



## The Essence of the Conceptual Model of Service Enterprises Modernization

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### ABSTRACT

The multiplicity of definitions of modernization due to the fact that the very concept of “modernization” has very deep roots, related to the development of human civilization on its inherent social and economic laws. One of the most important laws is the development of the modernization process. Currently, the modernization process scale covers a wide field of human activity that initiates improvement of conceptual provisions of modernization. Modernization theory emerged in the 60s of XX century in the struggle for influence in the third world. Only by the middle of the 80s, when there was accumulated both positive and crisis experience a large number of third world countries that have implemented a variety of projects (both in the West and the socialist pattern) formed the theoretical concepts that are suitable to support a relatively non-ideological modernization politician. The result was the understanding of the transformation of the concept of “modernization” in the subject of analysis for representatives of disciplines, from different sides of the practice of “new” countries and analyse the reasons for successes and failures of the relevant development projects.

**Keywords:** Enterprise Economy, Service, Modernization of Enterprises, Management Model

**JEL Classifications:** D22, D24, L26, L82

### 1. INTRODUCTION

The word “modern” comes from the Latin “*modernus*” – a term used by Christian theologians of V century to contrast the new historical era pagan societies of the Mediterranean (which they regard as “*antiquus*”). The very concept, literally translated as “modern,” bears the stamp of historical relativism and essentially meaningless for social theory because it does not clarify the essence of any historical epoch. However, it appears in everyday life whenever researchers are not able to know the underlying features of the new historical period, trying to “hide your head” in the “shifting sands” meaningless definitions. Characteristically, the second time the adjective “modern” was used in the enlightenment to emphasize the differences between the emerging industrial order and the feudal order; then appeared and the noun “modernity,” by which have been designated European societies since the end of the XVII century. In the first half of the last century, a number of authors

(e.g., Arnold Toynbee) extended the “historical retrospective” concept to the end of the XV century (Inozemtsev, 2008).

In preparing the study were used monographic, abstract logic, calculation and constructive, systematic and structural, expert methods, comparative analysis and statistical processing of data, the use of which allowed for the validity of theoretical propositions and arguments the findings of the work.

### 2. DISCUSSIONS

According to Habermas’ theory of modernization gives the notion of “modern” character of the abstraction that has a big impact (Habermas, 2003). It separates art from its beginnings – the new time in Europe and stylize it as a model for social development in general, neutralized in the space-time relation. In addition, modernization breaks internal connections between modernity and historical context

of Western rationalism, so the processes of modernization is no longer perceived as a rationalization, as a historical objectification of reason (Weber, 1992). It should be noted that the genesis of this understanding goes back to Karl Marx, said that: “The case <...> is not more or less high degree of development of the social antagonisms that arise from the natural laws of capitalist production. The point of these laws themselves, these trends, existing and ongoing with iron necessity. Country, more industrially-developed, less developed country shows a picture of its own future” (Marx, 1848).

Today, the difference of positions in relation to the development of policies based on the relevant theories of modernization or, more broadly, on the development of theories, justifications speakers internal and external policies.

According to the most general definition, modernization is a process of transition from traditional society (agricultural, patriarchal culture and rigidly fixed social hierarchy) to industrial, based on large-scale machine production and sound management of public processes relying on the laws. In theory, under the modernization means the totality of the process of industrialization, secularization, urbanization, establishment of universal education, a representative of the political power, increased spatial and social mobility,.. etc., Leading to the formation of “a modern open society” as opposed to “traditional closed.”

With regard to the economy, the concept of “modernization” has different definitions (Table 1), but they are modernizing how the

process of updating the system of function-oriented economy capabilities – its capacity to mobilize the creative potential of a variety of resources.

Modernization – A purposeful process, constantly initiated an effective state and future-oriented business. Updating outdated forms and methods, as well as production facilities management, the implementation of the new features of the economy and society within predictable limits determined determination, skill and efficiency of the government, the active support of the business, objectivity and adequacy of their vision of long-term national interests and goals, efficiency and progressiveness aimed at providing them with industrial, scientific, technical and human resources policy, for which the government and businesses need not only financial and other resources, but also developed the institutions of economic and civil rights, credit and finance, tax, customs, etc. activity.

Thus, the modernization of the economy – it is an urgent and objective necessity, caused by the desire of the state to ensure its national interests by maintaining a high and long-term socio-economic stability in the country, strengthening its leading position in the world of well-being indicators, economic power, defense, security (including economic and technological), the competitiveness of the markets for goods and services, etc. Modernization policies in any country is always associated with overcoming a wide range of general and specific issues (socio-economic, financial, technical, personnel, and others.).

**Table 1: Classification of the definitions of “modernization” category**

Definition, interpretation of content	Source
Under the modernization means the totality of the process of industrialization, secularization, urbanization, establishment of universal education, a representative of the political power, increased spatial and social mobility . etc., leading to the formation of “a modern open society” as opposed to “traditional closed”	Great dictionary of economics by Borisov (2009)
Modernization is the increasing mobilization ability of the political system – that is, its ability to mobilize a variety of resources (political, economic, police, information, demographic) and send them to achieve new goals	Greater economic encyclopedia by Varlamov (2010)
Under the modernization generally refers to innovative change, adoption and implementation of something new in any sphere of human activity. When we talk about the modernization of Russia, we have in mind, first of all, the introduction of cost-based innovation, development and application in various fields of new technologies, technological solutions aimed at improving the efficiency of human activities in industry, science, management, movement of material, intellectual and financial resources	Katanandov (2010) report: “Modernization of the Russian education”: Documents and materials
Modernization – Organized and coordinated process whose objective is the development of economic structures and political institutions of society in order to improve its economic competitiveness in particular and social attractiveness as a whole.	By sergey magari; magari@yandex.ru
The modernization program is the transformation of society into a modern competitive system, which is able to successfully compete with other companies on a local or global level	Expert-Siberia by Zaytsev (2010)
Modernization – A purposeful process, constantly initiated an effective state and future-oriented business. Updating outdated forms and methods, as well as the production management system, implementation of the new features of the economy and society within predictable limits determined determination, skill and efficiency of the government, the active support of the business, objectivity and adequacy of their vision of long-term national interests and objectives	The socio-economic system of Russia and the problem of its modernization by Yavlinsky (2007)
Modernization (French “modernization”, from “modern” – the newest) – change in accordance with the latest modern requirements and standards, e.g., upgrade (update) the technical equipment, production process, etc., Modernization – A set of technological, economic, social, cultural, political changes aimed at improving the social system as a whole. Modernization – macro process of transition from traditional to modern society – a society of modernity	Modernization of Russia: The post-imperial transit by Gavrov (2009)

taking into account the real economic risks, opportunities and constraints.

The following changes usually occur in the framework of the modernization process:

1. Improvement of the entire system of social relations and the changing way of life – The appearance of new procedures and mechanisms regulating conflicts and resolving social problems (Kobersy et al., 2015);
2. Increase awareness and autonomy of individuals;
3. In the field of economics – The maximum spread of commodity-money relations, the emergence of new advanced technologies to achieve a high level of professional expertise of managers and employees (Williams and Windebank, 2015);
4. Changes in social relations – The transition from immobility birth to a dynamic society based on high social mobility and social competition.

Among the characteristics of the modernization process also produce:

1. Its complexity, as it covers all aspects of society;
2. Its consistency, since a change in any element or whole sectors of society leads to changes in the other – Cultural and political changes lead to changes in the economy, and vice versa;
3. Its global nature – Begun in the West, then it spreads to the whole world;
4. Extended its character – The modernization does not happen overnight, and is divided into stages (emergence of the reformist elite, initiating change, the spread and consolidation of the results);
5. The differential, not the same type and straightforward character – modernization in different countries takes place in different ways, one way or another takes into account and is based on the traditions of the national culture and ethics (for example, “Japanese economic miracle”), does not require a complete rejection of them in favor of Western and European values.

An integral part of the complex process of transition from traditional to modern society (of modernity) or industrial (although some researchers tend to call modern society post-industrial, or information) is a political modernization, the contents of which constitute the change of the political system as an integral part of the overall systemic transition.

The American political scientist Verba and Pai are the following main components and features of the process of modernization:

1. Structural differentiation (separation) institutions of the political system – that is, the emergence of new political institutions, performing a strictly-defined function and at the same time closely interrelated and interact with each other (for example, the creation of new ministries and agencies in the executive structure);
2. Increasing the capacity of mobilization of the political system – that is, its ability to mobilize a variety of resources (political, economic, police, information, demographic) and send them to achieve new goals in development;

3. Increasing the capacity of the political system to survive in times of crisis and to overcome the crisis through the use of new means of communication, socialization and mobilization;
4. Tangible tendency towards political equality – that is, the gradual removal of all restrictions (economic, administrative, national, and others.) on the participation of citizens in politics.

The historical experience of transition of different countries to industrial society (including Russia second half XIX – beginning of XX) shows that the total systemic transformation of society (in contemporary adopted political science terminology – transit) not always, especially in the early stages, is accompanied in political profound shifts institutions.

History allows the possibility in principle of the social and economic modernization “from above” in the framework of the old political institutions under the guidance of traditional and/or grew up mostly of the traditional elite. In order to begin the process of transition from traditional to modern society it was successful, it was necessary to compliance with a number of conditions and, above all, ensuring the dynamic balance between changes in various spheres of society.

The problem for the modernization of Russia as a country inferior to the level of socio-economic and cultural development of Western countries and is committed to “join Europe,” has been and remains relevant to the present time.

As part of this problem has developed a significant number of areas and concepts that differ in both disciplinary and substantive approaches.

The majority of domestic authors ambiguously estimate the processes taking place in contemporary Russia. Fadin in his article “The modernization through catastrophe” argues that the political system of the country (Russia) is not reformed, surges, shocks, in particular – modernization does not exist. And modernization itself is nothing more than the “mutation” of society. This is explained by the fact that the post-communist situation in Russia can be characterized as “subjectless.” Any accelerated modernization (structural and including) the state will require a powerful, managed, capable of complex maneuvers command of the state apparatus, i.e., a subject of reform. This subject is not only absent, but, apparently, cannot be generated by this society in the foreseeable future. (Here Fadin clearly resonates with Huntington, who this “subject of reforms” in favor the ruling elite, that is, it is a statist basis of any successful catch-up development) (Fadin, 1995).

The only way out of this situation to ensure the smooth and stable growth is a high-quality organic and modernization of the Russian economy.

The need for modernization is due primarily to the fact that a significant number of Russian goods producers, who are currently in recess “price and quality” – not competitive with the increasing purchasing power of the population. In recent years, this trend is manifested in the form of increase in imports from both the

countries of near and far abroad, in accordance with the growth of living standards.

Common to all theories of modernization (the backlog of theories, catch-up) is the idea that the causes of underdevelopment are related to internal factors, such as illiteracy, traditional agrarian society, traditional values and expectations of the population, a weak division of labor, lack of services and infrastructure. Differences in the structure and the historical path taken little into account external influences ignored. Such an approach, it is clear filmed the question of responsibility of the colonial powers and laid the responsibility on the government of “new” countries. This was the original idea, that there are general laws of progress and the sample given by the developed countries, sooner or later, will be implemented.

Modernization theory draws a linear model, which is located in the continuum of both developed and still “underdeveloped” countries. It thus captures the level of the “gap,” to overcome which is the goal of modernization. Accordingly, the measure “modernization” and its assets – the quality of the production infrastructure, the need for capital, the scale of the transfer of know-how. Development – Increase productivity and efficiency – measured primarily on the indicator of gross domestic product (GDP) per capita. It is easy to see the similarity of this approach to that which was the basis of the Soviet modernization (and continues to influence modern ideas).

- “Dualistic theory” suggest splitting of economic and social structures in the “modernized” and “traditional” sector
- “Traditional” is characterized by underdeveloped and small-sized agriculture, handicraft, petty trade – these sectors have little to do with each other and develop their own laws
- “Modernized” sector can be considered as belonging to the developed countries, which receive major benefits from its development. But the development of this sector does not affect the evolution of the “traditional.”

The development (in the representation of this concept) is the absorption of the “traditional” sector in the development of concentration and “modernized.” Therefore, the main problem – the scale and speed of expansion of the “modernized” sector.

It is impossible to draw a clear line on one side of which are the traditional society, i.e., those who have yet to go all the way to the present, and on the other – modernized, and therefore, who are looking at the rest of the world from the height of his “wisdom of the ages”. The border here is actually very vague.

Of course, in any case should not be assumed that the completion of the modernization is the solution to all economic problems and gaining continuously high GDP growth rates. Challenges and reforms take place after the completion of the modernization, but they are of a completely different nature.

Upgraded society differs from the traditional high level of civic culture of the population, so that the political form of its existence becomes a democracy.

In the modernized society, much of the population loses its authoritarian consciousness. She already has a civic culture,

i.e., it seeks in one form or another to maintain it is the power which operates in its interests, rather than one that just exists independently of its will and desire.

Weber proceeds from the idea that any process of change occurring in society, ultimately means more rational principles (Weber, 1992). In other words, the company at the beginning of their development functions irrationally, people do not tend to confide their actions thinking. However, in the course of social development irrational principle in all spheres of human life give way to rational principles.

Modernization is one of the stages of this long process of rationalization. Accordingly, in light of the theory of Max Weber each society at any given time will have to begin to modernize. There are no other vectors of development. Nor are there any ways in which society can develop without upgrading.

Parsons summed up the theoretical concepts of Weber and formulated on the basis of the law of increasing rationality (Parsons, 1998). It lies in the fact that, as has just begun the process of rationalization, it immediately raises a certain immanent basis, on which there is a further development.

Approach of Weber–Parsons, assuming the objective possibility of the radical changes in various parts of the world, at the same time is far from being able to assert that modern society can be born spontaneously, i.e. simply because some elite class or kind of decided, roughly speaking, to “modernize.” For a society to be modernized, must be some preconditions, which, under the influence of certain factors on certain historical turn begin to generate entirely new deployment process. Modern society does not appear anywhere, anytime. It has a “birth date” (of course, somewhat arbitrary) and “specific parents” (the number of which, however, can be quite large).

Based on this statement formulated by the French sociologist Gabriel de Tarde laws follow (Tarde, 2009). Tarde wrote nothing directly about modernization, but he drew attention to the mechanisms by which spread all sorts of innovations in society.

### 3. RESULTS

The modernization of the Russian economy requires modernization and service. The need to speed up the dynamics of the Russian services is dictated primarily by internal reasons – low level of development of almost all services, as well as the country’s orientation towards a dignified integration into the world economy.

The course for the modernization of the Russian economy suggests the creation of favorable conditions for the fuller realization of the positive trends in the services sector and its general economic impacts.

Despite the complexity and the many problems in the general economic background collar stands out clear progress in some areas of modernization. Significant changes in the material base of many industries, where new construction is concentrated,

focused, as a rule, to the world standards in the field of technology, architectural and planning solutions, interior design, comfort and convenience for consumers. As a result, companies in the country were not previously known types and formats: Supermarkets, mini- and hypermarkets, shopping and multi-purpose retail and entertainment and office centers, multiplex cinemas, exhibition and concert complex, multi-sports and recreation facilities, etc. On the basis of new technologies, especially information and communication, now operate telecommunications (Shkurkin et al., 2016), advanced trading segment, business, professional, financial services; expanding their use in medicine, education, transport, and even as far away from the kinds of art activities such as museums, libraries, performing arts, etc.

Significantly changing business practices, manufacturers are moving to new organizational and management models and mechanisms. Across the range of service industries – from retail to medicine – distributed network model of organization with higher service standards and performance indicators. Proposal of services differentiated according to the level of income, tastes and preferences of consumers, business is secured in a recess of a particular market segment. Changes are outlined in eliminating chronic defects of the Soviet service – poor quality and service culture; new style rooted relationships with customers and manufacturers counterparts. On Russian soil tolerated successful variants of modernization services abroad. In particular, inactive industrial area and factory area, obsolete warehouses, transport, etc. structures are rebuilt in-office service facilities and exhibition halls, art galleries, concert halls and theaters, shopping, sports and recreational and cultural centers, etc. Multifaceted update a number of services, and this is crucial, not dictated from the top teams, and economic requirements and laws, global competition, is in line with the main directions of world economic development.

At the same time for the relatively more prosperous facade contrasts revealed deep and serious problems. Towards the modernization of the service sector are quite high barriers. Main, in our opinion, have a specific administration and reduce defects in public institutions and the macro. Strong pressure of bureaucracy, corruption, the failure of the judicial and law enforcement systems, violations of the rights of property and contract rights and other constraints very complicate the business climate, reducing the attractiveness of entrepreneurship. On the business under pressure high tax burden and various deductions from income under various pretexts.

A distinctive feature of the modernization of the service sector – uneven in many ways. Significant inter-industry differences in the depth and pace of change, the level of technology, quality, organization, management and service. Some industry took the lead, while others are in crisis or stagnant; clearly pronounced imbalance high-tech and traditional services; abnormally large size attain security business, some forms of entertainment and recreation, etc. The consumption of services is particularly pronounced is the most dangerous disease of Russian society – a huge gap in the level of incomes. In general, a small number of industries has developed a thriving oasis of serving the needs of affluent sections of the population in high quality and often

world-class service, while in the consumer basket of the general population share of services (except for housing and utilities) is negligible.

To determine the specificity of the process of modernization in services it is advisable to define the key features of basic services, their extreme heterogeneity and development trends.

In domestic economic literature collar is defined as a set of activities, producing and selling services. The sphere of services includes housing and communal services, consumer services, public education, health care, physical culture and social security, culture and art, passenger transport, communications service consumers, the retail trade, public catering.

According to the all-Russian classification of services for the consumer service sphere provides the following services: Household, public utilities, public transport, communications, physical culture and sports, medical and health-improving, cultural institutions, veterinary, legal nature, banks, education and other services.

Services are provided free of charge, on favorable terms and in the form of a fee. The principle of free and concession applies to those of them that are socially relevant for all members of society. Free services – services of social and cultural sectors of the production sector (education, health and other types of cultural services). The development of the sphere of the free services provided by the public consumption funds. Free service is an organized form of public needs of the population in the social and cultural benefits.

Paid services – services of enterprises and institutions of housing and communal services, consumer services, telecommunications, public transport, as well as tourist and excursion services, sports, sanatorium organizations and legal services. These services, as well as consumer goods, meet the demand of the population for consumer goods. The scope of paid services is mainly an individual form to meet the relevant needs of the population. Paid services are characterized by a wide range and represent a great freedom of choice. The development of paid services provided by attracting funds of population and resources of the enterprises and organizations of all industries, regardless of their specialization.

In the structure of paid services provided by the Russian Federation (Table 2) population, have traditionally occupied the largest share of transport and communication services (in 2015 – by 21.6 and 19.8%, respectively), and utilities (17.5%).

Among the seven territorial formations Southern Federal District occupies the third rank (after Central and Volga) for the volume of 2014 paid services – 534.8 billion rubles and shows one of the highest ranks of the volume index – 100.7%, following the Far East.

The share of personal services has a stable tendency to decrease (from 14.6% in 2010 to 9.9% in 2015). Significantly increased the share of services (for the same period from 11.2% to 19.8%). The share of education services remains at the level of 6.7-7.1%, which is a dramatic increase over the period 2010-2015. It led to

the attainment of a certain stage of stabilization. Decreased share of rendered legal services.

Reducing the share of health and fitness services at the turn of XX-XXI centuries, accompanied by the exponential growth of this indicator, followed by stabilization of the share of health care paid services.

On average per inhabitant of the Russian Federation paid services were rendered in 2015 for a total amount of 28.8 thousand rubles (Table 3).

The volume of paid services to the population of the Rostov region in 2014 amounted to RUB 94,639,100,000 (Table 4). During the period of 2010-2015 increase in the volume of paid services in the field of higher than for the Russian Federation and is 761.8 against 732.3% (average for the Southern Federal District – 874.2%).

On the relation of forces in the services sector in Russia and abroad clearly shows the situation on the world market, where more than Russian Service participated modestly.

**Table 2: Structure of paid services to the population of the Russian federation, in percentage of total**

Types of services	2011	2012	2013	2014	2015
All services rendered	100	100	100	100	100
Domestic services	14.6	10.1	9.9	9.7	9.9
Transportation services	25.8	21.5	21.2	20.9	21.6
Communication services	11.2	18.5	18.6	19.9	19.8
Housing services	6.1	5.3	5.6	5.4	5.2
Utilities	14.2	18.3	18	17.6	17.5
Services of hotels and similar	-	2.6	2.7	2.7	2.6
Cultural services	1.7	2.3	2.2	1.7	1.6
Travel services	1.8	1.5	1.6	1.6	1.8
Services in sport	0.4	0.7	0.6	0.6	0.6
Medical services	4.6	4.8	4.9	4.7	4.8
Health services	2.8	1.6	1.5	1.4	1.4
Veterinary services	-	0.2	0.2	0.2	0.2
Services of a legal nature	5.2	2.3	2.5	2.6	2.5
Education services	6.9	6.7	6.9	7.1	7
Other	4.7	3.6	3.6	3.9	3.5

**Table 3: The volume of paid services per capita of the population of the Russian Federation (thousand rubles)**

Types of services	2011	2012	2013	2014	2015
All services rendered	4141	16,002	19,806	24,098	28,765
Domestic services	604	1611	1966	2328	2861
Transportation services	1070	3434	4198	5067	6164
Communication services	464	2961	3677	4791	5683
Housing services	251	847	1101	1300	1497
Utilities	590	2933	3574	4237	5043
Services of hotels and similar	-	423	529	651	757
Cultural services	69	375	441	412	469
Travel services	73	238	321	380	514
Services in sport	15	105	111	153	180
Medical services	189	773	967	1141	1378
Health services	116	254	303	346	410
Veterinary services	14	34	40	44	51
Services of a legal nature	217	368	492	620	719
Education services	285	1075	1364	1700	2026
Other	185	571	723	929	1014

The share of commercial services in the total value of exports of Russian goods and services amounted to 9% in 2010, while the US – 28%, UK – 38% of the world average of 19%. Imports of services in our country at a cost of sustainably exceed exports, the United States, Britain, France and some other countries, surplus in trade in services has consistently positive.

At the world services exports, Russia's share is 1.0%, while the United States, 15.0%, Great Britain – 8.0%, China – 3.1%, India – 2.3%.

It should be noted that the services are very diverse in its content, however, it may be noted the four characteristics which to some extent inherent in all of them.

**Intangibility:** Services are intangible. They cannot see, taste to the date of purchase. We can 100 times go to the hairdresser, but as long as we do not pay for the service, we will not see the result. In fact, the customer has to simply believe in the word master.

In order to build confidence on the part of service provider customers can take a number of concrete measures. Firstly, it can improve tactility of the goods. For example, the hairdresser can show the photograph will look like your hairstyle. Secondly, it cannot simply describe their service, and focus on the benefits associated with it.

**Is inseparable from the source:** The service cannot be separated from its source, be it a person or a machine, while the goods in material form exists independently of the presence or absence of its source.

**Impermanence quality:** Quality of service varies widely depending on the vendor, as well as providing time and space.

**Not persistence:** The service cannot be stored. The reason that many doctors take charge and do not attend to the reception of patients is that the value cost services existed at the time just patient absence. In conditions of constant demand not persistence services are not a problem, as you can in advance to properly equip the organization. In the case of fluctuations in demand to companies that provide services arise serious problems. For example, taking into account the need for transport during peak hours public transport companies have to have a lot more vehicles than would be necessary without changing the level of demand for the entire day.

Enterprises of services, and it is mainly small businesses have a number of important features in terms of the organization of production and services.

- First, the consumer is usually present in the service business in the manufacturing process, i.e., contact or interaction with the user more closely than in the industrial production
- Second, the service sector characterized by a high degree of personalization in accordance with the requirements of the consumer
- Third, work in this area is usually more time-consuming than the industry.

**Table 4: The volume of paid services to the population by regions of the Southern Federal District\* (million rubles)**

Types of services	2010	2011	2012	2013	2014	2015	2015 to 2010, %
Russian Federation	602,755	2,271,733	2,798,901	3,424,731	4,083,355	4,413,700	732.3
Southern Federal District	61167	243607	303391	387279	466345	534751.1	874.2
Republic of Adygea	768	3145	3368	4024	5254	5826.6	758.7
Republic of Dagestan	2321	19384	25333	33774	43800	53452.8	2303.0
Republic of Ingushetia	272	1094	2367	5510	6082	5895.3	2167.4
Kabardino-Balkar Republic	1794	6790	7955	8984	10795	12,471.9	695.2
Republic of Kalmykia	361	1152	1790	2120	2611	2773.7	768.3
Karachay-Cherkess Republic	719	3047	4103	4705	6062	6932.3	964.2
Republic of North Ossetia-Alania	2809	6869	9080	10672	12517	15,345.8	546.3
Krasnodar region	19158	74197	87159	115689	137868	154,710.5	807.6
Stavropol region	10344	35309	41371	50362	57175	67,104.8	648.7
Astrakhan region	2955	10761	13216	15361	18457	20,583.3	696.6
Volgograd region	7243	32539	45612	57988	70985	86,710.0	1197.2

\*Southern Federal District within the borders until 2015

Thus, the production of management services more difficult than in the industry, in terms of their modernization.

The criterion of modernization in services is their quality, which is the properties of the system, the characteristics of services, determine their ability to meet the needs of the population, up to its intended purpose and comply with the requirements. The quality of a synthetic category determined by the degree of compliance of services provided and the terms of the requirements of existing standards, quality systems, consumer demand. Quality of services is closely related to the use value, defining the limits and level of satisfaction of the needs to which they are purchased for the performance. Quality serves as a basis for the modernization of services.

The essence of modernization in services can be expressed in the objectives, mechanisms and instruments for its implementation. The main means of modernization in the service business, given its specificity, stands monitoring, negotiation, implementation of the interests of service industries and the public.

Upgrading the service sector service business involves the transition to work on the basis of the following principles:

1. Priority of customer needs and desires of their own benefit considerations
2. Dependence of corporate planning from consumers (Mikhaikushkin et al., 2015)
3. Defining and measuring the quality of services is mainly controlled by the client
4. Improving the quality of services and the level of service in terms of growth of volume of paid services
5. Compliance with the level of service provided to the world standards and expectations of the consumer.

Given that the nature of the service sector, the conceptual model of modernization service business may be formed on the basis of these principles, the choice of types of modernization and instruments of its implementation.

The foregoing features of the service allows businesses to state that the main objectives of the modernization of the control should be the following:

- Choose the type of upgrading (model: “Catch-up”, “developing” and “anticipatory”);

- Formation of optimal upgrading components to ensure sustainable development in the field of business services;
- A flexible upgrade control system for the correction of the current settings as the variability due to basic changes in the market, and due to changes in management paradigms

The major component of the modernization process in the service business are internal and external factors affecting the transformation of services. They can be represented by the following scheme (Figure 1).

The first group of factors (external) includes parameters of the socio-economic environment, which are outside the sphere of direct influence of the enterprise services.

The second group (internal) consists of enterprise modernization of factors, which includes various aspects of market activity, as well as the parameters reflecting the extent to which the circumstances of Service. Among the internal factors of the modernization of the important role belongs to the resource and technological potential, which includes the technical level of services and the provision of proper technology.

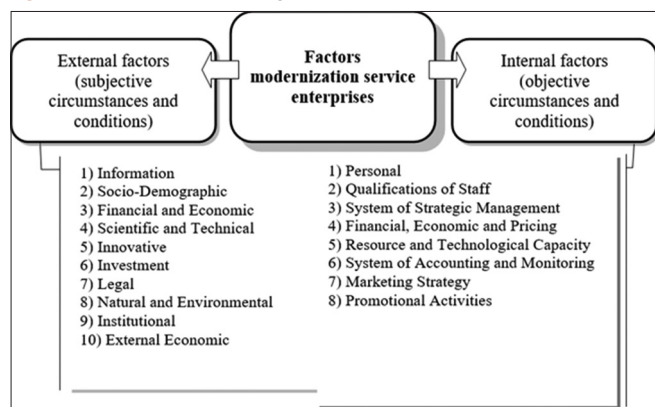
Thus, upgrading – this is the control object and purpose of the organization that operates in a competitive market, as well as an element of potential of the enterprise, which is a unique tangible and intangible resources of the economic entity.

Conceptual model of modernization service enterprises may be aimed at strengthening their role in the progressive change of factors external and internal environment, to systematize emerging predictive monitoring and analysis tasks on the structuring of the business environment and to optimize the internal capacity (Figure 2).

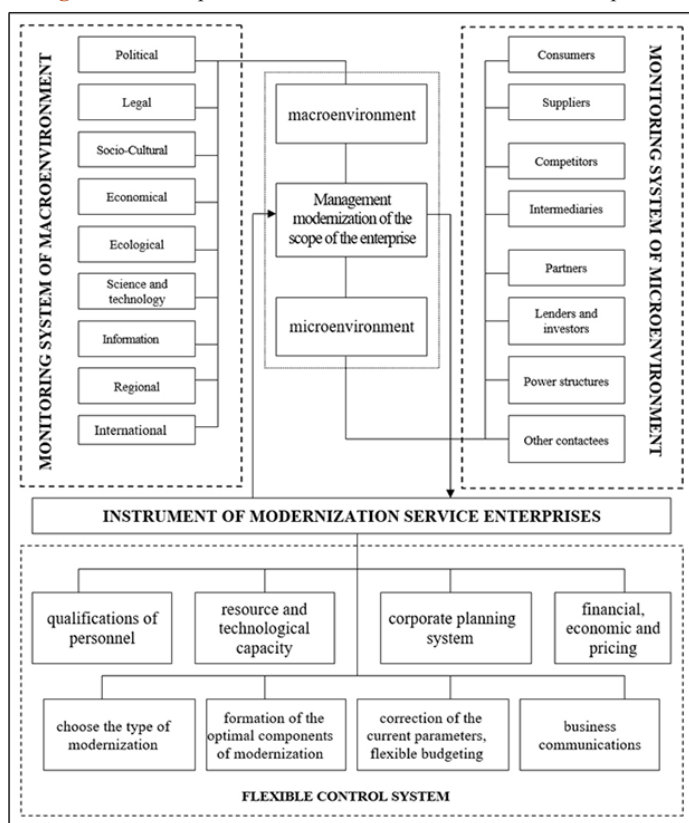
## 4. CONCLUSIONS

Modernization of management in the service sector requires managers to work on a qualitatively new, higher intellectual and creative level, which is associated with the understanding of the enterprise as a complex dynamic system functioning in the conditions of continuous change of both external and internal environment.

**Figure 1:** Factors influencing the modernization of the service sector



**Figure 2:** Conceptual model of modernization service enterprises



Conceptual model of modernization service enterprises is based on the following objectives: Increasing the capacity of mobilization of service industries – that is, its ability to mobilize a variety of resources (economic, information, technology) and send them to achieve new goals, optimization of costs, resources and time to adapt; increase the scope of services the ability to survive in a crisis and to overcome the crisis through the use of new means of communication, socialization and mobilization.

It should be noted that the contents of the processes of modernization and flexible management of service sector

businesses are complementary and interdependent. Adaptive management is a priority instrument of modernization, has the ability to recover lost and find a new state of equilibrium after the termination of the adaptive effects of destabilizing factors. It saves the state fixed the modernization of organizational structures in the hospitality industry.

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