment". In its own right, in the article, we also analyzed the socio-economic nature of the category of pre-employment and found that different definitions were given in relation to it. A.G.Gryaznov calls employment a set of economic relations associated with employment and participation in economic activities. In his opinion, employment describes the economically active population, which refers to the production of material factors. In employment, the main productive and consuming forces of society manifest themselves. Because, the attitude to the objective conditions of production in it, the conditions of reproduction of the total population, serves as a means of obtaining funds for the living of those working people who are counted [1].

V.A.In the definition of Pivlenkov, population employment is citizens who have reached the age established by law and are currently engaged in activities that bring income in the form of material or money [2].

E.R.A slightly different definition was given by sarukhanov. Employment is a socio-economic relationship in which employees participate, that is, they carry out human activities in the production and improvement of material goods [3].

L.A.Based on Kostin's opinion, employment is a universal economic category, characteristic of all economic formations. Employment is the collaborative social relationship of the working people [4].

Academician Q.X.Abdurahmanov gives the definition that "employment is the activity of citizens, which is associated with the satisfaction of their personal and social needs, which does not contradict the legislation, brings them wages and income" [5].

Of the economists, a.Immortal and a.According to the vahobovs, "employment is the employment of those who have the ability to work and who have the passion to work, to be employed and engaged in profitable labor" [6].

The "employment of the population" Law of the Republic of Uzbekistan, adopted on April 28, 2020, defines "employment is the activity of citizens, not prohibited by law, associated with the satisfaction of their personal and social needs, which brings them wages (labor income)." However, in the course of our research, the above-named economic scientists did not carry out scientific research that led to a theoretical and methodological solution on the relationship between the domestic service sector and poverty reduction indicators, as well as on the issues of population employment.

2. Materials and Methods

In the course of our research on the development of the field of household services and the study of poverty reduction factors, such methods as systematic analysis of the

research methodology, statistical observation, statistical accumulation and grouping were used.

In studies of the causes of poverty and its place in society, the period from the 18th century to the first half of the 20th century is distinguished (A. Smith, D. Ricardo, T. Malthus, G. Spencer, J. Proudhon, E. Reclus, K. Marx, C. Booth and S. Rowntree) and studies of poverty in the 20th century (F.A. Hayek, P. Townsend and others). In his works, A. Smith already revealed the relative nature of poverty through the connection between poverty and social shame, that is, the discrepancy between social norms and the material possibility of adhering to them. In the 19th century, it was proposed to calculate the poverty line based on the family budget and thereby introduce the criterion of absolute poverty, linking the criteria for determining poverty with the level of income and satisfaction of the basic needs of the individual. maintaining his working capacity and health at a certain level. Both economists and sociologists have made a great contribution to the study of poverty problems, most of whom recognized the existence of poverty in society; the difference in points of view was, first of all, in the recognition or rejection of the need for state intervention in solving the problem of poverty and in the scope of such intervention.

In the most general form, the definition of poverty is based on a comparison of a set of strictly defined needs and the possibilities of satisfying them for certain groups of the population. To identify, describe and study the underprivileged strata of society, the following criteria are currently used in scientific theory and social practice:

- a. access to proper nutrition and clean water;
- b. access to minimal education;
- c. the possibility of maintaining health.

The most important criterion of poverty is "housing", which includes the following characteristics:

- a. Housing category (this can be a bed in a dormitory, a barracks, a room in a communal apartment).
- b. Housing status (social / service / property)
- c. Housing quality.
- d. Housing norm based on 3 people. (In the USSR, this norm was 10-12 square meters per person. Currently, the minimum social standard is 18 square meters per person, which indicates a positive trend in changes in area standards).
- e. Good nutrition. Nutrition can be considered complete if it is a combination of usefulness and self-control, high taste and variety.
- f. Access to minimal education. Education and research require sufficient grants from the government. In countries with a low level of poverty, we can notice that they lag behind in education and research. You can also pay attention to the fact that higher education institutions are located in rich countries. Thus, a nation with a low level of poverty cannot provide its students with a good education.

3. Results and Discussion

In accordance with the instructions of the head of our country, in order to develop specific levers and mechanisms for poverty reduction, to thoroughly develop criteria and methods for determining the level of poverty, taking into account foreign experience, minimum standards and regulatory frameworks for social security, 14 experts from international organizations such as the World Bank, the UNDP, and the Asian Development Bank were involved in a short period of time, and together with these experts, the project "Concept for Poverty Reduction in the Republic of Uzbekistan in 2021-2023" was developed, which includes the above tasks.

Coming directly to the concepts of poverty and deprivation, it is worth noting that currently there is no generally accepted and single agreed definition of the concepts of poverty or deprivation worldwide. Each country describes it based on its own poverty criteria.

According to the UN definition, poverty is a state of deprivation of income and resources necessary for a person to live, including hunger and malnutrition, limited access to health, education or other basic services, lack of shelter, living in a dangerous natural and man-made environment, and social inequality (from the UN High-Level Summit on Social Protection).

Poverty is manifested in the lack of choices and opportunities throughout a person's life, the presence of obstacles to full participation in society, and the lack of opportunities to feed and clothe a family, receive education or medical treatment, engage in any activity or provide income-generating work, and limited access to credit. Poverty is also considered to be the social exclusion, vulnerability and helplessness of individuals, households and communities in the face of risks (from the "Poverty Measurement Manual" of the United Nations Economic Commission for Europe, New York, Geneva).

In addition, according to the methodology proposed by the World Bank as a result of research conducted in 115 countries in 2015, it is recommended to set the poverty line at 1.9 USD in purchasing power parity at 2011 prices for all countries, and the poverty line based on the low, middle and high levels of income of the population of the countries as 1.9; 3.2; 5.5 and 21.7 USD.

Based on the above definitions and methodologies, based on a separately adopted poverty determination methodology, a population group whose total income (or expenditure) does not reach a certain poverty threshold can be recognized as poor, and a population group that is completely unable to meet its basic needs for survival can be recognized as impoverished.

Poverty is a specific state of material deprivation of people, when the income of an individual or family does not allow them to maintain the consumption that is socially necessary for life. Poverty is a specific feature of the economic situation of an individual or group, when they cannot pay the price of necessary goods themselves.

Poverty is a living condition that does not allow people to consume at the level of minimum standards recognized by society. The problem of poverty manifests itself in one form or another in any society. In this sense, it is universal and is in the spotlight everywhere. However, there is no clear, generally accepted definition of poverty. It has a contradictory nature and is constantly being concretized and changed.

In addition, students cannot go to rich countries to get an education, because they cannot afford it. According to the criteria listed above, it is possible to identify the disadvantaged strata of society as social groups that differ significantly from other strata of the population in their specific characteristics, primarily their low standard of living and quality of life, poverty, poverty, poverty, etc. consumption structure. When studying poverty, it is necessary to choose an appropriate indicator of well-being. The most common indicators of well-being are income and consumption as an economic component and the level of health, nutrition and education, lack of social ties, insecurity, low self-esteem and social helplessness. The main, official, poverty line. is built on the basis of the living wage budget. An important factor in assessing poverty is the determination of the income of the population, with which the subsistence minimum can be compared.

The income of the population is measured by two main methods:

- a. Official statistical data;
- b. Sociological surveys among the citizens themselves, households (Such surveys are regularly conducted in the form of public opinion surveys, as well as sample surveys of the State Committee. Based on these data, the poverty index is determined as the difference between income and the income of the population. standard of living).

A significant drawback of measuring income is that a person's discretionary income does not say anything about how he lives. In particular, we cannot assess the distribution of household income, gender inequality, or access to free or affordable social services (education, health services, etc.).

The calculation of the share of the population whose income is below the poverty line, of course, depends on how incomes are calculated and how the cost of living is calculated. However, from a practical point of view, this is a relatively adequate indicator - it allows

you to assess to some extent the dynamics of the living standards of the population in a given country and the effectiveness of state policies to reduce poverty. Assessment of the severity of the poverty problem in a country or its region is based on the use of objective statistical indicators.

Poverty assessment indicators must meet the following requirements:

- a. Be reliable;
- b. Comparable in time and space;
- c. Available for.

In modern theory and practice of measuring poverty, its indicators are of particular relevance and importance.

The main indicators of poverty (poverty incidence, depth index and severity index of poverty), which serve as its main indicators in statistics, were developed by scientists J. Foster, J. Grayer, E. Torbeke. In addition, local practice uses monetary and non-monetary indicators of poverty as indirect indicators.

Monetary measures include income, expenditure and consumption indicators (for example, nominal and real amounts of money, income, including wages, final consumption expenditures, available resources, etc.). Measures of non-monetary poverty include indicators of health, education, social support and social services of citizens, and subjective assessments of poverty.

When determining the poverty line, the UN takes as a basis the amount of income sufficient to purchase basic goods and services necessary for human needs. It is recommended to include such goods as food, clothing, housing, water supply, electricity, school education, medical services, etc.

Thus, poverty indicators are, of course, one of the main indicators of the standard and quality of life of the population. The main strategic goal of economic development is to increase the well-being of citizens and strive to improve their living standards. Insufficient assessment of poverty indicators, their exclusion from the system of assessing socio-economic development calls into question the appropriateness and effectiveness of the criteria for the system of territorial support for the results of economic activity.

Today, the number of people dependent on the household service industry is increasing day by day around the world. Considering that one in ten employed people worldwide work in the domestic service sector, and that the annual growth rate of the global workforce is on average 5-8%, domestic service, unlike other sectors, is in constant need of qualified personnel.

Accordingly, if the labor in this sector is reflected in the total value of the product (service) produced by a specific household service enterprise, then its employment is an indicator that cannot be achieved by accurate calculations. Because the multiplicative effect in household services directly affects other sectors, creating a chain of employment in them as well. This, in turn, complicates the quantification of unemployment in the household services sector. For this reason, it is recommended to calculate it only for household services sectors.¹ In addition, when discussing the problem of unemployment in the household services sector, it is necessary to take into account the "cyclicality" factor. That is, employment in the household services sector is more cyclical than in other sectors, and during cyclical peaks, more people are employed in the sector than usual.

Studies have shown that structural changes in the labor market and employment are to some extent dependent on the development of the domestic service sector, and vice versa, the development of domestic service can also affect the labor market and the level of employment. According to the analysis, the level of employment in the domestic service sector in different countries of the world varies significantly under the influence of a number of factors. In this regard, the contribution of the domestic service sector to GDP is one of the primary factors. Because changes in the labor market situation also affect economic growth or its decline. Therefore, one of the main tasks in developing labor market policy is to determine the relationship between economic growth and employment. Scientific research on this issue has been studied in various ways over the years. In particular, economists such as K. Kapos and J. Dopke have identified a causal relationship

between economic growth and the level of unemployment in different periods and countries, emphasizing that economic growth creates new jobs.

In addition, the Great Recession of 2007-2009 brought uncertainty to business activity and a large part of the economically active population lost their jobs. The COVID-19 pandemic has also caused a similar process.

In order to analyze the validity of the above considerations, we found it appropriate to study the relationship between household service and employment indicators in some countries with a high level of development of household services.

Table 1. Changes in employment indicators in the household service sector of foreign countries in 2020 - 2024.

No	Countries	Number of people employed in the household services sector (million people)		
		2020	2024	change, %
1	France	1,3	1,6	123,1
2	Mexico	2,4	3,1	129,1
3	Spain	1,3	2,8	215,3
4	Turkey	1,1	2,7	245,4
5	Italy	2,4	3,2	133,3
6	USA	3,7	4,6	124,3
7	Greece	1,6	2,8	175,1
8	Austria	2,3	3,4	147,6
9	Germany	3,1	4,2	135,4
10	UAE	2,5	3,8	152,1
11	China	5,3	6,8	128,3

According to the data in Table 1, it is obvious that in 2024, compared to 2020, the number of people in China who are dependent on household services will increase at a higher rate than other countries (6.8%), while the number of people in Greece and Turkey who are dependent on household services will increase at a higher rate than other countries (245.4% and 175.1%). What is noteworthy is that after the epidemiological situation that occurred around the world, such a growth rate was not observed even in the countries with high service capacity, such as France, Italy, and Germany.

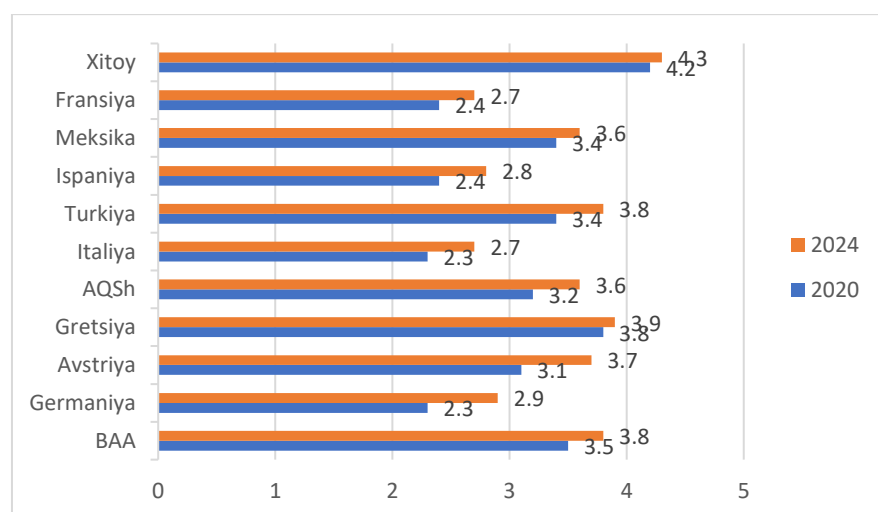


Figure 1. Share of household services in the country's GDP in selected countries in 2020-2024, %.

The growth of the share of household services in the country will lead to the emergence of modern jobs. In addition, organizations can be supplemented with pensioners, people with disabilities, those who are unable to work full-time - categories of the population for whom it is difficult to find a job.

Currently, structural changes taking place in the global and national economy and the negative impact of the pandemic on these processes are still ongoing.

Therefore, many people need to change their job profile and learn new modern specialties. In order to increase the cost of living, most people are forced to work in several places in order to earn additional income. In such conditions, the importance of household services is not so great, but significant, since these services do not require the retraining of specialists and the reorganization of organizations.

Table 2. Aspects of the relationship between the household service sector and poverty reduction.

No	Domestic service	Poverty
Economic dependence		
1	Provides daily material and spiritual needs	There is a need for daily material and spiritual needs
2	Formed from natural, social, and spiritual resources	Consumes natural, social, spiritual resources
3	Low resource requirements	High demand for low-resource services
4	Capable of intensively solving employment and unemployment problems	Population employment. Management of the economic system by foreign companies
5	Flexible to market supply and demand	High sensitivity to market supply
6	High demand in the labor market	Strong tendency to informal employment
7	Reflects a low-yield and inefficient type of service	Entrepreneurship that has not "taken off"
8	State recognition of unregistered employment	Formation of a flow of hired workers and unemployed people looking for work
9	Payment of the minimum level of tax revenues	Getting used to minimum tax revenues
Socio-cultural connection		
1	The possibility of recruitment into services based on the quality and level of low education	The increase in the activities of socially problematic categories, the emergence of ambiguous entrepreneurial corners
2	Adoption of "copy and import" laws	Commercialization of the concept of poverty on the agenda of state policy Changes in the mentality of the population that are beyond anyone's control
3	Secret recruitment of minors, disabled people, and retired people	The category of "housing" and "condition" are not relevant to the discussion

From the above theoretical analysis, it can be concluded that the development of the household services sector, an increase in its share in the country's gross domestic product,

and a rapid increase in the number of consumers in the country can lead to poverty reduction as a result of an increase in the number of households in the household services sector. In other words, it can be concluded that there is a close relationship between these indicators. Because, with the development of the domestic services sector and the reduction of the number of poor people, the demand for new highly qualified specialists in the sector is constantly increasing. Accordingly, the increase in the number of market infrastructure participants will create jobs in the domestic services sector in the national economy, and ultimately poverty will decrease.

The domestic services sector can be viewed as a strategic sector that not only makes a significant contribution to the global economy, but also has a significant impact on socio-economic indicators, including poverty reduction.

4. Conclusion

From the above theoretical analysis, it can be concluded that the development of the household services sector, an increase in its share in the country's gross domestic product, and a rapid increase in the number of consumers in the country can lead to poverty reduction as a result of an increase in the number of households in the household services sector. In other words, it can be concluded that there is a close relationship between these indicators. Because, with the development of the domestic services sector and the reduction of the number of poor people, the demand for new highly qualified specialists in the sector is constantly increasing. Accordingly, the increase in the number of market infrastructure participants will create jobs in the domestic services sector in the national economy, and ultimately poverty will decrease.

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