

11th KALM International Conference

**Shared Value for Business and Economic
Development in the Asian Countries**

**Kyungpook National University
Daegu, Korea**

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Korea Association of Logos Management

◆ 11th KALM International Conference ◆

- Theme: Shared Value for Business and Economic Development in the Asian Countries
- Time : May 11, 2013
- Venue : Kyungpook National University, Daegu, Korea

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HOW TO KNOW FINANCIAL CRISIS IN MONGOLIAN ECONOMIC EVIDENCE

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Abstract

Following strategies of the leading economic indicator are formulated by regulators and business organizations. NBER from America researched the first leading indicator in 1930 after the crisis and it is being used after since till now. But there is not enough research to decide which indicator will be the leading one in Mongolia. Therefore our purpose became to value, demonstrate realistic economic period which will be able to evaluate the leading indicator and specify the leading indicator of economic cycle. We chose and estimated from the capable economic and financial indicator during 2000-2012 for 50 quarters to demonstrate the real economic cycle based on research and other experience of other countries. Results show that 14 are leading, 7 are coincident, 7 are lagged and 5 are undefined.

Keywords: Composite leading indicator, Mongolian economy

BENEFIT'S OF UZBEKISTAN FROM EXPORT PROMOTION POLICY

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Abstract

The role international trade and its effects on economic growth of a country was one of the main topics of the global economy in the last decades. Export and import operations which are the two sides of international trade play the main roles. In this article we pay attention only to export in case of Uzbekistan. Many developing countries adopt certain trade policies to promote their exports and the objective of this article is to answer the question whether Uzbekistan can benefit from export promotion or not. In most cases, the impact of export promotion is positive, in other words developing countries can benefit from export promotion. However, this article illustrates both benefits and drawbacks of export promotion for Uzbekistan.

As for other developing countries it is very important for Uzbekistan to have good partners in order to make successful export operations. As it mentioned above by improving international trade (export and import) the economy and welfare of the country will develop. However, in order to gain from export, it is highly important to know whom to trade with. It is generally known that, Uzbekistan is one of the developing countries of Asia that has great natural resources. Uzbekistan exports the products that are well produced within the country with high quality. And it exports these commodities for the countries which necessitate this kind of goods. If we look to the history, in 20th century main export partners of Uzbekistan were from Central Asia. Energy and oil products made up main part of exports of Uzbekistan in the first half of 2010. Share of energy and oil products in total exports of Uzbekistan made up 25.1% in the reporting period against 37.2% in January-June 2009, the State Statistics Committee of Uzbekistan said. The second main export item of Uzbekistan was cotton-fiber, which has share of 10.1% in total exports of Uzbekistan in January-June 2010 (10.7% in the first half of 2009).

Services claimed the third place with the share of 9.5% in January-June 2010 against 9.3% in the same period of 2009, the committee said. Share of food products in exports of Uzbekistan made up 6.5%, of which were consumer goods – 5.9%. Share of chemical products in exports was 4.7%, ferrous and non-ferrous metals – 6.9% and machinery and equipment – 4.6%.

In the annual report of the EU, Uzbekistan stays at the 92nd place in the major import partners of European Union.

In the table below, we can see commodities that are exported and imported by Uzbekistan.

Energy and oil products made up main part of exports of Uzbekistan in the first half of 2010. Share of energy and oil products in total exports of Uzbekistan made up 25.1% in the reporting period against 37.2% in January-June 2009, the State Statistics Committee of Uzbekistan said. The second main export item of Uzbekistan was cotton-fiber, which has share of 10.1% in total exports of Uzbekistan in January-June 2010 (10.7% in the first half of 2009).

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Uzbekistan makes export promotion and development a priority in order to achieve economic development goals. Government of Uzbekistan expects that sustained export promotion and development efforts will help earn additional foreign exchange needed to cover the cost of imports, solve balance of payments problems, help reduce the burden of increased foreign indebtedness and create additional employment for people.

Export subsidies, tax exceptions, reducing or abolishing export duties, domestic currency devaluation, and reductions in natural barriers to trade are the main instruments used to promote exports of Uzbekistan. Export subsidies are payments made by the government to encourage the export of

specified products. As with taxes, subsidies can be levied on a specific or ad valorem basis. In Uzbekistan the most common product groups where export subsidies are applied are agricultural and dairy products.

Dynamics of change in volume and structure of exports and imports

	Structure, in %		volume change, in %
	January-June 2009	January-June 2010	in % compared to January-June 2009
Export	100.0	100.0	114.3
cotton-fiber	10.7	10.1	108.1
food products	4.5	6.5	165.6
of which consumer goods	4.2	5.9	159.7
chemical products and articles thereof	5.2	4.7	104.2
energy and oil products	37.2	25.1	77.0
ferrous and non-ferrous metals	4.5	6.9	172.1
machines and equipment	2.6	4.6	2.0p.
services	9.3	9.5	117.6
others	26.0	32.6	143.2
Import	100.0	100.0	81.1
food products	9.0	11.0	99.7
of which for production needs	4.7	5.7	98.8
chemical products and articles thereof	10.9	14.8	110.2
energy and oil products	3.1	3.3	86.2
ferrous and non-ferrous metals	6.4	7.9	100.1
machines and equipment	57.1	45.6	64.7
services	4.3	5.2	99.0
others	9.2	12.2	107.3

Source: <http://www.tashkent.org/uzland/economy.html>

The second export promotion policy which is implementing by Uzbek government in recent years is reduction in export taxes. This increases the domestic returns to exporting, relative to production for the home market. If we assume that there are no any obligatory quotas in Uzbekistan, this will lead to increase exports. Besides that, reduction in export taxes directly affects to the government revenue of Uzbekistan. Due to reduction in export taxes government revenue may decrease or increase and this change depends on the responsiveness of exports. For example, elimination of export taxes reduces the government revenue. However this is the short run affect, since by exporting domestic products to abroad country gains profit and this profit will recover the decreased government revenue.

The third export promotion tool which is currently implementing by government of Uzbekistan is reductions in natural barriers to trade. This export promotion tool reduces non-tariff barriers to trade through. Public expenditure on international transport infrastructure such as airports can be an example and this also maintains the export system of the country. The effect of this policy is almost the same with reduction in export taxes, but reductions in natural barriers to trade increases the government expenditure, whereas reduction in export taxes may raise or decline the government revenue.

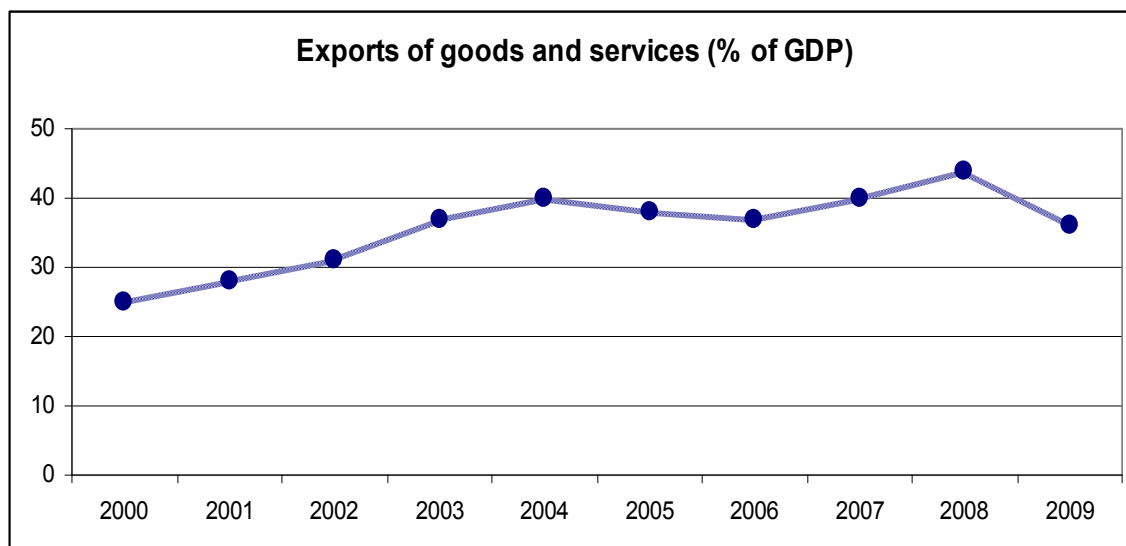
The last export promotion policy is domestic currency devaluation. This is one of the major export promotion policies of Uzbekistan, since it is well known that domestic currency of Uzbekistan (soum) always depreciates against to other foreign currencies.

In order to see the impact of implemented promotion policies on export itself we consider the export indicators of Uzbekistan in recent years. According to data of 2010 foreign trade turnover of Uzbekistan was 21.8 billion dollars or 103.0% compared with 2009. The volume of total exports amounted to 13.0 billion dollars or 110.8% to 2009, an increase of 1 273.2 million dollars, imports amounted to 8.8 billion dollars or 93.2%, up 640.4 million dollars less than 2009. The balance of foreign

trade up to 2010 Uzbekistan has reached 4 246.6 million dollars or 1 913.6 million dollars more than in 2009. The share of goods for industrial purposes in imports for 2010 reached 83.8% of total imports and amounted to 7 016.2 million dollars.

The share of consumer goods in 2010 amounted to 11.6% or 1 364.4 million dollars. Taking into account these indicators it can be said that during 2009 and 2010 export increased by 10.8% whereas import decreased by 6.8%. For that reason Uzbekistan reached a balance of foreign trade which is 4 246.6 mln dollars. It means that, currently Uzbekistan is expanding its export and there are some import restrictions.

On the other hand, it is generally known that GDP is one of the key factors of economic development of every country. This macroeconomic indicator shows the size of the economy, since how it gets larger it means that size of the economy is increasing.



Taking into account this graph, it might be said that exports of goods and services is one of the main factors which are included in GDP of Uzbekistan. Since, because of growing export GDP is also getting larger year by year.

In 2008 the share of exports in overall GDP of the economy was 44%. Relying on this information we can say that, as a developing country Uzbekistan also highly depends on its exporting system as a key development strategy and its export system is one the main profitable sphere in the economy which leads to increase in GDP and current account balance of the country. In other words, country is benefiting from different export promotion strategies which are being implemented by government.

To calculate it in econometric way we should regress export growth rate to GDP growth rate of Uzbekistan, since by doing so we will really know the effect of export growth on GDP growth.

Taking into account regression analysis it can be said that there is a positive relationship between export growth rate and GDP growth rate of Uzbekistan. One percent of change in export growth will cause 0.06 changes in GDP growth of Uzbekistan.

Dependent Variable: GDP growth rate				
Method: Least Squares				
Date: 04/18/11 Time: 14:33				
Sample: 2000 2009				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.

unemployment_rate	-0.314365	0.100888	-3.115976	0.0169
export_growth_rate	0.064480	0.025614	2.517404	0.0400
C	7.046765	0.720449	9.781080	0.0000
R-squared	0.818835	Mean dependent var		6.500000
Adjusted R-squared	0.767074	S.D. dependent var		2.321398
S.E. of regression	1.120363	Akaike info criterion		3.308508
Sum squared resid	8.786493	Schwarz criterion		3.399283
Log likelihood	-13.54254	F-statistic		15.81943
Durbin-Watson stat	1.821156	Prob(F-statistic)		0.002531

Another effect is impact of export growth on unemployment rate of Uzbekistan. As it is generally known export promotion will lead to decrease in unemployment level since it creates new jobs in other words it will provide labor force with different kinds of work.

Dependent Variable: unemployment_rate				
Method: Least Squares				
Date: 04/18/11 Time: 14:33				
Sample: 2000 2009				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
GDP growth_rate	-1.848401	0.593201	-3.115976	0.0169
export_growth_rate	-0.066370	0.081979	0.809595	0.0448
C	10.39131	3.304617	4.657519	0.0023
R-squared	0.884375	Mean dependent var		4.160000
Adjusted R-squared	0.694196	S.D. dependent var		4.264635
S.E. of regression	2.716690	Akaike info criterion		5.080031
Sum squared resid	15.66284	Schwarz criterion		5.170806
Log likelihood	-12.40015	F-statistic		7.589092
Durbin-Watson stat	1.847570	Prob(F-statistic)		0.017665

This another benefit from export promotion policies of Uzbekistan and for that reason we should know the impact of export growth and GDP growth rates on unemployment level. In the aforesaid table we can see the regression results.

In a general equilibrium model of an open developing economy which was developed by many economists so far, it can be shown that export promotion measures like export subsidies, reductions in export taxes, reductions in natural barriers to trade and domestic currency devaluation are definitely beneficial to developing countries Uzbekistan, in updating technology, improving productivity and stimulating employment. However, it necessary to keep in mind that to the output of non-export firm¹s and domestic price level, the outcomes are ambiguous and depend on household preference, production functions and other economic parameters.

Uzbekistan also needs new innovated technologies in order to develop its manufacturing system. Uzbekistan is a developing country where the government recognizes technology and productivity improvement as the key to economic development and is willing to update technology to accelerate

¹ Firms that manufacture the goods and services which are not exported to foreign countries

economic growth. New technologies and equipment are required in many industries of Uzbekistan. For that reason one of the main benefits from the export promotion for Uzbekistan is updating its technology.

On the other hand, limited by domestic capability in R&D, the Uzbek economy has to import new technology, embodied in capital goods, from the world market. And it is well known that in order to import new technology, the country must export to balance payments. If we assume government of Uzbekistan has certain economic rigidities such fixed exchange rate or if it is incapable to export a great amount of output, the country is short of foreign exchange and domestic firms can not import as much new technology and capital goods as they want. Furthermore, even if there is not any rigidity in the government and the foreign exchange is not a constraint, domestic firms may not have sufficient inducement to invest in new technology and capital equipment up to the first best level. This situation can be explained by the fact that private firms can not capture all gains of investment in sunk cost. For that reason, the government can step in to subsidize an export, which either ease the shortage of foreign exchange or promotes private investment in technology.

The second benefit from implemented export promotion policy of Uzbekistan is that it improves the domestic productivity. Latest projects which were implemented by government with trade promotion organizations serve to promote export of Uzbekistan and one of the main objectives of these projects is improving productivity of domestic firms. Such export promotion policy may increase the availability of land through irrigation investment. Besides that due to this policy supply of suitably trained labour will increase. These effects cause overall productivity of exported commodity to rise. But here the effect of export promotion policy on productivity of exported commodity will occur in medium or long-term rather than short-term, since in short-term industries can not increase their productivity as much as they want.

However, it is necessary to pay attention to drawbacks of export promotion policy on welfare and domestic price level. These two things are also important in the development of the economy. The first thing is welfare analyses. For this purpose we should calculate utility of household or in other words utility of whole society. According to scientific results gained by other economists about this topic, it is possible to assume that increase in goods consumption leads to more utility but devoting more labor to work always reduces the welfare. Since export promotion measures in this article definitely raise labor employment, whether they are welfare enhance depends on their effects on consumption. Export promotion results in more working but less consumption, then the whole society is definitely worse off.

The second drawback of export promotion which can occur is increasing domestic price level. Majority of export promotion policies definitely affect to the domestic price level of the goods and services which country exports to abroad. For example, if we take price of agricultural goods, there are many agricultural exporters in Uzbekistan. They distribute or in other words export their goods to the foreign countries. Let's assume there is no any export promotion policy for the export of agricultural goods. In this case, price level can be change only by steady level. After implementation of export promotion policy by government export will increase, it means that few products will remain in the store. In domestic markets the supply of agricultural goods will sharply decrease. Decline in supply of agricultural goods pushes up the price of these goods. Here we consider domestic demand for agricultural goods will remain the same or even increase. In this case, domestic consumers purchase less agricultural products with given budget.

We analysed the export promotion policy and export system itself of Uzbekistan, and now we can come to conclusion that overall economy of Uzbekistan is benefiting from its export promotion policies.

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An Empirical Study on the Hedging of CSI 300 Index Futures for the Risk Management of the Commerce Style Fund Investment of Shanghai Stock Exchange

Yim, Byung-Jin *

Jin, young Hyun**

<ABSTRACT>

This study investigates hedging ratios and hedging performance of CSI 300 index futures against of the Commerce Style Fund Investment of Shanghai Stock Exchange. For this purpose, we use the traditional minimum variance hedge model(OLS), VECM and the Bivariate GARCH (1,1) models. The sample period covers from April 16, 2010 to September 23, 2011 and we use the daily data.

The hedge performance analysis was performed by out-of-sample and in-sample. The hedge ratio was estimated using traditional minimum variance hedge model, VECM and GARCH(1,1) with excepting data for 50 days in order to analyze the hedge performance using out-of-sample. With the parameter obtained in estimation of the model, hedge performance was measured and analyzed using data for 50 days. Measurement of hedge performance in this study is the decrease rate that subtracted one from the ratio of hedged portfolio variance to unhedged portfolio variance.

This research showed following main results. First, from basic statistic analysis, even both the Commerce Style Fund and CSI 300 futures price has unit roots. Second, there is at least one cointegration between them. Finally, hedging ratios and performance do not significantly differs hedging model. This study is helpful to risk managers dealing with CSI 300 futures and the Commerce Style Fund Investment of Shanghai Stock Exchange.

Key words: the Commerce Style Fund, CSI 300 Futures, Ordinary Least Squares (OLS), Out-of-sample, In-sample

I. Introduction

Hedging is to reduce the risk from the spot position like stock portfolios, commodities, and foreign exchange with the use of derivatives. This paper provides empirical evidence on the effectiveness of hedging to reduce the Commerce Style Fund Investment of Shanghai Stock Exchange risk among the major functions of the currency futures including the price discovery and speculating.

This study of basic motivation for hedging is to risk management of investing the Commerce Style Fund Investment of Shanghai Stock Exchange.

This paper examines hedging performance in CSI 300 futures market of investing the Commerce Style Fund Investment of Shanghai Stock Exchange to risk management. It then examined hedge and mutual interrelationship of variables between CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange for risk management.

The paper is organised as follows: Section II provides a detailed literature review, while Section III shows an overview of methods employed for estimating hedging performance. Section IV describes the data, and Section V presents empirical results from OLS method. Finally, Section VI concludes the paper and summarizes our findings.

II. Data and Descriptive Statistics

The data employed in this paper comprise 353 daily observations on the Commerce Style Fund Investment of Shanghai Stock Exchange and CSI 300 futures. The CSI 300 closing futures prices and the Commerce Style Fund Investment of Shanghai Stock Exchange closing prices were obtained from the web page of KRX,

We examine the interdependence of CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange for 353 trading days from April 16, 2010 to September 23, 2011 for risk management as shown in the table 1. In this paper we analyze the direct hedging performance of CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange for risk management. The analysis employs Unit Root tests, co-integration test and the traditional minimum variance hedge model (Ordinary Least Squares (OLS) Model of Regression Analysis), VECM and BGARCH (1,1) methods using daily returns on the Commerce Style Fund Investment

of Shanghai Stock Exchange and CSI 300 Futures.

Table 1. Analysis Data

	Period	Number of data
Commerce Style Fund Daily Data	2010. 4. 16 ~ 2011. 9. 23	353
CSI 300 Futures Daily Data	2010. 4. 16 ~ 2011. 9. 23	353

$$\text{Commerce Style Fund Daily Data : } \left(\frac{SCN_t}{SCN_{t-1}} \right)$$

SCN : Commerce Style Fund Daily Index

$$\text{CSI 300 Futures Daily Data : } \left(\frac{CSIF_t}{CSIF_{t-1}} \right) \text{ CSIF : CSI 300 Futures Daily Index}$$

Table 2 shows the descriptive statistics of the CSI 300 futures and the Commerce Style Fund Investment of Shanghai Stock Exchange and Table 3 addresses the correlation of the CSI 300 futures and the Commerce Style Fund Investment of Shanghai Stock Exchange .

Table 2. Descriptive statistics

	W	X	Y	Z
Mean	3036.198	3760.472	-0.000700	-0.000620
Median	3035.000	3805.490	-0.000570	-0.000160
Maximum	3606.000	4462.70	0.053872	0.041237
Minimum	2530.600	3081.240	-0.066020	-0.068190
Std. Dev.	224.3839	277.9802	0.015658	0.015752
Skewness	0.107115	-0.170160	-0.327020	-0.64183
Kurtosis	2.510619	2.207102	5.151473	4.162495
Jarque-Bera	4.197593	10.95035	74.16332	43.98788
Probability	0.122604	0.004190	0.000000	0.000000
Sum	1071778	1327447	-0.246950	-0.217730
Sum Sq. Dev.	17722535	27200095	0.086060	0.087095
Observations	353	353	352	352

Note) W: Commerce Style Fund Daily Data, X : CSI 300 Futures Daily Data

Y : The difference of Commerce Style Fund Daily Data,

Z : The difference of CSI 300 Futures Daily Data

The CSI 300 futures and the Commerce Style Fund Investment of Shanghai Stock Exchange series are tested to ensure whether they are stationary. It is shown that the

ADF and the PP tests clearly reject the null hypothesis of the presence of a unit root for the CSI 300 futures and the Commerce Style Fund Investment of Shanghai Stock Exchange series, but the difference series are indeed stationary as shown in the table 4.

Table 3. Correlation Analysis

	CSI 300 Index Futures	the Commerce Style Fund
CSI 300 Index Futures	1.000000	0.760733
the Commerce Style Fund	0.760733	1.000000

Because it is shown that each series has a unit root, the next step is to test the cointegration relationship between the CSI 300 futures and the Commerce Style Fund Investment of Shanghai Stock Exchange series.

Table 4. Unit Root tests

Before Difference	the Commerce Style Fund Index Fund	CSI 300 Futures	Critical value of ADF	Critical value of PP
ADF	-2.025413	-1.879284	1% : -3.448728 5% : -2.869534 10% : -2.571097	
PP	-2.138489	-1.936062		
After Difference	the Commerce Style Fund Index Fund	CSI 300 Futures		
ADF	-20.21574	-18.06405	1% : -3.448782 5% : -2.869558 10% : -2.571110	
PP	-20.14454	-18.05299		

According to the test results, there is a cointegration relationship between the level variables of the CSI 300 futures and the Commerce Style Fund Investment of Shanghai Stock Exchange data by the Johansen cointegration test as shown in the table 5.

Table 5. Cointegration test results

	CSI 300 Futures and the Commerce Style Fund	
	Before Difference	After Difference
Likelihood Ratio	14.00531	108.0536

Note : 5% critical value : 15.49471

III. Methodology

Keynes(1930), Hicks, and Working(1953) suggested the theory of conventional hedging models and Johnson(1960), Stein(1961), Ederington(1979), Figlewski(1984), Baillie & Mayers(1991), Myers(1991), Kroner & Sultan(1993), Ghosh(1993), Park and Switzer (1995), Crain & Lee(1997), Chung-Hyo Hong, Gyu-Hyun Moon(2006) presented the improvement of hedging performance by time-varying bivariate GARCH hedging model and ECM (error correction model) developing the conventional hedging models. So this paper analyzes the hedge performance of CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange for risk management investing the Commerce Style Fund Investment of Shanghai Stock Exchange . This paper employs the traditional minimum variance hedge model(Ordinary Least Squares(OLS), VECM, and GARCH (1,1)) methods. The study examines the interdependence of CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange for 353 trading days from April 16, 2010 to September 23, 2011 for risk management of Investing the Commerce Style Fund Investment of Shanghai Stock Exchange .

3.1 The Regression Method

The analysis employs the traditional minimum variance hedge model(Ordinary Least Squares(OLS) Model of Regression Analysis) by Ederington (1979) using daily returns on CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange . The traditional minimum variance hedge model is conventional method of finding an optimal hedge ratio. The simple ordinary least square (OLS) estimation of the following linear regression model is as follows.

$$s_t = \alpha + \beta f_t + \varepsilon_t$$

$$\beta = \frac{Cov(s_t, f_t)}{Var(f_t)}$$

$$\text{hedge ratio } h^* = - \frac{Cov(s_t, f_t)}{Var(f_t)} = - \frac{\sigma_{sf}}{\sigma_f^2} = - \frac{\sigma_s \sigma_f \rho_{sf}}{\sigma_f^2} = - \frac{\sigma_s}{\sigma_f} \rho_{sf} = - \beta_{sf} s_t$$

: SRI-ECO Daily Index Fund daily returns

f_t : CSI 300 Futures daily returns

3.2 The Vector Error Correction Method (VECM)

If the level series of the CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange are non-stationary and integrated of order one then the following vector error correction model has been used estimate the hedge ratio HR_t .

$$S_{t-1} = c + \delta F_{t-1} + \varepsilon_{t-1}$$

$$S_{t-1} \sim I(1), F_{t-1} \sim I(1),$$

$$\varepsilon_{t-1} = S_{t-1} - c - \delta F_{t-1} \sim I(0)$$

$$\begin{bmatrix} S_t \\ F_t \end{bmatrix} = \begin{bmatrix} \delta_1 \\ \delta_2 \end{bmatrix} [S_{t-1} - \delta F_{t-1} - c] + \begin{bmatrix} \varepsilon_{st} \\ \varepsilon_{ft} \end{bmatrix}$$

$$\begin{bmatrix} \varepsilon_{st} \\ \varepsilon_{ft} \end{bmatrix} \sim N(0, H_t), \quad H_t = \begin{bmatrix} c_{ss} & c_{sf} \\ c_{sf} & c_{ff} \end{bmatrix}$$

$$HR_t = \frac{C_{sf}}{C_{ff}}$$

3.3 The Multivariate GARCH(1,1) Method

This paper employ GARCH(1,1) model because this model well characterizes the dynamics in the second moments of CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange . The bivariate GARCH(1,1) model to test

the optimal hedge ratio of CSI 300 Futures against the Commerce Style Fund Investment of Shanghai Stock Exchange is employed as follows

$$\begin{bmatrix} S_t \\ F_t \end{bmatrix} = \begin{bmatrix} \beta_1 \\ \beta_2 \end{bmatrix} S_{t-1} - \delta F_{t-1} - c + \begin{bmatrix} \varepsilon_t \\ \varepsilon_{ft} \end{bmatrix}$$

$$\begin{bmatrix} \varepsilon_t \\ \varepsilon_{ft} \end{bmatrix} \sim N(0, H_t),$$

$$H_t = \begin{bmatrix} h_{ss} & h_{sf} \\ h_{sf} & h_{ff} \end{bmatrix}$$

$$vech(H_t) = \begin{bmatrix} a_1 \\ a_2 \\ a_3 \end{bmatrix} + \begin{bmatrix} b_1 & 0 & 0 \\ 0 & b_2 & 0 \\ 0 & 0 & b_3 \end{bmatrix} vech(\varepsilon_{t-1} \varepsilon'_{t-1}) + \begin{bmatrix} c_1 & 0 & 0 \\ 0 & c_2 & 0 \\ 0 & 0 & c_3 \end{bmatrix} vech(H_{t-1})$$

$$HR_t = \frac{h_{sf}}{h_{ff}} \quad (7)$$

3.4 The hedge performance analysis

The hedge performance analysis was performed by out-of-sample and in-sample. The hedge ratio was estimated using minimum variance hedge model with excepting data for 10 days in order to analyze the hedge performance using out-of-sample. With the parameter obtained in estimation of the model, hedge performance was measured and analyzed using data for 10 days. Measurement of hedge performance in this study is the decrease rate that subtracted one from the ratio of hedged portfolio variance to unhedged portfolio variance. This study carried into effect the hedge to manage risk on investing the Commerce Style Fund Investment of Shanghai Stock Exchange using CSI 300 Futures.

$$\text{Hedging Performance Analysis } e = 1 - \frac{\text{Var}(H)}{\text{Var}(U)}$$

e : percent reduction in variation,

Var(H):variance of the hedged position,

Var(U) : variance of the unhedged position

Assumptions for empirical analysis of cross-hedge are as follows. First, CSI 300 Future is that roll over for month trading is unrestricted. Second, there is no market impact cost on investing the Commerce Style Fund Investment of Shanghai Stock Exchange and CSI 300 Futures. Third, there is no trading commission and trading tax on investing the Commerce Style Fund Investment of Shanghai Stock Exchange and CSI 300 Futures. Fourth, when hedge using CSI 300 Futures, the Commerce Style Fund Investment of Shanghai Stock Exchange investment can use CSI 300 Future freely.

IV. Empirical Results

4.1 The Regression Method

This research showed following main results with above assumptions. This study compare measures of in-sample and out-of-sample hedge ratio using the conventional (OLS) regression types of hedging models in this section. Hedge ratios estimated from the OLS regression as shown in the table 6. Hedge ratio of in-sample is 0.756201 and Hedge ratio of out-of-sample is 0.745665.

Table 6. Comparisons of In-Sample and Out-of-sample hedge ratio by OLS

	In-sample	Out-of-sample
Hedge ratio	0.756201	0.745665

$$\text{Note: hedge ratio } h^* = - \frac{Cov(s_t, f_t)}{Var(f_t)} = - \frac{\sigma_{sf}}{\sigma_f^2} = - \frac{\sigma_s \sigma_f \rho_{sf}}{\sigma_f^2} = - \frac{\sigma_s}{\sigma_f} \rho_{sf} = - \beta_{sf}$$

$$s_t = \alpha + \beta f_t + \varepsilon_t$$

$$\beta = \frac{Cov(s_t, f_t)}{Var(f_t)}$$

$$h^* = - \frac{Cov(s_t, f_t)}{Var(f_t)} = - \frac{\sigma_{sf}}{\sigma_f^2} = - \frac{\sigma_s \sigma_f \rho_{sf}}{\sigma_f^2} = - \frac{\sigma_s}{\sigma_f} \rho_{sf} = - \beta_{sf}$$

4.2 The Error Correction Method

This study compare measures of in-sample and out-of-sample hedge ratio using the VECM types of hedging models in this section. Hedge ratios estimated from the VECM as shown in the table 7. Hedge ratio of in-sample is 0.790098 and Hedge ratio of out-of-sample is 0.809214.

Table 7. Comparisons of In-Sample and Out-of-sample hedge ratio by VECM

	In-sample	Out-of-sample
Hedge ratio	0.790098	0.809214

4.3 The Multivariate GARCH Method

This study compare measures of hedge ratio using the GARCH(1,1) of hedging models in this section. Hedge ratios estimated from the GARCH(1,1) as shown in the table 8. Hedge ratio of in-sample and out-of- sample of in-sample is 0.756184 and Hedge ratio of out-of-sample is 0.745664.

Table 8. Comparisons of In-Sample and Out-of-sample hedge ratio by GARCH(1,1)

	In-sample	Out-of-sample
Hedge ratio	0.756184	0.745664

4.4 The hedge performance analysis

The study measures hedging performance of the Commerce Style Fund Investment of Shanghai Stock Exchange and CSI 300 Futures using the conventional (OLS) regression types of hedging models, VECM, and GARCH(1,1). This study estimates the variance of the unhedged($Var(u)$) and the hedged portfolios ($Var(h)$), and then calculates the hedging performance of in-sample and out-of-sample Hedging performance as shown in the table 9.

Table 9. Comparisons of In-Sample and Out-of-sample Hedging Ratio

	OLS	VECM	GARCH
In-sample	0.756201	0.790098	0.756184
Out-of-sample	0.745665	0.809214	0.745664

Table 10. Comparisons of In-Sample and Out-of-sample Hedging Performance

	OLS	VECM	GARCH
In-sample	0.716037	0.711991	0.706316
Out-of-sample	0.704103	0.714205	0.704102

Note : Hedging Performance Analysis $e = 1 - \frac{Var(H)}{Var(U)}$

e : percent reduction in variation,

Var(H):variance of the hedged position,

Var(U) : variance of the unhedged position

V. Conclusions

The study examine the interdependence of CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange for 353 trading days from April 16, 2010 to September 23, 2011 for risk management of Investing the Commerce Style Fund Investment of Shanghai Stock Exchange. This paper analyzes the hedge performance of CSI 300 Futures and the Commerce Style Fund Investment of Shanghai Stock Exchange for risk management of Investing the Commerce Style Fund Investment of Shanghai Stock Exchange. The analysis employs Unit Root tests, co-integration test and the traditional minimum variance hedge model(Ordinary Least Squares Model of Regression Analysis), VECM, and GARCH(1,1) using daily returns on the Commerce Style Fund Investment of Shanghai Stock Exchange and CSI 300 Futures.

The hedge performance analysis was performed by out-of-sample and in-sample. The hedge ratio was estimated using minimum variance hedge model with excepting data for 50 days in order to analyze the hedge performance using out-of-sample. With the parameter obtained in estimation of the model, hedge performance was measured and analyzed using data for 50 days. Measurement of hedge performance in this study is

the decrease rate that subtracted one from the ratio of hedged portfolio variance to unhedged portfolio variance. This study carried into effect the hedge to manage risk on investing the Commerce Style Fund Investment of Shanghai Stock Exchange using CSI 300 Futures.

Assumptions for empirical analysis of hedge are as follows. First, CSI 300 Future is that roll over for month trading is unrestricted. Second, there is no market impact cost on investing the Commerce Style Fund Investment of Shanghai Stock Exchange and CSI 300 Future. Third, there is no trading commission and trading tax on investing the Commerce Style Fund Investment of Shanghai Stock Exchange and CSI 300 Future. Fourth, when hedge using CSI 300 Future, the Commerce Style Fund Investment of Shanghai Stock Exchange investment can use CSI 300 Future freely.

This research showed following main results with above assumptions. First, from basic statistic analysis, both the Commerce Style Fund Investment of Shanghai Stock Exchange and CSI 300 Futures has unit roots, Second, there is at least one co-integration between them. Finally, hedging ratios and performance do not significantly differs across hedging model.

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DEVELOPMENT OF LEASING INVESTMENT IN CONDITIONS OF MODERNIZATION OF ECONOMY OF THE REPUBLIC OF UZBEKISTAN

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Resume

The world experience shows that a leasing is revealed as a one of the most efficient engines of innovation development of investment. At the present stage the creation of frame conditions for improvement of innovation activity is becoming a main direction of the innovation policy in the Republic of Uzbekistan.

The republic renders financial assistance to the enterprises through preferential credits, subsidies and loans in order to promote advanced technologies and services. Even so a leasing is one of the efficient tools of such financing, which becomes an important instrument of the enterprises technical basis renewal.

Development of leasing relations in the Republic of Uzbekistan as well as the stages of their establishment are studied in this article. The stimulation and supporting mechanisms for the investment support of the country's innovation development are also researched.

Key words: investments, innovative development, leasing, gross domestic product, operational leasing, financial leasing and modernization.

Transition to an industrially-innovative way of development of the republic assumes increase in the investments directed on modernization and diversification of economy on the basis of use of innovations.

Current state and prospects of further development of economy of Uzbekistan are directly connected with control procedure for investment activity and increase of its efficiency.

In 2010 in Uzbekistan there is gained investments for 13.6 percent more than in 2009, in the volume, equivalent \$9.7 billion that constitutes about 25 percent to gross national product. Thus about 72 percent of investments have been directed on production building, including about 38 percent – on acquisition of the equipment and progressive technologies. The share of foreign investments and credits in total amount of investments has constituted 28.8 percent, and the volume of direct foreign investments has exceeded \$2.4 billion.

The gross domestic product growth (gross national product) of the Republic of Uzbekistan for 1991-2010 was increased in 3.5 times, and counting on soul of population in 2.5 times, growth of real incomes of population in 3.8 times. For 2008-2010, that is during the period when practically in majority of countries of the world essential falling of growth rates of economy and processes of stagnation of production took place, rates of gross national product in Uzbekistan have constituted in 2008 – 9.0 percent, in 2009 – 8.1, in current 2010 – 8.5, and for 2011 – 8.3 percent are provided.¹ (Figure 1).

It is necessary to notice that the positive tendency of growth of all basic sectors of economy was observed, including in the industry and agricultural industry growth has constituted accordingly 8.3 % and 6.8 %.

Now the financial market of Uzbekistan is presented by several segments, each of which tends dynamical development. It is bank system, non-bank credit unions, security

¹ Karimov I.A.. Concept of further deepening of democratic reforms and forming of civil society in the country. Report of the President of the Republic of Uzbekistan of Islam Karimov at joint session of Legislative house and Senate of Oliy Majlis of the Republic of Uzbekistan. "Narodnoe slovo". November 13, 2010

market, market of leasing services and micro-financial organizations, insurance and pension segments.

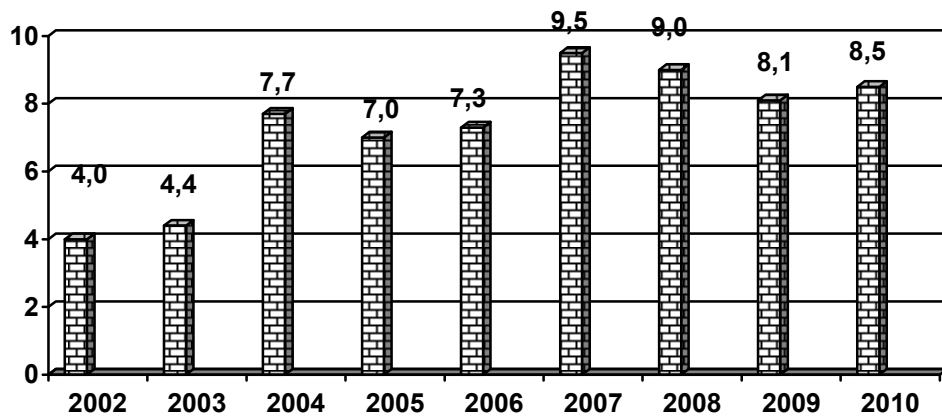


Fig. 1 Growth rates of gross national product to previous year (%)

Source: It is constituted according to statistical steering Republic of Uzbekistan

Among internal sources the leading place in the financial intermediation market is occupied with commercial banks of the republic, they are followed by leasing organizations, potential of credit unions grows, high rates advance the market of insurance services. There is a good potential at microcredit institutions. Significant investment capabilities means of Fund of renovation and development and extra-budget pension fund possess.

On financial market of Uzbekistan while there are no specialized organizations of innovative-investment development, such as venture capital trusts. Necessity for financing of innovative process leads to occurrence or transformation of already available monetary institutions in innovation-investment institutes. There are tendencies to occurrence of innovative banks, is innovative-investment funds, the leasing companies of an innovative profile and others.

As a whole it is possible to state that availability of high-grade liquid financial market allows to expand ports of investment and to become the high-power catalyst of innovative process in the country. And capabilities of investment financing of intermediaries with a view of assistance to innovative growth in Uzbekistan really are available.

According to “Concepts about the further recess of democratic reforms and forming of a civil society in the country”, the Republic of Uzbekistan offered by the President, is provided attraction of private capital for creation of private banks and such financial institutions as leasing, insurance companies, credit unions, micro-financial organizations. The further development of leasing markets in Uzbekistan is caused and with real factors among which, it is possible to note the favorable legislative medium and capability of expedient investments into the leasing companies².

Forms and kinds of investments used in the republic are actively supplemented with effective tools of financial gear. Among them leasing as a source of financial provision of investment activity of enterprises and one of the major mechanisms of their modernization, introduction of new technique and innovative technologies is of special attention.

At the last stage in Uzbekistan there are all preconditions for the further effective development of sector of leasing services, including availability of great demand for mini-technologies for small business and private business. In the country modernization, technical and technological equipment of industries, such as machine-building, chemical, textile-sewing is actively performed, are implemented, building and renovation of motor transportation

² Karimov I.A. “Concept of further deepening of democratic reforms and forming of civil society in the country”. Report of the President of the Republic of Uzbekistan at joint session of Legislative house and Senate of Oliy Majlis of the Republic of Uzbekistan, “Narodnoe slovo”, November 13, 2010

roadside infrastructure is performed. Besides, available tax preferences are additional stimulus for development of sphere of leasing:

- the equipment imported for drive to leasing is released from VAT and customs payments;
- the object of leasing is released from property tax;
- leasing payments are released from VAT;
- taxable basis reduction participants – the lessee for the sum of percent on leasing;
- exemption of leasing services from the tax to the income till January 1, 2012.

The existing requirement for the equipment on production of building timbers and processing of agricultural products, special building technique, motor transport, and also in the equipment for sphere of small business and private business will give the chance to stir up activity of the domestic leasing companies even more.

The activity on development of the sphere allows to provide an annual gain of volume of leasing operations in the republic. In the leasing market quantity of participants, including banks, leasing companies and credit unions engaged in leasing operations (table 1) is constantly increased.

Table 1

Parameters of development of leasing in Uzbekistan

Years	Property transmitted in billion leasing sum	Growth (increase) from 2005	Leasing share		Quantity lessor	Growth (increase) from 2005	Share of the leasing companies, %
			In investments into fixed capital, %	In GNP, %			
2005	90.6	-	3.7	0.6	28	-	72.7
2006	131.1	1.5	4.2	0.6	33	1.2	53.3
2007	214.5	2.4	3.9	0.8	49	1.8	50.1
2008	351.7	3.9	4.1	1	64	2.3	63.2
2009	401.7	4.4	3.1	0.8	86	3.1	66.7
2010	430.3	4.7	2.7	0.7	86	3.1	67.6

Source: it is constituted following the results of the Association report of lessor of Uzbekistan “Review of sector of leasing services in Uzbekistan” following the results of 2010.

In the republic leasing development goes for positive tendency, its share in investments in comparison with other countries remains insignificant (figure 2). For 2010 the leasing share in investments has constituted – 2.7 % whereas in developed countries this index exceeds - 10 % (the USA, France, Germany, England, etc.).

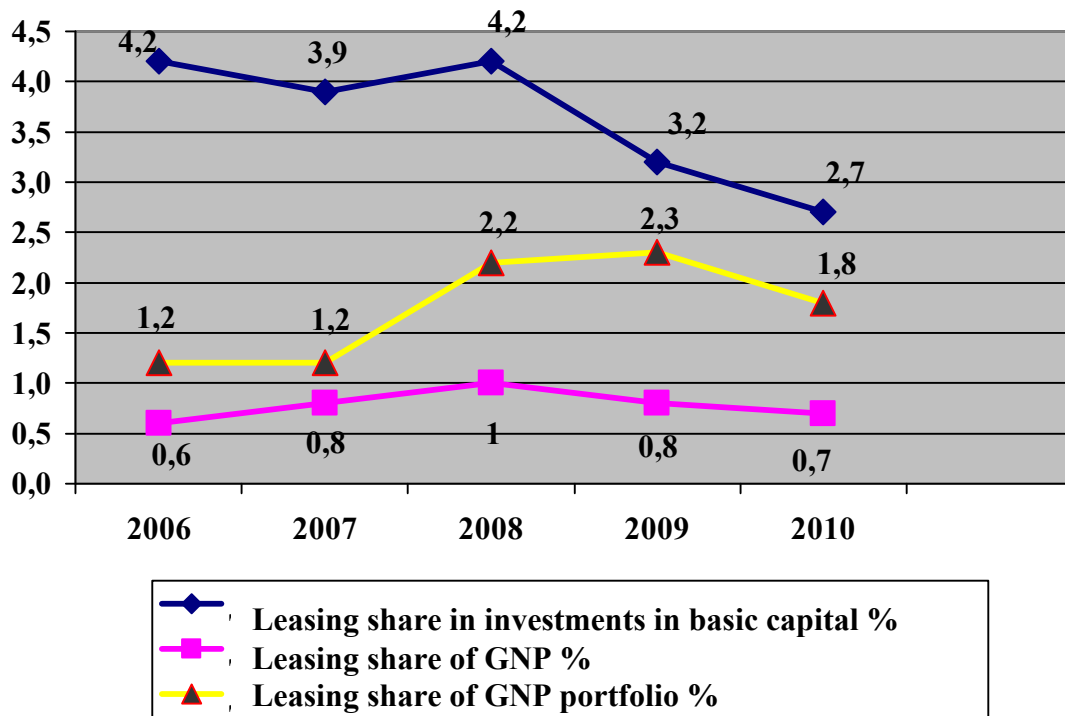


Figure 2. Tendencies of development of leasing in the republic.

Source: it is constituted following the results of the Association report of lessor of Uzbekistan “Review of sector of leasing services in Uzbekistan” following the results of 2010.

For 2009 the leasing volume in the republic has constituted – UZS 401.6 billion, in 2010 he has grown on - UZS 29.0 billion and has constituted - UZS 430.3 billion (figure 3).

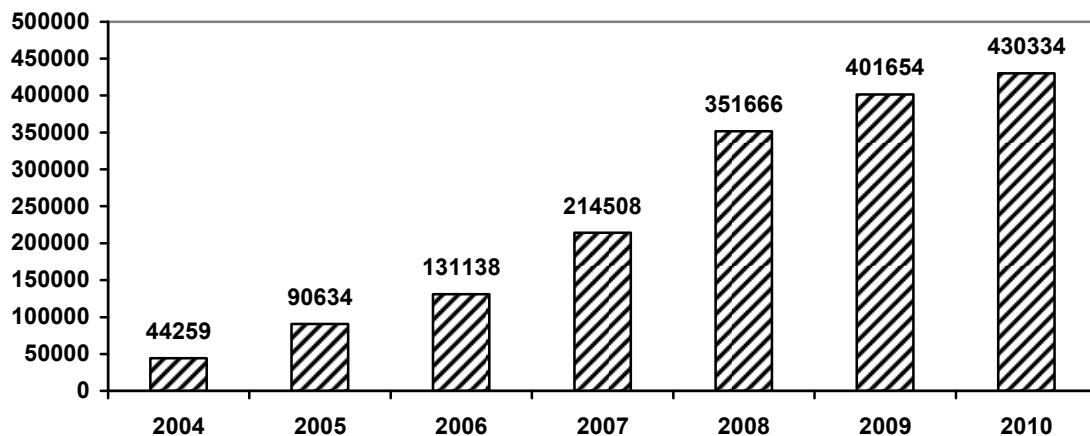


Figure 3. Dynamics of volume of the property transmitted in leasing (million sum).

Source: it is constituted following the results of the Association report of lessor of Uzbekistan “Review of sector of leasing services in Uzbekistan” following the results of 2010

Now in Uzbekistan the great demand on the leasing services which are in essential potential for the further development of market is observed. More than half of market of leasing in 2010 belonged to the leasing companies – 67.6 % and tends to continuous growth. Volumes of transactions the affiliated leasing companies in their total quantity occupy about-45 % of the market. The share of the highly specialized companies in total amount of leasing operations constitutes 6.9 % (figure 4).

Among the objects transmitted in leasing, the agricultural machinery which share in a general scheme of leasing transactions in 2010 constituted 28 % was leading, at present the production equipment share leaves on the first position and constitutes – 29.9 %. Significant volumes of transactions, consist with cargo motor transport, - 18.6 %, real estate – 14.1 %, the irrigational equipment – 9.9 %, passenger motor transport – 9.5 % etc.

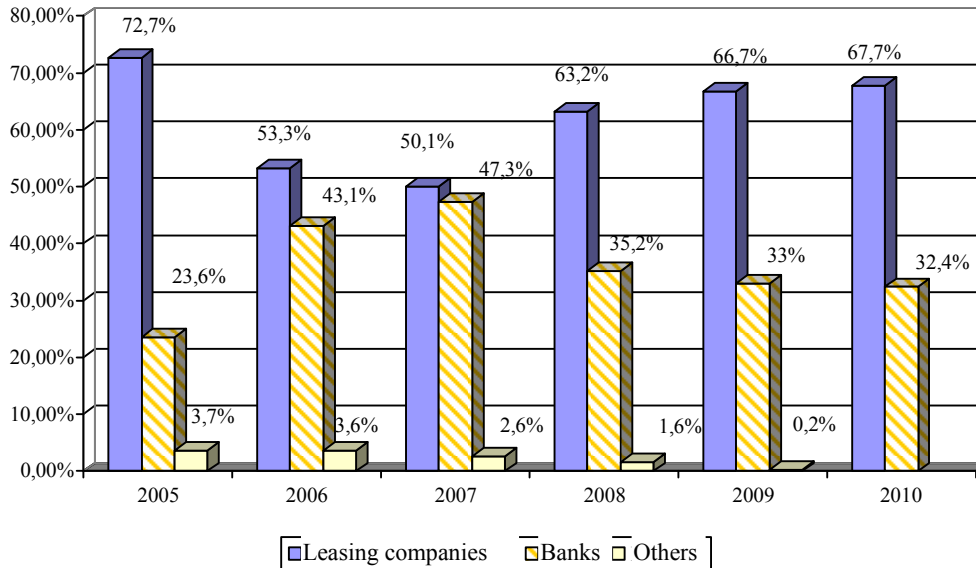


Figure 4. Shares of leasing providers in the leasing market.

Source: it is constituted following the results of the Association report of lessor of Uzbekistan “Review of sector of leasing services in Uzbekistan” following the results of 2010

Among lessor such companies as JSLC "Uzkishlokhuzhalikmashlizing", LC Open Company «Ozavtosanoat-Leasing», SLC "Uzmeliomashlizing", the Closed Joint-Stock Company, JV “Uzbek Leasing International AO», «Kurilish leasing» are the leading in the domestic market of leasing and on the sum of property transmitted in leasing.

Among the banks following the results of 2010 leaders on the sum of volume of the concluded transactions of steel. SJSCB “Asaka”, OJSCB "Mikrokreditbank", and SC “Halk Bank”.

The times of granting of leasing by banks and companies are approximately identical from 1 till 5 years. Separate leasing companies JSLC "Uzkishlokhuzhalikmashlizing” and "Uztranslizing" give leasing till 10 years, and in bank segment Alokabank, Mikrokreditbank, Hamkorbank - till 8 years.

Annually in the republic quantity of small businesses, microfirms, farms etc. which need acquisition of modern equipment and technologies is increased. In this connection in the country increasing interest to leasing is observed³.

Analyzing the market of leasing services it is possible to notice that farms, industrial organizations, transport and building sectors, and also real estate sphere all use leasing in the activity more widely.

The volume of the property transmitted in leasing last years is constantly increased. It is caused by occurrence of considerable quantity of new players in the market, as on behalf of the leasing companies, and credit unions. In structure agricultural machinery became leading for transmitted in 2010 leasing of property. Its total amount has constituted \$77.7 million from market shares of equal 28.7 % (table 2).

³ Official site of NBU foreign trade activities RUz-www/localnbu.uz.

Also it is necessary to notice that cargo motor transport is significant demand as lessee. It is promoted by growth; civil work performed in the republic which volume for 2010 has reached UZS 8.17 bln.

In 2010 the volume of operations on the kind of property has constituted – \$50.5 million. The great interest for leasing receivers causes real estate and property complex thanks to introduction of favorable conditions for development of such kinds of leasing, as returnable and real estate financing.

In total amount of leasing operations, share of Tashkent in 2009. It was reduced from 31 % to 22 % in 2010, and the Tashkent area it was increased according from 9% to 19%. Growth tendencies in comparison with last year were observed in Samarkand (on 3%), in the Fergana, Navoi and Syrdarya areas (on 1 %).

Table 2

Kinds of the property transmitted in leasing

Kinds of fixed assets, equipment	2006		2008		2010		Growth rates for 2006 to 2010, %	
	Cost, \$million	Number of transactions	Cost, \$million	Number of transactions	Cost, \$million	Number of transactions	Number of transactions	Cost, \$million
Equipment for light industry.	38	5.6	50	6.8	94	7.8	139.2	247.3
For production of foodstuff	27	2.6	98	6.7	111	15.6	600	411.1
Polygraph equipment	30	3.6	41	3.8	67	4.2	116.6	223.3
Other production equipment	5	0.2	3	0.7	0	0	-	-
Trade equipment	10	0.6	9	0.8	54	0.1	16.6	540
Medical equipment	27	0.9	35	2.0	106	2.7	300	392.5
Equipment for production of building materials	49	5.9	171	22.2	229	15.9	269.4	467.3
Woods processing equipment	-	-	-	-	7	0.5	-	-
Computers, office equipment	28	1.0	31	1.2	79	1.4	140	282.1
Agricultural machinery	5 022	61.3	3 921	101.1	3772	77.7	126.7	75.1
Cargo motor transport	24	1,7	237	17.7	223	50.5	2970.5	929.1
Passenger's motor transport	274	7,0	1 027	46.6	289	25.9	370	105.4
Local equipment					78	3.5	-	-
Import equipment					9	0.4		
Real estate	49	8,9	98	36.2	140	38.1	428,0	285.7
Other	47	8,2	249	20.4	290	26.9	328.0	617,0
Total	5 630	107,6	5 970	266.2	5548	271.0	251.8	98.5

Source: it is constituted following the results of the Association report of lessor of Uzbekistan "Review of sector of leasing services in Uzbekistan" following the results of 2010.

Reducing of leasing operations was observed in Bukhara and Namangan areas. It means that though the leasing mechanism of investment is popular, but while its distribution in regional sectional view everything, remains non-uniform, because of its riskiness. The vigorous activity in regions lead not all to take leasing, but their quantity is regularly increased.

In 2010 in all regions of the republic only 4 leasing companies and 2 banks performed the activity: "Uzkishlokhuzhalikmashlizing", "Uzavtosanoatlizing", "Uzmeliomashlizing", "Uzbek International AO's Leasing" and "Mikrokreditbank", "Halk bank". At the same time such leasing providers as "Kurilish leasing", "Delta leasing", "Uzmedlizing", "Infinleasing", "BDS Leasing", "Alliance Leasing", "Hamkormashlizing", "Alfa Lizing", "Asaka bank", "Mortgage bank", "Hamkor bank", "Aloka bank" performed leasing transactions in many regions of the republic.

The measures taken by the state on development of small innovative business should lead to activity activation in all administrative-territorial divisions of the republic.

With a view of increase of efficiency of the given activity it will be reasonable to increase quantity of consulting points at the regional centers of the republic which primary goal to be introduction of leasing relations in small-scale business sphere on places and will give a real push for development of economy of regions of republic.

The affiliated, highly specialized leasing companies and banks render leasing services to exclusively legal bodies of different patterns of ownership. It is more preferable to banks that the billing account of the client was in the same bank. The private leasing companies can render services as well to individual businessmen.

On times of granting of leasing services among the leasing companies of special distinctions is not present (which constitute in 1-5 years). However such leasing companies as "Uzkishlokhuzhalikmashlizing" and "Uztranslizing" this time can reach till 7-10 years. In a bank segment long-term conditions of granting of leasing such banks, as "Aloka bank", "Mikrokreditbank", "Hamkor bank"- 8 years, differ.

Interest rates of the leasing companies and banks have no special distinctions on value. And their range varies from 4 to 30% on credits in currency, and from 16 to 36% on to native currency to credits. The requirement to volume and a kind of mortgage provision render to influence on value of interest rates. At the companies which do not demand mortgage provision, interest rates considerably above, than from the companies which have requirements on pledges. Under transactions in currency the leasing subject is imported also its cost nominated in to hard currency, and leasing payments are performed in native currency at the Central Bank rate on the maturity day.

The size of advance fee, averages from 20 % and above from a leasing project cost. In a sumac many can finance the size of leasing transactions to give leasing in the sum on the average to UZS 500 million, and in hard currency – to \$200,000-300.000. An exception are leasing providers which can finance and the sums more above indicated, namely "Uzbek International AO's Leasing", "Infinleasing" and some banks.

Market research of leasing services of the Republic of Uzbekistan for 2010, has allowed to specify the reasons of drop of rates of their growth and to reveal following tendencies:

- One of the main reasons is the limited access to financial resources for the leasing companies;

- Introduction of customs clearance fees on special technique (cargo motor transport) that has caused a value addition of objects of leasing, and has accordingly led to increase of demand for additional financial resources. It is necessary to notice that insufficient mortgage provision at obtaining of bank and other extra means is a basic reason of a lack to lessors of additional resources.

Attraction of additional financial resources demands availability of the corresponding warranty of reliability and position to give leasing in the leasing market. An index of such reliability and position the rating of the leasing companies which is not determined at present can be. As significant advantage various schemes can serve in this point in question decision business - cooperation with suppliers of objects of leasing etc.

Despite insignificant recession in growth rate of volumes of leasing services, the market still has essential potential for growth. Every year the competition in the market to lessors

grows that promotes improvement of quality of given services. The capability of state-private cooperation in leasing sphere, promotes the increasing development of leasing services of republic.

Enhancement of the leasing legislation, namely application of secondary leasing, also will render a positive impulse to growth of volumes of leasing services in the long term. Available discrepancies in the formulation the legislations concerning, for example, of exemption of the imported production equipment from customs clearance fees. However the concept the technological equipment in the legislation precisely is not determined. Manufacturability or not-technologies the equipment is determined by banks though from our point of view that they are insufficiently competent of these questions. It is represented reasonable to extend a privilege for any imported equipment as concept "manufacturability" is determined depending on company activity. One more problem is absence of long-term sources of financing for the leasing companies. For support for businessmen and lessors is necessary to create special fund –Fund of development of leasing which would be engaged in attraction of resources for their further distribution among to leasing providers.

If to consider leasing problems of Central-Asian countries and to compare them to Uzbekistan they have common features are first of all absence of a source of inexpensive and long financing for the leasing companies. As all these companies use extra means for implementation of transactions, availability of a source of financial resources is a key driver for successful development of the given sphere. There is a problem of shortage of qualified personnel in leasing sphere. Availability of skilled employees is the most valuable resource which lack limits company capabilities to involve investment, to advance leasing services, to analyze scratch indexes and to work with to the lessee. It is necessary to simplify procedure at registration of leasing documents by drive to leasing of equipment been in use, to permit legislatively application of operative leasing as in the republic is absent both secondary, and operative leasing. It is necessary to pass also to new stage of development of leasing relations, namely implementation of leasing operations on the terms of “returnable” leasing. All is new, while whom another not applied programs – auto-leasing, micro-leasing, back-leasing, etc. will make leasing activity of the republic by innovation in the Central-Asian market of leasing services. One more important factor is the gear of return of property at unfair to the lessee which, unfortunately, occupies now too long time.

Certainly, physically and morally the growing old production base of economy of republic without wide use of leasing not in condition to cope with the accruing crisis phenomena.

Financing of introduction of innovative technologies through the leasing mechanism is characterized by a high risk for to leasing providers and concerns to a venture funding category. Thereupon there is a certain contradiction of interests of the leasing companies and the state as the first are interested in minimization of the risks whereas the last – in increase of a technological level of production to the degree, allowing to provide competitiveness of the domestic goods in a foreign market.

For the permission of this contradiction the government could give side benefits to lessors and lessees on innovative operations. It is necessary to develop effective system of measures of state regulation for stimulation of innovative leasing activity, both in the most innovative sphere, and in leasing business.

Such system should include following basic directions:

- Forming of information base about leasing for subjects of small business the assuming: systematization and distribution of the information on all acting leasing companies, holding seminars with all interested organizations and the enterprises, drawing up and the benefit edition on leasing;

- Creation of consultation centers for the purpose of deployment of specificity of fulfillment of leasing operations in spheres of the taxation and legal protection of transactions;

- Cooperation of state structures with the leasing companies for determination of forms and volume of the state support of small innovative business that will be to promote, in turn, to detection of potentials of the leasing companies on activity with small innovative business;
- Creation of special Fund which would be engaged in attraction of resources for the further distribution among benefits to leasing providers;
- Enhancement of legislation on the leasing, assuming:
 - refinement of the legal basis of financing of small innovative enterprises with allocation of bilateral obligations on leasing use;
 - actuation of operative leasing in economic practice for its application as one of effective methods of financing at lease of the seasonal equipment;
 - development of legal acts and the standard documents facilitating access for the small innovative enterprises to leasing services, in case of need local advisers should be capable to co-operate with other technical experts concerning acquisition of production equipment and other more difficult goods;
 - by results of their teamwork it is reasonable to carry out personnel training according to estimation of requirement for frames of small business, production equipment determination in the legislation, or to cancel this term and to give privileges to any new imported equipment;
- Strengthening of regional policy in the field of support and development of small enterprises and to stimulation of their innovative activity that will promote uniform escalating of enterprise potential of domestic economy;
- Resolution of conflicts in returnable leasing concerning privileges;
- Permission of application for the leasing companies of secondary leasing of the equipment.

More complete use of production, financial and manpower resources on places will give appreciable stimulus for development of small innovative business on which capabilities of growth forming of leasing relations on places as a source of modernization of production and economic growth of the country depends. Taking into account potential of the leasing market of Uzbekistan it is possible to draw breeding that it and will be advanced further by dynamical rates therefore there will be new kinds of leasing services, and the leasing companies will be presented in due course at international stock exchanges.

Thus, leasing relations in the Republic of Uzbekistan have reliable enough potential for the further development and can act as catalyst of renovation of technical base of accounting entities as the given activity, is an additional source of financing of innovative ideas.

FORMATION AND DEVELOPMENT OF FAMILY BUSINESS IN THE REPUBLIC OF UZBEKISTAN

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Summary

Family firms in the countries with the developed market economy make a basis of well-being and society development, on them the considerable part of the made goods and services is necessary.

A family firm is a unique form of business, where long-term strategic planning of development of firm inseparably linked with planning of development of the family, the future of all its members. Development of family business has not only economic, but also socially - political value for the country. To a family having the business, is to what to aspire and to grow up for the sake of what the children, is what to transfer in the inheritance. Thus, gradually in the country the middle class of proprietors will be formed, able to work on itself and simultaneously bringing in the powerful income to the state.

Middle class is a basis of social and political stability of a society.

Main part

As it is known, family business - the most widespread in the world and the form of enterprise activity leaning against centuries-old traditions. Family firms in the countries with the developed market economy make a basis of well-being and society development, on them the considerable part of the made goods and services is necessary. And development of family business has not only economic, but also social and political value for the country. To a family having the business, is to what to aspire and to grow up for the sake of what the children, is what to transfer in the inheritance. So gradually in the country the middle class of proprietors will be generated, able to work on it and simultaneously bringing in the powerful income to the state.

Middle class is a basis of social and political stability of a society.

Business and family mutually influence against each other, common cause, and the purpose to which it is necessary to aspire at times not year-two, and decades, the general work rally family relations, do a family more strong. A family firm is a unique form of business, where long-term strategic planning of development of firm inseparably linked with planning of development of the family, the future of all its members. Family business is of great importance for training of youth of life in the conditions of market economy and to practical business, since youthful years accustoms members of a family to useful activity that is the major element of their occurrence in independent life.

Introduction in action of the Law of Republic Uzbekistan «About family business» (the law has come into force on April, 27th, 2012) has created a legal basis for development of family business in Uzbekistan.

By various estimations, from 65 to 80 % of all business units in the world are in the family property. Actually, even the joint-stock companies, which controlling interest is in the property of one family, it is possible to classify as family business. The family firm is understood in the international practice, as firm in which control over the property and the right to make the basic administrative decisions are in hands of one family - the groups of persons, connected related or following of the prisoner according to the law of marriage by relations. «Family business», "family business", «family firm», «the family company», «the business which is in the property of a family», and «the company supervised by a family» from the substantial point of view designate terms same.

Family firms have much strength allowing them in some branches to advance the company with other structure of proprietors of the same size on sales volume, profit, and other indicators. Their main strengths are - interest, a continuity of knowledge, value of reputation, receipt of all profit in a family, existence of collective with the general values and interests, the big degree of trust and frankness, education and vocational counseling of young generation etc.

Despite all these strengths, for family firms low enough survival rates is characteristic. From 2/3 to 3/4 enterprises which are in the family property stop the existence or are on sale to other proprietors during lifetime of their founders, and only from 5 to 15 % of family firms pass to the third generation (grandsons) of their founders.

Researchers are inclined to attribute so high percent of failures of family business to set of the various reasons. The same some of these reason that are capable to lead to failure the company with any other structure of the property: bad management, a lack of available assets for financing of growth, bad control over costs, branch and other external factors. However some weaknesses of family business are connected with this form of the organization of business. Most important of them the following: complexity in management, absence of strict formal requirements, a discipline lack.

That will outweigh - strong or weaknesses, depends on how much the family is ready to do own business and to cope with difficulties which are connected with it. Family business, as a rule, always has one leader, the one who posses ideas and who is the head of family business. Thus to open even the idle time and even the smallest business, money is necessary. The more difficult and large business is supposed, the more expenses it is necessary to make still before it will open and begins to bring in any incomes. This initial necessary sum is called as the starting capital.

According to the Republic Uzbekistan Law «About family business», the family business has the right to involve credits for formation of the initial (starting) capital. The most widespread way of external financing of business are credits of commercial banks. At some of them special demand lines of credit on small-scale business opening are provided. For example, "Mikrokreditbank" of Republic Uzbekistan grants the loan for formation of the starting capital for the term up to 18 months at the rate to the 50-fold size of the minimum salary for subjects of business without formation of the legal person and till the 100-fold size of the

minimum salary for legal bodies. The similar program is at National bank of foreign trade activities Republic of Uzbekistan, bank "Orient finance" and some other commercial banks. The sums, terms and interest rates differ. The general for such credits is that they are given to again created subjects of business (to microforms, small enterprises, dechkan's enterprises and to farms, and sometimes and to individual businessmen), in time not later than in six months from the date of their state registration.

One of possible external sources of formation of the starting capital can serve micro financing. From micro financial services micro crediting and micro leasing are most claimed. Micro credits will cause a stir not only the small sizes (beginning from the sum equivalent 50 USD), but that is more important, большей availability to borrowers in comparison with traditional bank crediting.

Micro leasing - rent of the inexpensive equipment, including were in the use, allows subjects of small business, to begin business in sphere of manufacture or rendering of services.

Besides, at reception of the microcredit and services in micro leasing from beginning businessmen participation in several (usually 2-3) educational seminars and the business plan with reflex ion of the forecast of the monetary streams in which drawing up just and train on one of such seminars is required.

Business incubators if to their representatives the idea of business seems to the interesting can render the help in a solution of a problem of the starting capital. They can give a premise to start enterprise work, assist in reception of credits, reception in leasing or equipment acquisition, preparation of the business plan and other documents necessary for it. Also business incubators give to beginning businessmen of consultation on economic and legal questions will organize training courses and seminars for them. Fee of business incubators is carried out at the expense of incomes which start to receive again created enterprises from realization of their production and services.

To receive external financing on formation of the starting capital from financial institutions or the structures which are engaged in support of business, family business should correspond to following important criteria:

- To possess high potential of growth;
- To have the developed collective, capable to work with full return for achievement of the purposes of the enterprise - growth of its profitableness;
- The head of family business is capable to convince potential creditors/investors of interest and full readiness of a family to begin the business and to become successful in competitive struggle;
- The family firm confidently positions itself in the market, knowing strong and weak places of the potential competitors;

Thus, what way would be not chosen by family firm for reception of the starting capital, its heads should formulate and organize its activity so that as a result of commercial operations this capital was not simply compensated, but also made profit. The second problem of planning - to co-ordinate incomes and expenses (inflow and outflow of money resources) so that the enterprise always had money for performance of current obligations: payment of invoices for the delivered

goods and services, repayments of the taken credits, payments of taxes and obligatory payments, payments of a salary to employees.

FORMATION OF CONDITIONS FOR INTERACTION OF THE STATE WITH BUSINESS

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Summary

Today business starts to understand that if he wants to develop in Uzbekistan, it should help national economy development. Is for this purpose necessary not only readiness of business to work for a society, but also readiness to co-operate with the state promoting increase of its efficiency.

Such interaction can be under construction today only on a mutually advantageous basis and should provide the general understanding of existing aspects of mutual relations of the state and business through delivery of state orders, carrying out of tenders, formation of joint programs, creation of economic zones, and also use of special elements of this interrelation, for example granting of guarantees, preferences, etc.

Main part

Necessity for partnership of the state and business for Republic Uzbekistan arises, first of all, in social branches for which the state bears responsibility. The impossibility of full refusal of presence at these spheres of economy and constant requirement for attraction of additional means for their maintenance and development, cause requirement of the state for attraction of the private capital which is one of the basic conditions at formation of partner relations between the state and business.

Possibility arising thus for business of expansion of sphere of the favorable appendix of the capital provides interest of businessmen to joint cooperation with the state.

Thanks to such mutual interest last years there were various forms of interaction of the state and enterprise structures. However experience of their work not always was positive as in Uzbekistan the effective enterprise environment for the present was not completely generated that slows down possibilities of wide cooperation of business and the state a little. In many respects the reasons are covered in processes of formation of corresponding economic conditions which would promote high-grade development of business that is shown in the following:

- Backwardness of an enterprise infrastructure;
- High rates for using credit resources;
- High custom duties;
- To bureaucratic red tape at various levels of managing etc.

Thus it is necessary to notice that the government of Uzbekistan constantly reacts and undertakes drastic measures for overcoming of many problems which arise in business sphere. In particular, the special attention is given to support of financial stability of national economy, small-scale business and private business, modernization, technical and technological re-equipment of manufacture, a

diversification, reduction of expenses and maintenance of competitiveness of made production.

As a result from the middle of 2000th years Uzbekistan has achieved dynamical growth and has well coped with global financial crisis. For last five years rates of increase in Uzbekistan have averaged 8,5 % that above a growth average index in the Central Asia. The big contribution has brought small and private business in the given development.

Since 2011 important initiatives on rendering of support to small enterprises and private sector development are realized. Official bodies take such worthy measures, as: access simplification to bank crediting; simplification of registration-allowing procedures; the moratorium on carrying out of tax inspections in again created small enterprises is prolonged with 2 till 3 years; procedures of customs certification are simplified.

According to official figures, gross national product growth in 2012 has made 8,2 %. The greatest growth was observed in sphere of services, transport and communication, foreign trade and agriculture and has been caused by growing internal consumption which was supported by regular increase of a salary and pensions. Thus the proficiency of the budget observed throughout a number of years, high level of official reserves, a low public debt, stable bank system and circumspect loan in the international financial markets have protected the country from direct consequences of global crisis.

Deserves special attention the countries of the program carried out by the government on creation of new workplaces for young and increasing population and to the further strengthening of social protection. Official bodies of Uzbekistan carry out a number of scale programs on modernization and economy diversifications, including export, and strengthening of a role of a private sector. Moreover, substantial growth of capitalization of banks has brought the contribution to stability of bank sector and promotes realization of government programs of development.

According to the international expert organizations in 2012-2015 in Uzbekistan growth internal total a product (gross national product) in volume not less than 8 % is expected, accordingly in 2013 economy of Uzbekistan should will grow up on 8,1 % in 2014 and 8,2 % in 2015.

It is necessary to notice that today business starts to understand that if he wants to develop in Uzbekistan, it should help development of all national economy. Is for this purpose necessary not only readiness of business to work for a society, but also readiness to co-operate with the state promoting increase of its efficiency. Such interaction can be under construction today only on a mutually advantageous basis. However, for successful development, partner relations the trust of enterprise structures to the state as is necessary for the partner in joint business, and for this purpose the partnership of the state and business is necessary for making favorable to both parties that assumes, first of all, availability to such cooperation, a wide range of the enterprises, including small and average business. It, in turn, demands legislative maintenance of partnership regarding access to participation in it of the various enterprises.

The essential factor promoting formation of partner relations of the state and business, acceptance recently the acts' regulating the general spheres of their mutual relations, and also the rights and responsibility of each of the parties is. For effective interaction of the state and business it is required also development of the corresponding institutes providing realization of legislative guidelines. Such interaction should provide the general understanding of existing aspects of mutual relations of the state and business through delivery of state orders, carrying out of tenders, formation of joint programs, creation of economic zones, and also use of special elements of this interrelation, for example granting of guarantees, preferences, etc.

Along with it the partnership assumes obligatory regulations of interaction of the state and partner structures in certain fields of activity. The maintenance of this order is based on the coordination and the account of mutual interests, distribution between the parties of possible risks and responsibility, and also formation of system of privileges and concessions which gives the chance achievements of the uniform purposes of subjects of partner relations.

Proceeding from the aforesaid we have formulated a number of main principles of partnership of the state and the enterprise structures which maintenance consists in the following:

- The principle of social partnership assumes trust, cooperation and mutual support of the state and private business;
- The competition principle will allow the state to estimate and support the most worthy and effective enterprises of any sector of economy;
- The patriotism principle, among other things, will allow the state to pursue a policy of healthy protectionism in relation to domestic business;
- The principle of innovation means development of the most perspective branches of economy, application of the most advanced methods and technologies;
- The openness principle means maintenance of bilateral information cooperation of the state and business;
- The principle of investment appeal should allow, to businessmen to use including resources of external sources of financing.

SOME ASPECTS OF THE COMPETITIVE ENVIRONMENT IN THE SMALL BUSINESS AND TAXATION IMPROVEMENT MECHANISMS

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Abstract

In paper are considered some issues of taxation standardization of small businesses and competitive environment in the small business.

In the country is introduced a simplified mechanism for the taxes payment in the form of a single tax payment (STP). Despite the many advantages offered by the specified mode, there are some aspects that allow the STP to transform into an even more effective lever for the development of small businesses. Competition development and the degree of its intensity depends on the type of the local market, saturation level, quantity and direction of the competing firms.

1. Competitive environment in the small business

Competition development and the degree of its intensity depends on the type of the local market, saturation level, quantity and direction of the competing firms. A competitive environment requires an objective assessment of its condition to certain indices and ratios.

In assessing the competitive environment in the small business should be considered, in our opinion, some of the principal features:

- most powerful influence of the consumer;
- high proportion of consumers - individuals;
- rapid timing of produced goods;
- location of production to point of consumption goods.

These features should be considered when developing management models competitive environment. So, it is necessary to make a comprehensive assessment of the competitive environment of the local market, based on the use of primary and secondary information.

Detection of cross-industry and the specific factors that affect the state and development of a competitive environment creates conditions to determine the most relevant indicators and to assess their impact on a particular local market, as well as determining the duration of their exposure. By cross-cutting factors include the economic, administrative, organizational.

Economic factors that influence the development of competition in the local market level, we can, in our view, to consider some shortcomings of tax and credit system, price distortions, low demand from the population, the high time of return, non-payment, a certain level of inflation and financial instability .

Directly depend on the development of market infrastructure organizational factors. At the level of the local market impact of these factors is manifested in features of logistics services (warehousing and container industry, transportation, facilities service, repair and construction companies) and information and communications complex, which is a necessary condition for development of infrastructure of the local market.

Administrative factors directly influence the creation of businesses and dependent on business registration.

However, the small business impacts are a number of specific factors, such as socio-demographic, climatic, resource, location of the productive forces. We should also focus on defining the geographical boundaries of the local market, which must be considered when assessing the competitive environment in combination with cross-sectoral factors.

Geographical boundaries of the local market can be determined by examining the products or product groups, based on the principles of comparability, consumer characteristics, interchangeability

of goods for production and consumption of goods alleged competition with each other, as well as the opinion of consumers about the equivalence of consumer properties of goods, the conditions of their use, availability, , the prices.

The selection of goods to be included in a product group, carried by interchangeability by positions on consumption interchangeability and substitutability in production. The main criterion for the consumption of interchangeability is the cross-elasticity of demand. This figure indicates the percentage change in the volume of sales of the product, which is the result of the percentage change in the price of other (similar) products. The concept of cross-elasticity of demand is used for the classification of goods for interchangeable and complementary, as well as on the definition of the boundaries of the local market for the classification of groups of commodities, actually or potentially compete with each other.

With the imbalance of supply and demand in the market of cross-elasticity coefficient estimates often lead to distorted results. In practice, therefore it is advisable to determine the interchangeability of products with expert assessments, interview customers and experts in the field of marketing.

Another criterion of interchangeability of products is functional interchangeability of products, installed by matching for consumption of the product and its intended replacements. The similarity of consumer properties of goods and substitutes, which is established by comparing the physical, technical, operational, price characteristics of the product and its proposed alternatives can also be used as a criterion of interchangeability of products.

With the scarcity of local market somewhat interchangeable products increases significantly, but only up to the boundary defined by the functionality of the product.

In determining the interchangeability of products in terms of their production is necessary to identify unused production capacity that can be used to produce one of the products included in this product group and to determine the technological ability to switch production facilities to the production of a particular product from the production of other species.

In assessing the intensity of competition in a particular local market, in our opinion, should be based on information about the market share of producers based on the data of suppliers, as well as the adjustment of empirical data. The data on the volume of production by individual companies to calculate the coefficient of relative concentration, performance of the entropy can not be fully applicable to estimate the concentration of the local market. The calculation of these ratios appropriate to base the information not only on the volume of output, but also on the value of the supply and sale of goods at the respective local markets. However, statistical agencies, such information is not tracked and can be monitored because of the imperfections of the system of statistical reporting. Therefore, you should monitor the share of the entity empirically, on the basis of observations (questioning), i.e. based on primary data. As a basis for determining the share of the company to take the number of meetings of products from various manufacturers, including foreign ones, in a particular local market.

2. Small business taxation improvement mechanisms

In order to the taxation standardization of small businesses in the country is introduced a simplified mechanism for the taxes payment in the form of a single tax payment (STP). Despite the many advantages offered by the specified mode, there are some aspects that allow the STP to transform into an even more effective lever for the development of small businesses.

At present, the object of STP in the form of the revenue (turnover) limits the application of various incentive tools that can be applied in a case where the tax base is the income (profit) of the enterprise.

In this connection it is useful to establish business income (revenue minus expenses) as an object of the STP, which allows to regulate the taxable base by expanding the expenses list, which are taken into account by calculation of the tax base (investment costs, R&D, etc.). It will also allow a more flexible and efficient application of various other benefits as a reduction in the tax base.

In addition, gross revenue includes all material costs, labor costs, depreciation and other costs. As a result, for enterprises with labor intensive consumption of materials and capital intensity bulk of the object of taxation is the cost of production and the level of tax burden for them is much higher. This adversely affects the competitiveness of this category of taxpayers, resulting in a decline in profits allocated for the development of production.

As it's known, the STP is more attractive in terms of amount reducing of fees paid to the budget. In this regard, some large companies attempting artificial partitioning into smaller businesses to comply with the criteria for the number of the requirements for the transition to the STP payment.

In order to exclude the possibility for reducing tax liability by the wrongful transfer to the payment of the STP, is necessary to introduce legislation in the concept of interdependent entities, which should clearly identify all the possible signs that reveal the interdependence of different companies. It is necessary to establish that, in determining the average number of employees (the main criterion for the transition to STP), it should be taken into account a total number of employees for all related businesses. It is also necessary to establish the obligation of taxpayers when registering to inform the tax authorities about the presence of other related entities and penalties for providing false information on the availability of related data with enterprise legal persons.

In order to state support of small businesses, improvement of the SMEs taxation mechanism it needs to improve the system of criteria for granting the right to use the STP.

Under the conditions of our country the only such criteria is the average number of employees. However, additional criteria such as the maximum amount of annual turnover and balance sheet assets are more accurately reflect the real scale of the business. The application of these criteria would significantly increase the budget revenues due to the transfer of businesses with a large production (and consequently the tax) potential to generally established taxation system. At the same time, it will cover the STP and support a broader range of taxpayers, who in spite of the relatively small production volumes do not fall under the category of small businesses. The introduction of additional criteria will also extend through their differentiation capacity to provide various benefits to the priority areas of the state. So, in order to support the producers of high technology, product innovation can be established for them lower in comparison with other companies in terms of the limits of the annual turnover. Restrictions on the carrying value of the assets may be applied differentially to stimulate the activity of small enterprises to improve production efficiency. In order to support small businesses in times of crisis, application of a higher threshold for small businesses, depending on the level of development of the regions and industries.

THE ISSUES OF PROFESSIONAL ACCOUNTANTS AND AUDITORS' PREPARATION IN UZBEKISTAN

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Abstract

Transition of Uzbekistan to an independent market economy emerged the reforming of accounting methodology existed, as well as formation of the new approach to independent financial control. Accordingly, in addition to the preparation of accountants and auditors at the higher education institutions, there was a crucial need to raise professional accountants and certified auditors.

Besides the state one, many other forms of ownership started to develop, and professional auditors were demanded to control activities of new established entities.

As soon as Uzbekistan became a part of the global world, there was a need to adapt international standards of accounting and auditing. Thus, National Standards of Accounting, as well as Audit were developed on the base of international ones, and introduced in practice. At the same time, professional education is based on the international program CAP/CIPA, certified by Eurasian Council of Certified Accountants and Auditors (ECCAA), which was developed in Russian.

Key word: *Professional education of accountants and auditors, international standards of accounting, international standards of auditing, national standards of accounting, international education standards, legal regulation of accounting and auditing.*

At the first stage of the economic reforming, which had been started right after Uzbekistan's declaration of independence - on September 1st 1991, - there was widely disseminated belief that accounting system, which existed in administrative-command economy, would stay the same, and in market conditions financial control would be implemented only in public sector. Privatized, private enterprises, joint ventures, partnerships and joint-stock companies would not have superior organizations, which, in accordance with the approved management policy, conduct planned official revisions. Non-governmental institutions' employees would be the owners, and the owners, as it was assumed, would organize efficient internal control themselves, with no involvement of controlling bodies from outside. Thus, non-state enterprises would not need any external financial control.

Nineteen years of moving of the republic to the market economy showed the inconsistency of such opinion. Uzbekistan selected its own model of transition to the market economy and social-economic development, and found its approaches to solve the problems appeared during the process of integration of the national economy into the global one. The purposes of those decisions were improvement of population welfare.

To create proprietary in Uzbekistan became possible, first of all, due to privatization of the state property, which logically had been followed by organization of securities market. But securities market is not able to develop in informational vacuum. To believe in it and accept this new business, people should know everything about this market, and have valid information.

Business information saturation degree is the index of financial market state, as well as one of the most important factors of its operating in any country. In general, the most important component of business information is economic data, and the first-priority is given to financial reporting data, and indicators of financial state of an enterprise. Full-fledged market saturation by financial information is possible only on the assumption of that info validity. Only then it will be useful for the government to develop social-economic policy, and for the overall public to make investment decisions, related to buying stocks and securities of privatized enterprises.

Experience of developed market economies shows that validity of publicly available financial information could be achieved by independent auditing.

I. Independence of audit– one of the main market economy requirements

Independent audit is relatively new kind of financial control in Uzbekistan. The necessity of its establishment and development appeared when every citizen could have an opportunity to become the owner of stocks of his/her or any other enterprise, close corporations began to be reorganized into public ones, and stock and property exchange markets began to be created.

Foresight of government economic policy became apparent when before the laws “On stock companies and stock-holders’ rights protection”, “On securities and stock exchange” were passed, the government had known that those laws would not be actual, if the network of local independent auditing firms would be established.

At the end of 1991 the special commission of the Supreme Council was organized, it attracted famous scientists and experienced practicing accountants, inspectors, economists in order to design the draft of the law “On auditing activity”. That law was adopted on December 9th, 1992, and Uzbekistan, as one of the first countries among NIS, started to create conditions for establishment and development of national audit.

II. Legal regulation of accounting and auditing

It is known that auditing is about checking validity of accounting and financial reporting, which also passed through crucial changes during transition to market economy. Starting January 1st 1994, revised Chart of Accounts¹ was launched into action. It cardinally changed the principles of accounting and initiated transition to international standards of financial reporting. Uzbekistan was the first country among NIS, which changed some principles and statements of accounting system were actual at that moment. In 1995 “The statement on costs’ composition”² was adopted. During 1997-1999, 14 National Accounting Standards (NAS), which were based on IFRS (International Financial Reporting Standards) were developed and approved. With this the national accounting system began to shape.

During 5 years (1995-1999) with the support of UNDP and TACIS projects about 120 thousand chief accountants were trained to work with New Chart of Accounts and with the Statement on costs’ composition of the products.

Along with the national accounting and financial reporting system development auditing activity was approved either. The first edition of the law, which regulated it, yielded the results expected. It might be asserted that audit in the country was settled up, for sure. But during last years sufficient gaps in the auditing regulation practice were defined. Fundamental revision of the existing law was stirred up by need to eliminate the delay of national auditing system from the overall process of deepening of economic reform in the republic, and its discrepancy with the international standards of audit, to create more relevant conditions for national audit to implement its incident functions consistently, effectively, rational and successful.

All statements of the previous edition of the law played their positive role, for sure. But there were some unsolved issues, like provision of auditors’ responsibility for the audit results, efficient protection by auditors of legal interests of their clients, - legal entities, - auditors qualification compliance with the required international level. All that became the pre-condition for development and adoption on May 26th, 2000, of new edition of the Law “On Audit Activity”. Its important distinctions were:

- licensing only directly auditing, which assumes issue of audit report (licensing of supporting professional services is not required anymore with new law’s edition);
- new term was introduced - "auditor’s assistant" – as well as more precise definition of the term “auditor” (in accordance with the Article 3 of the Law auditor is the individual, who has qualified certificate of auditor);
- setting the order, with which an auditor can implement his/her professional activity only being in staff of one auditing organization and contracted with that organization through civil agreement. In other words, auditing could be implemented only by legal entities. This requirement was introduced in order to provide not formal, but real independence of audit, since individual auditor is not able to take appropriate material responsibility. As practice shows, even auditing firm are not always ready to reimburse losses, including lost benefits, which were caused to legal entity or customer, who ordered an audit, by poor quality or not appropriate audit conduct;
- responsibilities of the auditing organization were defined wider and more precise.

¹ Chart of Accounts of financial-economic activity of enterprises, – annex N 2 to the Resolution of Cabinet of Ministers of March 26th 1994 N 164. The document was updated in February 1999 and in 2005.

² The Statement on Costs Composition on production and realization of the products (goods, services), included in net costs of products, and on the order to form financial results – registered by the Ministry of Justice on March 13th 1995 N130. The document was updated in 1999 and in 2008.

In order to provide the main principle of auditing – independence, which allows auditors to stay unbiased while prepare an audit report, and also to strengthen their responsibility for the quality of the services provided, - the Law established obligatory requirements to an auditing organization: no less than 51% of chartered capital should belong to one or several staff auditors; only a professional auditor might be a chief of the auditing organization. (Up to year 2000, any specialist with higher education, like civil engineer, or teacher of chemistry or physics, could head an auditing organization).

Development and approval of new and clarification of the earlier approved national standards of auditing (NSA), as overall base for implementation and organization of audit, evaluation of its quality, the order of auditors' preparation and their qualification assessment, and also introduction of those standards into practice, - became the key element of normative base formation.

An auditor has the opportunity and right to define auditing methods by him/herself, and express his/her opinion regarding validity of financial reporting of legal entity. But, expressing personal opinion, an auditor has to implement his/her activity in accordance with the standards.

During 1999 – 2009, the Ministry of Finance's developed and registered 21 national standards of audit at the Ministry of Justice, and it can be observed the compliance of those standards to the spirit of international standards of audit (ISA). In the meantime, the work on new NSA is going on in order to bring closer the national normative base to the international level. The current situation is that some problematic aspects, which should be reflected in national standards of audit, are still waiting for their solution.

Besides the Law "On Audit Activity" and NSA, the Resolution of the Cabinet of Ministers "On improvement and increasing the role of auditing" of September 22nd, 2000, №365 is one of the important documents, regulating audit. The licensing requirements and conditions claimed to auditors are described in details there. While licensing the great attention is given to the competence of the specialists, who would provide further legitimacy of business operations in enterprises activity.

This document provides more flexible and improved order of auditing licensing, and also penalties for evasion to conduct obligatory auditing.

In Uzbekistan in the meantime, needed legislation to implement auditing activity, is shaped, effective economic stimuli – tax allowances and preferences for auditing active development - are created, licenses issue system simplified and liberalized sufficiently. By Resolution of the President "On further improvement of auditing organizations' activity and increasing their responsibilities for the services provided" of April 4th, 2007 N PP-615 the Statement on auditing organization was approved. The main tasks, rights, obligations and responsibilities of auditing organizations, as well as new claimed licensing requirements and conditions were reflected in that Statement.

In accordance with that document, auditing organizations might be given 3 types of licenses: (1) to implement only initiated audits; (2) to implement initiated and obligatory audits, except open stock-, banks and insurance companies; (3) to implement audits all legal entities. The following requirements are also the new ones:

- when get a license, chartered capital of auditing organization should be shaped fully;
- a head of auditing organization should pass an attestation at the Ministry of Finance once per three years;
- audit of the same legal entity might be conducted not more than 3 years in order;
- in accordance with the license staff auditors should have internationally recognized certificates of accountants.

Thus, in accordance with this resolution auditing organizations began to introduce the policy to employ high-qualified specialists with international certificates, and upgrade the qualification of those auditors, who has been working already.

III. Preparation and qualification upgrade of auditors

Continuous improvement of legal regulation of auditing targeted, first of all, on increasing a quality of auditing services, which directly related to the preparation and qualification upgrade of auditors.

Nowadays, at many higher education institutions one may get diploma of the auditor. But that diploma is not enough to become a professional auditor. According to the Law "On Audit Activity" and Statement on the Order of provision a qualified certificate of auditor (*being registered by the Ministry of Justice on October 13th 2000 N 977*) to get a certificate one should have: a diploma on higher economic education, or diploma of PhD in Economics, and 3-years working experience on specialty, or diploma on higher non-economic education or special secondary economic education and working experience, including as a second job, not less than 5 years on specialty, and also studying and passing of qualified examinations in one of the auditors training centers.

Hereby, before to become a professional auditor, a young specialist with higher economic education has to work minimum 3 years on specialty. The qualification certificate of auditor is given for 5 years, and "every auditor, having qualification certificated, is obligated annually to pass qualification upgrade minimum 60-hours Courses of Professional Development (CPD) in line with the continuous

education programs approved by the Ministry of Finance of the Republic of Uzbekistan with the concurrence of republican public associations of auditors, starting the next year after receive qualification certificate”.

Further, in connection with strengthening of international requirements, the need for quality update of auditors’ knowledge, their qualification upgrade in the area of international standards of financial reporting appeared. In connection with this, on October 28th 2005, the following changes were inserted into the Statement on the Order of provision a qualified certificate of auditor:

- the statement on possibility to provide qualification certificate to the one, who has a special secondary economic education, was canceled, i.e. higher educated specialist can become an auditor;
- the requirement on having a certificate on successful completion of the “Financial Accounting-1” course, based on IFRS, was introduced.

By that, big privileges have the specialists, who have international certificate (CPA, CGA, ACCA, CAP/CIPA and others), who are eligible to pass qualification exam without special studying at centers of training of auditors.

Preparation of the auditors, upgrading of their qualification, as well as preparation of the specialists, wishing to pass exams to receive international certificates CAP/CIPA³, are provided at the courses, conducted by public professional organizations of accountants and auditors of Uzbekistan. The study program to prepare auditors of provision a qualified certificate of auditor (200 hours) and program of CPD for auditors (60 hours), which are coordinated by National Association of Accountants and Auditors and Chamber of Auditors, are approved by the Ministry of Finance of the Republic of Uzbekistan. To receive the certificate of an auditor, the one should study 200 hours-program and pass an exam on “Financial Accounting -1” (FA-1) course, which’s based on IFRS. FA-1 is conducted in compliance with international CAP/CIPA certification. More than 5000 specialists in Uzbekistan do owe such a certificate.

200 hours –program covers courses on Financial Accounting based on NAS, Managerial Accounting, Tax and Law, Auditing, Financial Management.

The international CAP/CIPA certificate programs are approved by the Eurasian Council of Certified Accountants and Auditors (ECCAA), 23 professional organizations of accountants and auditors from 11 countries (Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Russian Federation, Ukraine, Belorussia, Moldova, Azerbaijan, Georgia) are the members of this Council.

International certification CAP/CIPA has originated from central Asia countries in 2002, and currently 1725 CAP certified specialists are working in the republic, among them 1193 are actual members of the National Association of Accountants and Auditors. There are 61 CIPA certified specialists, among them 35 are also the actual members of the National Association of Accountants and Auditors, which is actual member of ECCAA starting 1999, and associate member of International Federation of Accountants (IFAC) starting 2000. In its turn, from 2005 ECCAA is a regional collective member of IFAC. In line with international education standards of IFAC the certification of professional accountants and auditors should be presented by three independent stages:

1 stage – studying at the professional associations of accountants and auditors’, or specialized accredited by professional organization education centers’ courses;

2 stage – passing 4-5-hours exams to independent examination center CIPAEN, where education centers’ representatives are not allowed;

3 stage – checking of examination papers at the independent evaluation center, where neither education centers, nor examination CIPAEN center’s representatives are allowed. Thus, full independence and impartiality of knowledge assessment of those candidates, who would like to receive international certificate CAP/CIPA is provided.

Enhancement of licensing requirements and conditions, which are made to auditing organizations, great attention given to the issues of preparation and qualification upgrade of auditors, in our opinion, will promote further improvement of auditing activity and increase of responsibility of auditors for the quality of the services provided.

IV. Conclusion - The Ways to Improve an Audit

In the conditions of financial-economic crisis, the role of auditing increases, its responsibility to assist legal entities to minimize crisis’ negative consequences is also important. Auditors, in our opinion, are in the thick of economic life of legal entities; they know core problems and can assist in their solution. Obviously, if high-qualified auditors be prepared in the country, then active utilization of their experience and recommendations will promote improvement of economic sustainability of legal entities.

To further improve auditing in Uzbekistan we propose to:

³ CAP – Certified Accountant Practitioner, CIPA – Certified International Professional Accountant

- further improve normative-legal base on the base of international experience;
- improve the programs of preparation and qualification upgrade of auditors;
- improve the system and methods of quality control of audit services in order to improve the quality of audit and auditors' professional services;
- improve the system, methods and techniques of internal audit;
- increase the level and efficiency of internal and external quality control of audit activity.

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Activity-Based Costing in the commercial banks

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ABSTRACT

The competitive environment in the commercial banking industry has made it very difficult to increase revenue and market share that is sufficient in growth and maximizing shareholder's wealth. The only way to control expenses is to have a better understanding of how certain products and how they are setup to contribute to overall expenses in day to day operation of the commercial bank. Activity-based costing will give bank managers a greater understanding of the true cost and profitability of all transactions in daily processes in the commercial banks. I research study shows the profitability of the loan Activity-Based Costing. And needs of cost management is increasing in management and so, it is necessary that to change the costing system

Keywords: Cost accounting system, traditional costing system, activity-based costing

INTRODUCTION

There are 14 banks and 212 non-bank financial organizations and 148 saving and credit cooperatives are working the activity in our country in 2012.

Historically, management accounting in banking institutions was introduced considerably later in comparison with companies in other sectors. There are a number of reasons for this limited development. For example, competitive condition, internal condition, environment, feature of the product and production process etc...

As a consequence of growing competition in the banking sector and the reduction of financial margins, banking institutions have had to give increasingly greater importance to the planning and control of their non-financial costs, which has opened up the debate around the adequacy of the costs systems currently in use in these companies.

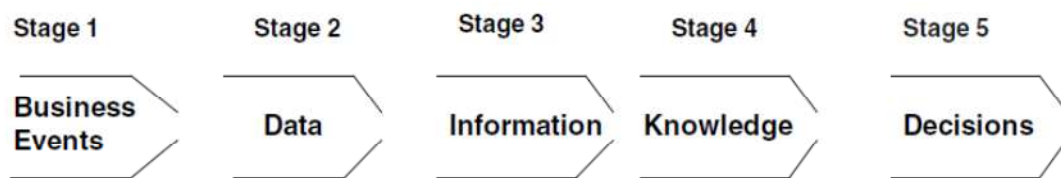
This article aims to analyses the characteristics of the cost systems of Mongolian commercial banks and to identify the cost information utilization for management decision making.

1. THEORETICAL FRAMEWORK FOR THE PRODUCT COSTING

1.1 Management accounting

Increased competition and uncertain business conditions have put significant pressure on corporate management to make informed business decisions and maximize their company's financial performance. In response, a range of management accounting tools and techniques has emerged. Management accounting is process which is to explain and accumulate and measure and determine the financial information in order to control and estimate and plan activity of self-management and organization. Cost information is the most important in financial information and there are several research papers verifying it. The Institute of Management Accountants (IMA) and Ernst & Young (E&Y) undertook a survey to understand the evolving role of management accountants, the goals of the organizations they serve, and the tools they use to meet those goals. Cost management plays a significant role at companies; 81% of all respondents reported that cost management was important to their organization's overall strategic goals.

Figure 1. "Value chain of information " (J. Blocher 2009)



At lower stages of the value chain, management accountants gather and summarize data from business events and then transform the data to information through analysis and use of the management accountant's expertise. At Stage 4 the information is combined with other information about the organization's strategy and competitive environment to produce actionable knowledge, and then at Stage 5, the highest level, management accountants use this knowledge to participate with top management teams in advancing the organization's strategy. The traditional view of the management accountant is often described as centered on the lower portion of the information value chain. What is clear from the definition is that the management accountant is not an information provider only (Stages 1 through 3), but also a business partner in developing and implementing strategy (Stages 1 through 5).

The cost information, which is essential part of the management accounting, is used to in three levels. Cost management activities are based upon one or more views of cost which have distinct levels of detail and different purposes. Strategic leverage can be achieved by developing analyses at both the strategic and operational levels of the organization. Traditional cost management activities have been based largely on the financial view.

Figure 2. Three views of costs

View of Cost	Strategic	Operational	Financial
Users of Information	<ul style="list-style-type: none"> • Business/strategic planners • Sourcing groups • Capital budgeting • Cost engineers 	<ul style="list-style-type: none"> • Front-line managers • Process improvement teams • Quality teams 	<ul style="list-style-type: none"> • Financial controllers • Tax managers • Treasury • Tax authorities
Uses	<ul style="list-style-type: none"> • Activity-based product costing • Target costing • Make vs buy analysis • Investment justifications • Life cycle costing 	<ul style="list-style-type: none"> • Key performance information • Value/non-value added identifiers • Manage daily activity 	<ul style="list-style-type: none"> • Shareholder reporting • Inventory valuation • Preparation of tax reports • Lenders monitoring condition
Level of Aggregation	<ul style="list-style-type: none"> • Product line aggregation • Information detail based on type of decision 	<ul style="list-style-type: none"> • Very detailed • Work unit level 	<ul style="list-style-type: none"> • High • Often company-wide data • May be on legal entity basis
Reporting Frequency	<ul style="list-style-type: none"> • Ad hoc, as needed • Usually a special study 	<ul style="list-style-type: none"> • Immediate • Possibly hourly or daily 	<ul style="list-style-type: none"> • Periodic, usually monthly • Probably quarterly or annually if other needs were met
Type of Measures	<ul style="list-style-type: none"> • Combination of physical and financial 	<ul style="list-style-type: none"> • Mostly physical 	<ul style="list-style-type: none"> • Mostly financial
Time Focus	<ul style="list-style-type: none"> • Future 	<ul style="list-style-type: none"> • Current 	<ul style="list-style-type: none"> • Historical

Source: R. Steven Player, Arthur Andersen, L.L.P.

By evaluating their performance on each of these levels, organizations are better understand the impacts of strategy, customer and supplier behavior, and internal process performance on their effectiveness and profitability. Without a clear understanding of activities and the associated costs, the analyses described in the remainder of the paper are not feasible.

Today the cost information is used in financial reporting level by majority of Mongolian commercial banks and some of bigger banks use the cost information to identify distribution channel (branch, sub branch) cost.

1.2. The costing methods in commercial bank

The main problem that cost accounting has to face the indirect cost imputation to products. To allocate the direct cost into cost object based on real resource consumption. There are two methods ‘Traditional costing’ and ‘Activity based costing’, to absorb indirect cost into cost objects (distribution channel, product, customers etc...).

1.2.1 Traditional costing system

The process of allocating non-financial costs to different cost objects begins with deciding on which costs must be transferred to cost objects. This enables us to identify two types of approaches, the partial costs system, which allocates only a part of the company's costs and the full cost systems, which allocates all the costs. In any of these alternative systems, "the cost allocation process is usually a sequential process that consists of two stages. In the first stage, the different cost categories are added to the different intermediate cost objects (cost centers or sections) and in the second stage, costs are allocated to the final cost objects". Thus, coming back to the classification of transformation costs of banking institutions which

differentiated between direct and indirect costs, it is worth considering the use of partial or full cost systems in banking institutions (Jordi Carensys 2008).

Partial Cost Systems only takes into account the direct transformation costs of a cost object and does not assign indirect transformation and overhead costs, which are simply allocated to cost centers or sections.

In addition to direct costs, the full cost system also allocates all or part of their indirect transformation costs to cost objects points out that the traditional full cost methods applied to banking have been based on establishing cost centers, generally related to the organizational structure, which then transfer their costs to the different organizational units, products, customers or distribution channels.

The limitations of traditional cost systems in Commercial banks

We can conclude that the application of any of the traditional costing systems leads to a paradoxical situation. On the one hand, if we opt in favor of a partial cost system and only attribute direct costs to their final cost objects, then a situation arises whereby only a small fraction of costs can be allocated to cost objects whereas the rest, which are indirect, are not accounted for under centers of responsibility, products or customers. On the other hand, if we opt for a full costs model, we will be faced with a number of limitations. Ernst and Young (1995, p.123), Sapp *et al.* (1990, p.54), Raihall and Hrechak (1994, p.44), Kimball (1997, p.31) and Helmi and Hindi (1996, p.8) argue that the traditional costing systems applied in banking assume that indirect costs are generated by production volume whilst ignoring the effects that the diversity and complexity of operations have on indirect costs. On the other hand, as banking institutions develop initiatives in order to meet new competitive requirements, the weight of indirect costs on their structure increases because the costs of market research, marketing, the introduction of new products, automatisisation of transactions, new technologies, etc are clearly on the rise.

1.2.2 The ABC system in Commercial bank

Johnson and Kaplan (1987) and Mevellec (1988, 1991), after demonstrating that traditional methods were unable to address the needs of companies, went on to argue in favor of their comprehensive overhaul and proceeded to reinvent management accounting.

Companies in this sector have witnessed the disappearance of the protectionist environment of regulated prices and the advent of new competitors and at the same time are faced with significant threats and opportunities, the management of which demands a comprehensive knowledge of markets, customers, products and the search for new competitive advantages. One of the chief innovations in this respect was the activity based accounting system. The academic world has shown a considerable amount of interest in the application of the activity based costing system in banking institutions. In recent years a number of authors have published studies that assess the applicability of ABC and ABM methodologies to banking institutions, some of the most important of which are the studies by Kerebel (1997, p.60-62), Helmi and Hindi (1996, p.5-19), Blake (1996, p.5-43), Ernst and Young (1995, p.123-140), Weiner (1995, p.37-38), Kimball (1993., p.5-20), Mabblerly (1992, p.17-79), Sapp, Crawford and Rebeschke (1990, p.53-62; 1991, p.75-86), Mérendol and Obadia (1998, p. 27) or (Bos, Bruggink *et al.*, 1994, p.12-16).

Also researches had been conducted on introducing the ABC system into banking and financial sector. In 1988 Gardner and Lummers carried out a survey on 50 commercial banks and 20 saving and loans associations of USA in order to indicate the Accounting and

Management control level and 49 institutions were involved in this survey. The survey result indicated that the intentional distribution of indirect transformation cost to the product, service and customers is important to make decisions by the top management.

In 1997 Innes and Mitchel carried out a survey on 31 biggest banks and financial institutions of Great Britain in order to find out:

- to what extent the ABC costs system was being used by financial institutions
- for what purpose the ABC system is used
- to determine the benefits of introducing the ABC system
- to indicate the grounds for not using the ABC system in certain institutions
- finding solutions for further development of ABC system

The survey result showed that the ABC system is beneficial for improving the accounting operation of management of bank and financial institutions.

In 2006 Yordy Carenys and Xaviar Sales made survey on 26 savings bank of Spain and 40 commercial banks of USA and make following conclusion as result:

- It is appropriate to distribute the total costs to the product, service and customers, not limiting with only direct costs
- Information on indirect transformation costs is significantly important for decisions of administration
- ABC system was applied in monitoring and reducing the costs at that time and the common application of this system is seriously beneficial.

The Activity Based Costing (or Activity Based Management) has been defined in different ways from the academic literature. There are three main elements, common to all the definitions in detail:

- Identify the activities performed within the company processes;
- Determine the cost of the identified activities;
- Assign activity costs to "cost objects" through various "cost drivers".

A "cost object" may be a customer, a product, a service, but also a contract, a project, a working group, etc...

"Cost drivers" identify how products and services consume activities hence costs. The correct determination of cost drivers is very important for obtaining product costs and accurate services. Therefore, a definition of ABC could be: "an informative system that identifies the activities performed, that determines related costs and that subsequently determines activity costs connected to products and services through various cost drivers. Cost drivers reflect the use of resources through product and service related activities".

2. CURRENT SITUATION OF SERVICE COSTING SYSTEM IN MONGOLIAN COMMERCIAL BANKS

This paper work is aimed at clarification of knowledge level on the current status of commercial banks cost accounting, costing systems and their influential factors as well as activity based costing. In the paper work, research conducted on financial department chief and executive officers of about 10 commercial banks of Mongolia including Khan, Golomt, Trade and Development, State, Khas, Saving, Capitron, Transportation and Development, Erel banks was comprehended.

From the view of above research following results were achieved

- Differences of commercial banks costing are dependable to their asset amount. Cost information necessity is comparatively higher for big and medium sized banks as

opposed to small sized banks. With regard to this, big and medium sized banks are trying to estimate their service cost and to enhance the cost estimation accuracy.

- As a result of this research, that banks estimating cost need to improve their conventional costing system and ABC method is necessary for them has been understandable.
- 60 percent of the people participated in the research have incomplete knowledge of ABC system.

Furthermore, as classified the cost of Khan XXX branch, such direct costs as wage of full time officers, trading cost, loan and loan repayment related costs are 15 percent of operating cost and indirect cost that is related to two or more products and supportive for enhancement of main operation is 85 percent of total cost. As well for Khas bank XXX branch, its direct cost is 45 percent and indirect cost is 55 percent of total cost. From these estimations, it is definite that proportion of indirect cost to total cost is much greater than that of direct cost and indirect cost crucially needs to be added to service, customer, distribution channel related cost estimation through way of activity based costing which can provide supervisory officers with reliable cost information on time.

Cost structure study of “XXX” bank

As of 31th of December of 2012, “XXX” bank was carrying out its activity with totally 56 branches involving its central office. In the term when activity is carried out, interest cost is 54,5 percent of interest income whereas operating cost is 34,7 percent of total interest income. Moreover that operating cost is 66.14 percent of operating **income** has become main factor for reduction of banking profitability.

Table.3 Operational expense ratio of City and Rural branches

Ratio	Total branches	City branch	Rural branch
Profit margin	13.05	33.30	24.49
Additional expenses ratio	66.14	30.59	57.05
Deposit - loan ratio	56.9	66.8	40.0
Deposit - asset ratio	51.3	59.8	37.0
Loan portfolio - asset ratio	90.3	89.6	92.5
Fixed asset – asset ratio	2.1	1.3	3.6
₹ Deposit per total deposit	89	87.8	92.9

Operating cost growth is tended to be more accelerative compared with that of average growth of interest income and cost. Therefore special attention must be paid on reasons for increase in operating cost by taking each branch, type of product, customer into attentive consideration.

Table.4 Average growth of interest income and expenses, operational expenses

Ratio	Average growth
Interest income	0.026

Operating expenses	0.040
Interest expenses	0.016

By estimating cost for each product, especially for each customer we would be possible to accurately calculate change in operating cost. As a result of strengthening accuracy of this estimation, very reliable and important information on product mix, cost decrease, cost based checking, performance measurement and planning can be developed.

In addition to this, we have tried to calculate product cost through the way of observation on the activity of settlement center of a commercial bank. This settlement center is working out with 17 members and delivering 7 types of loan products to its customers. From those loans, we have chosen one type of loan and then service cost for totally 9 borrowers, who are provided with the chosen loan, has been calculated on the basis of loan provision statement in the first quarter of 2012.

It is impossible to calculate service cost by using information from current accounting system because of that ABC system requires accurately detailed and systematic information. Currently for above mentioned settlement center, works of service cost estimation has not been done yet and sufficient information and accounting mechanism is not well established so conventional costing method is difficult to be applied too.

Table.5
Using Traditional costing to measure Customer profitability

Expenses	lender 1	lender 2	lender 3	lender 4	lender 5	lender 6	lender 7	lender 8	lender 9
Total Loan	30,000,000	30,000,000	33,547,360	41,934,200	35,000,000	35,000,000	47,924,800	31,500,000	50,000,000
Total cost	8,517,636	8,517,636	14,058,258	3,248,194	10,261,386	14,484,754	19,827,180	13,121,195	13,917,636
Interest income	11,520,000	12,240,000	15,700,164	2,767,657	13,125,000	18,900,000	25,879,392	19,278,000	20,400,000
Fee income	300,000	300,000	335,474	419,342	350,000	350,000	479,248	315,000	500,000
Customer profit to bank	3,302,364	4,022,364	1,977,380	(61,195)	3,213,614	4,765,246	6,531,460	6,471,805	6,982,364
Profit margin	11.01%	13.41%	5.89%	-0.15%	9.18%	13.61%	13.63%	20.55%	13.96%

From the view of above estimation, amounts of reserve for each borrower are different from each other and therefore there are differences among earnings generated from reserves. So earning must be calculated by not only by product types but also by each customer.

Defining profit to be generated from customer can make reserve spending and earning real and definite. By revealing good customers, such special and innovative services must be developed for them with the purpose to make their thought on the bank more satisfied and kept with bank productions.

Instead of refusing customer who did not get bank to an earning, long term strategy would rather be developed by defining nature and reason for cost.

3. CONCLUSION

Costing management is strongly influential to strategic decision and a well definer to provide organization with steadily development opportunity. Banks are searching ways to have

systematic and reliable information on operating and indirect cost due to that growth of resource, which pay interest, decreases marginal profit. Costing activity is not realized with complete nature and costing information necessity has been increasing. Currently commercial banks are estimating cost of distribution channel through which product can be delivered at the targeted place, settlement center and productions portfolio, however because of that estimation work is done on the basis of only one level activity, information is being unreliable. That from the view of research result indirect cost proportion is greater depending on marketing cost and utilization of new technique, technology shows that indirect cost must be properly allocated to products and services. Awareness and knowledge on costing management and systems for commercial banks of our country are poor and conventional costing method cannot be realized to the greater extend and there is necessity to have methodology to improve costing system and to process cost information for the guidance of top managers.

Therefore there is strong necessity to introduce optimal costing system for Mongolian commercial banks. Costing system would be applied taking potentiality and information necessity of banks and financial Institutions into formal consideration and this system will provide them with following opportunities.

Included in these:

- Do analyzes for customer profitability
- Define operation that will not add value to service and possibility to decrease, interconnection between activity and cost, and opportunity to increase effectiveness.
- Determine product mix
- Budgeting and planning
- Evaluate performance in accordance with reality.

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STRATEGY OF THE ORGANIZATION AND DEVELOPMENT OF INFORMATION SUPPORT OF INNOVATIVE ACTIVITY OF THE COMPANIES

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Abstract.

Currently, innovations are the basis of the various companies in the market conditions. In order to provide an innovative company at the highest level should develop information systems for the company's activity and implement information support innovation. This article examines the main areas of information activities in innovation, the role of information and communication technologies in innovation companies and processing features for innovation.

Increasing production efficiency, improving product quality, the transition to a new product is primarily associated with the decision problems in the management of productive resources: financial, technological, human.

The application of the most effective forms of production management is inextricably linked to the active use of information space, which is defined by a specific type of resource production-information resource.

Set of methods and techniques of information processes in production systems, allowing selection and use of appropriate information technology solution for the synthesis of knowledge about production situation, is the content of the concept of information resource management system for knowledge-intensive production.

Management information system of manufacturing organization formed in a specific environment, characterized by both an information resource management system is a system of internal and external information flows, as well as the methods and means of search, processing and distribution of information within the organization.

Information flows are directed to the information technology platform (ITP), technical and software which provides the information processing. For the management of information resource management system organizes information activities in the following main directions:

- 1. Support and development of information system of production management;*
- 2. Identification and selection of the key sources of information;*
- 3. Collection and processing of information, the assessment of its completeness, reliability and relevance, making organizational decisions;*
- 4. The analysis of information to identify trends;*
- 5. Elaboration of projections and alternatives to conduct business;*
- 6. Adoption of decisions governing for realization of strategic plans;*
- 7. Establishing and continuously updating the knowledge base of entrepreneurial ideas and related risks.*

In the selection process organization and processing of the necessary information can generate knowledge about the current state of production, on the basis of which is the impact on the manufacturing, financial, administrative and business processes.

Increase property uses the knowledge of the technological process of shaping information to find ways, as with the storage of property and purchase additional property on time. The main difference of this form of ownership is that it, as well as the knowledge and inexhaustible.

Search and development of new technological solutions is based on the research of information that allows you to not only find ways to develop new products, providing new services, but also to provide a justifiable risk choosing a new direction, a new market. The most effective business is formed not on a single solution, and on the new economic niches.

In virtualization management, it is important to use the optimal values of risk that is largely determined by not only the quality of the management of the Organization, but also the ability to create and use virtual systems with external business environment.

The organization of information streams allows not only to show their value in information processing system, but also to realize the processes connected with increase of efficiency of business, a conclusion to the market of new products and services. The interrelation of these processes can be shown on the example of the analysis of interaction of administrative operations and business processes which is carried out on the basis of information exchange.

Continuous active innovators in the global information networks to form a new production, which increases the information resource management system, allowing you to reap additional profits by creating new, innovatively designed products.

Transition to innovative economy development principles involves mandatory correction information components of the production system. The aim is to increase the impact of information on the quality of the components of planning new products and its contribution to the expected profits from sales of the products. This problem becomes particularly relevant from the perspective of information support of investment.

Complexity of the optimal organization of the information management system of technological development of production is connected with the tradition of planned economy where information management system for new products is largely centralized and includes two basic components: agencies of the state statistics and agencies of scientific and technical information which belong to system of public administration. All enterprises, organizations and institutions are required to prepare and submit to the bodies of State statistics and information of scientific and technical data and information in accordance with specific forms and deadlines (regulatory).

The following are some features of the structured processing of information for the preparation of production of new products.

Informative data is engaged by the end user as the source in the management and decision-making algorithms. They describe the possible use of resources, technologies, equipment, depending on the production or sale of products. For accumulation and storage of substantial data special bases on the basis of paper or electronic data carriers are created. Search algorithms, the processing of relevant information and deliver it to the end user are determined by, first, the degree of divergence of the images of the old and new information products, secondly, technical capabilities and information transfer and, thirdly, the commercial opportunities the end user information. As practice shows, the success factors for new product information to manufacturing often come into conflict with each other and then required to take special measures to achieve acceptable results in terms of limitations (time, material, financial).

In a highly competitive product manufacturer is forced not only to conduct research, but also to predict the degree of market stability of new products. The need for predictive research requires the use of special methods to assess the completeness and accuracy of the original information. Distortion of information caused by the lack of comprehensive and reliable led to a decrease in the quality of governance and complicates decision-making in the production system.

Sources of distortion may be:

- *Uneven in time of formation of source information blocks;*
- *Not-in-sync information from parallel sources;*
- *Varying degrees of access to individual units of source information.*

Background to include external data that must constantly be monitored through the activities of the enterprise in order to evaluate the current market situation, financial stability of partners, changes in the regulatory sphere, etc. at the same time, as noted above, in the algorithms proper management and decision-making processes the data hardly used.

Baseline data processing is necessary first of all to define the strategy of the development of the company in connection with the withdrawal of new products to the market. Because baseline data processing is methodically in the simplest case is to implement procedures for the selection and

assessment, the results of such processing will be useful primarily to regulate operations managers and marketers.

Disturbing data or interference, arrive at the information sign at enterprise content and background. They were indistinguishable with the latest in structure and shape and distort the useful information. The task of processing the data is their revolting identifying, and addressing. It also includes data and provocative nature of the data, especially running in information environment in order to deliberate introduction of the competitor.

Modern information systems should aim not only at the service of enterprises making new products, but also to the potential customers for these products. Difference in customer service today is that if the customer of new products almost exclusively served the State, now in the number of customers are businessmen, some State-owned enterprises, domestic and foreign investors.

Provision of information support of innovation includes:

- *Development and maintenance of databases of scientific and technical results and potential executors of scientific and technical programmers and projects in priority areas;*
- *Communicate with remote data centers and databases, including foreign, using Ukrainian and foreign telecommunication systems;*
- *Access by interested parties to the information databases (IDB) and Internet information resources in the field of innovation;*
- *Search and selection of innovative projects, proposals for production of high technology products for organizations and individuals interested in funding;*
- *Development and maintenance of data banks on consumer properties of products of leading firms, etc.*

Development of the information infrastructure research and innovation industry having multiprogrammed complex, mainly based on the following directions:

- *Improving the State of scientific and technical information system and to ensure effective information support for the various phases of the innovation process, the development of information resources;*
- *Through the use of modern telecommunication technologies development of computer networks, providing effective mutual relationship of all participants in the innovation process;*
- *Development and implementation of new information technologies that increase the efficiency of information infrastructure research and innovation activities (industry).*

Provision of information support of innovation activities includes the following provisions:

- *Creation and concept of databases of scientific and technical results and potential Executive scientific and technical programmers and projects in priority areas;*
- *Using foreign communications systems link to a remote database and information centers;*
- *Access to information databases (IDB) and the information resources of the Internet to interested organizations and individuals in the sphere of innovation activity;*
- *For interested organizations and individuals to fund to take into account and sort of proposals and innovative projects for production of science intensive products;*
- *Development and maintenance of data banks on consumer properties of products of leading companies.*

For large enterprises, the development of innovative projects and based on these innovations, establishing an effective system of production on this plant it is advisable to create a single information environment (CIS). Through the creation of distributed information, information management and information systems of many other beg the need for a separate data environment. The information environment is to support strategic decision-making and implementing innovative processes from management companies. Inter-regional activity distributed with large size this information environment is a large system which store large parts of different updating their data at an accelerated rate, effective identification and grouping the data and their compounds.

The establishment of a unified information environment for innovative projects and processes being difficult jobs that concentrates the different tasks. You must first sign an in-depth study of information sources and their properties in this area, for which creates innovative processes. Along with this desirable information networking between them, a detailed study of the properties, reliability, timelines, certainty, the etc. remake information. In analyzing the information necessary for innovation processes and persons significant role in improving the quality of information flows and system implementation technology of CALS.

An innovation primarily associated with that body and simultaneously overestimates the intelligence of people implementing innovation projects. Requirements for employees to create innovation, linked to their level in this area, with the ability to deeply analyze the information communication between the links in the innovation process, as well as the ability to create an information model of innovation processes.

Information is both tactical and strategic resource for innovation. As a tactical resource information enables the Manager to take commercially reasonable control solutions in an environment of limited resources. As a strategic resource for development is the basis for the maneuver, allows you to track and predict the changes (and accumulating changes in internal and external environments of innovation), evaluate the possibilities of innovation and significantly reduce the risk and uncertainty in management decisions.

Enterprises in the innovation process involve four main subjects: owner, CEO, managers and specialists of the enterprise units and services, as well as workers. The nature of interaction of actors determines the effectiveness of the innovation process. The quality of informing key stakeholders is the basis of their interaction in order to realize their interests through participation in the process of implementing innovations.

Formation of enterprise management innovation processes, the definition of the content and structure of management information by identifying and utilizing dependencies and behavior patterns of subjects and objects of innovation processes; build adequate validity information models, which are structural-functional analysis, forecasting and dynamic simulations.

Conclusion.

Consider structuring of information flow for innovation companies and mainstream information infrastructure innovation. As well as to the appropriateness of the application of soft computing in the information flow and data banks for innovation companies.

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INFORMATION TECHNOLOGIES AS THE TYPE OF THE INNOVATIVE PRODUCT IN MARKET ECONOMY

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Broad informatization of all spheres of activity of society essentially changes a role of information and information technologies in social and economic development of the country. Social and economic development of society, its integration into world economic system depends on scales and quality of use of information technologies in professional activity at the level of the enterprises.

In this article considered Development of new technologies and the markets led to that today around the world the economic growth of managing subjects is defined by that share of production and the equipment which contain progressive knowledge and modern decisions. It is considered that innovations not only pledge of sustainable economic development, but also to connect with venture, so risk business.

The innovation as category of the economic theory is closely connected with such philosophical categories, as change and movement. In this regard it is possible to note that in changes always there are elements of the certain stability finding reflection in the form of preservation of the internal nature of each change, promoting their relative stability and to relative rest.

The Issues of Professional Accountants and Auditors' Preparation in Uzbekistan

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Abstract

Transition of Uzbekistan to an independent market economy emerged the reforming of accounting methodology existed, as well as formation of the new approach to independent financial control. Accordingly, in addition to the preparation of accountants and auditors at the higher education institutions, there was a crucial need to raise professional accountants and certified auditors.

Besides the state one, many other forms of ownership started to develop, and professional auditors were demanded to control activities of new established entities.

As soon as Uzbekistan became a part of the global world, there was a need to adapt international standards of accounting and auditing. Thus, National Standards of Accounting, as well as Audit were developed on the base of international ones, and introduced in practice. At the same time, professional education is based on the international program CAP/CIPA, certified by Eurasian Council of Certified Accountants and Auditors (ECCAA), which was developed in Russian.

Key word: Professional education of accountants and auditors, international standards of accounting, international standards of auditing, national standards of accounting, international education standards, legal regulation of accounting and auditing.

At the first stage of the economic reforming, which had been started right after Uzbekistan's declaration of independence - on September 1st 1991, - there was widely disseminated belief that accounting system, which existed in administrative-command economy, would stay the same, and in market conditions financial control would be implemented only in public sector. Privatized, private enterprises, joint ventures, partnerships and joint-stock companies would not have superior organizations, which, in accordance with the approved management policy, conduct planned official revisions. Non-governmental institutions' employees would be the owners, and the owners, as it was assumed, would organize efficient internal control themselves, with no involvement of controlling bodies from outside. Thus, non-state enterprises would not need any external financial control.

Nineteen years of moving of the republic to the market economy showed the inconsistency of such opinion. Uzbekistan selected its own model of transition to the market economy and social-economic development, and found its approaches to solve the problems appeared during the process of integration of the national economy into the global one. The purposes of those decisions were improvement of population welfare.

To create proprietary in Uzbekistan became possible, first of all, due to privatization of the state property, which logically had been followed by organization of securities market. But securities market is not able to develop in informational vacuum. To believe in it and accept this new business, people should know everything about this market, and have valid information. Business information saturation degree is the index of financial market state, as well as one of the most important factors of its operating in any country. In general, the most important component of business information is economic data, and the first-priority is given to financial reporting data, and indicators of financial state of an enterprise. Full-fledged market saturation by financial information is possible only on the assumption of that info validity. Only then it will be useful for the government to develop social-economic policy, and for the overall public to make investment decisions, related to buying stocks and securities of privatized enterprises.

Experience of developed market economies shows that validity of publicly available financial information could be achieved by independent auditing.

I. Independence of audit– one of the main market economy requirements

Independent audit is relatively new kind of financial control in Uzbekistan. The necessity of its establishment and development appeared when every citizen could have an opportunity to become the owner of stocks of his/her or any other enterprise, close corporations began to be reorganized into public ones, and stock and property exchange markets began to be created. Foresight of government economic policy became apparent when before the laws “On stock companies and stock-holders’ rights protection”, “On securities and stock exchange” were passed, the government had known that those laws would not be actual, if the network of local independent auditing firms would be established.

At the end of 1991 the special commission of the Supreme Council was organized, it attracted famous scientists and experienced practicing accountants, inspectors, economists in order to design the draft of the law “On auditing activity”. That law was adopted on December 9th, 1992, and Uzbekistan, as one of the first countries among NIS, started to create conditions for establishment and development of national audit.

II. Legal regulation of accounting and auditing

It is known that auditing is about checking validity of accounting and financial reporting, which also passed through crucial changes during transition to market economy. Starting January 1st 1994, revised Chart of Accounts¹ was launched into action. It cardinally changed the principles of accounting and initiated transition to international standards of financial reporting. Uzbekistan was the first country among NIS, which changed some principles and statements of accounting system were actual at that moment. In 1995 “The statement on costs’ composition”² was adopted. During 1997-1999, 14 National Accounting Standards (NAS), which were based on IFRS (International Financial Reporting Standards) were developed and approved. With this the national accounting system began to shape.

During 5 years (1995-1999) with the support of UNDP and TACIS projects about 120 thousand chief accountants were trained to work with New Chart of Accounts and with the Statement on costs’ composition of the products.

Along with the national accounting and financial reporting system development auditing activity was approved either. The first edition of the law, which regulated it, yielded the results expected. It might be asserted that audit in the country was settled up, for sure. But during last years sufficient gaps in the auditing regulation practice were defined. Fundamental revision of the existing law was stirred up by need to eliminate the delay of national auditing system from the overall process of deepening of economic reform in the republic, and its discrepancy with the international standards of audit, to create more relevant conditions for national audit to implement its incident functions consistently, effectively, rational and successful.

All statements of the previous edition of the law played their positive role, for sure. But there were some unsolved issues, like provision of auditors’ responsibility for the audit results, efficient protection by auditors of legal interests of their clients, - legal entities, - auditors qualification compliance with the required international level. All that became the pre-condition for development and adoption on May 26th, 2000, of new edition of the Law “On Audit Activity”. Its important distinctions were:

- licensing only directly auditing, which assumes issue of audit report (licensing of supporting professional services is not required anymore with new law’s edition);
- new term was introduced - "auditor’s assistant" – as well as more precise definition of the term “auditor” (in accordance with the Article 3 of the Law auditor is the individual, who has qualified certificate of auditor);

¹ Chart of Accounts of financial-economic activity of enterprises, – annex N 2 to the Resolution of Cabinet of Ministers of March 26th 1994 N 164. The document was updated in February 1999 and in 2005.

² The Statement on Costs Composition on production and realization of the products (goods, services), included in net costs of products, and on the order to form financial results – registered by the Ministry of Justice on March 13th 1995 N130. The document was updated in 1999 and in 2008.

- setting the order, with which an auditor can implement his/her professional activity only being in staff of one auditing organization and contracted with that organization through civil agreement. In other words, auditing could be implemented only by legal entities. This requirement was introduced in order to provide not formal, but real independence of audit, since individual auditor is not able to take appropriate material responsibility. As practice shows, even auditing firm are not always ready to reimburse losses, including lost benefits, which were caused to legal entity or customer, who ordered an audit, by poor quality or not appropriate audit conduct;
- responsibilities of the auditing organization were defined wider and more precise.

In order to provide the main principle of auditing – independence, which allows auditors to stay unbiased while prepare an audit report, and also to strengthen their responsibility for the quality of the services provided, - the Law established obligatory requirements to an auditing organization: no less than 51% of chartered capital should belong to one or several staff auditors; only a professional auditor might be a chief of the auditing organization. (Up to year 2000, any specialist with higher education, like civil engineer, or teacher of chemistry or physics, could head an auditing organization).

Development and approval of new and clarification of the earlier approved national standards of auditing (NSA), as overall base for implementation and organization of audit, evaluation of its quality, the order of auditors' preparation and their qualification assessment, and also introduction of those standards into practice, - became the key element of normative base formation.

An auditor has the opportunity and right to define auditing methods by him/herself, and express his/her opinion regarding validity of financial reporting of legal entity. But, expressing personal opinion, an auditor has to implement his/her activity in accordance with the standards.

During 1999 – 2009, the Ministry of Finance's developed and registered 21 national standards of audit at the Ministry of Justice, and it can be observed the compliance of those standards to the spirit of international standards of audit (ISA). In the meantime, the work on new NSA is going on in order to bring closer the national normative base to the international level. The current situation is that some problematic aspects, which should be reflected in national standards of audit, are still waiting for their solution.

Besides the Law "On Audit Activity" and NSA, the Resolution of the Cabinet of Ministers "On improvement and increasing the role of auditing" of September 22nd, 2000, №365 is one of the important documents, regulating audit. The licensing requirements and conditions claimed to auditors are described in details there. While licensing the great attention is given to the competence of the specialists, who would provide further legitimacy of business operations in enterprises activity. This document provides more flexible and improved order of auditing licensing, and also penalties for evasion to conduct obligatory auditing.

In Uzbekistan in the meantime, needed legislation to implement auditing activity, is shaped, effective economic stimuli – tax allowances and preferences for auditing active development - are created, licenses issue system simplified and liberalized sufficiently. By Resolution of the President "On further improvement of auditing organizations' activity and increasing their responsibilities for the services provided" of April 4th, 2007 N PP-615 the Statement on auditing organization was approved. The main tasks, rights, obligations and responsibilities of auditing organizations, as well as new claimed licensing requirements and conditions were reflected in that Statement.

In accordance with that document, auditing organizations might be given 3 types of licenses: (1) to implement only initiated audits; (2) to implement initiated and obligatory audits, except open stock-, banks and insurance companies; (3) to implement audits all legal entities. The following requirements are also the new ones:

- when get a license, chartered capital of auditing organization should be shaped fully;
- a head of auditing organization should pass an attestation at the Ministry of Finance once per three years;
- audit of the same legal entity might be conducted not more than 3 years in order;

- in accordance with the license staff auditors should have internationally recognized certificates of accountants.

Thus, in accordance with this resolution auditing organizations began to introduce the policy to employ high-qualified specialists with international certificates, and upgrade the qualification of those auditors, who has been working already.

III. Preparation and qualification upgrade of auditors

Continuous improvement of legal regulation of auditing targeted, first of all, on increasing a quality of auditing services, which directly related to the preparation and qualification upgrade of auditors.

Nowadays, at many higher education institutions one may get diploma of the auditor. But that diploma is not enough to become a professional auditor. According to the Law “On Audit Activity” and Statement on the Order of provision a qualified certificate of auditor (*being registered by the Ministry of Justice on October 13th 2000 N 977*) to get a certificate one should have: a diploma on higher economic education, or diploma of PhD in Economics, and 3-years working experience on specialty, or diploma on higher non-economic education or special secondary economic education and working experience, including as a second job, not less than 5 years on specialty, and also studying and passing of qualified examinations in one of the auditors training centers.

Hereby, before to become a professional auditor, a young specialist with higher economic education has to work minimum 3 years on specialty. The qualification certificate of auditor is given for 5 years, and “every auditor, having qualification certificated, is obligated annually to pass qualification upgrade minimum 60-hours Courses of Professional Development (CPD) in line with the continuous education programs approved by the Ministry of Finance of the Republic of Uzbekistan with the concurrence of republican public associations of auditors, starting the next year after receive qualification certificate”.

Further, in connection with strengthening of international requirements, the need for quality update of auditors’ knowledge, their qualification upgrade in the area of international standards of financial reporting appeared. In connection with this, on October 28th 2005, the following changes were inserted into the Statement on the Order of provision a qualified certificate of auditor:

- the statement on possibility to provide qualification certificate to the one, who has a special secondary economic education, was canceled, i.e. higher educated specialist can become an auditor;
- the requirement on having a certificate on successful completion of the “Financial Accounting-1” course, based on IFRS, was introduced.

By that, big privileges have the specialists, who have international certificate (CPA, CGA, ACCA, CAP/CIPA and others), who are eligible to pass qualification exam without special studying at centers of training of auditors.

Preparation of the auditors, upgrading of their qualification, as well as preparation of the specialists, wishing to pass exams to receive international certificates CAP/CIPA³, are provided at the courses, conducted by public professional organizations of accountants and auditors of Uzbekistan. The study program to prepare auditors of provision a qualified certificate of auditor (200 hours) and program of CPD for auditors (60 hours), which are coordinated by National Association of Accountants and Auditors and Chamber of Auditors, are approved by the Ministry of Finance of the Republic of Uzbekistan. To receive the certificate of an auditor, the one should study 200 hours-program and pass an exam on “Financial Accounting -1” (FA-1) course, which’s based on IFRS. FA-1 is conducted in compliance with international CAP/CIPA certification. More than 5000 specialists in Uzbekistan do owe such a certificate. 200 hours –program covers courses on Financial Accounting based on NAS, Managerial Accounting, Tax and Law, Auditing, Financial Management.

The international CAP/CIPA certificate programs are approved by the Eurasian Council of Certified Accountants and Auditors (ECCAA), 23 professional organizations of accountants and auditors from 11

³ CAP – Certified Accountant Practitioner, CIPA – Certified International Professional Accountant

countries (Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Russian Federation, Ukraine, Belorussia, Moldova, Azerbaijan, Georgia) are the members of this Council.

International certification CAP/CIPA has originated from central Asia countries in 2002, and currently 1725 CAP certified specialists are working in the republic, among them 1193 are actual members of the National Association of Accountants and Auditors. There are 61 CIPA certified specialists, among them 35 are also the actual members of the National Association of Accountants and Auditors, which is actual member of ECCAA starting 1999, and associate member of International Federation of Accountants (IFAC) starting 2000. In its turn, from 2005 ECCAA is a regional collective member of IFAC. In line with international education standards of IFAC the certification of professional accountants and auditors should be presented by three independent stages:

1 stage – studying at the professional associations of accountants and auditors’, or specialized accredited by professional organization education centers’ courses;

2 stage – passing 4-5-hours exams to independent examination center CIPAEN, where education centers’ representatives are not allowed;

3 stage – checking of examination papers at the independent evaluation center, where neither education centers, nor examination CIPAEN center’s representatives are allowed. Thus, full independence and impartiality of knowledge assessment of those candidates, who would like to receive international certificate CAP/CIPA is provided.

Enhancement of licensing requirements and conditions, which are made to auditing organizations, great attention given to the issues of preparation and qualification upgrade of auditors, in our opinion, will promote further improvement of auditing activity and increase of responsibility of auditors for the quality of the services provided.

IV. Conclusion - The Ways to Improve an Audit

In the conditions of financial-economic crisis, the role of auditing increases, its responsibility to assist legal entities to minimize crisis’ negative consequences is also important. Auditors, in our opinion, are in the thick of economic life of legal entities; they know core problems and can assist in their solution. Obviously, if high-qualified auditors be prepared in the country, then active utilization of their experience and recommendations will promote improvement of economic sustainability of legal entities.

To further improve auditing in Uzbekistan we propose to:

- further improve normative-legal base on the base of international experience;
- improve the programs of preparation and qualification upgrade of auditors;
- improve the system and methods of quality control of audit services in order to improve the quality of audit and auditors’ professional services;
- improve the system, methods and techniques of internal audit;
- increase the level and efficiency of internal and external quality control of audit activity.

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THE BENEFITS OF USING COMPUTER TECHNOLOGY IN EDUCATION FIELD

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Summary

Effective Teaching with Computer Technology in Higher Education draws on current research and best practice to show how to integrate technology into teaching in higher education. This article focuses on the advantages and the necessity of infusing computer technologies in higher education and provides a comprehensive theoretical and pedagogical foundation for helping instructors make critical decisions about the use of this technology within the university curriculum. This practical and much needed resource discusses the relationship between knowledge, learning, teaching, and the nature of media, and shows how this information should inform the use of technology in a teaching environment. The authors introduce a decision model that is based on key criteria for selecting appropriate technologies for teaching in higher education. They also provide guidance for developing and delivering a course using computer technology and discuss the organizational and technical support structures that are needed to back up instructors using technology.

Key words: *Computer Technology, higher education, pedagogical foundation*

Main part

Technology has certainly changed the way we live. It has impacted different facets of life and redefined living. Undoubtedly, technology plays an important role in every sphere of life. Several mundane manual tasks can be automated, thanks to technology. Also, many complex and critical processes can be carried out with ease and greater efficiency with the help of modern technology. Thanks to the application of technology, living has changed and it has changed for better.

Technology plays a vital role in every sphere of life and education is no exception. The advent of technology has deeply impacted the educational scene.

Technology has revolutionized the field of education. The importance of technology in education system cannot be ignored. In fact, with the onset of computers in education, it has become easier for teachers to impart knowledge and for students to acquire it. The use of technology has made the process of teaching and learning enjoyable.

The growth of computer technology has brought to the forefront new language teaching and learning opportunities. The reported revealed potential of the new technologies, the need to better prepare students for the information age, and accelerate national development efforts present certain challenges and opportunities for the developing countries. But are we ready to develop and integrate new technologies to meet these challenges?

Uzbekistan as one of such developing countries is aware of the need to provide our students with knowledge and skills to succeed and compete in an information-based society. Recognizing the challenge of the ‘information age’, the government reveals growing commitment to technology integration in education by adopting a number of official documents and taking different initiatives which have brought about significant increases in the amount of computer technology and Internet access in our education system.

But despite numerous IT integration policy documents and initiatives in Uzbekistan, as well as expenditures for computer and Internet accessibility, major questions remain about the actual use of technology in classrooms. The research shows that it cannot be assumed that the placement of computer technology in Uzbekistan classrooms equals effective use for teaching

and learning. There are various factors that play a part in effective integration of computer technology into educational system with teachers as the most critical factor and significant part of the educational process of change.

Computers and related electronic resources have come to play a central role in education. Whatever your feelings about what some have called the digital revolution, you must accept that many, perhaps most, of your students are fully immersed in it. At the very simplest level, you will rarely receive a paper or other assignment from a student that has not been written with the help of a computer. Most of your students will have considerable experience with the Internet and will, whether you like it or not, make use of it for much of their academic work. Many of them will be accustomed to using e-mail as a normal form of communication. But it is not just students who find electronic resources valuable. Teachers can benefit from these resources as well, by employing a series of useful tools.

We stress the word "useful" because electronic resources complement, but seldom replace, more conventional teaching techniques. Electronic tools can make classes more efficient; lectures more compelling, informative, and varied; reading assignments more extensive, interesting, and accessible; discussions more free ranging and challenging; and students' papers more original and well researched. Only you, however, can judge if these techniques advance your own teaching goals.

Of the many electronic teaching techniques that instructors have found useful, we have chosen five that we believe seem particularly likely to help significant numbers of teachers. All of these techniques demand an investment of time if they are to succeed, and your willingness to use them should be balanced carefully against other, perhaps more important, teaching priorities. But for each technique, there are both simple and complex ways of proceeding, and we will try to make clear the respective advantages and disadvantages.

The five ways in which we suggest teachers consider using electronic resources involve tasks that you will usually have to perform in any case. New technologies can help you perform them better and more easily:

–Administration: The routine administration of courses (advertising a class, providing copies of the syllabus, assigning discussion sections, and getting out course news) can be more efficiently handled with a course home page, electronic discussion groups, and e-mail lists. These tools can also dramatically improve the continuity and the community aspects of courses, helping students to engage with and learn from each other and even from people outside the course.

–Readings/sources: The Web and CD-ROMs provide a wider variety of secondary and primary sources (including visual and audio sources) than has previously been available. With your guidance, your students can now gain access to materials that were once accessible only to experts because they were too cumbersome to reproduce for classroom use or too expensive for students to purchase. By taking their own paths through these sources, students can bring their own evidence and arguments into lectures and discussion sections, as well as write on a wider range of research topics.

–Papers/presentations: Rather than performing assignments and taking exams from the teacher alone, students can perform more independent exercises in publishing, exhibit building, or assembling and presenting teaching units and other materials for their peers. A web archive of several terms' work can make the course itself an ongoing and collaborative intellectual construction.

–Lectures: A computer with presentation software can provide a single tool for augmenting lectures with outlines, slides, statistical charts and tables, images, music, and even video clips. In addition to printing them as handouts, you can save in-class presentations in a web-compatible format for later review and discussion.

–Discussion: Electronic discussion tools such as e-mail, conferencing software, and on-line chat services can seed discussion questions before the class meets, draw out your shy students, and follow up on discussions or questions on the reading between classes. For courses without

face-to-face discussion sections, these tools can bring the course to life over great distances and help overcome scheduling difficulties.

Most teachers have computers, and most have at least some access to e-mail and the Internet. In many schools and universities, most students do, too. Many teaching opportunities are likely to be available to you, therefore, using equipment you and your students already have. Other techniques require more advanced technologies that you may or may not wish to purchase on your own, and that your institution may or may not make available to you. It should be obvious; therefore, that you should make no plans for using electronic tools before making sure that both you and your students will have access to the necessary technology.

But owning, or having access to, technology is usually only a first step. Even more important is learning how to use it. This is one of the biggest challenges facing anyone who wishes to use electronic tools, because the knowledge is not always easy to acquire. Many people, of course, are highly skilled in computer technology and know how to teach themselves to do almost anything. But many other people have limited computer skills, are easily intimidated by new and unfamiliar tasks, and tend to avoid doing anything that requires them to learn something very different from the things to which they are accustomed. If you fall in the latter group but wish to expand your ability to use electronic tools, you need to find help. Some institutions offer extensive assistance through their computer centers or their information technology services. Some departments have staff members or graduate student assistants who are hired to handle computer-related problems. There are also many excellent reference works to help you learn about various electronic tools. Just as you must be sure that you have the necessary technology at your disposal before you decide to use electronic tools in your teaching, so you must also make sure that you have access to the necessary help in learning to use it.

Keep in mind, finally, that the technology associated with computers and the Internet changes with breathtaking speed. Although certain skills will remain useful to you over long periods of time, there will be many things that will have to be relearned time and time again. The rapidity of change in this field can be bewildering and intimidating. But it is also the source of some valuable innovations that can be of great use to you.

Technology is perhaps the best means to creating an environment conducive to language learning. Technology can support teachers in making language learning faster, easier, less painful, and more engaging, and helps create an optimal language learning environment. Learning Languages through Technology reflects the many and varied ways to teachers are currently using computers and the Internet and provides a rich resource for both novice and expert educator.

Technology provides two paths to optimal language learning conditions: software, which increasingly is delivered over the Internet, and Internet communications. If one thinks for a moment of multimedia CDs or DVDs, it is evident that learners are exposed through such materials to a wide variety of language; they get instant feedback; they are able to repeat words and phrases as often as they wish during practice; they are given rewards and incentives to practice, such as games and entertaining challenges, as well as opportunities to explore and manipulate language; and they are able to access the disks where, when, and as often as they want. Adding the Internet to this mix, especially live text and voice chat, curricular collaborations, and Web-based media projects, provides abundant opportunities for interaction with native speakers and peers, the negotiation of meaning, authentic audience, and authentic tasks.

Language arts is a particularly important area for library media specialists, and it has been a frequent focus of educational technology research in recent years. Overall, the recent studies in this area indicate that using technology can enhance students' language development as well as their achievement in reading, writing, and spelling.

Computer technology in educational process has been found to have positive effects on student attitudes toward learning and on student self-concepts. Students felt more successful

at the Institute, were more motivated to learn, and had increased self-confidence and self-esteem when using computer-based instruction. This was particularly true when the technology allowed learners to control their own learning.

Introducing technology into the learning environment has been shown to make learning more student-centered, to encourage cooperative learning, and to stimulate increased teacher/student interaction.

Positive changes in the learning environment brought about by computer technology are more evolutionary than revolutionary. These changes occur over a period of years, as teachers become more experienced with technology.

Computer technology is becoming both more useful and more cost effective for many fields of teaching. And yet only you, the teacher, can determine whether these methods will prove effective in your classroom. Whatever you decide, remember that technology complements, but does not fundamentally alter, the elements of teaching.

The use of computer technologies in learning is seen as a means to improve accessibility, efficiency and quality of learning by facilitating access to resources and services as well as remote exchanges and collaboration. E-learning has become a new paradigm and philosophy in education with a mission to serve as a development platform for present-day society based on knowledge. It is evident that the concept of e-learning is considered to be very attractive as a new learning model whose effect will be a positive one to the development of education in Uzbekistan, with all its potentialities.

These conclusions suggest the complexities of teaching and learning in the technology-rich environments that will be common in education in the next century. They offer both challenges and encouragement to educators who are committed to fostering learning—not just keystroking and mouse clicking—within those environments.

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FEATURES OF THE TAXATION OF INCOMES OF COMMERCIAL BANKS

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In article the further maintenance of the steady and balanced rates of increase which is connected with tax policy liberalization is described.

Key words: balance, budget, economic development.

Main part

The primary goal of Uzbekistan is the further maintenance of the steady and balanced rates of increase, structurization and economy modernization, technical and technological updating of its major branches, and the further liberalization of a tax policy. Economy and transition reforming to market relations, including tax system which was on maintenance of equation of the budget and as a whole economic development of the country.

Today perfection of tax system has risen on the agenda one of important questions which is necessary for considering as a guarantee of macroeconomic equation of republic. In modern conditions it is necessary to solve those problems of tax system which at us are a little studied by studying of the international experience. There is a special necessity for deep studying of the major bases of taxes of the developed countries and their use in our tax system taking into account features of economy of republic. Last years consecutive positive steps both in practical and in the theoretical plan on carrying out of financial and economic reforms in republic are observed. An example is acceptance by Republic Uzbekistan of the Tax code of one of the first among the states CIS, and the subsequent changes and additions to it, proceeding from its practical application that testifies to constant perfection of tax system of republic in the light of the international requirements. Taxes and tax system should create to all managing subjects irrespective of pattern of ownership not only necessary conditions for effective activity, but also possibility for the further expanded manufacture. That will lead to the further increase in base of taxation. And it puts before an economic science new problems in carrying out of scientific researches. Existing problems of perfection of base of the indirect taxation, level of tax rates, the inventory (work, service) which should be assessed with indirect taxes, mission and principles, and also perfection of a technique of the indirect taxation is actual and demand the decision. In world financial and economic crisis process of transformation of some big banks in banks-bankrupts, occurrences in the market of bank services of the new big banks growing from number of average banks, the terminations of activity of variety of average and small banks is observed in the world. The modern bank system in a number of the countries has appeared system unstable, and variety of its basic elements - not effective from the point of view of management and achievement of financial results. Some states of the European Union and the CIS in world financial and economic crisis could not find in bank system of a worthy support in questions of a collecting of taxes directly from bank activity. Experience of bank system in foreign countries in world financial and economic crisis testifies to necessity of its re-structuring. At the same time the taxation of banks represents one of the most interesting themes in a context of development of integration processes in bank business. The urgency of questions of the further development of our bank system, its integration into World Bank community is caused by transition of Uzbekistan to essentially new economic relations. Formation of market relations and development of adequate measures of state regulation mentions not the separate parties of financial activity of economic agents, and all complex of financially-credit relations in a national economy. In these conditions it is necessary to reform consistently bank system of the country, providing effective work of its separate elements. In the conditions of market economy any state

widely uses a tax policy as a certain regulator of influence on the negative phenomena of the market. Taxes, as well as all tax system, are the powerful tool of management of economy in the conditions of the market. In the economic literature not enough attention and not enough information about shares of tax payments collected with commercial banks in a total sum of incomes of the State budget that complicates the analysis of a condition of bank sector is given questions of the taxation of the credit organizations. In bank sphere there are unresolved many questions and the problems causing serious concern. Low level of capitalization still remains, in the market of bank services there is no full competition. The majority of commercial banks limits the activity basically to delivery of short-term commodity credits and practically do not participate in investment processes. It is necessary to increase a share of own capital of commercial banks in total amount of investments into republic economy. Many banks evade from payment of taxes in this connection, the most part of means which should go to the budget, and, hence, and on an economy rising, remained, at the best the order of banks. Considering dynamics of factors of tax burden, we see a tendency to its decrease, thus it is traced on all period considered by us. With introduction of the new profit tax, there were essential changes with interpretation of its some articles which can reduce the tax burden. In tax system there were considerable positive shifts which have allowed the credit organizations to reduce essentially tax burden that will well affect their financial condition. If to compare tax payments of our banks to foreign banks, we see that in our country the situation has developed more favorable, than in the west. Economic growth in 2010-2012 was provided, first of all, at the expense of development of the industry, growth of manufacture of agricultural production, sphere of services and trade. The rate of inflation within a year is limited and kept in limits of 6-8 percent. Creation of the strong base to development of manufacture and with the further deepening of budgetary and tax reforms, simplification and unification of system of the taxation will reduce tax burden. For achievement of this purpose with 15 rates of the profit tax should be lowered to 12 percent, uniform social payment - to 25 percent. As it is known, with a view of increase of appeal of a securities market and increase in incomes of its participants in 2010 the rate of the tax to incomes under dividends and percent is lowered with 15 to 10 percent. Realization of provided measures in this area, on redesigns, will allow to leave at the disposal of the enterprises and managing structures in addition a 250 billion Uzbek sum which can be directed as on the industrial, investment purposes, and on increase of a salary of workers.

Though tax reforms help to lower burden of tax payments, the further carrying out of reform is still necessary to lift efficiency, both bank sector, and other sectors of economy.

It is necessary for banks to act as initiators and active participants of creation of financial and industrial groups. To the central bank together with the Ministry of Justice, the State Property Committee, other interested economic associations, departments, the enterprises critically to reconsider the current legislation and to bring in the Cabinet specific proposals on these questions.

Realization of a series of measures on increase in the authorized capital stocks, a share issue and their active placing in stock markets for attraction of free money resources of the population, subjects of business and potential investors, including foreign should become the major problem on reforming of bank system.

It is necessary so to put business that not clients, not businessmen went behind banks, and on the contrary - banks for representatives of business and the population.

One of the main tasks which urged to solve banks, acceptance of effective measures on the further reduction of not bank turn of cash is.

It is necessary to work constantly over trust increase to banks as to the reliable partner. Here again the integral requirement by which each bank should be guided strictly, uninterrupted maintenance with cash under the first requirement of clients is. It should be an immutable rule of work of each bank, its each branch and branch.

It is necessary to improve tax laws concerning banks. To supervise stable receipt of tax payments from incomes of banks as they are one of large tax bearers. Perfection of tax base will lead the state to economic growth not only in forecasts, but also in practice.

To create favorable conditions for normal functioning of banks, to give privileges to investors, thereby to increase a role and the importance of commercial banks in Republic Uzbekistan.

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ECONOMICAL EFFICIENCY OF GEOSYNTHETICS APPLICATION IN UZBEKISTAN AND PROSPECTS OF GEOSYNTHETICS MARKET DEVELOPMENT

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Abstract

At present though the market of geosynthetic materials as that in Uzbekistan also doesn't exist but projects in which it is supposed to use geosynthetic materials already began to appear. Being based on the analysis of world experience, it is possible to argue with confidence that in the next two-three years the situation in a root will change and geosynthetics will gain popularity. In article is carried out research and the analysis of the market of geosynthetic materials and also ways of increase of demand for geosynthetics.

1. Introduction

According to a forecast demand on geosynthetics will grow for 5,3 % annually and by 2013 will reach 4,7 billions square meters. The greatest increase in demand is supposed in such countries dynamically developing countries as: China, India and Russia. That has a talk one party with prompt development of infrastructure and with another – need to observe modern ecological and construction norms. Demand for rigid geogrids will grow most of all, it will make only 11 % from the general increase in demand in this area. In spite of the fact that the essential increase in demand on geosynthetics is expected practically in each region, the reasons provoking growth can vary. These and other trends including shares of the market and commodity segmentation are presented in research under the name «World geosynthetics» of company Freedonia Group, Inc (World Geosynthetics).

The main effect from application of geosynthetic materials is connected with substantial increase of reliability and durability of building units. Geosynthetic materials combine high physical-mechanical characteristics (high durability at dynamic loadings, elasticity) both excellent hydraulic and chemical properties. So, use of geosynthetics reinforcing materials in road building in the USA and the European countries has allowed to increase service life of a road covering at least for 4-5 years. Application in building of geosynthetic materials gives also considerable economic benefit. It is reached at the expense of reduction of cost of building and increase in service life of constructions, decrease in expenses for maintenance service and repair of objects. Building depreciation is caused by that new technologies allow to reduce (in road building – to 50 %) expenses on traditional building materials: sand, rubble, gravel and also the expenses connected with their transportation and packing.

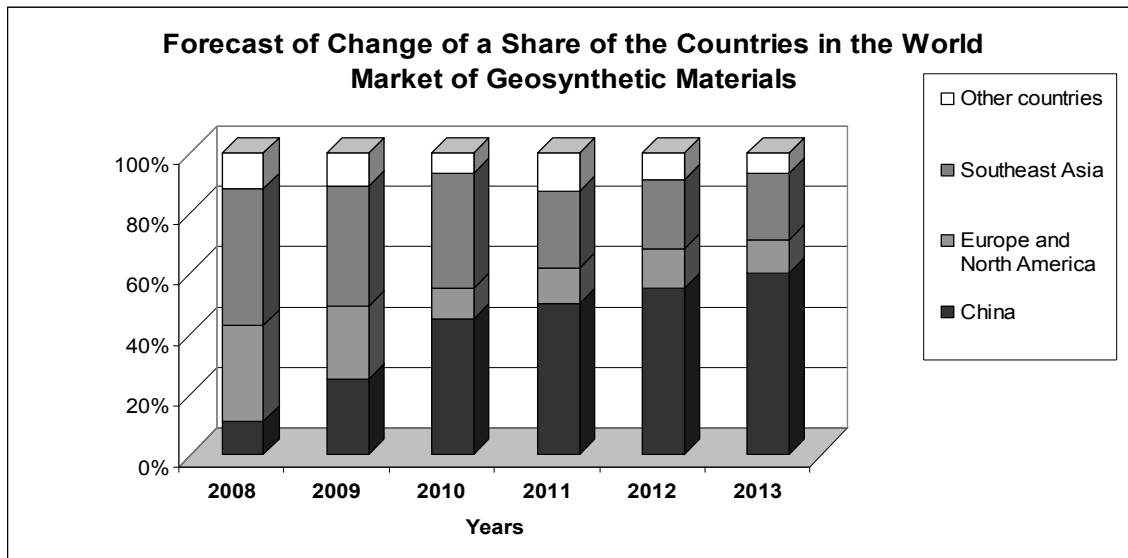
The important advantage of geosynthetic materials is their ecological compatibility. Geosynthetics are extremely rack to influence of aggressive chemicals (acid, alkali), organic substances (a fungus, a mold, microorganisms), to extreme environmental conditions (a frost, a heat, high humidity), and also to ultra-violet radiation. Thus geosynthetic materials don't form any by-products, i.e. are absolutely non-polluting materials.

2. Market of geosynthetic

In 2008 about 45 % were the share of a share of Asia and the Pacific region from world sales of geosynthetics. Advance of the market of this region occurs generally thanks to China which provided three quarters of sales of all region in 2008. Besides according to a forecast between 2008 and 2013 to the People's Republic of China will belong more than 60 % of new world demand on geosynthetics. Such domination of China speaks the market number of the free earth, to proceeding development of infrastructure and need of fight against an erosion.

Expected growth in the Indian market too is essential. As approves Freedonia Group, the percent of annual increase in demand in India will be expressed by two-place numbers (Fig.1).

Figure 1. Forecast of Change of the Countries Share In the World Market of Geosynthetics



Source: World Geosynthetics // Study from The Freedonia Group, Inc.

It is caused by development of transport infrastructure, need of improvement of methods of fight against an erosion and mud landslides during a season of rains and to construction of modern ranges for burial of a waste. However, in many other less developed countries of Asia demand on geosynthetics will be more limited because of a lack of adequate financing, absence of necessary technical norms and existence of cheaper alternatives such as a stone and geotextiles from natural fiber.

In 2008 North America became the regional market second for the size of geosynthetics, applying almost on a quarter of world sales.

Advance in the market of the USA is expected soon thanks to the state projects on construction and repair of roads, bridges and other infrastructure objects stimulating development of economy. Though the Canadian market of geosynthetics much more smaller than in States, it actively develops thanks to a high level of development and technical norms and as to financing. Western Europe and Japan are comparable from the USA on a market level of development and technical norms.

Table 1. Criteria of an Assessment of the Market of Geosynthetic Materials in Uzbekistan

Criterion	Description	Assessment
1. Market criteria. Need for production	Production will satisfy requirement which isn't satisfied now	Above an average
1.2. Prospects of development of the market	Rather large market. Considering speed of construction in Uzbekistan, consumption of geosynthetic materials will grow.	Above an average
1.3. Degree of competitiveness of production	There are no strong competitors having strong positions. Rather low prime cost of an innovation. Competitors have no favorable possibilities for acceptance of fast counter-measures against new production.	Above an average
1.4. Degree of market stability	The general economic factors poorly influence a market condition. It is possible to assume that demand for production will have constant character. The rate of return above average for a number of years is	Average

	expected.	
1.5. Advertizing	Unique properties of production represent good possibilities for its demonstration, effective advertizing.	Above an average
2. Production criteria		
2.1. Equipment and personnel	Production will be orderly in Uzbekistan, equipment purchase abroad and training of specialists however is required.	Average
2.2. Resources	It is possible to use the raw materials made by Shurtan gas-chemical complex and subsequently and Ustyurt gas-chemical complex. Besides it is possible to repeatedly process the used plastic bottles	Above an average
2.3. Technical knowledge and personnel experience	Production will demand personnel training abroad or invitations of foreign experts for training of local staff.	Average
3.1. Quality of production	Production possesses unique properties, considerably reduces costs of construction on already available technologies.	Above an average
3.2. Price	Cost of geosynthetics is slightly higher than at traditional construction materials. However, expenses quickly pay off at the expense of increase in reserve maintenance periods.	Above an average
4.1. Realization	Realization will be provided with a marketing network, however at the initial stage of functioning of production some difficulties are possible in sale adjustment because of novelty of output production.	Average

3. Economical efficiency of geosynthetics application

In research (on which basis this article is written) was considered an area of 1 million square meters which it was required to cover with geotextiles. According to the spent researches, the layer of a geotextile cloth is capable to replace a 40-centimetric layer of gravel and rubble – a traditional filtering material as it possesses similar filtering and drain properties [3]. In the Table 1 are resulted the description of works and an expense for their execution.

Table 2. The comparative analysis of expenses for a covering of an area of 1 million square meters with application of geotextiles and traditional technology

Name	Technology with application of geotextile		Technology with application of traditional materials	
Price	Price of material for covering an area of 1 million m ² - 5 EUR		Price of traditional materials (for 1 m ³) - 5,77 EUR. Consequently, price of 1 m ² is 2,31 EUR	
Material consumption	<i>Necessary volume</i>	<i>Price</i>	<i>Necessary volume</i>	<i>Price</i>
	1 150 000 m ² of geotextile	5 750 000 EUR	400 000 m ³ of traditional filtering materials	2 308 000 EUR
Time of placing	Terms of a covering of an area of 1,0 million m ² by geotextile at a timely supply of a stone for parallel covering over geotextiles = 56 days.		Terms of a covering of an area of 1,0 million m ² of two-layer filter by domestic materials (height 40 cm) – 165 days	
Technical equipment	<i>Technical equipment for</i>	<i>Price</i>	<i>Technical equipment for</i>	<i>Price</i>

	<i>covering</i>		<i>covering</i>	
	Trucks for transportation of geotextile (14 500 m ²) – 3 units;	173 EUR in a day (with due account taken of all costs)	Trucks for transportation from distance of 70-100 km at volume of loading 10 m ³ and 2 rides in day of each truck on object – 121 units.	173 EUR in a day (with due account taken of all costs)
	Forklift loader for loading and covering of geotextile (weight of 1 roll of geotextiles – 330 kg) – 1 unit	173 EUR in a day (with due account taken of all costs)	Bulldozer and scraper – 4 units;	173 EUR in a day (with due account taken of all costs)
			Crushing and sorting production equipment with personnel – 1 unit.	308 EUR in a day (with due account taken of all costs)
Labor force	Labor force (for unloading and covering of geotextile) – 5 people	10 EUR in a day	Labor for control of uniform covering of the filter of 20 sm on 2 layers– 15 people	10 EUR in a day
TOTAL	5 791 552 EUR		5 951 695 EUR	

Thus, if to use geotextiles as a filtering material at building it is possible to save more than 160 000 EUR. Besides, thanks to simple technology of packing, term of building works decreases almost in three times.

The research of the market of geosynthetic materials conducted by us and also dynamics of development of economy of Uzbekistan convincingly testifies to fast occurrence of considerable demand for these materials, first of all on geolattices, geogrids and geotextiles.

Considering possible scopes of application of geosynthetics it is necessary to note first of all a number of the scale projects realized in Uzbekistan. There are projects on building of Ustjurtsky gas and chemical complex on the basis of a Surgil deposit [1]. As a rule, on building of similar objects are widely applied such geosynthetic materials as geomembranes, geotextiles and geogrids. They are used at building of objects on storage and recycling of liquid production wastes.

4. Prospects of development of geosynthetics market

The research of the market of geosynthetic materials conducted by us and also dynamic of development of Uzbekistan's economy convincingly testifies to fast emergence of considerable demand for these materials, first of all on geolattices, geogrids and geotextiles. Considering possible scopes of geosynthetics it should be noted that a number of the large-scale projects realized in Uzbekistan. There are projects on construction of Ustyurtsky gas-chemical complex on the basis of a field Surgil. As a rule, on building of similar objects are widely applied such geosynthetic materials as geomembranes, geotextiles and geogrids. They are used when building objects on storage and utilization of liquid production wastes. The following, not less important project – construction of the two-acceptable electrified railway line Djizzak-Yangiyer and the single-line electrified railway line Yangiyer-Farkhad. At last one of the largest and major projects for economy of our country – construction of the Uzbek National Highway. Within this Program intended for 2009-2014 will be provided a reconstruction and construction of four sites of highways on Beyneu-Kungrad-Bukhara-Samarkand-Tashkent-Andijan routes, Bukhara-Alat, Bukhara-Karshi-Guzar-Termez and Samarkand-Guzar in the general extent over 1,5 thousand km.

In 2012 on these purposes is provided to direct over 600 million dollars of capital investments that in 1,3 times more than in 2011 with commissioning of 302 kilometers of the highways meeting the international requirements and standards.

According to the Program the National Highway will be equipped with the necessary infrastructure including construction of motels, campings, stations technical and service, etc. It is necessary to emphasize that in our country under the direction of President

Islam Karimov is carried out a creative work which has not only great value for our country but also for all Central Asian region as a whole and development of the Uzbek National Highway – an example obvious to those. Construction and high-grade functioning of the route will allow to create tens of thousands of new workplaces and will give a new impulse to development of mutually advantageous commercial relations with the world countries, will protect economic interests of Uzbekistan.

By our estimates only implementation of aforementioned projects will need not less than 100 million square meters of various geosynthetic materials. It is enormous volume which will demand building of own production geosynthetics. These requirements of production could be satisfied by the Shurtan gas-chemical complex and again created objects of the chemical industry. In particular is conducted work on construction of new modern gas-chemical complexes on production of polyethylene and polypropylene production.

Creation of similar objects will allow to receive and use local raw materials for production of national geosynthetic materials that will essentially reduce production expenses and will allow to increase competitiveness of future production as on local and world markets.

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MARKETING STRATEGY AS A FACTOR OF INCREASING COMPETITIVENESS OF INTERNATIONAL TOURISM FIRMS OF UZBEKISTAN (THEORETICAL ASPECT)

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High rates of economic growth in Uzbekistan during last 2007 – 2011 years had increase propensity to receipt a big number of international visitors due government financing programs devoted for developing international tourism infrastructure. As a result of implemented programs, Uzbek tourism firms increase capability of receipt international visitors. This fact confirmed by steadily growing number of hotels and international arrivals to Uzbekistan.

Region	Indicators	2010	2011	2012	2013	2014	2015
		(real)	(estimated)	(forecast)	(forecast)	(forecast)	(forecast)
Uzbekistan	Number of hotels	230	294	360	404	440	485
	Number of rooms	8460	10058	11397	12979	14863	17240
	Number of places	15661	18645	21127	24055	27549	31918
	Total reception capability	4573012	5330876	6031897	6852471	7835712	9088582

Figure1. International tourism infrastructure developing program indicators.
Source: Uzbektourism company.2011.

Now before Uzbek tourism companies stay new task – how to increase effectiveness of international tourism industry. International tourism industry of Uzbekistan has some features. First feature is a main part of the hotels are small and they have medium 30-50 rooms. Second feature is all small hotels are private and they more flexible than big state hotels. Third feature is foreign visitors prefer to stay in the private small hotels because they suggest low prices and have good service.

Due implementation tourism structure modernizing program a number of international arrivals to Uzbekistan growth stable. This fact conformed by data figure 2. Accordance with data of figure 2, international visitors number to Uzbekistan increased for last 1993 – 2011 years 4 times or from 92 thousand till 431 thousand. However, a results of the Uzbek international tourism firms very modest if take into count value of earned profit. Besides it, as showed in the figure 2, a total revenue of Uzbekistan from international tourism has increased from 5 thousand US dollars to 121 million US dollars in 2011 year. It means, international tourism service system improved fast and but efficiency of marketing service remained low, that was linked low competition ability tourism firms. For increasing competition advantages of tourism firm's managers must to learn developing and effectively using strategy of marketing.

International tourism attractiveness of Uzbekistan for foreign visitors has tight specific because season ability of arrivals and missing diversified marketing strategies of tourism companies. If compare total reception capability of hotels (534th places in 2011) and number of international arrivals (454th arrivals in 2011), an average annual degree of using hotels reception possibilities equal to 85%. But consider this indicator for every month may observe fluctuations. In summer and autumn number of international visitors increasing sharply and in winter and spring reduce. A main objects of international tourists are capital of Uzbekistan Tashkent city and historical buildings and monuments of such ancient cities as Samarkand, Bukhara and Khiva. Thus, Uzbekistan tourism companies for increase profitability of international hospitality should to develop new tourism products by reducing fluctuations of international arrivals.

The purpose of this paper is to consider of theoretical bases of marketing strategy and motivate appropriate variance ones as a factors of intensifying competition ability of Uzbek international tourism firms.

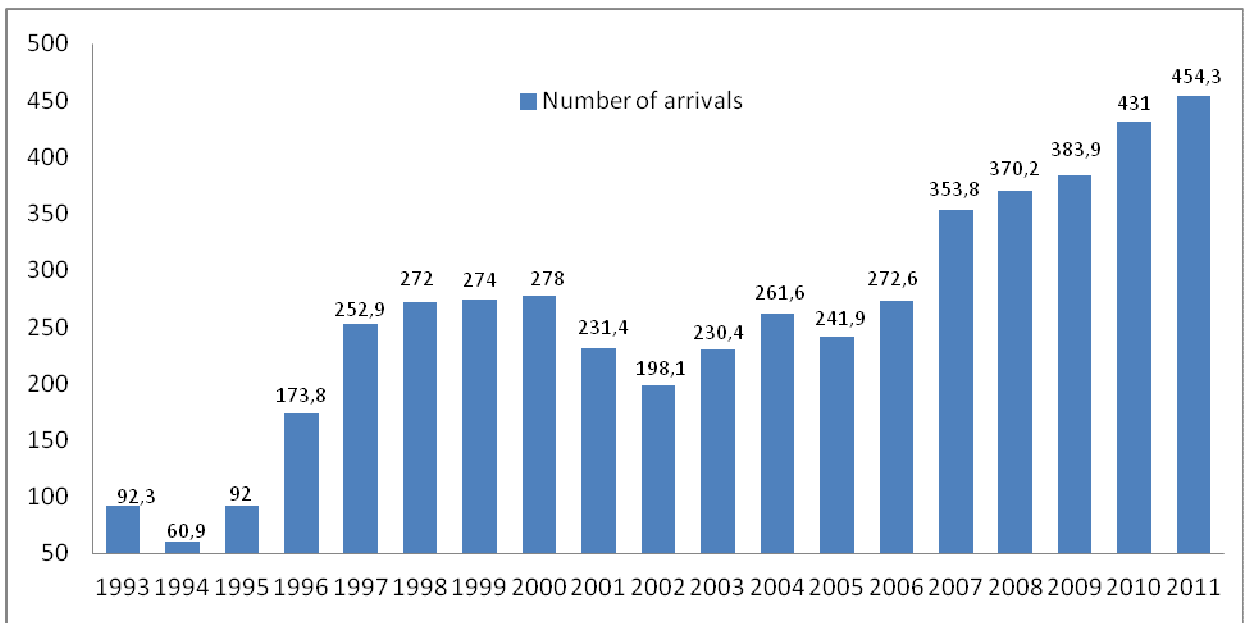


Figure 2. International visitors and Revenue statistics of Uzbekistan for 1993-2011. Source: Uzbektourismcompany. 2011.

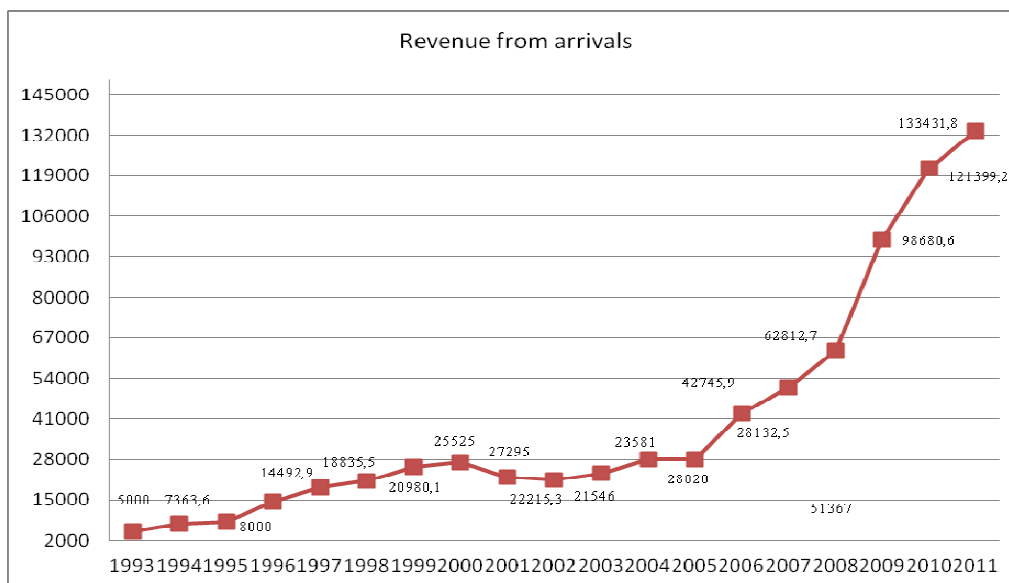


Figure 3. International tourism total revenue statistics of Uzbekistan for 1993-2011. Source: Uzbektourism company. 2011.

It is known, that marketing strategy define how to use a structure marketing in order to attract and satisfy target markets and achieving goals of organization. A main question in the decisions of marketing strategy is planning, selling, promotion and price of product. All elements of marketing complex interlinked. For example, functional possibilities and quality of the product define its price. Every customer conduct valuing a product based on criterion – “price - quality”.

For achieving positive result producers to develop different marketing strategies: strategy of differentiation, strategy of consentration, marketing of deals, marketing mix, marketing of relations and etc. Many of these theories suggest complex using of marketing instruments that is conducting policy of goods, pricing, distribution, selling and communication in the entrepreneurship system.

In the Scandinavian school of marketing use such defining of marketing [2]:

“Marketing is a function in order to establish, maintaining and improving interrelations with customers and other subjects profitably so to satisfy interests of participants of dealing”.

Introducing new definition is not meaning refuse from traditional marketing four P. But, in the top level marketing cover all departments of organization and is management of interaction. (Accordance of Norman – moments of truth) Moment of truth is a moment interaction between customers and different resources of the firm. That is any contiguity of client with producer of service.

Moment of truth is a main object of attention of management and marketing of service. In the first stage of marketing a goal of marketing is a creation of interest to services of the firm, after all here talking about potential clients. They may be don't know about existing this firm and its products but which may satisfy its needs in this services. Such tasks carry out to the best advantage by means of traditional marketing activity instruments as advertising, personal sales and public relations.

When customer got acquainted with offer of the firm, he is entering into second stage of interrelations that is process of buying. At this moment he valuing offered service and compare it with personal imagine about what he looking for and how many money will be pay for this service. A task of tourism firm in this stage is that how transform common interest of the client into real sale. If result of valuing of the firm and its service by potential buyer is positive, next stage life cycle of the product will be consumption. In this stage customer see ability of the firm to solve his problems and to give service. From that, how customer will be satisfied depend on next sales and developing goodwill of the company. So, a task of marketing in this stage will be continuing interactions within customer.

Theory of marketing isn't refusing interaction with consumer, develop and qualitatively add other instruments of marketing. Most persuasively this reveals itself in theory of networks. Beginning in the end of 70ts years of last centure in the European school of marketing researchers concentraded attention in the analyzing of interorganisational exchange. Beginning from market deals and ending with short and long time interactions between two partners theoretically and empirically will be separated different forms of exchange. Usually, in the centre of literature of business strategy stay understanding, that what permits act effectively organization in the surrounding ambience. Traditional glance on the process of strategy developing suppose that business strategy formulating based on valuing resources of the firm and its surrounding ambience. Then developed strategy used in the practice and may be adapted internal ambience of organization for achieving accordance between possibilities of organization and characteristics of external ambience.

F.Kotler, the very famous author to most marketing researchers in the world, has defined the marketing concept as follows: "marketing concept is the key to achieving organizational goals consists from determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors [5].

The British Chartered institute of Marketing defines it as: The marketing strategy is tools of management process responsible for identifying, anticipating and satisfying customer requirements profitably, to meet organizational objectives [3].

Both definitions noted above provide a basis for five important propositions, which are entirely relevant to travel and tourism marketing but not derived from it:

- marketing is a management orientation or philosophy;
- marketing comprises three main elements linked within a system of exchange transactions;
- marketing is concerned with the long term (strategy) and short term (tactics);
- marketing is especially relevant to analyzing twenty – first century market conditions and can make a major contribution to sustainable development;
- marketing facilities the efficient and effective conduct of business.

Fifth definition of marketing very actual and may be considered as most completed. There is opinion that strategy must be useful only for enterprises with number of workers 100 – 1000 people and more. If firm works with only 20 people strategy isn't useful. If talk about tourism firm with 4-5 people strategy even harmful, because it require more time for developing and staff don't have enough free time. But this opinion may to dispute, because tourism strategy may be specified in difference aspects.

Below we consider difference definitions of term of strategy with reference to small tourism agency. Number of the definitions of term strategy so much, but we will limit our scope only 6 definitions. It is enough for complex managerial term:

1. *Strategy is a common plan achieving long term aims of the company* - it is the most common definition of the term strategy.

2. *Strategy is a plan of distribution of the limited resources of the firm in the chosen directions*– it is a good instrumental definition of the term strategy.

3. *Strategy – is an instrument of the coordination strategically resources of the enterprise* – this definition motivate for the benefit of strategic planning.

4. *Strategy is a getting accordance of the weak and strong abilities of the company with danger and opportunities in the external ambience of the company* – this definition it is enough in detail describe the consequent steps of the algorithm of the strategic planning.

5. *Strategy is a long time plan of realizing prides of the firm managers* – this definition is character a new direction in the developing theory of strategic management.

6. *Strategy is a method of changing system enterprise for achieving more qualified parameters of the producing goods and services* – this definition forces to look on the strategy from absolutely new sides.

So, let to discuss first definition - *Strategy is a common plan achieving long term aims of the company*. Asks permission, why small tourism agency have to develop a plan of achieving long times aims of the company if through some time this agency may be closed – market conjunction may be negative for small tourism agency. But, such view point witnesses about, first of all that strategy is necessary for small tourism agency if it want to win competition in the market. Defect of the first definition is that it don't give clear orientation – what must be done tomorrow if tourism agency wants to win competition on the market. In order to solve this problem we will consider second definition of the term strategy. One of the best instrumental definitions of the term strategy that forces top managers of the company to think about importance key resources and possible variations of applying is – strategy is a plan of distribution limited resources of the firm in the chosen directions.

We shell recall that term strategy has military origins. In the war win who may choose right directions of distribution limited resources. It is appropriately giving question – what kind resource has small tourism firms? This is personal of the firm, its image, quality of management, popularity, experience in conducting scientific researches, place of agency, financial resources, finally, time.

Asks permission, which variances of strategy firm may choose for tourism agency? In the scientific literature on strategic management may face different groups of strategic actions, for example:

- *growth strategy* – fast growth, limited growth, reducing producing or combination various types of the growth strategy for difference kind of actions. So, tourism firm occupying simultaneously local hotels and international tourism, it can decide to intensify works on local hotels by redirecting limited financial resources. Besides it, firm may to pay more attention on advertising, additional motivating of staff and etc.

- *competition strategies* - leadership on cheapest prices, differencing of the tourism products, strategy focusing on chosen segment on the market. For example, firm may pass decision activate works on local hotels, herewith simultaneously to direct their financial resources for developing offers to tourists.

We have introduced a notion long time competition advantages of the firm. Tourism firm may chose as a corporative strategy intensifying one or some avialable their resources:

- spend it is enough much time and money on serious increasing of the qualifications of its personnel;
- elect way of increasing quality management, having spent its limited time for serious education in the field of management or having resorted to service of the high-priced external consultant;
- formation atractable image of tourism agency for tourists by goal-directed actions;
- increasing its popularity by active and enough long time advertising company;
- developing together with partners new original products for tourists;
- baying new office in ingenious site.

In all enumerated variances strategy of the firm takes competition advantage, that will to influence not only to degree of the work with tourists but will have longtime character because competitors in order to achieve such results to spent much money and time.

Instrumental definition of the term strategy eases for top management searching possible variances their actions, but herewith appearance a problem – optimal co-ordination various strategies of the firm, not to harm herewith other.

In practice meet the events, when management of the company, having spent it is enough time for theoretical development of the strategies, faces the most complex problems of the undertaking in life of the marked transformations. At this stage useful recall that strategy - else and instrument to co-ordinations strategic resource enterprises. We think that marketing strategy for tourism companies is a competition tools with count available resources.

Marketing strategies. In the targeting market segment hotel management may use three approach or strategies – indifference, differenced and concentrated.

Indifference marketing strategy suppose ignorance by tourism firm management difference between targeted segments and offer similar product and use the same instruments of influence upon consumers. A main idea is combining consumers by suggesting one product that may satisfy many clients of the firm. This approach minimize expenses, standard product allow to economize additional training

expenses, unifying and reduce advertising cost, refusing from market researches and developing for every market alone product. Basic positive feature of this strategy – low cost of marketing but negative one is very high degree of competition of other tourism companies. It is very difficult to develop a product that may satisfy all consumers equally. Tourism product of the firm will yield in every market where competitors offer exclusive product in this segment of the market. Exclusive product will take into account needs of consumers fully then standard product. Using indifference marketing strategy may be justified in next cases:

- ◆ tourism company develop sister product because its activity specific;
- ◆ consumers of the tourism firm product has similar test or similarly react on influence changing of marketing instrument;
- ◆ new product pass stage of born in the market. At this case it is reasonable offer only one variance of product. In the end life cycle it is reasonable using differenced marketing strategy.

Differenced marketing strategy provides elect by tourism firm some priority segments of the market for performance. Firm develop for every segment of the market its own product and its modification and use for each segment of the market those instruments of the market that influence on consumers to the best advantage. A positive factor of this strategy is that it allow tourism firm to cover much consumers in the market and increase volume of sales and income.

At the same time firm should adaptation its behavior to claims of the every group consumers and develop several variances of the product, realize several marketing plans, simultaneously conduct market research. Another words, develop for every market its complex of marketing plan. This approach requires from firm much financial resources and firm will have a little share in the every segment of market due strong competition. Finally, for positioning in different segments of the market firm must enough resources of all kinds.

Concentrated marketing strategy expects that firm chose one segment of the market and concentrate its efforts in this. A main task of the firm is to cover segment with maximal possibility market share to account more detailed learning of the needs of the this segment of market. If chosen segment it is enough big and prospective, in the write planned marketing policy firm may achieve significant successes. But this strategy is acceptable only for firms with limited resources.

Concentration available resources allow firm using it's more effectively for service one group of clients, not distribute resources for all market. Given strategy is more relevance for small and medium firms with limited resources and functioning in the hard competition ambience. But this strategy is intensifying dependence of the firm from market conjunction changes. Due focused efforts and resources on qualitative service any group of consumers concentrated marketing strategy may becoming a powerful instrument creation serious competition advantage in the fights even large international tourism companies and hotels.

For Uzbekistan tourism companies' concentrated marketing strategy is acceptable today because they have limited resources and not enough experience in developing modern competition strategies. Concentrated marketing strategy for tourism companies may be a first stage in formation competition advantages in the world market.

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MECHANISM OF DEVELOPMENT OF MARKETING STRATEGY OF INTEGRATED CORPORATIVE STRUCTURES (ICS) IN EXTERNAL MARKETS

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Alongside with organization of integrated corporative structures (ICS) in economy of Uzbekistan and their legal-organizational base the issue of marketing strategy of ICS is important one. So in these conditions based on features of world economy globalization there is necessary first of all to clear out the mechanism of marketing strategy development of ICS, their tasks and basic models based on foreign market peculiarities.

In creation of this mechanism in conditions of world economy globalization it is expedient to pay attention in following peculiarities of foreign market:

- structural changes of products taken for external market (single product place – product-group, product-object, product-program);
- development of “Know-how”, licenses, academic news between countries.
- along with growth of demand for the new products and reduction of life period of product, quality of exported product, appearance and other peculiarities and certification according the world standards;
- in world markets based on acceleration of competitive fight, growth of competitiveness of product, services and enterprises, branches and whole economy;
- the marketing strategy created by enterprises is divided in corporative, functional and instrumental. In conditions of world economy globalization on corporative level based on system approach three basic strategies are demanded to apply gradually: portfolio strategy, growth strategy and competition strategy.

In process of organizational forming of ICS the first task is development and use of portfolio marketing strategy. According to research the basic process of development of portfolio marketing strategy includes: revealing the strategic tasks of ICS, estimation of internal and external condition, comparative analysis of home and foreign market, revealing of strategic portfolio of ICS, determination of tasks, strategic places of ICS in home and foreign markets.

The second stage of ICS marketing strategy growth is interrelated with process of joining and developing. At the third stage of competitive marketing strategy involves the ways and estimation methods of competition growth of product (goods-group, goods-object, goods-program); creation of compatibility of marketing strategy of ICS and study of ICS complex competition.

It is necessary to focus on the following to solve strategic and tactic tasks of corporative marketing (picture)



Source: developed by author

These measures help to protect compatibility of national product from strong competition of foreign producers and to provide working out and implementation of complex measures for ICS establishment.

Elaboration of ICS marketing strategy in external markets first of all testifies about actuality of rational organization of marketing tasks of ICS. And it is related to increase of compatibility in conditions of establishing market mechanisms and development of entrepreneurship environment, issues of structural modernization of economy, methods of foreign economic activity of ICS and modern forms, their globalization and world economic relations integration.

Analyses have shown that in implementation of marketing tasks in ICS the basic lacks are directly related with strategic planning in marketing-sale activity, data supply of corresponding managerial divisions in horizontal and vertical aspect for coordination poor activity.

In our opinion the marketing tasks of ICS is to provide the proprietors, high and low range managers (central companies of ICS and other participators-enterprises) by duly information about full internal and external demands of corporative product (services) and effective economic recommendations in meeting them.

Taking into consideration all above mentioned we can conclude that the corporative marketing is an integrated complex system directed for sale increase in aimed home and foreign market and growth of ICS share in aimed home and foreign market.

Synergetic nature of marketing tasks i.e. in organization of interrelation between the marketing divisions of participators-enterprises and headquarters is of great urgency. The main important is to provide non-repetition of tasks of marketing services in ICS, implementation of exchange by means of advanced methodology of marketing analysis in ICS, regular exchange of marketing data between participators-enterprises of ICS, establishment, support of single marketing information volume and corporative marketing tasks complex.

While analyzing the strategic features of corporative marketing tasks, activity of ICS product and markets there can be seen close interrelation between marketing technologies and functional strategic system. In other words, it means corporative marketing is closely interrelated to strategic management system and it is necessary condition for its implementation

Marketing tasks on macro (national, international), mesa (regions, branches, corporations) and micro (enterprises, firms) levels requires implementing analysis activity for mutual filling products, innovation, equipments, funds, labor force and prognosis of complex markets development.

In large business the information-technological maintenance of marketing tasks testifies actuality of modern information technologies collection, keeping, processing and presentation given by managerial departments. Active promotion of export products to the foreign markets is comprehensively based on information technologies and electron trade systems.

While applying the branch approach the marketing strategy of ICS (Network marketing) helps to solve problems concerning interrelation of technological and cooperation communications connected to production, internal and inter-branch rational forming, investment reserves in leading branches and production sphere, ICS product compatibility and increase of export potential.

In this case it is necessary to account that in order to create branch market model the resource costs are demanded. They in their turn can be considered as investment in development of corporative structure and as a result it provides growth of compatibility.

Features of marketing tasks in ICS are characterized as follows:

- firstly, using product and marketing strategy within common interests of business group, despite their various trends;
- secondly, with global character of corporative marketing tasks, its differentiation of allocation of participators-enterprises or forecast of their distribution in some countries;
- thirdly, applying the modern information technologies providing implementation of corporate marketing activity for certain period of time.

As the activities of ICS participators-enterprises are various the corporative management requires using the only and adequate marketing principle.

In many cases for reason that the products, internal and other features are various there can be used not identical marketing approaches. For example development of product; modernization of production; prices decrease; demand forming; reviving of product sale and etc. As its own task ICS headquarters should approve the marketing approaches of ICS member enterprises from methodological

point of view. Meanwhile the issues of creation of marketing plans of each participator should be considered in particular way

This basis includes the following features of ICS:

1. Global character of ICS marketing. Corporative marketing has global character aimed at revealing of universal and regional demands for certain products, but the role of national features of sale is being decreased.

2. Integration character of ICS marketing. Based on integration relations of participator-enterprises ICS marketing has integration character. This task is carried out by special managerial unit related to vertical and horizontal aspects of ICS.

3. Complex character of ICS marketing. Large business as in general has activity in different home and foreign markets, including products, services, raw materials, financial, labor markets. So the ICS marketing tasks set having global, complex and integrated character, involves spheres of strategic significance.

Organization of marketing tasks mostly depends on multi-aspect ICS managing levels for example:

- according to "bottom up" information flow regulations centralized marketing services are easily organized in "strong" holding structures;
- and in contrary in "mild" structures in alliances the full marketing data exchange is complicated.

In general in organizing ICS marketing strategy for system approach it is necessary to consider the following:

Firstly, to make marketing decisions on the basis of principle of ICS general activity and development strategy;

Secondly to consider the corporative marketing tasks, related to environment of foreign and home corporative market of ICS participators-enterprises, as obligatory tool founding the managerial decisions;

Thirdly, with purpose of rational distribution of tasks and duties of marketing and sale divisions between different managerial levels of ICS, achievement of synergetic efficiency in marketing activity of corporation to regulate certain interrelation between them;

Fourthly, applying the contemporary means in processing of marketing data and using it during the certain period.

It is necessary to focus in working up the model of organization of corporative marketing in marketing strategy of ICS. That is why there can be the following basic models in organizing the corporative marketing in our country:

1) Vertical-integrated mono-product ICS, i.e. on the base of finished goods producing enterprise to apply the strong centralized scheme of corporative marketing. Here the general corporative marketing service is organized in structure of chief (producing) or managerial companies and provides solving full complex strategic and tactic issues and marketing activity

Participators-enterprises of ICS (ready products, half-finished products and supplying raw materials to head enterprise) through their own marketing departments passing by chief enterprises can enter the foreign markets with their products. Administration apparatus of chief one (analytic marketing data based on) provide ICS provider-participator-enterprise with demands for current product quality and amount.

2) Vertical integrated diversified ICS. In this case the task of general corporative marketing is strongly centralized with structural structure of accepted management in the head company. Basic enterprise centralizes the tasks of corporative marketing in using line-functional organizational structure (here the enterprise makes relative products). The general marketing strategic issues are responsibility of leading product or regional division managerial board.

3) Branch character horizontal ICS. Here ICS structures take activity of producing and sale of single product in regional markets. The non-centralized corporative marketing model is proposed, each participator-enterprise creates personal marketing services for solving tactic issues. For other tasks general marketing service is founded as chief organization to solve strategic issues.

4) Inter-branch character horizontal ICS. Corporative marketing task is centralized at level of chief organization and on the basis of branch principles the general corporative service managerial staff adaptation takes place. Marketing departments of participators-enterprises joint nomenclature and in framework of regional markets adapt to tactic issues. If head organization does not object to solve complex issues of general corporative planning the necessity for centralized marketing services is kept.

5) Transnational, interstate or inter-region character ICS. Отдаление of ICS participator-enterprise from headquarters in regional aspect, will determine the implementation of corporative marketing tasks in non-centralized status as an aim. Regional participators if ICS (foreign divisions of ICS) create their own strong marketing services to solve marketing strategic and urgent issues. Here administration of head company focuses attention on issues of financial budgeting, general corporative marketing and its control, taking into consideration of marketing data of foreign and internal corporative ICS participator-enterprises, in urgency it changes its target indicators.

In Uzbek economy establishing of ICS and its marketing strategy with branch approach, distribution of investment reserves in leading branches and production sphere related to home and inter-branch technological relations forming, increase of industrial goods compatibility and it helps also to solve the issues concerning the state export potential growth.

So we prove the necessity of interrelation between functional strategy system and marketing bases of analysis of strategic features of corporative marketing, ICS goods and market activity i.e. corporative marketing is closely related to strategic management system and is considered as necessary condition for its implementation.

THE FOREIGN TRADE RELATIONS OF UZBEKISTAN WITH THE COUNTRIES OF CENTRAL ASIA

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Summery

In the article are described the modern international economic relations, between the Central Asian countries.

Key words: *Central Asian countries, integration processes, EU states.*

Main part

The traditional and most developed form of the international economic relations is foreign trade on which share it is necessary nearby 80 % all volume of the international economic relations.

Modern international economic relations give the character of active development of world trade; bring a lot of new and specific in development national economy, in particular, in economy of the countries of Central the Asian region.

The structural shifts occurring in economy of the countries it is central the Asian region, industrial production cooperation strengthens interaction of national economy, and it promotes international trade activization.

Under the influence of world financial and economic crisis rates of increase of economy of some states It is central the Asian region are in recession, and its restoration passes rather painfully. As it is known, in Uzbekistan, crisis influence is neutralized.

As indicate the President of Republic of Uzbekistan I.A. Karimov «Great value, for softening and neutralization of influence of crisis has told, had reasonableness and timeliness accepted by the government of a complex of the anti-recessionary decisions calculated for 2009-2012 both providing steady and trouble-free work of our financial and economic, budgetary, bank-credit system, measures on rendering assistance to the enterprises, real sectors of economy and social support of the population of the country».

Some countries it is central the Asian region reoriented the commercial relations on the far abroad, having the raw potential.

Regional economic cooperation, as a rule, begins with introduction of a mode of free trade on a multilateral basis. This stage there has passed EU states. The mode of free trade allows adjusting on a mutually advantageous basis export of surpluses of production, and also import of the scarce goods, services etc. That the states have in the long term reached high standards of economic and social development, it is necessary for them to use most full advantages of the international division of labor and various forms of interstate cooperation, to create the general with other countries economic space. To the full it concerns integration processes within the limits of the updated union of four: Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

Integration processes in it is central the Asian region officially have begun in 1994 when Kazakhstan, Kirghizia and Uzbekistan have signed the contract on uniform economic space (UES). Tajikistan has joined them in March, 1998. For organizational and financial maintenance of actions of the contract Interstate council (and its Executive committee) is created, and also Is central Asian cooperation and development bank. (Out of integration processes on region there is Turkmenistan, as the state of positive neutrality»).

According to the Contract the economic integration program has been accepted. Within the limits of this program the agreement on free trade between Kazakhstan and Kirghizia Uzbekistan operates. At formation of a zone of free trade of the state-participant aspire to create conditions for unobstructed moving of the goods of own manufacture, the capital, labor. As a whole for

these years validity it is created and a number of collective structures operates, is standard-legal base of their work is defined.

Raw specialization of the industry and extensively developing, in many respects agriculture limit goods turnover between the countries of the Central Asia. For today integration degree in region is defined by the certain nomenclature of made and consumed production. More intensively cooperation in the markets of grain, the foodstuffs, fuel and energy resources. If Kirghizia is interested in the optimum decision of water -power problems, electric power deliveries, Kazakhstan - in grain export, Uzbekistan - gas and the foodstuffs etc.

Thus, it is possible to assert that effective trading cooperation directly depends on necessity to concentrate effort to creation of favorable conditions for barter development between managing subjects. The governments It is central the Asian states provide free advancement of the goods, cancel administrative barriers and restrictions on export and import, remove the customs duties, in every possible way promote development of the financial and market infrastructure serving trading operations, and also completely liberalize prices from administrative control.

And, in world financial and economic crisis decrease in rates of increase of mutual trade of the countries became central the Asian region with Uzbekistan appreciable.

If to consider a trade turnover of Uzbekistan with Kazakhstan we see that in 2007 it was 1193901.6 US dollars, in 2008 – 912527.8 US dollars, and in 2009 - 1307198 US dollars. Apparently, the trade turnover of Uzbekistan with Kazakhstan in 2008 has decreased from 1193901.6 US dollars, to 912527.8 US dollars.

Trading goods turnover of Uzbekistan with Tajikistan in 2007 was 207824.9 US dollars, in 2008 has decreased for 25 % and, in 2009 on 27 %.

If to consider goods turnover of Uzbekistan with Kirghizia we see that the trade turnover in 2007 has made 176790.8 US dollars, in 2008 - has increased by 28 % and, in 2009 - has decreased for 19 %.

Trade relations of Uzbekistan with Turkmenistan the following: the trade turnover in 2007 88358,3 US dollar in 2008 Has increased by 20 % and in 2009 Has increased by 15 %.

In our republic measures on softening of action of crisis on our economy have been taken. As the president of Republic Uzbekistan I.A. Karimov «any exaggeration has told will not declare today that not to admit as it occurs in many countries, sharp decrease in rates of increase of economy, falling of demand and volumes of output, bankruptcy of banks and financial institutions, growth of unemployment and, as consequence, reduction of incomes and a population standard of living - the decision of all these vital problems became for us really the real test». Results of the last year have shown that in Uzbekistan there was no decrease in rates of increase of economy

In the conditions of sharp deterioration of a conjuncture of the world markets on the major kinds of the exported goods in connection with world crisis the great value had acceptance of effective measures on support and stimulation of the domestic enterprises-exporters, export potential strengthening, preservation and the further expansion of volumes of a domestic production in the world markets.

The major purpose and the basic priority of social and economic development for 2010 is a continuation and deepening of reforming, updating and country modernization, unconditional performance of the Anti-recessionary program for 2009-2012 and on this basis maintenance of high and steady rates of increase of economy, its efficiency and macroeconomic equation.

Instability of a conjuncture of the world markets of a clap, copper has caused of carrying out of more flexible regulation of their deliveries to foreign markets,

Relative density of the ready industrial goods - production which characterizes a condition export oriented republic economy grows in total amount of export.

The import structure also has undergone serious changes according to the chosen strategy rationalization of import and the spent policy on import replacement strategic, vital kinds of production and those kinds which more effectively to make in republic.

As the President of Uzbekistan I.A. Karimov «In the conditions of sharp deterioration of a conjuncture of the world markets on the major kinds of the exported goods in connection with

world crisis great value has told had acceptance of effective measures on support and stimulation of the domestic enterprises-exporters, export potential strengthening, preservation and the further expansion of volumes of a domestic production in the world markets. For maintenance of steady work of the enterprises-exporters, increases of their competitiveness in foreign markets have been taken unprecedented measures on their support - to a non-admission of an unreasonable rise in prices for energy carriers and utilities, decrease at the enterprises of the cost price of production at the expense of optimization of technological processes, new mechanisms on formation of the export prices are applied, terms on bank guarantees are increased, terms of return of the tax to the added cost are reduced and other measures of support are realized. Important role in maintenance of stable work of the enterprises-exporters the help has played from republic banks. Only in the expired year on replenishment of circulating assets soft loans for a 233 billion total uzbek sum are given the enterprises-exporters that has allowed to prevent curtailment of production in connection with time difficulties with realization of their production for export. At the expense of the accepted measures on support of the enterprises-exporters we managed to provide their stable work, to increase in 2009 production standard item by export for 2.4 percent. It has allowed to finish the foreign trade turnover in 2009 with the big positive balance that in turn is the major indicator of reliability of the balance of payments and stability as a whole our economy. In 2009 the total internal product in Uzbekistan has grown for 8.1 percent, the industrial output volume of output has increased by 9 percent, agriculture - for 5.7 percent, retail goods turnover - for 16.6 percent, the paid services rendered to the population, - for 12.9 percent. It is necessary to notice that, despite difficult environmental conditions of the expired year, in republic for the first time it is made more than 7.3 million tons of grain, including 6 million 600 thousand tons of wheat, it is collected a clap-raw in volume of 3.4 million tons. As a result of realization of the consecutive program the industrial production share in 2009 against 2000 has increased in country gross national product with 14 to 24 percent, transport and communication - with 7.7 to 12 percent, at the same time relative density of agriculture has decreased with 30 to 18 percent. Thereupon it is entrusted to the Ministry of external economic relations, investments and trade, the Ministry of Economics and the Ministry of Finance of each branch making finished goods, to develop for 2010-2012 special programs of advancement of finished goods on new foreign markets, having provided in all of them necessary measures, including marketing, financial and organizational-legal support».

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**POLITICAL STABILITY IN UZBEKISTAN AS THE IMPORTANT
FACTOR OF DEVELOPMENT OF ECONOMY OF THE COUNTRIES OF
THE CENTRAL ASIA**

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Summary

In article activity of the state and public bodies of Uzbekistan on maintenance political stability in the country is considered. The geopolitical and geostrategic place of Uzbekistan in the Central Asia, export possibilities of an exit of the country on the world market is underlined. Legislative activity of the parliament, carried out, measures on prevention of religious extremism, the international terrorism, aggression and other transnational crimes is shown. Activity of public organizations on maintenance of international and interreligious tolerance reveals.

Summarizing the above-stated factors, the author does a conclusion about value of political stability in Uzbekistan and its role in maintenance of the world, calmness in the Central Asia that is the important factor in economic development of region.

THE BASIC TRENDS OF MODERNIZATION OF STRUCTURE OF ECONOMY OF UZBEKISTAN

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At all stages of market reforms in Uzbekistan the problem of structural transformations in national economy takes the special place. The President I.A. Karimov repeatedly underlined that the policy of deepening of structural transformations and diversification of economy for maintenance of growth of competitiveness of the country should become the major priority of realization of economic program of the state.

For today the structural transformations are considered as the main condition of innovative development, achievement of economic growth, increase of well-being of population and republic's integration in world economic system.

Limitation of resources for carrying out of corresponding structural policy causes, on one hand, necessity of choice of priorities of accelerated development of those or other branches and regions, and on the other hand, curtailing or even closing, liquidation of manufactures possessing low efficiency at satisfaction of those or other public requirements.

The internal factors of competitiveness connected with overcoming of technical-technological backwardness of enterprises, and not only processing industries, agriculture, the building industry, but also raw branches, infrastructural sectors, social sphere have been involved in present conditions of proceeding world economic crisis for the purpose of maintenance of rates of increase of national economy.

At the same time, for today the economic structure, its dependence on conjuncture of the world prices for the raw goods demand deep qualitative changes in strategy of development of the republic that is to a great extent defined by character of development of manufacture and financial sphere, presence of progressive shifts in economy. In these purposes perfection of interaction of the state and market, first of all, their orientation to maintenance of structural reorganisation of economy on the basis of development of high technology branches is required.

Changes in structure of national economy are objectively caused by necessity of deep qualitative changes for development of the whole society and, first of all transfer of economy of the republic to market relations. The structural shifts occurring in national economy, can lead to reduction of inefficient manufactures.

This process occurs by regulation of distribution of the national income on spheres and branches of the national economy, some regions, and also capital investments, realisation of scientific and technical, external economic policy, etc. As a result branch proportions change; there is a radical technical modernisation of manufacture; competitive output is provided; new structures of economy are formed; systems of economic relations are rationalised.

The developed own model of economic development of Uzbekistan, has allowed the country to achieve essential successes in all key spheres and branches for short enough period. Research of condition of economic and social situation of the country shows that the new branches had gained development, modernisation and full reconstruction of key economic branches are being held. Privatisation and privatisation processes have led to formation of middle class of proprietors, the strong social policy promoted stable growth of economy.

For years of independence the relative density of industry in GNP structure has grown more than in two times that testifies to its approach to structure, characteristic for the industrial countries. Thus, the advancing growth in branches with the high technological equipment, creating the big added value and

raising competitiveness of the country, in comparison with development of traditional raw branches is the distinctive feature of structural changes in the industry of Uzbekistan. Such branches, as car building industry, aircraft construction, electronics, light, food, chemical, petrochemical industries continue to bring the powerful contribution to industrial development etc.

The analysis of contribution of separate branches of economy in GNP gain for 2006-2010 shows that thanks to realisation of measures under the Anticrisis program rates of increase of economy continue to remain high. So, in industrial structure of gross national product the steady tendency of growth of share of the industry from 22.1 % in 2006 to 24.0 % in 2010, construction from 5.1 % to 7.4 % and branches of sphere of services from 39.5 % to 49 %. At the same time the agriculture share has decreased from 24.1 % to 17.5 %. Thus reduction of share of agriculture in gross national product has occurred against high rates of gain of agricultural product which has made in 2010 6.8 % by 2009 and has grown in 1.8 times against 2000.

The modern tendency of change of structure of national economy on fields of activity has an orientation on increase in share of sphere of services in comparison with manufacture one.

The gross national product's analysis for 2006-2010 on spheres of manufacture of the goods and services has shown that as a whole the relative density of sphere of manufacture in total amount of the gross national product has increased from 51.3 % in 2006 to 54.3 % in 2010 that reflects quite natural tendency of development of market economy. At the same time for the same period the relative density of sphere of services has increased from 39.5 % to 49 %. The sphere of services is steady against external factors of change of market conjuncture, and at the same time it creates internal demand for many kinds of domestic product, and also plays an important role in equation of the consumer market.

It is necessary to note that for the years after gaining independence as a whole in the country the key economic branches worked stably and steadily, volumes of oil recovery, gas condensate, natural gas, electric power, coal, precious metals and other strategic product have increased. Along with the basic branches the progressive manufactures - car industry, electro-technical, agricultural mechanical engineering, mechanical engineering and metal working had gained development. And it is necessary to note especially that the basic gain of industrial output was provided with again entered objects. Now over 55% of total amount of investments go on development of almost new industrial branches.

As a result of purposeful structural transformations it was possible:

- to provide requirements of the republic for fuel and energy resources completely;
- to adjust own manufacture of the most important kinds of raw resources, completing items and foodstuff;
- to liquidate dependence of the country on export of food grain;
- to increase a share of industrial output with the finished cycle of manufacture;
- to organize manufacture of high scientific, high technological kinds of industrial output: machine-building, electro-technical, automobile, chemical, gas - and oil refining, etc.

The major consequence of the structural transformations is increase of competitiveness of national economy - a determinative of the public reproduction inducing participants of competitive process to satisfy public requirements faster, expressed through demand, to master new investments, to introduce innovative achievements, to reduce expenses, to raise quality, to expand the supply of the goods and services, thereby raising competitiveness of national economy in the international division of labor.

Among the national manufacturers now the real international competitiveness is due to those who is occupied in export- oriented raw sector, in particular such branches, as light industry (almost exclusively cotton fibers and yarn), the food-processing, chemical industry (mainly nitric fertilizers), nonferrous metallurgy, branches of fuel and energy complex.

The decisive condition of creation of effective economy of Uzbekistan is radical reorganization of branch structure of national economy in favor of consumer sector that will allow to

solve both internal, and the external economic problems simultaneously, having created the considerable additional workplaces that, undoubtedly, will bring also positive changes in economic and social status of population.

In short-term prospect, first of all, light industry branches (textile, knitted, sewing, etc.) which are capable to cover local demand in the shortest terms, having sated home market with product, and powerfully to join the external is a basis of structural transformations of national economy. That fact testifies to potential possibilities of escalating of volumes of export product of these branches that Uzbekistan makes about 40 kg of cotton-fiber per capita, and, for example, in China which at the initial stage of economic transformations has transformed light industry into “currency shop” of the country, the same indicator was equal only 2 kg.

In our opinion considering all above-stated, it is possible to make a conclusion that light industry branches can play a special role in economic development of the country and will provide the decision of fundamental issues of the nearest future: liberalization of own manufacture, increase of competitiveness of domestic products, considerable expansion of export potential, assistance to growth of currency proceeds, and in whole, realization of strategy of structural reorganization of economy.

In medium and long-term periods the primary development of the labor-consuming manufactures which are based on advanced achievements of scientific and technical progress is a basic trend of structural shifts in the country industry. In the long term it is necessary to provide advancing growth electro-technical, electronic industry, equipment, radio, machine tools, car building industry, the further growth of light and food-processing industry, but on new technical basis with increase of share of finished goods. The important direction of perfection of structure of industrial production is development of the high technology branches.

The accelerated development of processing industry provides diversification of structure of economy towards growth of branches with higher efficiency of work that serves as the major precondition of industrialization of other branches of economy. In its turn, the economy diversification leads to strengthening of inter-branch interrelations, expands the market of intermediate and finished product, is a condition of formation of related and supporting branches, i.e. clusters.

In modern conditions the diversification is the important means of overcoming of crisis, restructuring of economy of the republic, increase of its competitiveness. The accelerated development of new branches provides a diversification of structure of economy, serves as the major precondition of innovative development of other branches of economy. In its turn the economy diversification leads to strengthening of inter-branch ties, expands the market of intermediate and finished product. In the conditions of crisis the diversification is necessary for using as the major factor of innovative development.

In its turn innovative process in modern conditions is the mechanism of structural reorganization of economy and diversification of manufacture that creates preconditions for transition to new technological way in economy. The basis of this way which will determines prospects of world development the nearest decades, is such leading branches of science and manufacture as nanotechnologies, the computing and fiber-optical techniques, software, telecommunications, information services, new nonconventional sources of heat and energy (alternative oil and gas), laser technologies, gene engineering and biotechnologies.

Created with the help nanotechnologies the fuel elements and super technological accumulators, the super-productive solar batteries, the high-calorific fuel synthesized from organic chemistry will repeatedly lower requirement for mineral fuel.

Distribution of new technological way covers also public health services (which efficiency repeatedly increases with change of cellular technologies and diagnostics methods) and agriculture (thanks to application of achievements of molecular biology and gene engineering).

Along with the specified branches, the key economic branches should gain primary development: electro-technical, mechanical engineering, machine-tool construction, education and communication. Thanks to occurrence of nano-materials (materials with properties set in advance), the chemical-metallurgical complex, building, motor industry, etc. joins the number of basic branches of new technological way

Continuation of policy of deepening of structural transformations of economy for maintenance of growth of competitiveness of the country should become the major priority of realization of any economic program for the nearest future. In the republican Anticrisis program for 2009-2012 the main attention is given to transition of economy from export-raw development to innovative type.

In modern conditions for the republic there are new possibilities for creation of mechanisms of elimination of disproportions of reproduction and redistribution of resources, i.e. modulation of capitals, having used a diversification as the driving factor of innovative development. In specific conditions of the republic there is a question of advancing development of modern highly-technological branches and manufactures, such as the gas-processing, petrochemical, chemical, power, motor industry, electro-technical, pharmaceuticals, machine-tool construction industries, branch of modern information technology and systems of telecommunications.

Along with it, the special attention should be turned on the further development of manufacture in light, textile and food-processing industry, but more profound processing of cotton-fiber, other agricultural product and raw materials, the industry of building materials, etc.

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STATE REGULATION OF SOCIAL PARTNERSHIP RELATIONS IN SMALL BUSINESS

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This article is devoted to the problems of development of interaction of small business subjects and authorities of state and economic management. Author comes to a conclusion that social partnership reflects interests of society, and is the major factor of stable development of country.

Present stage of social and economic development of Uzbekistan is characterized by insufficient effectiveness of system of business links with the state that does not allow implementing its functions effectively to the subjects of interaction and negatively affects the solution of economic society problems.

Therefore small business as a subject of interaction with government is able to solve a set of its entrepreneurial actions in the market through effective mechanism of social partnership.

Key words: *small business, effectiveness, economic society.*

Main part

Interaction of small business subjects and authorities of state and economic management which reflect interests of society is a major factor of stable development of country. Present stage of social and economic development of Uzbekistan is characterized by insufficient effectiveness of system of business links with the state that does not allow implementing its functions effectively to the subjects of interaction and negatively affects the solution of economic society problems.

Business as an interaction subject with authority is understood a set of enterprise structures (from individual entrepreneurs to national integrated business groups), conducting economic activities in the market with the purpose of obtaining commercial benefits.

From economic point of view small business and private entrepreneurship is divided into a beginning, developing and developed.

Functions which are carried out by subjects of small business and private entrepreneurship:

- Activity realization on production and operation exchange between entrepreneurs and other elements of economic sphere of market (consumers);
- Management of exchange process between enterprise and its counterpart;
- Support of entrepreneurship - distribution of entrepreneurial ideas, initiative and management experience;
- Activity on development and realization of new technological procedures and new products;
- Public relations realization and management of relations between enterprise and society or mass media.
- Small business carries out innovative, modernizing, developing and social function as well. It is possible to refer the most significant social function which is first implemented:
- Complete and timely payment of taxes and ensuring socially worthy level of salary to the enterprise personnel;
- Education system support and professional training, health care system, other spheres of social services;
- Support of initiatives on financing social projects of state and regional authorities and civil society organizations.

Socially responsible business is characterized by the fact that all stages of business cycle are considered through social perspective:

1. Development of general policy and strategy: how policy and business strategy serve to the tasks of sustainable development and bring benefit to all interested parties;
2. Organization of labor and production process: whether safety rates and ecological rates are observed in production processes, whether products quality and their safety are provided for consumer;
3. Purchases and supply management: whether products, spare parts and services are acquired from local suppliers and if yes, whether the company helps them to follow established standards;
4. Distribution and sale of products: how safe are technologies of products distribution, whether relations between enterprise and seller bring benefit to ultimate consumer;
5. Sales, marketing and relations with clients: whether information in commodity advertising and on its packaging is exact and truthful, what mechanisms are used for forming relations between company and its clients;
6. Development of human resources and labor relations: conditions of workers employment, protection and hygiene of labor, employees training, strategy of overcoming negative consequences of re-structuring, staff reduction and etc.;
7. Finance management and relations with investors: efficiency of financial control, documentation openness, quality of directors' board work, internal trading activities;
8. Research and development: investments volume, social/environmental problems accounting, creation of research and development departments in places of new markets development;
9. Relations with authorities: whether openness and transparency in relations with authority bodies is provided; whether the company participates in dialogue between private and state sectors for improving policy and rates regulating such spheres, as employment, nature protection rates and etc.;
10. Relations with other interested parties: how relations with local population are formed, whether company participates in public life, how open is a company and its departments for local population;
11. Environmental measures: whether there is nature protection policy in the company, whether ecological examination of new projects and products is conducted, whether the company makes a report about the influence on environment to the public.

Thus, small business is a major motive power of development, playing a key place in society life that is caused by its following functions:

- Economic - development of any society is possible only at conducting economic activities by it;
- Innovative - business provides introduction in practice of advanced achievements in the field of science and technology;
- Political - considerable impact on making state decisions and is a major factor of development of civil society;
- Leading - in a certain sense corporate world is a leader in modern society as business condition determines society condition;
- Social - business acts as a link providing integration of society, development of social partnership;
- Ethical (moral) - ethics of business activity acts as an original guideline of moral culture of other spheres of public life.

Government is another subject of social and partner relations. Government is a structure that has, firstly, public functions which from the economic point of view mean accomplishment of obligations of "game rules" guarantor and manufacturer of public benefits; secondly, right to make

decisions obligatory for other managing subjects and legal authorities on control over their execution.

Government is a regulating and co-coordinating body determining strategic guidelines in social and economic development; creating base conditions for small business and increase of economy efficiency; developing and implementing projects of state importance and national scale.

In the context of interaction of small business with public authorities, following state functions in the economy are allocated:

- ability of the state to serve as an engine for investments; state as a guarantor of investments should invest funds to the national economy in order to persuade the others that investments to the economy are reliable enterprise;
- As catalyst of economic processes;
- Social;
- Antimonopoly;
- Planning and forecasting;
- Stimulation of scientific and technical progress, creation of innovative system, allowing competing in scientific and highly-profitable industries;
- Creation of stable credit and financial system.

Guarantee of economic and social relations, environment protection, elimination of regional disproportions, differentiation of taxes rate, etc. are state prerogatives.

The analysis of mutual relations of functions of business and authority leads to conclusion of their impracticability in absence of mutually beneficial links and interdependence between business and public authorities. Interactions between business and state are caused by accomplishment impossibility of social and economic functions from the state without business, and impossibility of effective development of business without state support.

Thus, business functions are more local and implemented on inter corporate level, and authority functions are more global and implemented on the state and national level. At the same time, realization of its functions by both subjects and effective interaction between them, finally, leads to stable development of society and prosperity growth of population.

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BARRIERS TO THE TOURISM DEVELOPMENT IN KYRGYZ REPUBLIC

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Abstract

Recent years, tourism is one of the major business areas for countries. Its effect on several disciplines can not be disclaimed. Because of analyzing this sector has a high importance. Since the break-up of the Soviet Union the former Soviet republics have been coming to terms with new found independence and with operation in a market economy. Against this background many of them have been encouraging the development of tourism. The aim of this article is to investigate and evaluate the difficulties of implementing development of tourism in Kyrgyzstan. Analysis of tourism sectors shows the country has a great potential for development tourism, however there are several barriers for development tourism. The study concludes with a number of recommendations to overcome these barriers.

Key words: *International tourism, tourist destination, economy, Kyrgyz Republic.*

Introduction

Tourism is the number one industry in many countries and the fastest growing economic sector in terms of foreign exchange earnings and job creation. Tourism is one of the world's most important sources of employment, stimulates enormous investment in infrastructure most of which helps improve the living conditions of local people and provides governments with substantial tax revenues that fund services for both visitors and residents. In addition, intercultural awareness and personal friendships fostered through tourism are powerful forces for improving international understanding and contributing to peace among all the nations of the world.

The World Tourism Organization defines tourism as the activities of persons traveling to and staying in places outside the unusual environment for not more than one consecutive year for leisure, business, and other purposes not related to the exercise of an activity remunerated from within the place visited. Tourism, as a development industry, relies on the development and utilization of natural, historical, cultural, and human resources in the local environment as tourist attractions and destinations. Tourism creates recreational uses for natural and human-made amenity resources and converts these into income product in gassets. As such, there is great interest in tourism development to help diversify and stabilize rural economies.

Tourism in Kyrgyz republic

Kyrgyzstan, with its many unique places and distinctive nature, has an eventful and interesting history with over a thousand historical and cultural monuments lying between Kazakhstan, Uzbekistan, China, and Tajikistan. Kyrgyzstan is a country of rare natural beauty, sometimes referred to as the «Switzerland of Asia». Tourism has been designated a priority area of economic development. The Kyrgyzstan government has made good progress in establishing the legal and regulatory foundation for a market economy. Kyrgyzstan has 157 hotels, approximately 239 travel agents (2011) and 2943 hotel rooms. The total employment figure in the tourism sector is 6913.

Tourism potential

The republic has a considerable tourism potential and provides great opportunities for both domestic and international tourism development. Ninety-five percent of the country is covered with mountains, and some of the highest peaks in the world can be found in Kyrgyzstan. The highest peak of country is Pobeda peak, which is 7,439 meters high. Of more than 2,000 mountain lakes located on the territory of Kyrgyzstan, Issyk-Kul lake is indeed a wonder of nature. Kyrgyzstan has all the prerequisites for becoming a bridge of friendship and cooperation. This bridge is being built by all the countries of the Great Silk Road, including Central Asian countries.

One of the most popular tourist destination points in Kyrgyzstan is Issyk Kul lake. Numerous hotels, vacation resorts, boarding houses and sanatoriums are located along its Northern shore. Majority of tourists traveling to Kyrgyzstan are from former countries of Soviet Union like Kazakhstan, Uzbekistan, and Russia. Tourists from Kazakhstan constitute the biggest proportion of foreign tourists in Kyrgyzstan, comprising over 60% of all foreigners recently coming to Kyrgyzstan (*see the table 1*).

Number of tourist arrivals

Table 1

Country	2006	2007	2008	2009	2010	2011
Kazakhstan	79,119	1,125,214	1,078,945	1,036,322	837,609	1,437,739
Uzbekistan	95,091	283,396	758,423	474,751	140,644	433,363
Russia	83,438	118,614	193,998	157,008	132,493	102,010
China	18,681	20,201	21,921	21,879	18,167	25,059

Source: National Statistics Committee

The most popular beach zones are in the city of Cholpon-Ata and the settlements nearby, such as Kara-Oi (Dolinka), Bosteri and Korumdy. The number of tourists visiting the lake was more a one million in 2012. However, due to the economical and political instability in the region, the number has declined in recent years.

For those interested in trekking and camping, every region offers attractions and challenges. Some of the most popular locations for camping are southern Osh, the area between Naryn City and the Torugart pass, and the mountains and glaciers surrounding Karakol in Issyk-Kul. Local guides and porters can be hired from many tour companies in Bishkek and in the provincial capitals. Skiing is still in its infancy as a tourism industry, but there is one fairly cheap and well-equipped base about a half-hour from Bishkek. The ski base of Toguz Bulak is 45 km from Bishkek, on the way to Issyk Ata valley. In the Karakol valley National Park, outside Karakol, there is also a ski base with three T-bars and rental equipment available of good quality.

Methodology of research

Based on secondary data from reports by the UN, WTO, statistics data, newspaper articles, press releases and conference proceedings were the main source of information about the tourism sector and its value in socially an economic life of the countries of the Central Asia.

A large element of the paper could therefore be completed using the documentary method, identifying and analysing information that had already been compiled. This research included a content analysis. Content analysis is traditionally associated with the breakdown of texts and indeed is often referred to as textual analysis, discourse analysis or rhetoric analysis. However, in tourism research, content analysis has typically been extended to other media.

Natural resources

As a potential tourist destination, Kyrgyzstan's competitive advantage over the other Central Asian republics lies primarily in its natural resources. Large current issues in tourism areas of the country are virtually inaccessible and this has helped to conserve a wealth of rare wildlife and alpine plants. Furthermore, the republic was a prime health and nature tourism destination in the USSR. It is therefore not surprising that adventure, nature and ecotourism have been the main focus of

international tourism marketing campaigns. Different landscapes can be found in Kyrgyzstan, such as mountains and valleys. Such a variety of natural areas creates opportunities to develop a number of special tourism products including hunting, fishing, mountain trekking, horse riding, skiing, ecological tours etc. Water resources are not in abundance in the destination and a few of them are utilized for tourism activities. The Naryn, Chui, At-Bashi and Sary -Djaz Rivers, mineral springs, mountain lakes and rivers are the main water sources in the country.

Another aspect of the natural resources is climate, which is an important consideration in the destination as it affects the seasonality of the tourist product. Humid climate with contrasting and transition from the unstable winter to the warm rainy spring, from damp, warm and short spring to the humid summer, is typical of Kyrgyzstan. Very often autumn begins with sharp fluctuation of temperature, light frosts, rains, sometimes followed by snow for a short period of time. The transition from autumn to winter is sharp. Winters are very unstable; often light frosts and hard frosts are followed by intensive and lasting thaws. The temperature in winter goes down to - 25°C-30°C (maximum), in summer the temperature goes up to +35°C (maximum +40°C - +42°C). The spring and autumn time is the most suitable for visiting Kyrgyzstan because of the favorable climate conditions. From the destination attractiveness' perspective these seasonal periods give more remarkable impressions to visitors providing them with seeing the most beautiful sceneries, such as spring blossoms and autumn foliages. Mild climate of the summer makes Kyrgyzstan suitable for summer holidays. The winter time is very interesting time spectacular to travel in the destination.

Cultural resources

Cultural resources are in abundance in Kyrgyzstan and a major tourism appeal of the destination. They include historical buildings, museums and heritage sites, national art and craft works, folklore and local traditions. Cultural and historical heritage of Kyrgyzstan is represented mainly by historical cities of «Balasagun», «Tash-Rabat», «Barskoon», «Uzgen» and «Osh».

Kyrgyzstan, as well as all the territory of Central Asia, is one of the oldest centers of civilization of humanity. Now in territory of republic it is taken on the account of 5 thousand historical and cultural monuments of the various periods. Among them were taken on record and be protected by the state in 1331 archeological sites, 402 monument, 648 monuments of history, 437 of monumental art. From them 32 monuments have international value. The majority of historical and cultural heritages of republic such as «Sulaiman –Too», «Kumbez Manas», tower «Burana», «Uzgen», «Tash-Rabat», «Saimaluu –Tash» and many others are on the path of the Great Silk Road.

Arts and crafts of Kyrgyzstan are also important elements of cultural resources which reflect the culture, lifestyle, customs and traditions of local people. Manufacturing of multicolored ceramics, the art of jewelry, metal chasing and engraving, ornamental embroidery and silk production, carpet weaving, wood carving and painting, art of miniature and calligraphy are traditional crafts which have been revived since ancient times. Arts and crafts articles are exhibited in the museums and workshops, many of them are commercialized in the souvenir and gift shops in the main tourist regions of the destination.

Accommodation

Hospitality is the main components of the tourism industry, without which the development industry. The hospitality industry serves one of the most important sectors of the economy in many countries, because it is one of the most profitable. All countries show great interest in this growing industry.

The hotel industry is represented by such accommodation facilities such as hotels, motels, roadside and beach hotels, as well as special accommodation facilities. Specialized accommodation facilities are institutions that in addition to providing accommodation perform some specialized function. Recent years there was considerably improved the hotel accommodation infrastructure in Kyrgyzstan. The plenty of the Western-style hotels including hotels belonging to international chains have been erected in the 1995-2001 period around the Silk Road cities. There exist other types of hotels in

Kyrgyzstan, namely private hotels and bed & breakfast (B&B) facilities designed in the Kyrgyz traditional style. These hotels are comfortable and compact. Private hotels and B&B represent a new generation of hotels in Kyrgyzstan and can be found in the main tourist regions of the destination.

Tourism's impact on the economy

In many countries, tourism is an important factor for economic development, as it stimulates new economic activity. In any destination tourists demand a number of goods and services: e.g. food, accommodation, transportation, entertainment and local handcrafts as souvenirs. To satisfy this demand, the current level of production needs to increase. This provides much more positive effects on the economy beside an increase in production and income as the direct effect. Because the tourism sector is labour intensive this tends towards an increase in employment.

Another indirect effect is that tourism may enforce the political leaders in both, the country of destination and the country of origin to establish good governance, approve more civil rights or open the country for international trade.

Exports and imports of travel services (travel, mln.doll)

Tab. 2

	2006	2007	2008	2009	2010	2011
Export	164,6	342,2	509,2	445,0	271,7	631,3
<i>including:</i>						
CIS countries	136,5	308,3	468,2	408,2	245,2	593,4
Non-CIS countries	28,1	33,9	41,0	36,8	26,5	37,9
Import	91,6	112,4	304,4	257,1	259,9	407,5
<i>including:</i>						
CIS countries	80,9	100,7	273,8	230,9	233,3	365,6
Non-CIS countries	10,7	11,7	30,6	26,2	26,6	41,9

Source: National Statistics Committee

The analysis of the table 2 shows that Kyrgyzstan exports (arrival) and imports (exit), travel services every year is growing steadily. Thus, if exports in 2006 amounted to 164,6 mln.dollars, in the year 2011 – 631,3 mln.dollars, in 2006 imports amounted – 91,6 mln.dollars in 2011 – 407,5 mln.dollars. (Tab. 2).

Kyrgyzstan is still developing country and is in the process of transition to the free market economy. Great economical potential is found in Kyrgyzstan, however, the reexist economic hard ships like inflation, unemployment, currency convertibility restrictions whichs low down the overall economic growth.

Difficulties in the sector

Stability in economic, social and political domains is essential for tourism as severe disturbance and volatility will deter many tourists, investors and the industry of tour operators and travel agents in generating countries. Although Kyrgyz republics has great potential, there are a number of barriers for the development of tourism.

The political situation is still somewhat tenuous and interethnic tensions and violence appears to be increasing. This political unrest may result in the decrease of tourist arrivals and delay of tourism investments. However, it is difficult to assess the revolution's longer term impact on the development

of tourism in Kyrgyzstan. Many European tourists still keep in their minds the political image of Kyrgyzstan as one of the republics of the former Soviet Union. This image is rather unfavorable for the successful promotion of the destination as it dominates over the image of Kyrgyzstan as a Silk Road country.

Under developed transport infrastructure a big problem for the entire country, the level quality of service and customs procedures when entering the country. Other problem areas include the condition of tourist accommodation and recreation facilities. Tourism season is short in Kyrgyzstan and majority of tourists comes between May and Oktober. Particularly, the lake Issyk-Kul as a resort destination attracts tourists between July and August. Seasonality creates a number of problems for the tourism industry. Our tourism industry depends on tourists from CIS countries, Most of the tourists comes to Issyk-Kul region for resort tourism. This creates the problem of attracting tourist from another country.

The corruption is a social vice which creates a negative image of the country as well and is considered to be a main obstacle for development and progress. Tourism is a very profitable sector of the local economy and corruption is characterized by overpricing of tourist services.

Conclusion and Implication

Tourism has played an important role in economy of the Kyrgyzstan. Considering the natural geographical features the positive side of Kyrgyzstan for the development of tourism for today it is necessary:

- Creation of conditions for attraction of investments both internal and foreign first of all development of a network of hotels of a tourist class 2-3 stars in particular small hotels;
- Formation of priority tourist recreational zones corresponding to the international standards on the basis of principles of steady development;
- Perfection of visa strategy concerning tourist from the countries which are not representing to migratory danger;
- Advertising tourism in west countries;
- Introduction in action of the mechanism of the economic responsibility of tour operators and tourist agencies with a view of protection of the rights of consumer;
- Improvement of the existing professional standards to the main positions of tourist industry employees;
- Support of the perspective applied researches in the tourism industry.

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THE PECULIARITY AND MANAGEMENT OF THE ENTERPRISES INNOVATION RISKS

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Abstract

The innovation risks peculiarity affecting on the enterprises production activities have been analyzed. The risks classification is provided, as well as recommendations for timely accounting of risks and management of risk situations typical for enterprises.

The transition of the world economies to innovation-based development at present is effected in the face of continuing global financial and economic crisis. In this connection, it is necessary to create conditions conducive to the diversification and modernization of the economy through the increased innovative activities beginning from the concept formation to output of innovative products. The solution of this problem is to reduce, in the first place, the likelihood of occurrence and the level of influence of innovation risks on the concerns and companies activity, as well as of manufacturing enterprises, innovation firms, small and start-up businesses, etc. (hereinafter - enterprises).

The risk is an objectively inevitable accepting element of any production process, for uncertainty it is its unavoidable characteristic. Anticipating risks, minimizing their negative impact on the production process are the most important tasks of enterprises management . The category of “risk” can be defined briefly as a threat of potentially possible and probable loss of resources or revenue yields, or receiving fewer profits, if compared with the alternative that is rated at the enterprise resources rational using and rational management.

The business undertakings risk is the risk arising in all types of industrial activity related to manufacturing of products and goods and also service producing, and their realization, commodity-money and financial transactions, trade and commerce, as well as the scientific and technical projects implementation.

The business undertakings risks functions can be classified as innovative, regulatory, protective, and analytic ones. Entrepreneurial risks perform their probably the most important innovative function by stimulating search and realization of non-traditional innovative solutions to problems faced the entrepreneurs, for example, for energy industry enterprises .

By its nature, an innovation risk is a form of a business undertakings risk including the initial generation and promotion of innovations, transferring of technology. For example, an innovation risk at enterprises, users of innovation arises in two main possible instances:

- in introduction of more effective innovative products, methods or technology compared with traditionally used ones;
- in the exploitation of innovative technology at modernized or new equipment.

For the producers of innovative products and technology creators the risk also arises in two main cases:

- at the stage of innovation adaptation to the specific conditions of production of an enterprise;
- at the stage of the direct creation and yield of innovative products or introduction and launch of the technology.

Developers and customers of innovations are faced with risks at various stages of their activities. In this connection, there may be many causes of a particular risk situation, implying a condition that would cause the uncertainty of its outcome. At various stages of an innovation process starting with the generation of innovations and ending with sales of innovative products, you may have the following types of risks, classified according to tab. 1.

Innovation risks are included, as a rule, in the category of local risks. Constant risks are those that constantly threaten the entrepreneurial innovation activities in a specific geographic region or in a specific sphere of production (for example, the risk of default of payment (non-payment) in the country with an imperfect legal system).

Table 1

Innovation risk classification according to the cause of occurrence

№	Reasons (sources) of innovation risk arising	Specificity of a factor affecting innovation
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		risks
1.	Dependent on the identity of generators and creators of innovations (generation of innovations).	Developers of innovative products (designers, engineers, inventors, scientists, and others).
2.	Directly connected with the nature of created innovations (the essence of innovations).	Variety, characteristic features, importance, and immensity of the possible use of innovations.
3.	Related to the form, type of activity and the economic condition of an enterprise or organization in which that creator of innovations works (developers of innovations).	Industrial affiliation, human, financial, material, technical, laboratory instrumentation, information and other forms of resource support.
4.	Related to the activities of infrastructure and promotional organizations facilitating to promote innovation from their creators to producers and consumers (release of innovative products).	Design development, technology, information support, certification, patenting, licensing, marketing, etc.
5.	Related to provision and use of investments, loans and other financial transactions and the due-time implementation of obligations (investment in innovations).	Banks and investors, lenders and sponsors.
6.	Related to management quality of entrepreneurs that produce or use innovative products (innovation management).	Managers of joint stock companies, joint ventures, private and other companies, firms, etc.
7.	Related to the form, type of activity and the economic situation of producers or consumers of innovative products (manufacturers and users of innovations).	Industrial affiliation, personnel, financial, logistical (material and technical) and other types of resource procurement, and the possibility of bankruptcy or curtailment of enterprises production.
8.	Associated with the deficiency of information of the state of the environment (obstacles in promoting innovation).	Business struggle and competition for similar types of products, the needs and capacity of domestic and foreign markets, economic security in the country, changes of legislative acts, possible force majeure situations, etc.

According to the degree of legitimacy the innovation risks are divided into justified or reasonable (legitimate) and unjustified (illegitimate) risks. It seems that this is the most important characteristic for classification of innovation risks. To differentiate the justified and unjustified risks of innovation, it must be borne in mind that the boundary between them in different kinds of innovation is different for different enterprises, producers, or consumers of innovative products. According to statistical estimates, the allowable probability of obtaining a negative result at the stage of idea generation and research is 5-10% (small degree of risk), in the field of applied and innovation development projects it makes up 80-90%, and for industrial development projects it reaches up to 90-95% (high level of risk).

Innovation risk comprises elements of the search-and-research risk, managerial (management) risk, infrastructure risk, technical risk, production (operational) risk, commercial risk, and financial risk, including investment risk, the characteristics of which are shown in tab.2.

The most important element in the investment and innovation entrepreneurship is risk management. In order to ensure effective risk management there is a need in participation of the state, investors, and direct participants in the innovation process - developers, manufacturers, and users of innovations. On its part, the state should introduce the effective incentives and stimuli for producers and consumers of innovative products in the process of formation of a sustainable innovation economy.

On the part of the investor, it is necessary that the investor should look ahead to anticipate such risks and make adjustment of production volumes, forms and conditions of provision of investments. On the part of the direct participants in the innovation process, it is pertinent to ensure appropriate production activities with account of the potential risks and the introduction of measures for their maximal prevention or insurance.

Sustainable and innovative economy as a whole can be achieved through the introduction of a flexible system of taxation, providing tax concession and other exemptions and benefits to producers and consumers of innovative products, and the respective guarantees to investors.

Table 2

Types of innovation risks and specificity of their occurrence

№	Types of risks	Specificity of risks
1.	Search-and-research risk	Associated with the possibility of obtaining a negative result during the exploratory and innovative research.
2.	Managerial risk	Associated with the possibility of obtaining a negative result, or incurring losses due to wrong managerial decision-making at various stages of innovation processes.
3.	Infrastructure risk	Associated with the possibility of wrong actions or decisions taken by infrastructure organizations in steps of promoting innovations from developer to producer, or consumer of innovation products.
4.	Technical risk	Determined by the extent of organization of production, carrying out preventive measures (regular maintenance of equipment, taking security measures), the capability to repair the equipment under entrepreneurial firm's own steam.
5.	Production risk	Associated with manufacturing products, goods and services-producing, with the implementation of all production activities and kinds of operations performed in which entrepreneurs face problems of inadequate use of raw materials, cost growth, an increase in loss of working hours, the of new production methods using of, etc.
6.	Commercial risk	Arises in the implementation and realization of innovative products (services) produced or acquired for the entrepreneur using.
7.	Financial risk	Arises in the field of financial entrepreneurial business or financial transactions with the release of innovations.
8.	Investment risk	Stipulated by the specificity of return investment funds of investors, which placed into various innovative projects.

Thus, based on the systemization of various types and forms of innovation risk occurrences, we see how broad, multi-faceted, and diverse the concept of innovation risk is. Only the comprehensive knowledge of the innovative risk peculiarity will allow participants of innovation activities to implement effective risk management with the minimal losses and to ensure the successful promotion of innovation, being of market demand.

For taking into unprejudiced account the possible influence of domestic production and technical risks of an enterprise, it is necessary to determine the system of indicators characterizing these risks. The most important category of internal risk of enterprises represents the risks associated with a variety of problems related to their financial performance.

Financially conditioned risks of enterprises are divided into the following main groups:

- financial risks associated with the problems of providing financial backing for industrial enterprises, that is, the basic finance support or financial provision;
- investment risks associated with attraction and placement of investments (external and internal), mainly used for modernization of production, introduction of new technologies by enterprises and their retrofitting with new equipment;
- foreign exchange risks associated with purchasing of the currency-paid equipment and export of innovative products;
- payment risks associated with potentially possible low paying capacity enterprises, and as a result, with the inability to complete the provision of resources for the implementation of the production cycle;
- risks of credit indebtedness and debit indebtedness, the risks associated with improper and non-operational loans using, as well as with the potential of credit indebtedness and debit indebtedness (payables and receivables) of enterprises;
- insurance-related risks associated with inadequate coverage, delay or errors in insurance of operations, products, immovable property, works traffic insurance, vehicles and other property of enterprises;

- tax-determined risks associated with the imperfection of the existing system of imposition of taxes in a particular industry sector.

The main problems are formulated in the work [8], those main problems which most often arise at manufacturing enterprises, given their proven failures. Of the most important reasons for this are represented by the discrepancy of the market to expectations and the underestimation of scientific and technological risks, which should be divided into manageable and problematic (difficult-to-manage) risks.

In this regard, the quality of management of innovative risks of enterprises depends on the proficiency and experience of their high-rank managers. Management of any company with due consideration of risks and identifying ways to prevent their consequent effects or anticipatory removal is a mandatory attribute of the most efficient management provided in the company at any time of its production activities.

The opportune and thorough analysis and consideration of the possible internal risks in the management of the enterprise allows decision-making optimal as per cost and losses, improving their activities efficiency and sustainability in terms of rational production and various resources using.

Thus, management of characteristic risk situations in the activity of enterprises is an important immediate task for active participation in the work of the human factor, or activities of managers that provide innovative development of enterprises.

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INCREASING THE EFFECTIVENESS OF INVESTMENT ATTRACTION IN STABLE DEVELOPMENT OF ECONOMIES OF REGIONS

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ABSTRACT

Since investment plays important role in overall development of the country and takes the importance of this issue, the main purpose of the present study is defining the main conditions and factors affecting the investment activeness of small companies in existing conditions, also, the practical capabilities of investment cooperation among small and large companies. The structure of the paper is organized as follows: the introduction makes a general assessment of the investments strategy. In the second part, the methodology, it will introduce economic-mathematic models. Finally, conclusion for the paper is given. Our paper will end with a list of the references used in the paper.

Keywords: small business and entrepreneurship, regional investments policy, investments strategy, mathematic models, economy, Uzbekistan.

INTRODUCTION

From the initial years of independence of Uzbekistan for the purpose increasing the activeness of the investment climate of regions and speeding-up the investment processes there has been accepted and still continuously developed several normative acts. In turn it ensures that internal investment potential is increased and the amount of foreign investment increases year after year, and accordingly, increased macroeconomic figures, including the volume of gross domestic product.

In the Republic during 2005-2012 gross domestic product has grown at least 8,5 percent each year. Compared to year 2000, its volume has grown 2,9 times, production of industrial products has grown 2,6 times, amount of investment attracted into economy has grown 3,4 times, including direct foreign investments, that has grown for more than 20 times.

According to data of Asian Development Bank, in Uzbekistan during last 7 years income per capita has grown 3 times. Permanent surplus of current count of pay balance is ensured, compared to gross domestic product total external debt is achieved 10-12% ratio, internal debt of the state is coming almost to zero, there is being kept enough amount of currency reserves.

As the important part of economy the branch of small business is serving as an important source of filling the internal market with necessary goods and services. Small business not only

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fills the known gaps of economy, it also plays an important role in diversifying it and providing its growth in stable pace.

If during 2005-2011 in economy of our country there has been created more than 5 million work places, more than 60 percent of them are his share of small business and private entrepreneurship. As a result at the present time more than 75 percent of the employed population of our country is employed in this field.

There has been created economic and legal foundations for the purpose of organizing investment processes and investment activity according to principles of market economy. However, there has not been formed investment climate that would attract investments into regional economies, including the field of small business. In this situation, there is required to develop the strategies of increasing the volume of attracted investments into regional economy.

From this point of view, based on priority directions of innovational renewing of the production potential of economy of the regions, solving the issues directed towards stable development increasing the innovation activeness of small business is of fundamental importance.

Main goal of the researches conducted in this direction is defining the main conditions and factors affecting the investment activeness of small companies in existing conditions, moreover, supporting small business in regional and local levels as one of the most important directions of state policy is defining the practical capabilities of investment cooperation among small and large companies.

As proven by foreign experience and theoretic-scientific conclusions, if the force that prevents difficulties is entrepreneurship itself, investment policy constitutes its main factor and source. In its turn, directions, fields and sources of investment policy by being coordinated altogether in production the activity of adaptability to the market, replacing import and export-oriented is provided. Careful investment policy increases the productiveness of labor and capital, opens way to satisfy needs of the customer for quality products.

METHODOLOGY

Results of the researches conducted by us show that in many cases after the elaborating the regional policy for developing small business, it will be possible to get the results of this policy after very long time, when it's too late to change something.

Therefore, by our opinion, to prevent negative results of the issued bills it's necessary to model different variants using economic-mathematic models.

Many of the models depict small companies by the way of production function of R.Stone (function of Leontyevskiy):

$$P(t) = \min \{A(t)/a, B(t)/b, T(t)/\theta\}$$

Here, $P(t)$ – is the production of products, works and services by small companies (in natural value);

$A(t)$, $B(t)$, $T(t)$ – production factors existing in company (sum): $A(t)$ – fixed capital, $B(t)$ – floating assets, $T(t)$ – labor resources;

a , b , θ – rate of application $P(t)$ (sum) of production factors for each product unit;

t – period (imitation step).

Defining small company in this way is convenient; moreover, in this case employment enters production function as an integral element. However, in practice it's impossible to create models for every established company, because it requires large amount of useless information

and calculations. At the level of region, when modeling the acceptance of bill viewing regional small business as one object is more effective. For that it is more appropriate to apply the method of simulation technique.

As a typical problem to be solved regarding supporting small business in region can be taken financing small companies in certain selected direction in the condition of limited financial resources. In general view such model looks like following:

$$IHB = \sum_{i=1}^n uH_i \quad (1)$$

$$\Phi O = \sum_{i=1}^n \partial_i - IHK - KM \quad (2)$$

$$n = q + k + l + \dots + m, \text{ бу ерда} \quad (3)$$

q, k, l, \dots, m – amount of companies in every in every direction of investing.

All investments are directed to finance small companies (equation-1). Profit that is received from investing (equation-2) is equal to sum of funds returned from each company, minus investments, minus non-return funds. Finally, regional policy (equation-3) is defined by distributing number of companies in every direction of investments. If in companies of each direction there is known the average number of employees, it is also possible to estimate the additional labor market that is appeared as a result of realizing programs for supporting small business.

$$Tp = \sum_{j=1}^q mp_j + \sum_{j=1}^k mp_j + \dots + \sum_{j=1}^m mp_j \quad (4)$$

The modeling principles presented by equations 1-4 brought above are employed in modeling the results of various regional measures for developing small business. First model – imitation model of developing field of traveling on the territory of the country. Main elements that constitute the field of traveling are the followings complexes: *place of residence complex*, its basis is usually constituted by system of hotels, also, not big “family” pensions and the houses that are rented by the renters; *general food complex*, except hotel and large restaurant covers fast food points (tent), stores that sell ice cream, bread and other produces; *transport complex*, in this system at the present time private sector prevails and in small cars, and in minibuses, and even in big buses passengers are carried; *complex of entertainment services*, here not big show groups, attractions, private galleries and museums play important role; *trade complex*, here in most of the regions small retail trade is performed by small companies and private entrepreneurs; *souvenir complex*, takes into itself craftsmen and souvenir producing companies. The complex of services like laundry, dry-cleaning and others, that do not have direct connection to traveling but has an income from it are modeled separately.

By regions to analyze distribution of employment level in the foundation of attracting investments to the activity of small business we will investigate various aspects of labor market. In this aspect, small business is a complex social and economic institute, which should be learned in complex way. For that we will show the integral figure that depicts development of entrepreneurship in region.

Figures depicting regions from point of view of development of small business serve as an information base used to compile integral indicators.

- number of registered small companies in the region (KK);

- employment of the population in the field of small business (*HI*). This indicator at the same time take into itself three figures taken into account in state statistics: number of employees in *KK*, number of employees working in more than one job and number of contractors;
- volume of products (products and services) produced by *KK* (*Ich*);
- size of investments in small business (*In*).

We believe, that all figures make same effect on level of development of small business in region, according to this, taking that all of these figures have the same weight, inserted into integral figure. Formula of calculating integral figure showing the level of development of small business in region is as following:

$$I_j^{KK} = \left(\frac{KK_j}{\max KK} + \frac{XI_j}{\max XI} + \frac{I\chi_j}{\max I\chi} + \frac{IH_j}{\max IH} \right) / 4 =$$

$$= (KK_j + XI_j + I\chi_j + \overline{IH}_j) / 4,$$

Here I_j^{KK} – j is an integral indicator showing the level of development of entrepreneurship, $1 < j \leq 85$;

$\overline{KK}_j, \overline{XP}_j, \overline{Ip}_j, \overline{IH}_j$ - standardized values of figures.

On the basis of calculating integral figures, has been taken results of calculations on leaders in regional development of territories and small business. On the level of developing small business obvious leadership belongs to Tashkent, its integral indicator value is 0,863. However, if in 2011 Tashkent city had maximum value in four figures $I_{Totu_2011}^{KK} = 1$, now by circulation of produce Tashkent Region has outran ($I_{Totu_2011}^{KK} = 0,368$). At the same time, in general list Tashkent Region is on second place and Andijan Region is on higher position ($I_{And}^{KK} = 0,363$). According to integral indicator showing the degree of developoiment of enterpreneurship compared to other regions Tashkent sity as in other periods is ahead, however from 2011 the conflict between them shrank a little, i.e. till 0,495 (in 2011 it constituted 0,602)

Top 10 of the rating was occupied by the regions with large cities. This can be explained with following: first, there is high demand for goods and services produced in big cities, and this creates good condition for development of small business; second, in cities the infrastructure support of small business works more effectively.

In developing the economy of the regions importance of fulfilling the investment projects is very high, and, first, foreign investments implement modern technologies into production, develop production of goods for export; second, organizing production of import replacing goods and for that purpose directing foreign investments to priority fields of economy and as a result gives opportunity to provide normal welfare of the population; third, by developing small business and private entrepreneurship and speeding-up production in agriculture providing population with workplaces helps to the problem of unemployment; fourth, renewing old production facilities and material and technical basis and rearming technically; fifth, assists to build companies processing natural resources and so on.

CONCLUSION

By our opinion, while financing investment projects in the regions for the purpose of increasing the effectiveness of using internal resources the following measures should be taken at the level of state:

- implement investment projects with quick return of capital assets, achieve the reduction of energy and material volumes in industrial production;
- encouraging participation of private capital in financing building of industrial objects, supporting formation and development of small companies;
- speeding up the process of creating industrial companies, reducing the number of unfinished building objects in economy;
- evaluating activity of industrial companies, calculating profitability level, dynamically analyze economic figures;
- liberating access to the information regarding investment activity, monitoring development of national production;
- creating conditions for free activity of participants of economy and it is expedient to use other factors.

As a conclusion it must be mentioned that regions will be capable to solve many issues concerned with creating developed market economy by elevating investment potential and by effectively assimilating investment projects.

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ENGLISH FOR SPECIFIC PURPOSES

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Summery

Teaching business English is pretty much the top of the line in terms of ESL teaching. If you get a good position, the class can be quite fun and interesting. The money is usually the best in the business too.

“There is also a recognition that much English language exchange around the world is between non-native speakers of English which has led to the growth of English as a Lingua Franca (ELF). Generally, the emphasis is more on speaking and listening than reading and writing, and the use of new technologies which can provide a richer range of teaching and learning tools.”

In a broad sense, the content is different - topics will be related to the work place or world of business - so instead of family and friends, a business English course book may contain topics like global business cultures, or a day in the life at the office. The skills may be business communication skills like delivering presentations rather than speaking in general. This, however, is changing and very soon the difference between general English and business English may not be so easily demarcated. With new general English course books coming out with titles like ‘Natural English’ and ‘Skills for life’, the focus is changing as English's role as the lingua franca is reaching new heights. Publishers recognise that the demand for English is now more than ever an instrumental demand.

There is a demand for business English which appears to be growing because learners are becoming clearer about what they want to use English for and as I indicated the same is becoming true for general English learners. In today's global economy, learners want not only the skills to read, write, listen to and speak English fluently, they also want to be able to communicate in a way which will be recognised and appreciated by their counterparts in the international arena. They want their English language learning to be targeted to this aim and they often also want their success in this to be measured using an internationally recognised benchmark - hence the rise in demand for business English examinations.

Key words: broad sense, skill or ability, valuable, experience, gestures, repetition, silence, acknowledging, establish credibility, strategies, advantage, disadvantage, outcome methods, monitoring a negotiation.

Main part

A lot of business terms are international and they are easy to learn from a dictionary. It's the lack of knowledge about culture and the slang that makes these adults shy and nervous in business settings. Vocabulary is less of a concern than many students think. And one of the most valuable tools in a teacher's repertoire is explaining.

If a student is currently developing a new skill or ability, further explanation by the teacher will help to broaden existing abilities and skills.

A teacher may have valuable experience and credentials but that does not make him/her a good explainer;

What is needed to be a good teacher?

Patience – this is often a prime requirement as sometimes bags of tolerance are needed due to the amount of repetition necessary.

Effective tools – such as key phrases on which focus and attention can be fixed and repeated.
Using strategies – along with active methods to allow students to be creative and affect a decision. In order to focus interest use emphasis along with gestures, repetition and silence before and after a question.

Teaching – being tailored to the audience, holding the students' attention, at times light-hearted discussion, asking for their views, enabling concentration and making learning not only interesting but fun.

Supporting – the development of students' comprehension and analytical skills helped by question and answer sessions. How the student reaches a certain outcome and what methods were used, if practical incorporate into teacher's lesson plans. All the while using discussion and involving students for their input.

Acknowledging – the learners' endeavours, progression, and achievement – no matter how minor. Praise is a highly efficient means of rewarding and encouragement.

The students may be different from those found in the general English classroom. More often than not, they work, are studying a business related subject like an MBA or are trying to get a job and hope that a business English course will help them. Those who work may be managing directors of companies or office executives. I will explore the implications of this diverse range of learners in my next article.

Your style of teaching will probably differ and the methodology you use and that which you find in course books can be a little different from general English. For example, instead of pair work and group work, you might find that students learn more through case studies, role play and simulation exercises. You may assume different roles from the general English teacher. For example, you are more likely to be more of a facilitator when teaching meeting skills or a mediator when teaching monitoring a negotiation.

It has been proved that 80% of learning or visual information comes through our eyes. (Ref: Vision Ergonomics by Dr. Jeffrey Ansell 1990)

You also need an art of showing through demonstration which can take numerous and varied forms

Useful, tried and tested teaching ideas for success have included:

Firstly ensure that all students can see you clearly. Make sure the seating is comfortable and adequate for the lesson.

Demonstrate – this shows a good example of practice and how to copy.

Explain as you show, using questions – What if? Why am I? How am I?

Encourage students to discuss, air their views, their misunderstandings, their difficulties, get feedback on their understanding and promote students in a question and answer set.

Exhibit - use role play to show and name correctly parts of the body. Use maps to illustrate where we come from. Enable students to move around, this can help with motivation and relieve monotony

Cognition in perception is attentiveness – and in learning this is everything. We use our eyes all the time – they are one of our very precious senses.

Communication is the process of sharing ideas, whereby meaning is put across in an effort to create shared understanding. It is also the key to education, tolerance, exchanging views and inspiring awareness.

You can use a variety of devices in the sharing of ideas;

Verbal communication which is an oral exercise and used for speeches, presentations and discussions.

- A light-hearted debate *'Do you believe in love at first sight? Which creates a series of differing views?*

- An interesting discussion. *'Comparing and contrasting countries and cultures'*. - - An energetic group exercise with abundant and diverse feedback.

- Role play. Telephoning a doctor/dentist to make an appointment. Dialing 999 calling the emergency services communicating which service is required and why.

There can arise some advantages and disadvantages of teaching Business English. Like any area of language teaching, teaching business English has its own set of pros and cons. In as simple a way as possible, we can see them in the table below:

Advantages

Get to learn new things about the business world and develop new skills as a teacher.

- Students (usually) have a specific purpose for learning English and this is easier to cater to.
- A huge bank of business-related authentic materials to choose from.

Get to meet a wide range of professionals and learn about the work culture of different countries and cultures.

Disadvantages

- May not be familiar with some of the more specialist vocabulary you may have to teach.
- Hard to meet all students 'specific' needs.
- Some business course books can be a bit dry and ironically, can take time to learn how to bring business English to life.
- You may be younger than many of the students and can take time to establish credibility.

Maybe some of these areas should be discussed in greater detail motivating business English learners.

As we have seen, business English cannot easily be defined and if someone asks you to teach a group of business English learners; you could be teaching from a course book which looks similar to a general English course book, with a grammatical syllabus or you could be faced with a skills-based course which has functional language as an add-on. Either way, the material and students can be challenging for the inexperienced teacher and you should give yourself extra time to prepare for a business English course until you are familiar with the content.

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INNOVATIVE METHODS IN TEACHING BUSINESS ENGLISH

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Summary

English language is necessary in many spheres of modern life: in professional activities and everyday life. More and more people feel need in practical mastering of English. Therefore course “English for Communication” was developed and is conducted now at our institute. At the lessons students learn how to behave in different situations, for instance: traveling, visiting friends, discussing plans, etc. Besides we learn how to write a resume, to negotiate, to hold a meeting, and to take part in it, to compose an agreement, thus we combine English for everyday situations with Business English.

Before starting the course we had a number of questions: How to make classes interesting and informative but not boring? How to stimulate students’ work? How to give a coherent qualitative explanation? How to teach students be sociable, eager to cooperate and cultured? How to develop students’ autonomy? Intensive methods, multimedia programs, video and karaoke helped to answer all these questions.

Intensive methods which include centering, music, positive emotions, physical movement, games, role-play, group work, pair work, brainstorming, discussion, open-ended tasks are integral parts of our lessons. They help to create peaceful atmosphere, to get rid of error’s fear, to leave the outside world and immerse us into the world of English. Role-play is very popular. Students find it fun and quiet students are found to speak more openly in a “role”. Besides in a role-play students are encouraged to use communication imaginatively and creatively. During group work students can learn language and information from each other. We set groups on different basis according to ability, birth season, by numbering, and so on. Pair work involves students to work simultaneously, it allows getting more practice, students are able to share ideas and help each other. Students produce dialogues, questions, wrong statements, etc working in pairs. For generation and gathering ideas we often use brainstorming. Discussions allow students to give their own ideas, to practice using English, to say what they want to say. Open-ended tasks give me, as a teacher, an idea of what the students are capable to produce and moreover they develop students’ autonomy.

Key words: business English, innovative methods speaking, writing, listening, communication, grammar, language skills, vocabulary, role play, learning strategies.

Main part

Multimedia programs which present information with the help of texts, graphics, color, sound, animation and video are widely used at our lessons. They give every student an opportunity to record his (her) voice and compare pronunciation with native speaker’s, to learn grammar rules and do grammar exercises, to drill, to compose dialogues and learn them, to train reading, to play games and learn new songs. These programs contain different material and

different types of exercises. For instance the program Everyday Situations is based on CAI (computer assisted instructions) and provides instructions, drill and practice in basic language skills. Students are asked to respond and their responses are evaluated. If the student is correct he (she) moves on, if incorrect similar problems are given until the correct respond is elicited. It is very convenient and frees teacher to provide individual instructions. In this program there are two types of tasks: compose dialogues and do grammar exercises. But in other programs there is a large number of different tasks and in this article we would like to draw attention to a program, which we use to study English language for business communication, it is called Business English. The program Business English is intended for people who knows English at the intermediate level and is useful for those who have business with English speakers, want to get a job in English speaking country, work in companies where English is spoken. The program helps to develop four skills: listening, speaking, reading and writing. For this purpose the following things are included into the program: business vocabulary, different styles of business communication, culture tips, traditions and culture of business communication and comparison of American and English business style. The program is made up of three volumes I - Personal Meeting, II - Contacts and Correspondence, III-Career Advancement, each of them consists of three sections and there are from four to nine lessons in each section. For instance volume I - Personal Meeting consists of three sections. Section 1 is called Formal Meetings and includes eight lessons, section 2 – Impromptu Discussions includes nine lessons and section 3 – Financial Transactions includes seven lessons. Each lesson includes different components, which help to learn the topic of this lesson. The following components are used in Business English: Role Play, Listening, Reading, Vocabulary, Study Questions, Dictation, Dictionary, Learning Strategies and Focus Points, Culture Tips. In our opinion Role Play is the most interesting. It is a combination of three elements, Video, Learn roles and Role Play. We begin with watching Video, then with the help of Learn roles students practice a chosen role. They can listen to each reply in normal or slow regime and record their own speech. The third element Role Play lets students participate in the dialogue. Listening exercises suggest listening to English speech without any visual support. The speech is presented in the form of a voice-mail message or automated phone instructions. The next component Reading gives samples of standard business documents for instance e-mail, Internet pages, description of the company, tables, charts, bank statements, etc. Working with texts from Reading we use Vocabulary, which gives translation of words and word combinations in different contexts and their pronunciation. After listening, watching video or reading documents students answer the questions given in Study Questions component. It helps to revise and fix the material learned in Role Play, Listening and Reading. In Dictation exercises students practice in composing and spelling words and phrases of business vocabulary. The task is to type the missing words or phrases into business letters, memos, and fax or e-mail messages. Learning Strategies and Focus Points are presented in the form of questions based on the lesson's material. They help to single out important aspects and understand them better. Culture Tips give

additional information about culture and traditions of English-speaking countries. Thus we find this program very useful and helpful in studying Business English language.

Video is very useful in motivating and stimulating. It is an efficient way to learn more about a topic, to make cross-cultural comparison and memorize colloquial forms of English. We usually watch video extracts from multimedia programs and well-known feature films. Before viewing video extracts students are given a list of items and questions. After viewing they answer questions about the plot and some details, and write down things, which are different from Russian or Uzbek culture or the same. Undoubtedly preparation for watching films is longer than for viewing video extracts. As an illustration these are tasks, which we did before watching a film. Since we started to learn tenses in English grammar every lesson students were given a list of 10 verbs in different tenses. The verbs were from the film but students did not know it, for them there were just examples of verbs in different tenses. For each list they had different tasks. For example: group the verbs according to their aspect, voice or tense form. The students did the task and found the possible variants of translation. In addition to the verbs we learnt other words from the film playing a memory-game. Students were given 10 words (usually nouns and adjectives) written on the blackboard in a column. We read and translated them and then rubbed them out one by one. Every time after a word was rubbed out one of the students was asked to pronounce all 10 words, so at last they pronounce all those words by heart. Usually we spent 10-15 minutes every lesson for such tasks. As a result we learnt nearly all the vocabulary from the film and after watching the film students easily answered all the questions about the plot and some details.

At the end of every lesson we sing karaoke-songs. Students like this “task” very much and moreover it’s a good way of recycling language in a “fun” format and developing natural sense of language achievement. Our favorites are My Way, Imagine, Wind of Change, Yesterday, etc.

In conclusion we would like to underline that the goal of our course is to develop students’ autonomy in their own language perfection and use that is why at our lessons we do both learn English and learn how to learn. For this purpose numerous tasks that require students to decide things for them, to plan and to evaluate are included into the course. These tasks help students to develop the ability to learn by them or to work out what works best for them as individuals. Such abilities are very important, as people are continually required to learn new skills and absorb new information. Thus learning how to learn is a vital component of our course “English for Communication”.

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DEVELOPMENT OF THE CURRENT STATE IN THE FOOD INDUSTRIES

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The food-processing industry represents one of socially and economically significant branch complexes of economic system of the country, it possesses the leading part in a solution of a problem of maintenance of the population various foodstuff in volumes and assortment, sufficient for formation of the balanced food allowance. The food-processing industry is closely connected with all branches of economy, it owns a considerable part of cargoes transported by various types of transport, a considerable quantity of under construction objects, but especially close connections have developed between the food-processing industry and agriculture.

The food-processing industry enterprises are the difficult economic systems characterized by certain properties. The understanding of essence of properties, and interrelations serves inter-conditionality as a basis for acceptance of optimum decisions as it allows generating representation about key factors of successful activity of the enterprises, it is rational to approach to process of the organization and management of enterprise activity. The food-processing industry enterprises are open systems which are characterized by interaction with environment. Environment of these enterprises includes such elements, as consumers, competitors, official bodies, suppliers, intermediaries, the financially-credit organizations, the advertizing enterprises, sources of all kinds of resources and others. The success of development of the enterprises and branch as a whole depends on the account of an external environment at the organization of their activity and management.

Industrial and market communications depend on the features of functioning of the enterprises of the food-processing industry representing difficult objects with continuous-line character of manufacture. It is caused by variability of technological properties of processed raw materials, complexity of technological processes and a short production cycle, close interrelation of technological operations in the general technological process, high requirements to quality of finished goods, requirements on maintenance of safety of raw materials and finished goods.

Important feature of the enterprises of the food-processing industry is the high material capacity of production. The share of expenses for raw materials in production cost price makes 60-80 %. Thus quality of developed production in a greater degree depends on quality of processed raw materials. For example oil-fat associations and the food-processing industry of Uzbekistan is made an industrial output in comparable wholesale prices for 1,455.75 billion sums (rate of increase by 2009 has made 112.2 %);

- It is made consumer goods for the 1,901.997 billion sums (with rate of 112.1 %).

It is made industrial output principal views in natural expression:

- Oils refined in 215.73 thousand tons (with rate of 104.5 %);

- Margarine production 13.63 thousand tons (172.9 %),

- Soaps of economic 51.7 thousand tons (114.9 %),

- Without alcoholic drinks 30659.0 thousand tons (121.5 %),

- Sugar 286.06 thousand tons (104.0 %),

- 13949 million piece of cigarettes (109.4 %).

The forecast for 2010 on oil- fat association and the food-processing industry provided development of investments at a rate of 10496.7 million sums at the expense of own means of the enterprises.

For 2010 development of capital investments on account of own means of the enterprises for the 10496.7 million sum is provided, actually development makes 11908.1 million sum or 113.4 % to the period forecast.

In the conditions of sharp deterioration of a conjuncture of the world markets on the major kinds - the imported goods and in connection with world crisis the great value had acceptance of

effective measures on export potential strengthening, preservation and the further expansion of volumes of a domestic production in the world markets.

Thereupon at the established forecast for 2010 in volume of 31656 thousand dollars USA, actual performance of export on oil-fat association and the food-processing industry has made 35138,25 thousand dollars USA or 111,0 % to the established volume, including on the joint venture «UzBAT of joint-stock company» - 31831.5 thousand dollars USA, rate of increase has made 125,41 %.

Import of raw materials, materials, the equipment and accessories for 2010 has made – 351450.37 thousand dollar of USA. In oil-fat industries basically the equipment and accessories in conformity with projects of the program of modernization, and also raw materials and oil-fat materials and food production with a view of improvement of quality and assortment expansion was got.

19531 workers in branch for 1.01.2011. Within 2010 year it is accepted for work - 1995 persons, it is dismissed-1893 persons; turnover of staff makes 9.7 %. In conformity with the program on creation of new workplaces at the expense of modernization and modernization of the enterprises oil-fat the industries for 2010 507 workplaces are created at the forecast of 505 workplaces.

Within the limits of development of the program of employment house work in every possible way develops. At the expense of work in houses in 2010 it is created new workplaces in number of 735 units, 738 units It basically manufacture auxiliary sewing and confectionery, rendering of household services, realization of civil work and part-time farm development on cattle cultivation are actually created.

House work develops within the limits of development of the program of employment in every possible way. At the expense of work in houses in 2010 it is created new workplaces in number of 735 units, 738 units. It basically manufacture auxiliary sewing and confectionery, rendering of household services, realization of civil work and part-time farm development on cattle cultivation are actually created.

Now new directions in strategic management in sphere were generated. The basic idea of the new approach – understanding of strategy as means to evolution of economic systems, i.e. the coordinated evolutionary development.

Strategy of development of any branch should be proved taking into account natural resource, demographic, economic-geographical factors, tendencies of formation and functioning of regional economy and its external relations.

Uzbekistan is one of optimum on security natural resources on unit of territory and soul of the population. Besides resource potential of possibility of the country for development of this or that branch are in many respects caused by the developed structure of an economy of the country, tendencies of its development and foreign economic relations.

Now in structure of economy of Republic Uzbekistan all spheres are presented: the industry, agriculture, building, transport, sphere of services. The accelerated development of the industry in many respects is caused by presence of rich natural resources, in turn agriculture functioning restrains natural - environmental conditions. Base kinds of economic activities (agricultural production; mining operations; processing manufactures; manufacture and distribution of the electric power, gas and water; building; transport; retail trade) occupy the core in manufacture structure.

Analyzing changes in manufacture of principal views of production of the food-processing industry of the country in 1990-2011 it is conditionally possible to allocate two periods: till 1998 and after 1998 the Period was characterized 1990-1995 by deep slump in production on all positions. Considerable slump in production was marked in all under food-processing industry branches. Since 1997 sphere growth for the account formation of a favorable economic climate in the country has begun.

Working out and realization of strategy of development of the food-processing industry of region should be based on the following group of theoretical and methodological principles:

- 1) methodology of system, dynamic and complex approaches;
- 2) a principle of adaptability which provides presence of feedback, application of adaptive forms, receptions, methods and tools of strategic management taking into account changing conditions of environment, imperfection of information support;
- 3) a principle of differentiation of object of the analysis. It is necessary to consider under sphere differentiation in rates of economic growth, investment appeal of the enterprises of various spheres, in a level of development of their economic potential.

The purposes of development of any branch can be divided on two groups: economic and social. Long-term economic targets of development of the food-processing industry of region can be broken on two parts: the purposes providing a sustainable development of branch and the purpose, uses of resources providing efficiency. As indicators of purposes quantitatively characterizing the first group it is possible to offer the following:

- level of growth of volumes of output;
- expansion of the nomenclature of production;
- increase in volumes import production;
- a share of imported and imported foodstuff;
- a share of innovative production;
- fluctuations of sales volumes;
- a share of production with high degree of processing.

Share of the quantitative characteristic of the second group of the purposes it is recommended following indicators:

- a share of a source of raw materials of region in total amount of a source of raw materials;
- goods turnover volume;
- level of personnel potential;
- capacities;
- a share of the innovative process equipment;
- management level in branch;
- turn factors in branch;
- factors of input and leaving of fixed capital;
- labor productivity and other resources.

Tendencies of the further development of the food-processing industry are defined, that processing of agricultural raw materials in the large food industry is much more economic, and the product is more competitive, than in small shops of sector of agrarian and industrial complex. Besides realization of technological operations on small packaging of ready foodstuff in the most food industry, than in a trading network is economically more effective.

For example, packaging of sugar, flour, pasta, groats in packs of 0,5-1,0 kg and less in the food-processing industry on expenditures of labor at 8-12 time is more economic, than in the conditions of trade enterprises. It is thus saved not only time of the buyer, but also the most trading worker, improves also culture of service. Requirements of the modern market do this direction of development of the food-processing industry by even more actual.

Also manufacture of food semi finished products in the food-processing industry is more economic. In particular manufacture of cutlets, pelmeni, pies and other confectionery at the food enterprises for expenditures of labor in 5-7 times is more economic, than in a public catering network. Accordingly it is expedient to increase capacities on manufacture of these semi finished products and products in food-processing industry branches.

The inevitable structural shifts caused by requirement of developing economy, are especially dynamical in food-processing industry branches that stimulates development of the given branch along with constant realization of a diversification of manufacture.

In modern conditions of innovative development the question of modernization, food-processing industry reconstruction is very important, first of all, proceeding from the social importance of the given branch. Hence, rates of reproduction of the process equipment of the

food-processing industry should correspond to rates of innovative transformations and requirements of the competitive market. In 2010 11 small enterprises on manufacture of confectionery, by capacity of 4800 tons / are put year into operation. Confectionery more than 20 names and 600 tons/years of jams, mashed potatoes, jam from fruit and berries.

The sum of investments on capital construction, an infrastructure and acquisition of the equipment at the expense of own means of the enterprises has made 1200 million sums, 77 new workplaces are created.

Thus, revealing of specificity of development of business in the food-processing industry in republic shows that the given branch is developing and perspective for creation of new forms of the enterprises, including small.

THE MAIN ASPECTS OF TOURIST INDUSTRY IN UZBEKISTAN

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Summary

Tourist industry is one of most dynamically developing branches in the Uzbekistan. For the years of independence, necessary measures have been taken in the Republic for the priority and accelerated development of the sphere of hospitality.

The strong standard-legal base of development of tourism is created in the country. Its basis is the Law "About tourism" of the Republic of Uzbekistan from 1999.

The basic directions of the state policy in tourism sphere are defined in this document, namely:

- development of tourism and tourist industry;
- ensuring of the rights of citizens on rest, freedom of movement and other rights at travelling;
- rational use and preservation of tourist resources;
- perfection of the standard base in the tourism sphere;
- creation of conditions for tourism (excursions) of children, youth, disabled persons and low-bracket category of the population;
- attraction of investments for development of the tourist industry;
- creation of equal opportunities in the market of tourist services for the subjects of enterprise activity;
- ensuring the safety of tourists, protection of their rights, legitimate interests and property;
- organisation and development of scientific support of the sphere of tourism;
- training, retraining and further training of personnel;
- development of cooperation with foreign countries and international organisations.

Jobs of realisation of the state policy and formation of national model of development of tourism are entrusted to the National company "Uzbektourism". The National company co-ordinates activity of the tourist organisations of the Republic, stimulates development of all kinds of tourism,

promotes inflow of investments for creation of material and technical basis and infrastructure of the industry, co-ordinates professional training in the tourism sphere.

In Uzbekistan, located in the centre of the Great Silk Road, more than 4 thousand historic-architectural monuments are located. Here the invaluable material and spiritual heritage is preserved with care. Ancient monuments of the key tourist centres of the country - Samarkand, Bukhara, Khiva, Shakrisabz are included in the List of the World heritage of UNESCO.

The Republic of Uzbekistan is not only the land of plenty with unique architectural ancient monuments, picturesque nature, rich culture of the people, living here, but also the country with highly developed tourism infrastructure - modern hotels, hotel service that meets the international standards, expanding range of the tourist services.

Reconstruction and updating of existing hotel fund for the purpose to be in line with the universally recognized world standards is carried out. The number of new comfortable hotel complexes increases. Seventeen large and medium hotels have been brought into service during last five years, and 20 small private hotels, reconstruction of three hotels in Shakrisabz, Urgench and Tashkent is carried out. Today, 163 hotels in the country are capable to accommodate 28 thousand visitors simultaneously.

The services are improved drastically; development of new tourist routes, reconstruction and creation of new transport communications is carried out. Opening of high-speed traffic on the route Tashkent-Samarkand by the modern trains "Afrosiyeb" also is directed on increase of the stream of tourists to the country.

At present, 828 tourist organisations operate in the Republic, 510 from which are engaged in the tourist-operator activity, 318 are the hotel enterprises.

Overwhelming number of the tourist organisations are private firms and agencies. If in 1993, the share of official bodies was 96,7 %, and the share of private business was 3,3 % of the tourist product, and this index for the state tourist companies has made 2,7 % only, and for the private business - 97,3 % in 2011.

The Association of the private tourist organisations has been established in the Republic in 1998, which is urged to promote business development in the sphere of tourism, to assist and protect businesspersons, and to carry out monitoring of the tourist market.

Citizens of many countries, especially of the CIS and the European Union, South Korea, Japan, the Arabian countries are interesting in historical monuments, original culture and life of the Uzbek people. Natural-climatic conditions are favourable for practically all-the-year-round reception of visitors, stable situation in the country, peace and consent in the society play important role also.

The stream of the foreign tourists, visiting the Uzbekistan grows, and hard currency incomes accordingly. Therefore, the amount of currency incomes from the international tourism has increased on 270,0 % during 2000-2011, and the number of people, had visited Uzbekistan, have been increased from 278,0 thousand to 431,0 thousand people in 2011.

The «Uzbektourism» National Company actively increases cooperation with the leading tourist organisations of the world, takes part in various international forums, regularly comes with the initiatives on cooperation deepening in this perspective direction. In the context of strengthening of mutually advantageous connections with foreign partners, high level of the relationships, which have developed between the Uzbekistan and the World tourist organisation of the United Nations, deserves special attention.

The Uzbekistan is the member of the UNWTO since 1993. The Republic became the place of important events in the frameworks and under the sponsorship of this international organisation.

The World tourist organisation jointly with the UNESCO had been offered the concept of revival of the Great Silk Road. The first session of the World Tourist Organization (WTO) on the Great Silk Road tourism development has been held in October 1994 in the capital of Uzbekistan - the City of Tashkent. Representatives of 19 countries of the Great Silk Road have adopted at this session the historical "Samarkand Declaration on the Great Silk Road".

The Declaration, which had been made under the joint initiative of the WTO and the UNESCO, and in which the beginning of transition all over the world from the culture of wars to the culture of the peace has been proclaimed, has been adopted at the 155th session of the Executive Board of UNESCO on Culture of peace in Tashkent on November 6th, 1998.

In the ancient city of Khiva, the "Khiva declaration - "Tourism and cultural heritage preservation"", supported realisation of the international program "Culture, spirituality and tourism for the sake of the Culture of Peace" and called all states, members of the WTO and UNESCO, and other international organisations and institutions to take active part in the cause of preservation of the world cultural heritage of mankind for the future generations, has been adopted at joint conference of the WTO and the UNESCO on tourism and culture on April 21st, 1999.

On October 28th, 2002 in Bukhara, where the Fourth international session of the World tourist organisation on "Tourism Development on the Silk Road" has been held, the "Bukhara declaration on tourism development on the Silk Road" has been adopted.

Opening of regional office of the UNWTO in 2004 in Samarkand, which urged to co-ordinate the activity of the national tourist organisations of the

countries of the Great Silk Road, became the important event. The uniform information base, which has collected the valuable data on noteworthy places and historical monuments of these states is created in it.

The next session of the World Tourist Organization of the United Nations, which has taken place in Samarkand on October 8-9th, 2010, has made a new essential push in promotion of the brand "Silk Road" on the world tourist market. The tourist administration of Uzbekistan jointly with the UNWTO have developed the "Plan of actions on the Silk Road", adopted on session of the UNWTO "Development of tourism on the Silk Road". This Plan of actions covers the basic questions, connected with the tourism on the Silk Road and defines strategic kinds of activity in such key areas, as marketing and promotion of the brand the "Silk Road", escalating of tourist potential and management of the tourist centres on the Silk Road, simplification of travel on the Silk Road.

On the initiative of the "Uzbektourism" National company, the best tourist operator companies of the countries of the Silk Road have united in various groups and associations - the "Great Silk Road Tour Operators Group", the "Silk Road Destinations Group", the "Silk Road Tourism Association" and others, in which the tourist enterprises of Uzbekistan, Kazakhstan, Kyrgyzstan, Turkmenistan, Azerbaijan, Georgia, Armenia and other countries of region take part.

The World tourist organisation of the United Nations highly appreciates the leading role of Uzbekistan in strengthening of the international cooperation on development of the tourist infrastructure on the Great Silk Road, work on studying and wide distribution of rich spiritual and cultural heritage, restoration and preservation of ancient monuments and architectural complexes, carried out in the Republic.

Graphic evidence of wide international recognition of efficiency of the complex of measures on development of tourist industry, realised in the Republic, was election of the Uzbekistan in the members of the Executive Board of the World tourist organisation of the United Nations from the European regional group for 2011-2015 within the frameworks of 19th session of the General Assembly of the UNWTO, on October, 9th, 2011.

The large value is given in Uzbekistan to the actions, devoted to development and perfection of the sphere of tourism. The fair "Tourism on the Silk Road", organised since 1995, is a large international forum not only in Uzbekistan, but in all Central Asia also.

Programs of address actions for development of tourism and increase of export potential of tourist services in all regions of the country are developed in Uzbekistan for 2011-2015. The central and local authorities, representatives of the interested ministries and departments of Uzbekistan, the "Uzbektourism" National Company and its regional branches, expert

community and tourist industry participated in preparation of these programs - uniform, complex, concrete and detailed plan of actions of tourist development of all regions of the country on near-term outlook.

This original plan of action is the complex and volume list of interconnected and subordinated to the single purpose actions with definite terms, executors, volumes and financing sources. It could be attributed to the features of this plan that it combines the programs of all regions of the country - the basic tourist centres and relatively developed tourist regions, and depressive regions of Uzbekistan, from the point of view of tourism.

The programs, combining the different actions, connected with basis kinds and directions of tourist activity, they are, in particular, inventory of historic-architectural and other places of interest of the region, development of hotel services and tourist infrastructure, development of offers on new and perspective kinds of tourist services, measures on increase of export of the tourist services, and training of qualified personnel in the tourism sphere also.

In the Andizhan region, for example, reconstruction of the street of handicraftsmen has been made; modern workshops in national style for creation of favourable working conditions for handicraftsmen and sale of their production have been built.

In Khoresm, for the first time, the measures on local tour operators entry the foreign markets of tourism, by opening of representative offices in a number of the countries are planned at the level of regional plans for development of tourism. In particular, the local tour operator - the company "Bek" - plans in the nearest future to promote the regional tourist product through its representative offices in such cities as Bonn, Germany and the Lyons, France.

Creation of the eco-tourist infrastructure for the lovers of the eco-tourism in the area of "Akcha Kul" of Ellikkalinsky district, the tourist complex and ethnographic park in the area of Ustyurt of Kungrad district, and development of the new routes, which include visiting of popular tourist object - the former port of Aral sea in the city of Muynak are planned in Karakalpakstan .

It is planned to construct the centre for rest of tourists with fishing opportunity, the program "Camel Safari" - fascinating travel on camels is organised in the Bukhara region, round the lake Devkhona in Karaulbazaar. Comfortable conditions for tourists will be organised in territory of the ecological centre "Dzheiran", where tourists can see rare species of animals.

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MEASUREMENT OF ECONOMICAL AND SOCIAL EFFICIENCY OF TOURISM

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Summary

The given classification of expenses in tourism is necessary for choice of the directions according to which it is necessary to build models of economic management of inbound, outbound and domestic tourism, to define proposal and measure economic efficiency of tourism.

International entering visitors for each country present benefit because they stimulate development of national and domestic economy, provide inflow of foreign exchange and help to finance building of objects which can be used by the whole population. Namely measurement of expenses of entering tourists will allow estimation of economical influence of tourism on a national and local level. It's also important to study country incomes from domestic and outbound tourism.

Management efficiency covers different spheres of human activity. Efficiency is analogous to the deliberate action, that's why it bears administrative function and reflects the degree of the target goals achievement. It means that efficiency should be understood as a correlation of the result and goals or result and costs for its getting. This initial position is the basis of understanding of tourism management efficiency. The question is about efficient work of all subsystems united by the concept "tourism", which is provided by the management system in the market economics. In this connection management efficiency in tourism means such a management which will provide a successful functioning and development of each organizational-economic link in this branch.

There are two types of economic growth of tourist production – extensive and intensive. Extensive type of growth implies involvement of additional factors (labor, capital, land, labor resources) into tourist production. Intensive type of growth happens when a source of growth is a qualitative improvement of tourist production factors.

In national tourism extensive factors of economic growth prevailed for a long time. As far as tourism develops in our country, conceptions about economic growth start to change significantly. Quality becomes to prevail over quantity.

That's why not only a tourist potential of Uzbekistan becomes significant but also efficiency of its use.

Intensification of tourist production is directed at rise of its efficiency. In the whole world economic efficiency is determined according to the principal “expenses-result”. The task of management in the sphere of tourism is in maximization of the effect and minimization of expenses in order to receive the given effect. On a national level a common criterion of efficiency relating to tourist production is a relation of gross domestic product (or national income) to advanced resources for tourist production. Private indexes of efficiency characterize efficiency of use of production factors – tourist resources and powers.

On the basis of specific features of tourist activity one should clearly know that it's necessary to make measurements in order to calculate its efficiency. Because effect of tourism is determined either by number of tourists-visitors or by scope of activity of commercial tourist structures which manufacture a special tourist product (tourist offer).

In general management efficiency is the economical category which reflects contribution of administrative activity in the ultimate result of organization activity. Functional purpose of management is a provision of efficiency of the main activity, that's why its efficiency is determined by the degree of performance of the organization system itself. Hence management efficiency is determined by the degree of realization of organization aims and its integral index – profit.

Maximal increasing of tourism contribution to the general economic well-being of the country is an important strategic aim of the management.

Due to it, it is possible to increase net economical benefits from tourist activity, i.e. to provide excess of economical results over expenses which are connected with functioning of tourism.

To get a full vision of tourism influence on the national economy it is necessary to solve four consecutive tasks:

- to measure gross contribution of tourism to national economy, i.e. to know “gross economical benefits” from it;
- to determine gross economical expenses from tourist activity;
- to establish net economical contribution of tourism to national economy;
- to reveal reserves which rise value of this contribution.

To solve the given tasks it is necessary to determine indexes which are the most significant for management:

- personal incomes of citizens. Tourism makes direct influence on population incomes, providing its employment in firms, in enterprises and organizations of tourism. Population employment is closely connected with this concept. It is expressed in number of work places for full-time or part-time working day;

- commercial incomes. It is gross earnings which are formed due to expenses of visitors. Net incomes are the indexes of companies lifetime which service tourists. They create means for capital investments and show efficiency of tourists service by one or another company;

- government incomes. That is earnings to the state treasury which are formed as a result of tourist activity. Here there are taxes and collections. Besides a number of countries has state objects which service tourists directly. They include accomodation of tourists, entertaining facilities and shops. Incomes from goods and services sales on these objects are considered to be state incomes;

- gross domestic product (GDP) is also formed from tourist activity inside the country. One can calculate interest of incomes from tourism in GDP;

- incomes of net foreign exchange.

While assessing Economic efficiency of tourism management, determination of tourist expenses is required. Expenses of such a type of activity as tourism are classified on two directions:

- direct expenses are covered with tourist organizations which manufacture tourist product and use sightseeings of the tourist region;

- indirect expenses are compensated by other organizations, i.e. by consumers of tourist product (for example expenses on highway maintenance are shifted by a tourist onto other persons without any compensation).

Government expenses for service and development of tourism are called budget. Indirect expenses which are connected with building and maintenance of the road and also with organization of work of law enforcement bodies providing security of tourist traffic are born by the state which shifts the cost of these expenses onto its citizens collecting taxes from them.

Economical management in relation to optimization of tourist expenses is reduced to determination of their types and sources of their formation in order to find in future the most efficient managing influences on their reasonable reduction.

The essence of the managing influence in the sphere of economical management of tourism is reduced to minimization of expenses from tourist activity. Determination of expenses is closely connected with determination of consumption in tourism. In this connection consumption in tourism is determined as cost of goods and services necessary for satisfaction of tourists demand. Tourist expenses are determined as a total amount of consumer expenses of a tourist during preparation, during his trip and staying in the place of destination.

Different components which are included into tourist expenses can be divided into three big groups:

- preliminary expenses necessary for preparation and carrying out of a trip;
- expenses arising during the trip and in the places visited by tourists;
- expenses made in the country of origin after return from the abroad trip (for example, development of photographic film, repair of the car, damaged during the trip, etc.).

Itemwise breakdown of tourist expenses is important for measurement of tourism influence on the national economy and its separate sectors. In practice of economic tourism management one can distinguish the following articles of expenses:

1. Complex trips, service packages for relaxation and complex tours. A complex tour includes a number of tourist products purchased by the visitor as a single package, it's necessary to determine elements of a tourist package of each visitor since there are many types of complex tours. Some typical tours include only such factors as transport and accommodation, others include food, excursions and even souvenirs. That's why it is necessary to make breakdown of complex expenses of each visitor into component parts and then to calculate these components for all the visitors;

2. Accommodation of tourists. It includes the following expenses:

- cost of accommodation in collective accommodations (hotels, campings, rest camps, etc.);
- accommodation charge in individual accommodations;
- current expenses — governmental charges, maintenance expenses, repair and etc.
- expenses on such accommodation objects which relate to wagons or other “motor homes”, and also expenses which are connected with yachts and motor boards anchorages on the berths;
- rent of wagons and “motor houses” (non self moving vehicles);
- cost of accommodation in public transport in cases when payment for accommodation is charged separately from transport;

3. Food and drinks. Expenses:

- for food and drinks which are made in restaurants, bars, cafes, in entertaining facilities;
- for food and drinks which are made in accommodation means;
- for food and drinks which are made in a passage ticket transport in cases when they are included in a passage ticket;
- for ready food, raw food products and drinks purchased in retail trade;

4. Transport. It includes all travel expenses which are made during the trip:

- travel from place of residence and back;
- trips within destinations;
- excursions;

5. Recreational, cultural and sport types of activity. This article of expenses includes cost for going in for these activities including cost of renting or purchase on necessary inventory and equipment;

6. Other expenses. They include:

- collections, connected with exchange of currency;
- tourist insurance;
- expenses in the sphere of communication;
- commission charges and fees which are paid by commercial organizations for provision of services which are connected with travel;
- personal service (sauna, massage, dry cleaning, cosmetician services, etc.).

As we can see, tourist expenses include many constituents – from purchasing consumer goods and services which are integral element of travels to purchasing durable goods and presents for relatives and acquaintances.

The given classification of expenses in tourism is necessary for choice of the directions according to which it is necessary to build models of economic management of inbound, outbound and domestic tourism, to define proposal and measure economic efficiency of tourism.

International entering visitors for each country present benefit because they stimulate development of national and domestic economy, provide inflow of foreign exchange and help to finance building of objects which can be used by the whole population. Namely measurement of expenses of entering tourists will allow estimation of economical influence of tourism on a national and local level. It's also important to study country incomes from domestic and outbound tourism.

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MANAGEMENT OF TOURIST COMPANY

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Summary

Tourism is the mean of satisfaction of objective needs of people, and, therefore, in the conditions of market economy, it becomes simultaneously the subject of economic policy of the state and the way of organisation of business and recreation, and, certainly, the object of scientific researches, as its development bears the not resolved contradictions. All of this testifies that tourism in the modern world has the status of the global economic phenomenon, demanding adequate theoretical development, objectively reflecting its internal complexity and heterogeneity, system essence and internal contradictions. Today the tourist sector brings 5,0 % of the world gross national product, 6,0 % of the export total amount, creates one from twelve workplaces both in developed and developing countries.

Tourism as the object of management has the number of its own distinctive features. Firstly, this is the variety of forms of the organisation of tourism and complexity of interrelations between its components. The most part of the tourist enterprises in the Uzbekistan are of small-scale. At the same time, there are also the state administrations in the tourist industry, along with the tourist enterprises, which should be entered in the uniform system of management.

The tourist administration executes the function of the co-ordinating body in the programs of development of tourism in the region, the country and bears responsibility for the results of the tourist activity. In such conditions, development of strategy for not only the region, but also for the tourist enterprises is required.

Secondly, the tourism purposes are difficult-to-measure. If the tourist enterprises in the activity are guided by the profit earning, but the tourist administrations have other purposes. They cannot be guided by profit earning. As well as any non-commercial organisation, administration should estimate itself on that, how much effectively and taking into account needs of tourists it is succeeded in involving of the various enterprises and businesspersons in the tourist activity. At the same time, the tourist administration can render

services by itself also, for example, on development of investment programs, representation of the interests, marketing, etc.

Thirdly, there is strong influence of the interested clientele on tourism. Each tourist enterprise carries out the activity in the environment of various interested parties and clients. Besides, there are separate interests in the separate interested groups. For example, if large hotels, more often, are less interested in the offer of the resort service, the small hotels (guest houses), existing at the expense of arriving tourists, aspire to that the tourist organisations improve the resort offer and carry out corresponding actions.

Fourthly, the major feature of the tourism, as the object of management, is specificity of the tourist product, its inseparability from the formation source. If the goods in material form (car, clothes, food, etc.) exist irrespective of the manufacturer, the tourist service (i.e., the goods) is inseparable from its source of creation. Therefore, the immeasurably great attention should be given to the personnel and regulation of interpersonal relations in the tourism management.

Fifthly, it is possible to represent the outer effects of the tourist product also as the specificity of the tourist industry. Specificity of the tourist product is connected with the specificity of the tourist demand. Demand for the tourist product is not homogeneous for the following reasons:

- the tourist service is intangible, it cannot be seen at the contract conclusion;
- the variety of consumers of the tourist services, i.e., certain type of the tourist market corresponds to each type of tourists;
- the income - the major factor, influencing the tourist demand. Only that person can travel, who has funds for this purpose.

Demand of the tourist product is influenced also by the family structure, age, education, trade, public factors (economic situation, ecology of the tourist region, life condition, etc.).

Sixthly, feature of tourism, as the object of management is completeness of the tourist services also. The tourist receives services in the complex during its holidays. The tourist offer of the place, region, country is considered as the "collective product".

Satisfaction of the company employees needs is one of the most important aims, guarantee of its efficient work. Motivation of labor of a tourist firm should provide:

- a system of reward, material and ethic stimulation;
- enrichment of labor content, increase of interest to work;
- staff development, provision of ability of professional qualification advance, planning of career;

- improvement of socio-psychological climate in organization due to change of management style, terms of employment and work, stimulation of individual and group initiative, creativity and self-development;

- active involvement of employees into management of labor processes.

As it is known, management of any tourist company includes two main aspects. First – determination of tourist firm goals. Second – enterprise management and hence staff management.

A system of staff management of a tourist firm represents a complex of aims, tasks, main directions of activity and different types, forms, methods and a corresponding control mechanism which are aimed at provision of constant growth of tourist services efficiency and service quality. It consists of several subsystems performing corresponding functions:

- subsystem of recruitment;
- subsystem of professional selection, raising of qualification and growth of professional skill;
- subsystem of labor quality and methods of assessment;
- subsystem of labor activity motivation.

All of them are connected with one aim of a tourist organization – increase of labor productivity on the basis of maximum possible realization of employees abilities. All subsystems are aimed at the full disclosure of potential abilities of employees in conditions of a tourist firm.

Planning of need in staff – is a process of determination needs of a tourist firm in personnel.

Needs of organization in employees changes with time under influence of a number of outer and inner factors. Such changes do not always mean increase or saving a demand for a tourist product and accordingly for a working force. In whole a need of a tourist company in human resources is determined by the demand for services and level of labor productivity. It is a quantitative aspect of the problem, the essence of which is in determination of employees quantity necessary for further goal-oriented performance of company tasks in quantitative, qualitative, timely and space relation.

When a plan of company functioning is developed, the constituent part of which is a plan of labor resources, there is a time for performance of the most important work of a manager – selection of personnel. The essence of this process is to attract proper qualified workers for further assessment and employment taking into consideration requirements to the candidate for an available vacancy.

Any tourist organization is an open system, that's why its personnel is in constant movement. Such a movement of personnel in a company is to be considered in two aspects. First – a concept of “turnover of personnel”, second – “development of personnel or career management”.

Change of work is a complex and painful process for a worker as well as for an enterprise. A company due to its striving for the maximum labor productivity is interested in a stable staff and does its best to limit the number of dismissals because turnover of personnel leads to a number of economical losses which are connected with incomplete staff level.

A professional development of personnel means a complex of measures aimed at improving of knowledge quality, skills of employees and their wish to work effectively. The question is about constant educational work with the aim of widening and deepening of personnel qualification.

A necessity of personnel professional development is connected with:

- improvement of tourist technologies business;
- change of market relations and corresponding necessity in innovations;
- changes in the system of personal values of company employees.

Practice of tourism management testifies that keeping knowledge of personnel on a high level is considered as one of the most important elements of tourist company effective work. Reorganizations, up-to-date technology, different methods of management will not have proper influence if company employees do not comply with modern requirements.

Professional training of personnel represents a targeted, specially directed education, the end aim of which is a provision of a tourist company with enough employees whose professional skills fully comply with production-commercial aims of the organization.

An important index which characterizes efficiency of personnel management is average cost for personnel measures per one employee:

$$Ac = \frac{Cs}{Nc}$$

where: Ac – average costs for selection of candidates;

Cs – costs for staff selection;

Nc – number of selected candidates and also:

$$At = \frac{Pt}{Nt}$$

where: At – average cost for training of one employee;

Pt — total cost of training;

Nt — Number of trained persons.

One also calculates staffing level:

$$Sl = \frac{Ap}{Ns}$$

where: Sl - staffing level;

Ap – actual personnel;

Ns – number according to staff schedule.

Consideration of this index in dynamics allows determining not only company image on labor market but also a degree of development of personnel policy in it – in particular, efficiency of staff recruitment procedures..

A complex index which characterizes influence of labor conditions on its performance is labor intensity which is expressed with a relation of production expenses to working hours:

$$Li = \frac{Linp}{Wh}$$

where: Li — labor intensity;

$Linp$ — labor input;

Wh — working hours.

This index shows value of labor costs spent on production and sale of tourist product per working hours unit. Labor intensity is connected with its productivity because increase of labor productivity means decrease labor costs per production unit.

The most important criterion of social management efficiency in tourism is a coefficient of efficiency of management organizational structure:

$$Rm = \frac{Em}{Wh}$$

where: Rm — end result (effect), received from functioning of management structure;

Em — expenses for management (wage fund of administrative and management staff, expenses for premises maintenance, acquisition and repair of means, acceptance and transfer of administrative information, etc.)

Management efficiency (Me) is expressed as a rule with an index representing a relation of management effectiveness (Mes) to efficiency of tourist product creation in whole (Ep). Index Mes is calculated by division of management expenses (Em) on aggregate cost of basic and circulating funds (D) and is expressed in management expenses per funds cost unit. Value Ep is determined by division a volume of net material product (Nmp) on number of personnel (Np) and is expressed by a number of manufactured tourist product per each employee of a tourist organization:

$$Me = Mes : Ep;$$

$$Mes = (Em : D);$$

$$Ep = (Nmp : Np)$$

Practice of the world tourism testifies that social management efficiency in this sphere is achieved by:

- right choice of employees (their professional, moral and physical fitness);
- saving of staff which is interested in achievement of tourist company aims (low personnel turnover);
- motivation which is appropriate for everybody: methods of payment, labor stimulation and significant measures on social protection of each member of staff;
- attraction of employees to management.

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FORMATION OF ECOLOGICAL CULTURE OF YOUTH AS AN IMPORTANT FACTOR IN DEVELOPMENT OF CIVIL SOCIETY

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In article problems of formation of ecological culture of youth in the conditions of further deepening of democratic reforms and development of civil society in the country are considered. The author analyzes that in the solution of this problem of the present special value plays continuous educational process. The modern pupil, the student in the conditions of training in the academic lyceum, professional college, in university gathers a certain sum of knowledge, being on an edge of environmental problems of the region. In this regard the author pays attention that formation of ecological culture of youth happens during the period, when ensuring ecological stability - one of the most important Purposes of development of the millennium. Continuous educational process provides knowledge of new international and state ethics, the careful and responsible attitude to the nature; it is reached by introduction of the principles of steady management by environment to the sphere of national social and economic development. In Uzbekistan in 2008 Ecological movement was formed. In structure of deputies of Legislative chamber of parliament of 15 deputies it is chosen from Ecological movement. The basic principles of rational use of natural resources in the region are put in global ecological Conventions: The Framework Convention on Climate Change, Conventions on biological diversity and the Convention on fight against desertification.

Key words: *region, social and economic development.*

Main part

In the conditions of development of a civil society there are actual studying of unity of the external nature and private world of the person, as open system.

Difficulty of the decision of this approach consists that teachers in the activity are focused, first of all, on formation of the knowledge making a picture of the world of students. At the same time, is sensual-shaped component of this picture remains underestimated by them and consequently insufficiently included in educational process in Uzbekistan.

The traditional conditions of formation influencing process of formation of ecological culture of persons of the future expert not in a condition to provide necessary level of its development. It is possible to speak only about advancing single instances in formation of ecological culture of the person of concrete people of level of development of mass ecological culture. Despite the developed system of ecological formation and the education, new basic researches in this area, there are invariable problems:

In the first: a problem of underestimation of is sensual-shaped perception of the validity as личностно significant experience of the subject as sensually painted information material forms an initial basis for formation world outlook sensations of youth and it is capable to generate during comprehension of personal and public experience the belief finding the realization in activity.

In the second: necessity and requirement of development for a society of a new image of a picture of the world and by means of this formation of bases of ecological culture of the person;

In the third- necessity of refusal from developed consumer, антропоцентрического an image nature as means of transformation of the settled egocentric picture of the world, necessity of the reference to sensual sphere of the person at formation of its ecological culture, necessity of a

basic change of understanding of quality of ecological competence of each person in the conditions of accruing ecological danger, formation of ability of the person to consider economic within the limits of the ecological.

The ecological culture reflects of civilization a cut which shows degree of development of spiritual culture of a society and the person.

Degree of development of spiritual culture influences levels of development of ecological culture which are its integrated indicators. Formation of ecological culture of youth acts as process spiritually-practical activities the subject, based on the personal and public experience, proceeding under the influence of objective factors of the social environment and formation conditions. This process is directed on development of and qualities of the life, focused on change of semantic installations, values, relations of the person. Formation of ecological culture of the person of the future expert defines a basis of its internal, subjective image of the Nature. This culture is satirized and changes in the person and, then, through again developed forms of activity is realized in its practical life.

The humanization of public life finally conducts now to recognition of culture it's the major making, and ecological culture - the precondition and an indicator of a spiritual condition and humanity of a society. As we see, this tendency absolutely differently puts problems of education and development of the person. On change to dogmatic and explanatory teaching the training system in which basis the report of information of knowledge, and the organization of independent "getting" and "residing" by their pupils lies not comes.

In the conditions of globalization when possibility of existence of mankind in its present of civilization, moral and psychological structures appears in doubt, - the problem of conditions of stability and civilization evolution turns from philosophical or historical to the applied. The main difficulties in social and moral spheres, that is in change of civilization paradigms.

Elements of humanistic ecological culture are present at public consciousness also their quantity says that the certain part of the population is already ready to a quantum leap. At each person as at everyone live beings are the logically-sensual model of world around. The sensual model more масштабна also is more inert, demands the big internal and time expenses. Thus, influencing through environment internal space of the subject, and stimulating interspatial communications, we have possibility to stimulate growth of the general culture of the person and ecological culture, in particular.

In the conditions of formation and development of a civil society the Republic Uzbekistan has shown high adherence to performance of the majority of the obligations taken on in the field of preservation of the environment and steady wildlife management, including carrying out of researches on the country, preparation of strategy, programs and the plans of action.

Thus, mastering by the modern future economist by knowledge of environmental problems of region and steady use of ecological resources has practical value in the conditions of a civil society.

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INVESTMENTS INTO PRIMORSKY TERRITORY

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Abstract

In the balanced economy the investments are the basic condition of economic development, and in the economy captured by crisis, investment activity acts as the main condition of economic revival. This thesis is axiomatic enough and was repeatedly proved by world economic practice. Russian economists as their foreign colleagues consider investments as long-term capital investments to various spheres of economy, social programs, protection of environment as within the country, and abroad for the purpose of development of manufacture, social sphere, business, and profit increase. Situation in the Russian economy now such is that investments are extremely necessary for it. Therefore the subject of this article is extremely important.

The major element in economic activity of any country with market economy is investments. The problem of a choice of the investment decision always is difficult, and the assessment of investment appeal of the territory is the most important part of making any economic decision. Thus, the situation in the region is more difficult, the more experience and intuition of the investor have to rely on results of an expert assessment of investment climate.

The testimony of complexity of a situation in economy is decline in production, weakening of scientific and technical potential, non - reasonable use of national wealth of the country. However, at competent investment policy after all improvement of economic welfare, both Russia, and her citizens is possible.

In a present situation if it won't be possible to attract an investment, gradual dying of productions, economy degradation, an edge impoverishment, social explosions and the other accompanying phenomena become reality Increase of investment appeal of the territory will give the additional resources, allowing to promote to recovery from the crisis. It is feasible only with proper management of investment process and increasing investment appeal.

To attract potential investors on the territory, it is necessary to provide conditions for the maximum return from investments, and it is possible only with the development and implementation of effective investment policy. The investment strategy will have real results in the presence of the organizational preconditions most important of which has to be existence of diverse infrastructure of development and support of economy. For this purpose it is necessary to have infrastructure, namely: infrastructure of financial and non-bank investment institutions, consulting, and also the organizations solving specific and socially significant problems, infrastructure for support of and investment into small business, infrastructure of transport, communications, infrastructure for scientific and technological and innovative spheres; market and trade. [1]

All these components traditionally are considered as the basic necessary elements of the investment infrastructure creating favorable conditions for the organization, provision, support and development of investment process. We need to add one more essential component - the infrastructure of public administration responsible for formation, regulation and

implementation of regional investment policy, and also for the organization, provision and development of competitive infrastructure of investment process itself.

At regional level management of investment activity includes [2]:

- development of annual analytical reports on region economic and social situation (Identification of tendencies, contradictions, problems; defining problems, assigning them priorities and assessment of necessary investment resources for their solutions);
- development and administrative maintenance of strategy of investment development of Primorsky Territory (formation of general "philosophy" of preparation and making administrative decisions by various participants of investment process - on approaches to understanding the essence of arising problems, a choice of priorities under conditions of limited investment resources, necessity of their concentration on the key directions, which provide stability of economy development);
- assessment of a stage and dynamics of the regional investment market and development of programs of involvement of local savings in regional production process;
- assessment of investment potential of industry branches and territories of the region;
- the current monitoring of regional investment risks and development of actions for their decrease (the analysis of sources, definition of necessary resources and their concentration on most "dangerous" the directions);
- creating the list of regional economic partners, who are "investment reliable";
- development of organizational and economic mechanisms of assistance to direct investors in order to ensure access to management of joint business, safety and return of investments;
- monitoring of investment resources with the lowering comparative efficiency, attracted to the Primorsky Territory economy from foreign markets;
- assessment of social and budgetary efficiency of investment projects and their selection for organizational and financial support by regional and territorial authorities.

Successful investment activity in the region sufficiently depends on its administration and, therefore, has to be traced, be estimated and be analyzed for the purpose of more effective management of its results [3].

One of criteria of an assessment is a gross domestic product (GDP) indicator. The possible criterion could be a maximum of the gross domestic product per capita for the region. Such criterion can be written down in the following look:

$$F/U \rightarrow \max, (1)$$

where F - a gross internal product of the region in unit of time (year);

U - an average annual population in the region.

In an ideal situation the administration of the region has to trace permanently changes which happen to the most important social indicators of development of the population in order to have an opportunity to watch a trajectory of their movement. Such indicators are:

- employment of able-bodied population;
- average cumulative income per capita;
- average total and living space per capita;
- average annual infantile mortality;
- average life expectancy of men and women;
- price index of consumer basket;
- number of operating phones on a family;
- portion of food expenses in total income of the population;
- quantity of new workplaces;
- growth of officially recorded monetary savings per capita;
- commodity turnover growth per capita;
- changes in a population standard of living;
- changes in system of ecological factors.

This list doesn't settle all possible social indicators of development of the population which the administration of the region will constantly define and trace, creating the favorable environment for more effective management of investments. Only such situation will make possible to speak about high and effective policy of the administration towards to significant improvement of living standard of the population, when results of decisions made by territory administration will become measured quantitatively [3].

In Primorsky Territory the legislative base on creating favorable conditions for investors, including foreign investors is created:

1) The law of Primorsky Territory of May 10, 2006 No. 354-KZ "About the state support of investment activity in Primorsky Territory". Law is directed to stimulation of investment activity on territories of Primorsky Territory and attraction of investments on the basis of most favored conditions to the Russian and foreign investors, and also ensuring equal protection of the rights, interests and property of participants of investment activity regardless of organizational and legal forms of investors and forms of ownership.

2) The regional target program "Improvement of Investment Climate in Primorsky Territory " for 2011-2015 (it is approved as the resolution of Administration of Primorsky Territory of June 30, 2011 No. 177-па). Main objectives and Program tasks: creating favorable conditions for attraction of investments and the effective tools providing increase of investment appeal of Primorsky Territory, improvement of the legislation of Primorsky Territory in the field of the investment relations, attraction of additional investment resources, the organization of work on elimination of administrative barriers at implementation of private projects and projects of state-private partnership, building and promotion of positive investment image of Primorsky Territory.

3) The regional long-term target program "Development of Small and Medium Size Business in Primorsky Territory " for 2011 - 2013 (No. 328-па is approved by the resolution of Administration of Primorsky Territory of 24.09.2010). Main objectives and program tasks are creating favorable conditions for steady functioning and development of small and medium size businesses, assistance to development of small size businesses in production and innovative spheres; expansion of ways for businessmen to access to financial resources, development of the directions of regional policy for support of small and medium size businesses providing development, improvement of regulatory legal base and legal support of business activity, increase of competitiveness of small and medium size businesses in domestic and foreign markets, expansion of ways of access for of small and medium size businesses to financial resources, including rendering financial support by non-profit organization "Guarantee Fund of Primorsky Territory", improvement of starting conditions for business activity (grant support to beginning businessmen), development of infrastructure of support for small and medium size businesses.

Each Territory of the Russian Federation tries to involve as much as possible capital investments into the economy, but not each territory has equal appeal to the investor, including the foreign. Appeal depends on a number of factors: advantages of the economical geographical position, favorable investment climate in the specific region, level of infrastructure. All these factors find the reflection in dynamics of investment appeal and ability to use it.

Infrastructure has considerable influence on efficiency of private investment, therefore, good infrastructure attracts investors to the region. Opportunity to use buildings and the land (the right to dispose them often belongs to regional or municipal administrations) also are a considerable decisive factor for attraction of foreign investments.

Acceptance in June, 1999 and signing by the president in July of the same year, the new law "About Foreign Investments in Russian Federation" No. 160-FZ was a significant event for investment process in Russia concerning foreign investments. The law defines the main

guarantees of the rights of foreign investors on an investment both gained income, and profit, and also conditions of business activity in the territory of Russian Federation.

The law of Russian Federation "About Foreign Investments in Russian Federation" defines a foreign investment as "an investment of the foreign capital in object of business activity located on the territories of Russian Federation in the form of objects of the civil rights belonging to the foreign investor if such objects of the civil rights aren't withdrawn from a economic circulation or aren't limited in an economic circulation of Russian Federation according to federal laws, including money, securities (in foreign currency and currency of Russian Federation), other property, the property rights having a monetary assessment, exclusive rights for results of intellectual activity (intellectual property), and also services and information". This law gave to foreign investors favorable conditions for the business activity, conterminous to the international standards.

According to the law, privileges are given to the investors who implement the priority investment projects determined by the government of t Russian Federation on the basis of a set of criteria including investment the size and their orientation. These measures are directed, first of all to fight against abuses of privileges.

Despite the favorable conditions provided to foreign investors, there still are many factors constraining inflow of the foreign capital. Among them it should be noted such, as high cost of the credit, lack of guarantees of safety, economy criminalization, arbitrariness of local authorities, corruption of officials. In aggregate it significantly raises risk that doesn't allow to fully involve the potential of investment cooperation [4].

Primorsky Territory is one of most actively developing regions of Russia, the leader of economic growth among Far East regions. Primorsky Territory wins first place among of Far East regions on the volume of investment, directed to development of economy and the social sphere. Over the last 10 years investments into the region grew by 7,8 times in the comparable prices [5].

The large Russian investors, more than 2 thousand foreign companies and the companies with foreign participation conduct businesses in Primorsky Territory. The foreign trade turnover of Territory made 8 bln. US dollars in 2011, that made growth by 1,2 times. 90% of a foreign trade turnover are the share of ATR countries. The greatest portion among which occupy China – a share of 58,5%, the Republic of Korea – a share of 16,3%, Japan – 10,0%. Thus, the major countries investors are China, the Republic of Korea, and Japan. About 700 mln. dollars of the USA of foreign investments work in economy of Primorsky Territory. Strategy of social and economic development of Primorsky Territory for the period till 2025 defined 6 priority directions of development for the Territory:

- 1 . Transportation and deep processing of hydrocarbon raw materials
- 2 . Development of transportation system
- 3 . Modernization of industry branches of traditional specialization
- 4 . Development of the Vladivostok agglomeration
- 5 . Development and introduction of innovations, global education
- 6 . Shipbuilding, mechanical engineering, development of local airlines

Building of comfortable conditions for business and favorable investment climate is a key problem of Primorsky Territory. During preparation for the APEC summit in short terms modern infrastructure objects in the field of power, transport, municipal services were created.

The state program of the Russian Federation "Social and economic development of the Far East and the Baikal region for the period till 2025" provided implementation 69 priority investment projects with total cost more than 3 trillion rubles in Primorsky Territory.

The following branches: the agriculture, processing manufacture, wholesale and retail trade, transport and communication are the most interesting branches to foreign investors. They are the most profitable branches of region economy. The stable investors to the economy of

Primorsky Territory are the Asian countries which are the very next neighbors – China, the Republic of Korea, Japan.

According to Administration of Primorsky Territory, region annually receives not more than 1% of foreign investments in the total amount invested in regions of the Far East. Despite interest to Primorsky Territory from foreign investors, streams of foreign investments were reduced after 2008, which is negative tendency/

Thus, for the last years the attention to the Primorsky Territory is traced, both from the foreign capital, and from the state. But, streams of foreign investments, were considerably reduced as because of world financial crisis and its consequences, and because of the objective social and economic problems of the region. At the same time implementation of strategic projects of the state and international level in the Far East, implementation of strategy for social and economic development of Far East and the Baikal region till 2025 gives hope of the state investment of realized projects and revival of investment activity.

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BANK REFORMS IN UZBEKISTAN: SPECIFIC PROBLEMS AND PERSPECTIVES

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Abstract

The article is devoted to today's loan effectiveness in banks in Uzbekistan which is one of key factors that enhance the national economy. The article starts with the key roles of loan that require rethinking. The article is divided into three chapters each uncovering today's banking statement. Chapter one specifies certain problems that acquired a national scale. Chapter two brings a detail analysis of banking strategy in the example of Asaka bank. Chapter three discusses possibilities that ensure loan effectiveness in bank activities. Moreover, factors negatively affecting loan relationship effectiveness finish the chapter. In conclusion, specific to each chapter recommendations are quoted. The article is helpful for as researchers, analysts and experts so as simple bank employees

Introduction

One can hardly overestimate the role of loan in the infrastructure of the economy. Even moving away from global macroeconomic concepts in everyday life, each of us is quite able to appreciate the convenience of overdraft, loan line for payroll card or ability to obtain a consumer loan to buy a new refrigerator. Strange as it seems, but loan for entities as well is blessing. To date, a loan provides the transformation of money into the loan. With this help free cash and accumulated earnings are converted into mobile loan. So, one of the main roles of the loan for infrastructure development of the economy is to ensure the continuity of the money circulation and to accelerate the financial concentration and centralization. And this is a necessary condition for economic growth and sustainable development, because it allows you to expand the boundaries of individual savings. The loan has an active effect on the level and structure of money, payment transactions, and money circulation. Due to a loan a more rapid capitalization process of profits occurs thus concentrating the production.

Using loan can significantly reduce the time to scale up production, upgrade products and improve production efficiency and labor, because capital is physically, as the means of production, can not pass from one branch to another. Therefore, these means are given as loans, and who "work out" the cost of the production means. It turns out that the loan is required to maintain the continuity of the turnover of assets of existing businesses in the service sector sales of goods. Just imagine, without loan support it is impossible to ensure rapid establishment of farms, small and medium sized business! In addition, it is worthy to note the time and cash payments, as in fact, in order to smoothly make payments, the companies periodically face additional need for funds (because of the mismatch amounts of revenue and expenses in the middle of the period). Loan saves the day.

The effectiveness of loan relationship is a guarantee of public depositing

Admittedly, economic growth is closely linked to manufacture stability, the basis of social life as it meets not only the current but also the future needs. But the stability is mostly undermined by emerging the discrepancy of manufacture and marketing periods. Manufacture stability requires extra money. This is ensured by the loans from bank as the latter being the circulatory vein of an economy takes a significant place in social and economic development. As Karimov said "it is impossible to liberalize the economy not developing appropriate market infrastructure i.e. banking and financial system, leasing, audit, insurance and engineering"¹. The loan relationship effectiveness have an important place in banking activity for the following rationales:

¹Karimov I A. The Provision of significance of human interests is the main goal of all reforms and changes, Tashkent, Uzbekistan 2008.31 p.

First, it is the main source of interest income, which is the main income of the banking activities;

Second, it provides an opportunity to offer a guaranteed income for high-grade involvement in a bank deposit of available funds from economic actors and the public by ensuring the loan effectiveness;

Third, improving the possibilities for attracting free funds from economic entities and public provides not only additional loaning - the basis of social life and human activities, but also implements the principle money makes money loaning those entities who need additional funding thus making income for owners.

As loan is the means that ensures stability of actors' activities servicing the human needs and manufacture and that creates favourable conditions for economic boost. However as practice shows loan being the main source for bank income and main source that finances the economy it is also a mean negatively affecting on banking activities and being one of the main reason of international financial crisis which turned into global problem and which is still harming the developed economies. In market economy, bank employee, not only for maintaining the bank rating but also for serving as trusting bank must conduct creative research for meticulous mastering the financial specificities and deepening the economic and legal knowledge which are still the demands of the time as the development when following the rules by clients and bank is the warranty not only for keeping the bank rating in interbank competition but also for getting high revenue by bank share holders and for attracting extra money from customers and economic actors. As was mentioned above, the increase of the sources of money attracted enables directing it as loan to boosting the activities of economic actors who seek loan and to use as an income source by the possessors of extra money.

Up to now the bank employee has not cast attention enough for attracting money and transferring it to actors seeking for money and taking measures for a timely return. But after the independence and reforms in banking system these issues are on the agenda as banks paying the interests for the money deposited must care for its timely return otherwise bank may face insolvency and threat of rating downturn. Banks must care their obligations before clients and investors and increase income for maintaining their rating. For it, banks must take effective management decisions for providing the efficiency of loans relationships concerning income sources and their execution as well.

In our opinion, it would be advisable to study the factors negatively affecting the loans relationship effectiveness and legal, economic and technical aspects of loaning as a complete mechanism and also upgrade financial and legal qualification to mastering the field and application of legal norms that regulate the loans relationships.

It is thought that seeking decisions for constructive solution of loan relationship with ineffective or less effective approach and legal and financial mind of bank staff is not effective but seeking factors depressingly affecting on the effectiveness of loans and taking effective management measures are considered to be more effective.

The analysis of loaning effectiveness indices in commercial banks

A reasonable loaning in banks and the reducing the loaning risk are the key factors that ensure loaning effectiveness and they depend on bank staff's experiences and skills and how responsible attitude they take to their duties. The evaluation of loaning effectiveness indices in commercial banks can be found by determining the proportion of income received as a percentage of the volume of loan investments and defining the trend of cost growth for assessing the losses as well as by analyzing the interest rate and fluctuation tendency. It can also be defined by determining the problem loans and the factors causing them as well as evaluating the spread coefficient. The analyses of loaning effectiveness indices and reasonable evaluation of their results have an important place in appropriate evaluation of banking strategy that ensures the loaning effectiveness. We explain in practical cases how important defining the strategies for analyzing the loaning effectiveness indices and their objective evaluation are for banking. The case is from a financial report issued in mass media where the net interest margin as well as spread coefficient are considered as loaning effectiveness indices in state commercial bank "Asaka". The purpose is to attract the bank liabilities and assessment of management system for transferring the liabilities into profitable assets, in other words the evaluation of degree of success.

Table 1. The analysis of income, cost, assets and liabilities of Asaka Bank²

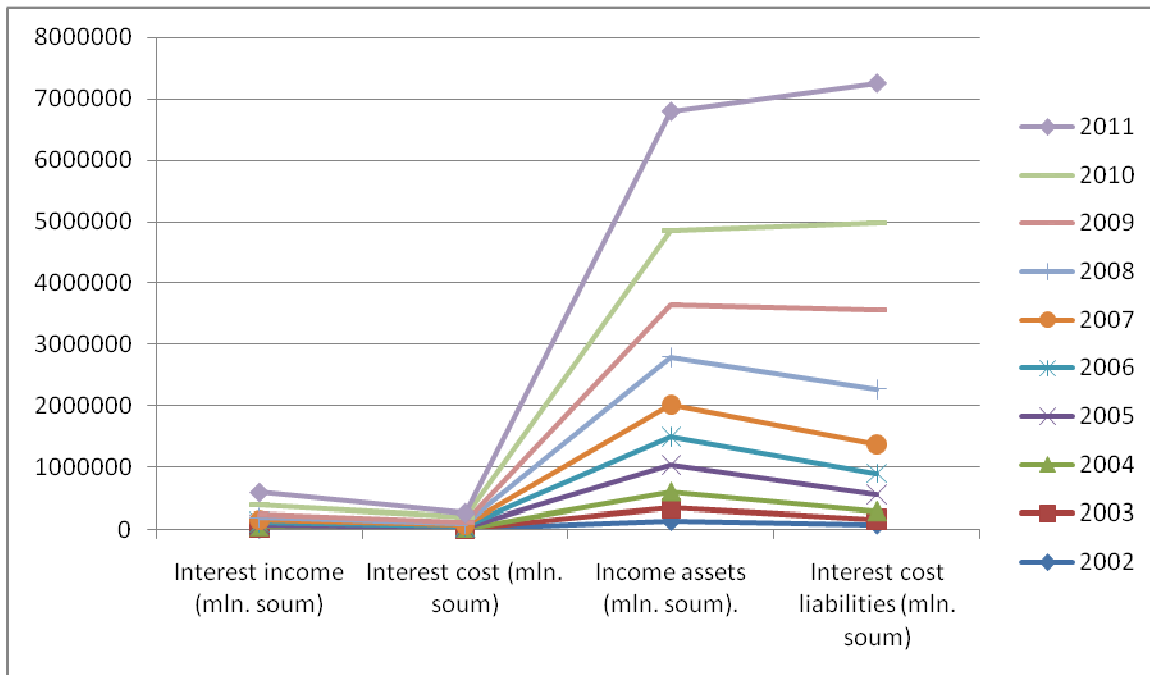
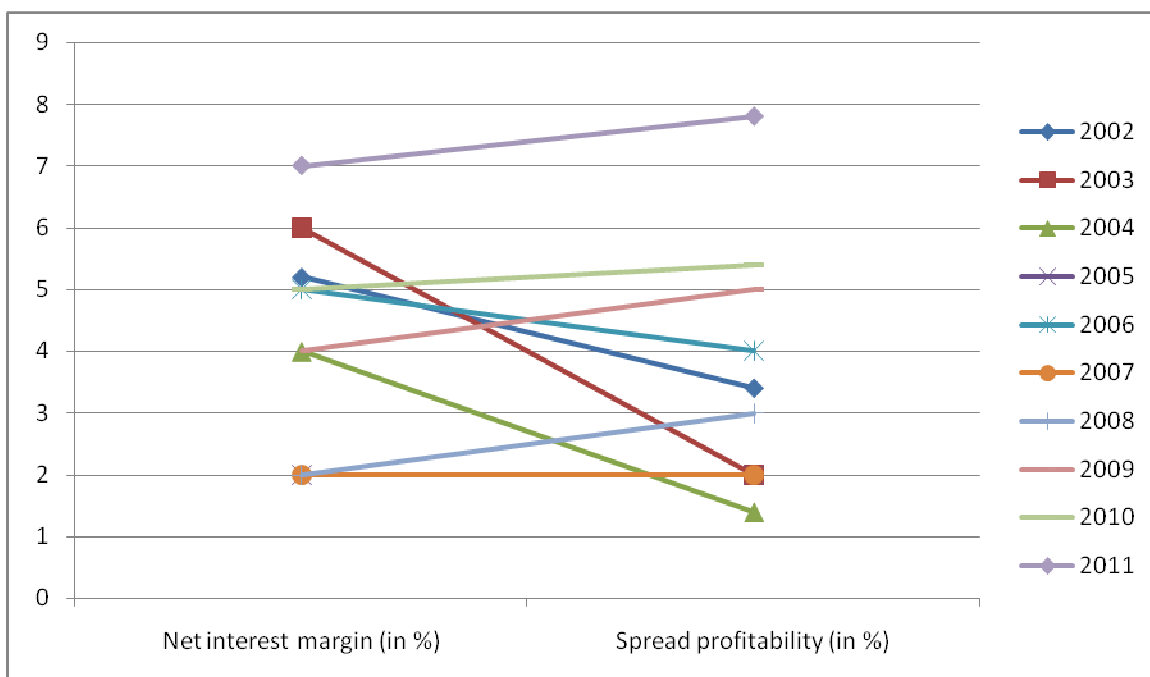


Table 2. The analysis of net interest margin and spread coefficient of Asaka Bank³



In the analysis the below were figured out:

If the net interest margin and spread coefficient were 5% in 2002 then this figure varied irregularly and were 2% in 2008. The main rationales is that within average interest rate that was 36% in 2002 (refinancing rate was 30% that year) the interest income amounted 7.6% of income liabilities. Compared with income liabilities of January 1, 2008, the average interest rate was 20% (refinancing rate was 14% that year) while interest income was 6.8% of income liabilities. The interest costs increased annually and accounted 31.8% in 2002 of interest income and 60.3% - in 2008 and 47.0% - in 2009. In

²The analysis of financial report Asaka bank were done by the author

³The analysis of financial report Asaka bank were done by the author

2010, the assets and liabilities management was improved as a result of the interest margin that was 7.0% and spread coefficient - 7.8%.

In the Table 1 it is seen that despite of decline of income assets effectiveness in the first years the activity for the last two years shows that a considerable effort was done to address the problem.

As the Table 1 illustrates there was an increase of interest costs against the income in 2010. It shows that the bank increases the interest costs for depositing and for increasing the number of clients in interbank competition. In other words the interest rate was increased for depositing.

Though the Table 2 indicates that the bank has created opportunities for depositing but this situation might still lead to risks of loss of revenue and decrease of spread coefficient indices and interest margin which are loan effectiveness indices. Because of practical measures taken for assets and liabilities management, this problem was solved. Despite of unevenness in spread coefficient it decreased in the first years and profitability coefficient was 3.4% in 2002 and 3% in 2008. Main rationales for that are first, to attract the clients the bank made payment for interest costs at high interest rates, second, income assets effectiveness decreased. In other words, the bank had problems with getting interest income at that time. In fiscal 2009 and 2010, the profitability spread and the interest margin grew and these indices against the one in 2006 led to increasing of net interest rate up to 56% and the coefficient rate up to 75%.

Research results point out the problems that emerge in loaning and in identifying the factors that cause them as well as measures for raising the effectiveness of loan relationships and a detail analysis of norms in force give a positive result as the quality of loan relationship directly depends on the bank staff's knowledge on norms and rules in force, as well as qualification and skills.

Loan relationship made legally and economically appropriate ensures effective completion. In analyzing the loaning process, we decided to examine the compliance with norms and rules. In other words, how correctly the loaning process follows this or that norm.

We analyzed the legal and economic aspects of the loan relationship viewed as problematic.

Case: A loan committee of bank in Nukus city met the application of Feb 22, 2008 with its decision No 55 of Feb 28, 2008 for a loan of 30 000.0 thous. soum for 12 months. The purpose of the loan is to develop commerce. The bank and a client made a loan agreement No277 of mar1, 2008 "on the basis of debt sheet opened in loan line". As per the agreement 25 000 thous.soum with 24% per annum and 8 500 thous. soum to be returned up to Sept 6, 2008 and 8 500 thous. soum to be back up to Nov 25, 2008 were lent for purchasing miscellaneous goods. The two parties made a collateral pledge agreement pawning a canteen and notarized on March 8, 2008. The debtor did not repay the debt on time and the debt delayed transferred into debt sheet just on Dec 14, 2008. The bank faced a real threat of non-recovery as a result of nonobservance of applicable norms in force namely:

1. As a result of report and conclusion that do not comply with Article 7 of the Law on pledge, paragraphs 1, 4, 6, 7 of Clause 2.4 of Regulations registered by the Ministry of Justice No 906 of March 2000, paragraphs 2, 3, 6 of Clause 7.1, the amended Rules on execution of financial reports and their terms registered in the Ministry of Justice No 338-2 of Nov 6, 1999, 338-3 of July 14, 2000, actions that contradict the general bank principles as well as the interests of investors, other creditors and investors that enlisted in 1, 2, 3 of Regulations on unsafe and unhealthy banking, were taken. In other words the bank paid loan to a debtor with a coming date and the bank accepted the debtor's pledge application though it was required to check whether it complies with the rules in force.

2. The financial reports the last date of which signed by the debtor including the balance sheet and income sheets and cash receipts did not comply with accounting rules and the readings in it were forged and were accepted for evaluating the debtor's solvency. No monitoring and on-site inspection of the debtor's works on social use was done. In sum, the bank issued loan to a debtor who had no solvency, poor loan history and the debtor did not perform loan obligations.

3. The debtor had debt of 37989 thousoum taken from another bank which was not mentioned in the report.

In conclusion, we can state that the effective completion of as any relationship so as a loan relationship bases on a legally and economically appropriate agreement. We believe that to grow the role of loans in manufacture a correct and legally and economically appropriate agreement, exigent monitoring in loaning, implementation of safe and mutually beneficial methods, a regular learning of norms and rules on execution of obligation performance and a regular perfection of norms are the guarantee for increasing the effectiveness

Possibilities to ensure the loan effectiveness in bank activities

A sensible organization of loan processes at banks is a major factor that provides income growth which gives an opportunity to attract additional resources. This factor depends on how responsible bank officers and experts, as well as debtors relate to their duties, their qualifications and skills. Based on research, one can show that the points enlisted in the diagram that adversely affect the effectiveness of the loan relationship. In order to create conditions to attract funds and private-sector actors to address these issues affecting profitability in the banking industry are making the following evidence-based practical suggestions:

To involve experts into the loan commission for making project estimate and introduction of mortgage loans and leasing of commercial law and process

1. It is necessary to work out recommendation options, committed statutory rules of loan committee (rights, authorities and responsibilities) to raise liability of members of loan committee

2. For legally and financially well-made agreements it is necessary to work out their pattern forms that regulate relationships between banks and clients and to suggest them to banks for implementation

3. One of indicators of loan relationship effectiveness is the interest yield. As research results show, despite increase of role of loaning the economy and the investment for loaning there was a decrease of interest revenue in some banks. The rationale for it is the problem that economic actors encounter in using the loan, in other words a threat of ineffective completion of loan relationship appears. To address this issue, in our opinion, a segmentation of loan relationship by examining each profitable loan relationship is necessary. It is well known that no bank risk appears without any reason. The decrease of loan relationship effectiveness generates risks and such risk in turn can lead to loss of revenue and bankruptcy. Based on examination results, it is necessary to develop a group of clients that have no statement to fulfill their loan obligations evaluating their loan relationship as a probable loss of revenue and to work out preventive measures. In our opinion, a preventive system or a risk management system can be said as preventive measures. This system determines the risk criteria including First block consisting of loan risk management system, imbalance liquidity management system, operating rate, loss of income and block two that contains management subsystem block of both private and general risks.

The role of credit, as well as its scope is not a constant, stable. In contrast, with alters in economic conditions in the country the role of credit and its scope change. Even more important is the role of loan in terms of inflation, when the regulation of the money circulation, which occurs with loan, becomes increasingly important to maintain the stability of the monetary unit. In an inflationary environment the possibility of long-term financing costs of assets increase is significantly limited for various reasons, including that it is difficult to determine how to achieve real repayment of outstanding loans, taking into account the depreciation of money over a relatively long coming period. Therefore, the role of credit is limited. Various changes in the economy affect the role of loan used and types of loan relationship. This is evidenced by the fact that the transition from state, centralized economy to a market economy has resumed the use of commercial and mortgage loans with a corresponding change in the scope of loans relationships, and the volume of loan investments. Large extent changes in the role of loan are related with the expansion of loan relationship and the development of lending practices and credit management.

In his report of the President I.Karimov at the meeting of the Cabinet of Ministers of the Republic of Uzbekistan dedicated to the socio-economic development and the priorities for 2011, noted that in 2010 the share of small business and entrepreneurship in the gross domestic product amounted to 52.5 per cent. An important factor in this is the financial support of businesses that can be seen in the activities of joint-stock commercial bank "Asaka bank". Moreover, the President made a Resolution "On priorities for further reform and improve the stability of the financial and banking system of the republic in 2011-2015 and to achieve high international rating of indicators," which in practice is launched effectively to reach international standards

Among the key priorities identified by the head of state in the anticrisis measure is the accelerated development of service and small business. These measures include both the tax and incentives, as well as further deepening the institutional reforms to create more favorable business climate for small business and entrepreneurship. Now, as head of state noted at the January meeting of the government, small businesses produce about 50% of the gross domestic product, compared with 30% in 2000.

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PROSPECTS OF ATTRACTION OF FOREIGN INVESTMENTS IN THE REPUBLIC OF UZBEKISTAN

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Abstract

The article describes the investment climate in Uzbekistan and analyzes the specific parties and prospects of attraction of foreign investments into the Republic of Uzbekistan

The further deepening of economic reforms means development and realization of new strategy of attraction of the foreign investments, based not on investment of certain branches, manufactures, but on the complex, program-target approach consisting in creation and realization of target or complex investment programs, covering all set of the enterprises of various branches within a territory. It can be the territorial and production complexes, special economic, export or other zones. And current short-term programs are not so important, but long-term, designed on solving the strategically significant problems of economic liberalization. The understanding of investment policy defines also its basic directions: an active participation of foreign share in structural transformations of economy, acceleration of re-equipping and modernization of manufactures; creation of necessary conditions for wide integration of economy of Uzbekistan into world economic system; consecutive pursuing policy of open doors concerning the investors delivering in the republic of technology of world level and rendering assistance in creation of integrated structure of national economy; assistance to the investments directed on industrial projects, providing currency self-support; maintenance of national creditability and maintenance of reputation of the first class borrower to Uzbekistan; assistance to the investments directed on solving of social and environmental problems.

Now in the Republic there has been created the favorable situation for introduction of basic resource saving innovations in capital-intensive mining and processing branches that allows to cut excessive resource expenses, especially in the field of manufacture of the goods, the prices on which below world ones. Introduction of similar technologies in the industries creates a strong basis for investment in the high technology manufactures and high technologies as by means of universal introduction of resource saving technologies it is possible to lower investments into capital-intensive branches, and to apply the received effect in the high technology and hi-tech manufactures. Foreign experience evidently testifies that in a transition period of the investment there is the most important factor not only reconstruction and updating, but also creation of new manufactures and the enterprises. Therefore attraction and use of the foreign share in economy of Uzbekistan is represented by essential law of investment process at the present stage. Thus attraction of foreign investments should be carried out on the basis of principles of social and economic efficiency, ecological and economic safety, mutual benefit and maintenance of priority of state structural and reproduction policies.

The stimulation of direct foreign investments means the process of creation of maximum favorable conditions, guarantees and stimulus as for their wide attraction in national economy. Now this problem became key and demands development of new approaches and mechanisms for its solving. In this regard it is necessary to emphasize first of all that fact that the serious legislative base of investment was created.

In order the system of tracking, planning and control has the reliable statistical base including parameters, taking into account sizes of external receipts in all forms and all sectors of national economy it is necessary to introduce competitive selection of foreign creditors with careful studying a question on expediency of use of demand lines of credit depending on importance and validity of prepared projects. And their detailed preliminary expert examination spent by banks and independent experts is necessary for this purpose. With a view of attraction of

foreign portfolio investments into process of privatization it is necessary to allocate special groups of the privatized enterprises for the international tenders, developing primary and secondary securities markets that will provide ample opportunities for purchase by foreign investors of property rights. Realization of complex of the specified measures will promote attraction of foreign investments into economy of the Republic.

With a view of reduction of import of production of industrial purpose, rationalization of currency charges of the state in September, 2002 the Program of localization of manufacture of products and materials has been accepted on the basis of local raw material. Liberalization of the currency market also will allow to increase export opportunities of the enterprises considerably.

With a view of attraction foreign portfolio investments into process of privatization it is necessary to allocate special groups of the privatized enterprises for the international tenders, developing primary and secondary securities markets that will provide ample opportunities for purchase by foreign investors of property rights.

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DEVELOPMENT OF EXPORT CLUSTERS IN AUTOMOBILE INDUSTRY OF UZBEKISTAN

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Abstract

This article is about importance of enterprises for formation of export clusters in automobile industry of Uzbekistan.

Key words: investment, foreign direct investment, enterprises with foreign investments, export cluster, automobile industry, localization, export potentials

INDUSTRIAL FREE TRADE ZONE IN UZBEKISTAN

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Summery

The free economic area develops near of border zone that intensifies need efficient logistic centre. International logistic centre Navoi being situated in the centre Uzbekistan on intersection international overland and air corridor "North-South" and "Orient-West", airport Navoi presents itself ideal regional centre for governing international cargo traffic and, accordingly, for development international logistic centre (ILC). ILC is located near International Airport Navoi on territory "Free Industrial Economic Area Navoi" on territory, on which scheduled to install the high-tech production with high added by cost. The essential volume this production will is processed on storehouse ILC Navoi and is redistributed on corresponding to types of the transport. Making the transport distributing point on the base of the airport Navoi and special economic region will become the significant contribution to essential development Uzbekistan and central - an Asiatic region as a whole. Necessary to value practicability of construction the Logistic Centre in Navoi area.

Key words: Logistic Centre, cargo traffic, storehouse.

Main part

As it is known, creation of a free economic zone (FTZ) is directed not only on liberalization, but also foreign trade activities activization, and openness to an external world, and customs, tax and investment modes are favorable for internal and external investments. FTZ function as in industrial developed (the USA, England, Japan, Germany), and in developing countries, since «the new industrial countries» (Turkey etc.) and to rather poorly developed countries (Shri Lanka, Guatemala, etc.) Also there are such zones and in countries of Eastern Europe, and also China, Vietnam. Process of creation of zones in territory of the CIS developed. In CIS they situated in small territory in some square km, and in large territories in some tens hundreds km. Organizational-functional structure FTZ is diverse enough. It is sometimes difficult to classify this or that FTZ unequivocally as it possesses lines of many zones. Among them it is possible to allocate Zones of free trade (FT), gained the greatest distribution to the USA. It is possible to carry special shops "Duty free" to number SCZ at the large international airports. From the point of view of a financial mode, they are considered as being outside of frontiers. To FTZ concern as well traditional free harbors with preferential trading modes. In the presents time, in the world is more than 600 free ports and 4 thousand FTZ. Besides, there are special customs areas (SCZ) as one of the elementary forms of economic zones, represent transit or consignment warehouses for storage, packing and insignificant processing of the foreign goods intended for export. Such zones name бондовыми or free customs territories and SCZ are released from the customs duties on import and on export of the goods. They are available in many countries. In many countries there are special commercial and industrial zones (CIZ) which represent territories with a preferential trading mode where there is a number of preferences for investment, developments of industrial production, production export. Industrial and trading activity of CIZ is widespread enough kind of zones. Distinguish special export-industrial zones. These zones of export processing (EZ), on materials UNCTAD are characterized as enclaves within the limits of the national customs territory usually located nearby to the international ports in which the equipment, components for assemblage and materials arrive without customs control. Imported production is exposed in EZ to industrial processing and then is exported without intervention of the customs authorities of a receiving party. Customs duties payment is not required, except for a case when this production arrives on national customs territory of a receiving party. EZ are

characteristic for a number of the developing countries which are carrying out strategy of transition from import replacing of type of industrialization to export oriented goods. The Positive effect from such zones is to the greatest degree reached in the co-called new industrial countries. Now their number all over the world reaches 350. FTZ are created with orientation to a foreign market, on purpose to earn currency means. Zones of technical and economic development (TEDZ) which are created, as reference for national economy on level of the organization of effective, highly technological manufacture are interesting. At the enterprises located in TEDZ, modern management methods by manufacture, progressive methods of the organization and marketing are widely used, the advanced industrial technologies are developed. Essential distribution TEDZ have received in a number of developing countries. To relatives on the organization and features of functioning with TEDZ "techno parks» or - "techno poles" are. Unlike TEDZ, techno parks are guided by development of the newest and high technology, science capacious production. In them concentration the considerable personnel and engineering potential which is engaged in working out of current and perspective scientifically-applied problems, new kinds of production and materials. «Open zones» are interesting so-called. They cover territories where the preferential investment mode for attraction and the foreign capital is created. «Open areas», had wide development in the Peoples Republic of China, include all seaside belt of the country and extend deep into it. In these areas zones of technical and economic development, techno parks export oriented manufacture take place.

The CIS countries, in particular Uzbekistan, are located in strategic points of corridors TRACEKA in the Central Asia: Samarqand, Bukhara, Navoi, Aktau and Turkmenbashi are especially important transit points for railway, automobile and sea transportations, and presence of effective logistical objects for minimization of terminal expenses and time for goods traffics TRACEKA is the extremely important.

Navoi located on important road and railway connections in Uzbekistan, and recently entered into agreement with the Korean airlines about transfer of management to the Uzbek party has transformed the airport into the international knot between East Asia, Europe and Southern Asia. The free economic zone develops fast rates thus that foreign joint-stock companies are located all in 3 km from airport Navoi.

For example, Bottom Pianzh, is located on border of Tajikistan and Afghanistan, and is unique most important crossing of border for Tajikistan. The free economic zone develops near to a border zone that strengthens necessity of the effective logistical centre. The international logistical centre Navoi: settling down in the centre of Uzbekistan on crossing international land and an air passage "North-south" and "East-West", airport Navoi represents the ideal regional centre for management of the international goods traffics and, accordingly, for development of the international logistical centre (ILC). ILC located near to the International Airport Navoi in territory «Free Industrial Economic Zone Navoi» in territory on which is planned to establish hi-tech manufacture with the high added cost. The essential volume of this manufacture will be processed in warehouses of ILC Navoi and redistributed on corresponding types of transport. Creation of transport distributive point on the basis of airport Navoi and special economic region becomes the considerable contribution to essential development of Uzbekistan and is central - the Asian region as a whole. It is necessary to estimate expediency of building of Logistical Center Navoi. The forecast of passengers and goods traffics will increase the size of the logistical centre, which necessary for processing of this passengers and goods traffic, is prepared the preliminary project and an ecological estimation of object and are developed financial and feasibility reports on building of the logistical centre. Important element of estimation is delimitation of appeal ILC for potential investors of a private sector, whether i.e. definition is the project "comprehensible to banks". An expected tendency of increase контейнеризации, as well as a percentage parity within the general predicted goods traffic, and in a percentage parity of a predicted goods traffic through the logistical centre. The infrastructure in Navoi is unique, as considerable progress in has been made for reconstruction of the airport of this city, concerning transport and logistics and its considerable development in the future has been shown. For these

reasons ILC causes interest in private investors. Appeal of investment offers is huge for ILC. And ILC Navoi should be considered investors as good potential investment. Key strategic and economic problem of the logistical centre is assistance to international trade and movements of passengers and the goods on corridor TRACEKA by means of perfection of local logistical possibilities, interaction of networks and multimodal transport. In Logistical Center Navoi all kinds of activity concerning transport, logistics and not only distributions of the goods, both for local, and for the international transit, spent on a commercial basis and various operators, but also volumes of passenger traffic across the Central Asia are spent. Operators are owners, or tenants of buildings or constructions (warehouses, centers value of distribution, the offices) constructed on this site. To correspond to rules of free trade, the Logistical Center should be accessible to all foreign companies involved in kinds of activity of this cent. Logistical Center Navoi is equipped by municipal constructions for carrying out of all transport and logistical works. It includes public services both for employees and for users. For assistance to the mixed transportations for the reference with cargoes, the Logistical Center is served by the majority of methods of transportation at level of the world standards. It is important, that the Logistical Center copes as the unique legal body (preferably, as the state enterprise with participation of the private capital), at maintenance of joint activity and commercial cooperation as there corresponds to necessary standards and indicators of quality for maintenance of the world standards for commercial decisions transport.

2.1 Free industrial economic zone (FTZ) "Navoi".

Proceeding from the concept of creation of a free industrial economic zone (IEZ) "Navoi" and the chosen priorities in IEZ "Navoi" a number of the enterprises of the electro technical industry, mechanical engineering, instrument making and manufacture of component parts, manufactures of medicinal products and the medical equipment, the enterprise for processing and packing of foodstuff, manufactures of plastic and polymeric products take place.

Advantages of arrangement IEZ of "Navoi" are industrial character of region, presence of an industrial and communication infrastructure.

In IEZ the special customs, currency and tax modes, the simplified order of entrance, stay and departure, and also reception of the permission to realization of labor activity by citizens-non-residents of Republic Uzbekistan operate.

The managing subjects registered in IEZ by "Navoi", are released from payment of the ground tax, the tax to property, profit, an accomplishment and development of a social infrastructure, uniform tax payment that is important for small-scale business, and also from obligatory deductions in Republican road fund and Republican fund of school education at volume of the brought direct investments: from 3 million euro to 10 million euro - for 7 years, from 10 million euro to 30 million euro - for 10 years. The next 5 years of the rate of the profit tax and uniform tax payment are established in size for 50 percent below current rates and over 30 million euro - for 15 years. The next 10 years of the rate of the profit tax and uniform tax payment are established in size for 50 percent below current rates.

The managing subjects registered in IEZ, are released from payment of customs payments (except gathering for customs registration) on завоzимое the equipment, and also raw materials, materials and completing products for production for export for all period of activity FTZ.

For raw materials, materials and completing products, imported for the production, realized in home market of Uzbekistan, customs payments are raised at a rate of 50 percent from the established rates (except for gathering for customs registration) with granting of a delay of their payment within 180 days if the legislation does not establish more preferential mode.

It is authorized to the managing subjects registered in IEZ by "Navoi":

- to carry out within IEZ calculations and payments in foreign currency according to prisoners between them contracts and contracts;
- to pay in it is hard to currency delivery of the goods, works and services from other managing subjects-residents of Republic of Uzbekistan;

– to use conditions convenient for them and forms of payment and calculations for the exported and imported goods.

For today territory IEZ of "Navoi" is ready to placing of new manufactures. The necessary regulatory legal acts regulating its activity are accepted and confirmed.

All external infrastructures is brought to territory IEZ of "Navoi", including automobile and the railway, channels of broadband telecommunication communication. The lining and installation water - gas - and electric distribution knots in territory comes to the end.

As concrete indicators on attraction of foreign investments in territory СИЭЗ of "Navoi" \$200 mln. are already realized about 20 projects for a total sum.

Multimodal logistical centers (MLC) it will be located near to the International Airport Navoi in territory «Free Industrial Economic Zone Navoi» in territory on which is planned to establish hi-tech manufacture with the high added cost. The essential volume of this manufacture will be processed in warehouses of MLC Navoi and redistributed on corresponding types of transport. Creation of transport distributive point on the basis of airport Navoi and special economic region becomes the considerable contribution to essential development of Uzbekistan and is central - the Asian region as a whole. We prepare the forecast of goods traffics; the size of the logistical centre necessary for processing of this goods traffic is estimated. An important element of our estimation is delimitation of appeal of the project for potential investors of a private sector, whether i.e. definition is the project “comprehensible to banks”.

Expected tendency of increase containerization, as well as a percentage parity within the general predicted goods traffic, and in a percentage parity of a predicted goods traffic through the logistical centre. Situation in Navoi is somewhat unique, as considerable progress has been made at the airport concerning transport and logistics and considerable participation and development has been shown. For these reasons the project installed confidence that the logistical centre will be organized. A key strategic and economic problem of the logistical centre will be assistance to international trade and movements of the goods on corridor TRACEKA by means of perfection of local logistical possibilities, interaction of networks and multimodal transport. As definition, the territory centre where all kinds of activity concerning transport, logistics and distribution of the goods, both for local, and for the international transit, spent on a commercial basis and various operators are spent should be considered as Logistical Center Navoi.

Logistical Center Navoi also is equipped by municipal constructions for carrying out of the above-stated works. Whenever possible, should include also public services for employees together with the equipment for users. For assistance to the mixed transportations for the reference with cargoes, the Logistical Center will be served by the majority of methods of transportation as approaching and realizable at local level.

It is important, that the Logistical Center coped as the unique and neutral legal body (it is preferable as the state enterprise with participation of the private capital), at maintenance of joint activity and commercial cooperation and if it corresponds to necessary standards and an indicator of quality for maintenance of the necessary basis for commercial and steady decisions of transportation.

With a view of attraction of the South Korean companies in a free industrially-economic zone of Navoi on March, 5th 2009 year. To Seoul conference «Free industrially-economic zone «Navoi » is new investment possibilities in Uzbekistan for the Korean partners» in which work has taken part more than 1200 representatives of business circles of Korea has taken place. Following the results of conference 37 agreements on creation of joint ventures in territory FTZ of "Navoi" in chemical, oil and gas, electro technique, machine-building, mining, pharmaceutical, light industry, and also sphere of manufacture of building materials and furniture have been signed.

In 2009 year. In territory of FTZ of "Navoi" start civil and erection works under 30 projects, and 10 companies start building of industrial premises. The given companies plan to begin manufacture with 2010 year.

The major element of success FTZ considers the functioning beginning in immediate proximity from it transcontinental intermodal hub on the basis of the airport of Navoi.

Free economic zone "Angren". With a view of formation of favorable conditions on attraction of foreign and domestic investments for creation of the modern hi-tech manufactures providing release of competitive production with high added cost, and also complex and an effective utilization of industrial and resource potential of the Tashkent area was it is created special industrial zones "Angren". The primary goals and lines of activity of a special industrial zone "Angren" is formation of favorable conditions on attraction of investments, first of all straight lines, for creation and effective activity of modern hi-tech manufactures on release competitive on internal and the world markets of production with the high added cost, maintenance complex and an effective utilization of industrial and resource potential of the region entering into a special industrial zone, creation of new manufactures on deeper processing of a mineral source of raw materials, deepening of processes of localization of manufacture of hi-tech production on the basis of local raw materials and materials on the basis of an establishment of close cooperation communications and development of industrial cooperation between the enterprises of a special industrial zone and as a whole republics, maintenance of advancing development and an effective utilization transport, Engineering-communication and social infrastructure, the further development and wide use of potential of the Center of logistics "Angren", the created system of automobile and container transportations of cargoes. Term of functioning of a special industrial zone "Angren" makes 30 years with possibility of its subsequent prolongation and during term of functioning IFZ "Angren" in its territory the special tax mode and customs privileges operate. The primary goals and functions of Administrative council of a special industrial zone "Angren" consider decision-making on granting to the enterprises of the status of participant IFZ "Angren"; realization of coordination of work of the ministries and departments, the economic associations responsible for realization of projects in FTZ "Angren", on timely preparation of the design, tender both contract documentation and carrying out of their examination, and also public authorities on places in the questions connected with functioning IFZ "Angren", decision-making on realization to participants IFZ "Angren" at zero redemption cost of the staying idle enterprises and the property, being in state ownership. This special industrial zone "Angren" is released from payment of the profit tax, the tax to property of legal bodies, the tax to an accomplishment and development of a social infrastructure, uniform tax payment for small enterprises, and also obligatory deductions in Republican road fund, customs payments (except custom charges) on the equipment, completing products and the materials which are not made in republic, *завозимые* on territory IFZ "Angren" within the limits of realization of projects. It is established that the above-stated privileges are given for the term from 3 till 7 years depending on volume of the brought investments, including in an equivalent: from \$300 thousand to \$3 million for a period of 3 years; over of \$3 million to \$10 million for a period of 5 years; over \$10 million for a period of 7 years.

Conclusion

The spent consideration gives the grounds to believe that the answer to a question: whether there are prospects at free economic zones in Uzbekistan can be positive. However, that effective realization of this form of economic interaction with other world can be carried out at observance of following indispensable conditions is doubtless also:

- Formations of the accurate concept in the field of FTZ considering both nation-wide and regional interests;
- Organizations SEZ in the limited territory excluding infringement of a principle of uniform economic space of the country;
- To possibility (and readiness) republican bodies to direct considerable budgetary funds for formation of infrastructure FTZ, with understanding of that the real effect for the country can be received only in the long term;
- Giving for foreign and national investors operating in FTZ, the best conditions for economic activities conducting.

The overall objective of creation FTZ consists in deeper inclusion of national economy in the international geographical division of labor. Other purposes - saturation of home market by high-quality production, introduction in a domestic production of the newest scientific and technical workings out, employment increase, the decision of problems of a regional policy by creation of "growth poles» and etc. Entering on parts of the territory, a particular treatment of foreign trade activities, the countries solve such problems, as increase of competitiveness of national manufacture, increase in inflow of currency both from export of goods and services, and in the form of the foreign investments, the accelerated development of manufacture of the new goods and services. In the developed countries by means of such zones the exit of national firms on foreign markets becomes simpler, profitableness of the operations foreign trade and connected with them increases. By means of creation of free economic zones of this or that type the various states of "the third world" try to solve various problems by the nature. In the generalized kind they can be shown to following purposes:

To growth of incomes of the country in it is hard to currency, expansion of export of finished goods, rationalization, import, growth of inflow of the foreign productive capital, stimulation of technical development, and change of structure of manufacture, acceleration innovative processes, to unemployment reduction, preparation of the qualified experts.

Practice of functioning free economic rivalries between them for attraction of the foreign capital have led to unification of conditions to which in a zone investors are invited. To each type of zones there corresponds the standard set of base privileges and stimulus which are supplemented with special forms of encouragements. The last are directed or on the decision of specific targets (for example, the accelerated creation of a transport infrastructure), or on stimulation of separate kinds of activity (processing of local raw materials for export, bank services and etc.), or on attraction to a zone of investors of certain type (small or large business).

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DEVELOPMENT OF INFORMATION BANK TECHNOLOGIES IN UZBEKISTAN

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Summary

New information technologies influence on the development of strategic policy of bank. The international globalization of the banking services market, legislation change, and also development of information technologies forces banks to change methods of servicing the client. In recent years the development of technologies, processing means and data transmission facilities have helped to increase productivity and reduce cost of banking activities. Modern technologies allow receiving and using the information about clients, products and risks that, undoubtedly, influences on the competitiveness of banks. Means of telecommunications together with new information technologies become the tool at development of new products and mechanisms of their distribution that expands the scope of activity of banks. Electronic payments and calculation means radically change the banking industry. Modern technologies offer alternatives to the traditional bank products and services and influence on strategic directions in banking activity.

Key words: banking activities, banking services, information technologies.

Main part

Development and inculcation of modern architecture of computer banking system allows creating internal logical and flexible system which will follow the changes of strategy of bank activity with minimum destroying influence on it. Any architecture should be combined with the bank strategy and simplify its carrying out in life. On the one hand occurrence of each new technology necessarily involves refusal of existing data processing systems that is a barrier on the way of inculcating new elaborations, but on the other hand necessity of standardization for banking and use of open systems in which programs and representations of data are compatible and also their work does not depend on the supplier of equipment and programs. It is especially important at development of mutual agreements and between banks and their merges that is very important in the period of financial crises. For example, merges of Dutch Postbank and Naturale Nederlanden, English Lloyds and Abbey Life, German - Deutsche Bank and Deutsch Lebensversicherung - have led to the origin of problems connected with information technologies. The task is in developing such architecture which will connect together critical activity of clients and channels of distribution of the goods and bank services, without breaking the organization operating procedure. In many respects bank profitability depends on provision of the top management with necessary, timely and accurate information and information control system are the real assistants in bank activity, providing, for example, information about the situation on the market, profitability of bank output, fortune of clients and etc. The information obtained with their help can be used by bank for the improvement of servicing or for representation by it with the purpose of using in its own interests. The constant information on risk degree of their activity is necessary for banks. The risk estimation is a process which can be radically changed by means of modern technologies. In this process there can be involved more "intellectual" systems, which are capable to estimate interest rates, exchange rates, creditworthiness of the client, etc., thus giving recommendations concerning possible actions and their results. Modern technologies offer banks huge advantages in the organization of the goods and services delivery systems. Use of electronic communication facilities allows implementing electronic payments and calculations in a sale point, client terminals performing direct communication with bank, house bank servicing by means of personal computer or phone, an exchange of electronic data in the network with expanded feature services, technologies of

electronic bank cards, including magnetic plastic and intellectual cards. Realization of these and other methods of bank servicing in concrete systems demands elaboration of strict protection measures for prevention of casual and deliberate infringements of their functioning and thus each processing system of information protection should be developed individually considering such features as: organizational structure of bank, volume and character of information flows, quantity and character of carried out operations: analytical and daily (one of key indicators of bank activity is a number of bank operations per diem, is a basis for determination of system parameters), quantity and functional obligations of personnel, quantity and character of clients, schedule of daily load. Protection construction assumes such stages as: the analysis of risk, development of the project of protection system and plans of protection, realization of a safety system on the basis of results of risk analysis, constant control of work of a safety system. Thus certain requirements to its protection are implemented at each stage, and their exact observance leads to the creation of safe system. Network protection is one of the most important applied aspects of the protection theory. Thus, on the one hand, the network should be perceived as uniform system and, hence, its protection also should be constructed by coherent plan, and on the other hand, each network node should be protected individually. Protection of concrete network is constructed taking into account concrete features: appointments, topology, configuration features, information flows, quantity of users, operating mode etc., but there exist specific features of information protection on microcomputers, in databases. Today one of important problems of banks is management of investments into electronic bank systems so that the last completely reflected changes in the bank industry. The success on new strategic business directions in many respects depends on the realization of information systems.

As it is known, three making innovations are allocated: the requirement which is subject to satisfaction, i.e. function or a set of functions which need to be executed, the object concept, capable to satisfy requirement, and the accessible technologies, allowing finishing the concept to a working condition. And depending on character of the concept, on which the innovation is based, distinguish: innovations with technological dominant and commercial innovations.

The border between these forms of innovations is washed away, and technological innovations often lead to innovations commercial. In bank sphere we can to distinguish three kinds of innovations: services (credit etc.), the markets (requirement of purchase through the Internet), behavior of buyers (social innovations), various changes of activity of the bank, new types of service necessary for creation (interbank calculations, remittance in other countries) and its finishing to the market (a management innovation). To innovations in bank sphere with a commercial dominant it is possible to carry new kinds of payment system (credit card) and to new types of service - telemarketing, Internet shop.

Payment systems created by banks for carrying out of settlement-credit operations, establishes the most general rules for credit and settlement obligations which cannot be changed other laws and other legal certificates. Granting to the parties is important at the conclusion of agreements in the field of credit and settlement obligations of the right to build the mutual relations, being based not only on the law and bank rules, but also taking into account the customs of a business turn applied in bank practice. All relations in payment systems have contractual character. Thus it is necessary to define formally number of participants of system of electronic document circulation, the electronic digital signature, electronic documents, and concept of authenticity of the electronic document. At frame level the operating procedure with electronic documents is defined: features of registration, storage, and authenticity and execution acknowledgement. For legalization of systems of the electronic payments working on the basis of management as the personal account of the client, such as Cyber Plat. A payment method in such systems is remittance from the account of the buyer into the account of the seller, and cash plays a payment order role. That in the scheme of functioning of digital money practically there is electronic specificity, in it analogue of the reference of bank obligations, for example no bills to bearer. Thus the majority of details of bank obligations are in details stipulated. As a whole they are easily transferred on a paperless basis, but any trifle inevitably raises an invincible obstacle. How,

for example, to rise from electronic cash-bills stamp duties. For creation completely the legal transparent concept of the reference of electronic cash on needs to activity is conducted in two directions.

First, the concept of club system: it means that instead of the document at the state level the package of contracts accepted by all participants of system is developed. The legislation does not impose essential restrictions on such contracts that allow using, for example, corporate analogues of bills. The basic difficulty here is joining with tax system. Recognizing the certain contract corporate, we automatically deduce it from sphere of the general bank legislation and, thereby, we get under all taxes from usual operations, including the VAT. This circumstance is not fatal, but extremely complicates accounting support of system.

Conclusion

Thus, it is possible to predict following directions of development of corresponding legal documents with the big share of probability. First, the companies operating in this market will create the concepts of payments, using the current legislation. Secondly, as a result of synthesis of such attempts and independent activity of analysts a certain general legal concept of electronic payments at the state level will be created and the corresponding law or laws will be passed. On the basis of this legislation the corresponding standard documents describing as the general aspects of such activity, and its existing financial and tax system will be developed. In Uzbekistan practically there is no braking of new systems by the settled payment schemes.

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PROFESSIOGRAMM AS THE METHOD OF INCREASE OF OBJECTIVITY IN ESTIMATION OF BANK HEADS

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Summery

During of study in special educational institution and high school possibility of passage of practice in bank can be given the selected listeners. Among advantages of young employees it is possible to allocate vigor, easier study and the positive relation to any innovation. Also it is not necessary to neglect search of candidates among acquaintances. It would give the chance to involve reliable from the point of view of safety shots that is important for any bank where employees daily deal big with "financial values». First of all, the bank management should take whenever possible for a permanent job or temporarily to involve the expert in a personnel set. If such possibility is absent, the management should send on courses of the worker responsible for this site of work.

The analysis of employment of experts has shown that it is necessary to change operating in "Halkbank" of Uzbekistan system of carrying out of interviews. At selection of candidates for work in "Halkbank" it is necessary to spend two stages of interview.

Key words: *innovation, employment of experts, bank.*

Main part

In the scientific literature qualitative changes in personnel management in the big banks, considering psychology of people and their social status are described, it have not impulses perfection of management methods by shots and in banks of Uzbekistan. In big banks of Germany personnel selection is spent by the special services which number depends on number of the occupied for 130-150 workers use only one employee. In overwhelming majority of banks personnel services are engaged not only personnel questions, by it are made duties and some economic functions, for example salary calculation. During the post crisis period the tendency to reduction of number of the device of personnel services was outlined in banks.

The German society on personnel administration annually spends traditional poll of representatives of various banks on the questions connected with activity in them of personnel services. Perfection of vocational training of shots is considered in many banks of Germany as continuous process: changes occurring everywhere in area of economy and in other areas constantly induce workers to aspire to correspond to new requirements.

In France the system of retraining and improvement of professional skill of shots at the enterprise is under construction, as a rule, as follows: the purposes and problems of training which co-ordinate with the general strategy of bank are accurately established; training of heads of divisions of bank will be organized; training has practical character; training is spent operatively, its results are periodically estimated; the balance between duration of training and degree of coverage by study of the industrial personnel of various categories (according to experts, it is necessary to raise annually qualification not less than 30 % of the personnel from each professional group) is established.

In the American banks in 70th years there was parity between number of personnel service and total number occupied 1:100. However last decade the qualitative structure of personnel service has changed. From each 10 workers 6-7 - experts, instead of technical executors. Thus in the largest banks more than 30 % of experts have diplomas of masters that testifies to high level of preparation. Psychologists, graduates of pedagogical high schools, business schools professionally prevail. Among the most significant innovations in banks of last period it is possible to notice measurement of expenses for «human resources» and their efficiency; a

computerization of personnel services; development of forms of payment on the basis of an estimation of results of work of heads and experts of bank; search of optimum organizational structures of management; working out of new forms and methods of work with a reserve and acquisition of staff of heads.

The basic levers used by the American banks in work with shots, and first of all with the management personnel, are careful selection of candidates on administrative posts; a regular estimation of the personnel; continuous training, vocational training and training; development of a network of professional societies and interbank cooperation; strengthening of real responsibility of heads for revealing and use of potential of the subordinates. For work in banks, alternatively mass-media can be offered paying of attention to candidates - graduates of high schools and special educational institutions for work in bank. It is youth, and, hence - perspective competitors on a post. For work with them it is expedient to spend work on long-term planning of rotation of shots. This work can begin with selection among those who, having finished higher educational institutions, probably, will come for work to bank sphere.

During of study in special educational institution and high school possibility of passage of practice in bank can be given the selected listeners. Among advantages of young employees it is possible to allocate vigor, easier study and the positive relation to any innovation. Also it is not necessary to neglect search of candidates among acquaintances. It would give the chance to involve reliable from the point of view of safety shots that is important for any bank where employees daily deal big with "financial values». First of all, the bank management should take whenever possible for a permanent job or temporarily to involve the expert in a personnel set. If such possibility is absent, the management should send on courses of the worker responsible for this site of work.

The analysis of employment of experts has shown that it is necessary to change operating in "Halkbank" of Uzbekistan system of carrying out of interviews. At selection of candidates for work in "Halkbank" it is necessary to spend two stages of interview.

The first stage should pass in a staff department, and include interview and check of recommendations. There are some key factors to which it is necessary to pay attention: it, whether the candidate is interested in work as that that involves in the firm offer, and whether there correspond its personal and business qualities to specificity of work in corresponding sphere. At the first stage it is necessary to estimate level of a resistance to stress of the candidate - the major quality necessary for work in sphere of services. The personnel always should behave frostily, actions of workers in any situation should correspond to standards of behavior which are accepted in concrete sphere.

Standards include: knowledge of bases of psychology and dialogue, service of the client, a negotiating rule, an order of registration of purchase and so forth it is important that the candidate was not weighed by a rigid regulation of its activity. To check up a resistance to stress of the candidate, employees of personnel service should put it in awkward situations or set loaded questions. For example, unexpectedly interrupt interview and ask the candidate, whether he can wait some time, reschedule an appointment or approach once again. Normal reaction of the competitor in a similar situation is offering any alternative variants if it does not accept conditions. If he starts to be nervous and indignant, it means that it has not enough endurance and in dialogue with clients he will lead in the same way. The same and with loaded questions: If the candidate starts to be irritated, especially to be rude in reply to the asked obviously unpleasant question concerning, for example, of private life, becomes, it is obvious that it cannot communicate with clients of bank who also can cause irritation the behavior or words. The great value in selection suffices reputation of the candidate has, therefore it is necessary to request necessarily of competitors written recommendations from the previous places of work. However absence of recommendations cannot form the basis for refusal in employment.

The chief of service in which the new employee and its future direct head is arranged should hold the second stage of interview.

They estimate professional skills:

- Possession of this or that work specific to bank, skills of negotiating;
- A resistance to stress, creativity, ability to find a way out from difficult situations, ability to independent work;
- Motivation on professional development and loyalty in relation to the company.

In spite of the fact that to employees whom the bank takes for work the weight of requirements is shown. For each new person the bank signing the labor contract, the employer risks. And experts carry personnel risks to number of the most dangerous to bank. As shows experiment, the basic damage to bank their employees (about 80 % of damage to material actives of the company puts its own personnel, and only 20 % come from the outside) put. Therefore, personnel selection in the bank keystone for success activity and as at any other activity of bank there is a risk. A key question of decrease in risks is the question on recognition risk potential in people. For recognition of risk shots it is necessary methodologically and to arm workers of service of the personnel methodically. Risks with shots connect with several circumstances. Separate from them are extended enough and easily recognized by skilled experts-personnel officers. For example, that "not conceptual estimation" - reception of not regular results of an estimation of abilities of the candidate on a workplace is called, and as consequence - incomplete knowledge of its possibilities and weaknesses. As a rule, in small and average banks monitoring of abilities of the personnel is absent that reduces survival rate of bank in the conditions of a competition. The estimation of the candidate should be made not only taking into account specific features of bank, the requirement to the worker depend and on a post on which the employee is accepted. From the bookkeeper one risks, from employees of bank others proceed. Allocate more than 100 factors, influence reliability of the employee.

As a rule, they divide into 3 groups:

- The documentary facts (a residence permit, marital status, a previous conviction);
- The informal facts (a drug addiction, passion to gambling);
- Character traits of the competitor (скрытость, responsibility, insincerity). Here again already there comes risk: to employ the offender, but the expert knowing the business, or with "pure past", but with low qualification.

When before the manager on selection of shots there is a question: to employ the high-class expert or less high usually, the choice, as if is obvious - it is necessary to choose the best. However practice shows that such choice is not always better. Moreover, it can even do considerable harm. Lacks of high professionals are usual. More competent employees are based more difficult. In comparison with less professional colleagues they need higher compensation, in frequent change of motivating influences, in their variety. Besides, to resist swindling from their party it is much more difficult. Surplus of qualification - the brightest case of a personnel miss. While highly formed the financial director writes the next master's thesis, bank tax inspection since it has not checked "fines", and the reporting has been handed over at the wrong time. Experts of the highest class have on 2-3 places of work, more often, and they cannot be found on a workplace while they are very necessary. But, attraction of the expert even is a lot of qualification nevertheless it is expedient. First of all, such situations are connected with bank activity, it has accurate time frameworks. The problem is interesting, result зрим, the professional, as a rule, gets down to business with enthusiasm. Here cases when the bank has all preconditions for dynamical development concern. As to the risk arising when for work accept the expert of low professional level. To solve a risk problem in personnel work, i.e. to exclude risk completely, it is impossible. It is an ideal, achievable only in separate links of administrative work. But to have installation on achievement of this purpose it is necessary for each head.

Formation of a highly professional key element of bank system is an important problem during the post crisis period. Acceptance of measures on maintenance of the highest standards of conscientiousness and professionalism is actual, and our banks have achieved certain recognition.

As it is known, the administrative thought, is connected with F. Teilor's theory which has been based on position it is possible what to operate "scientifically", having transferred ideas of engineering sciences on management in a local industrial link. In development of administrative

thought the big role A. Faiol. As has shown the analysis, in bank system, in frameworks of "an administration science» has played «management principles», these principles are quite suitable for management which consist of five functions: planning, the organization, orders, coordination, control. These of signs of management and are very actual at present and for bank system.

According to A. Faiol, these principles include:

1. The division of labor which purpose is performance, under the same conditions, works, большей on volume and the best on quality.
2. Powers (the right to give the order) and responsibility.
3. The discipline assuming obedience and respect for reached agreements between firm and its workers.
4. One-man management (the worker should obtain the order only from one immediate superior).
5. Unity of a direction according to which each group operating within the limits of one purpose, should be united one plan and have one head.
6. Subordination of personal interests the general (interests of one worker or group of workers should not prevail over interests of the company).
7. The compensation of the personnel providing fidelity to firm, support of workers.
8. Centralization in a rational combination to decentralization.
9. The scalar chain including a number of persons on supervising posts.
10. An order and organization.
11. The justice combining kindness and justice.
12. Stability of a workplace, the prevention of the high turnover of staff reducing efficiency of the organization.
13. The initiative of the personnel in the course of working out of the plan and its strengthened realization.
14. Corporate spirit as result of harmony of the personnel.

In bank system management is considered as realization of function of planning, the organization, motivation and the control, necessary to formulate and reach the bank purposes. M. H. Meskon gives much attention on competence of management. In bank system management efficiency is reached thanks to certain kinds of competence, and competence of management efficiency achievement represents a variable of the higher order.

Any decision in bank system includes the account of three important factors: money, time, risk. For maintenance of efficient control from heads the possession such skills and abilities, as is required:

- Ability to operate itself;
- Ability to be defined with personal values;
- Development of the accurate personal purposes;
- Requirement for constant personal growth;
- Possession of skills of the independent decision of problems;
- Ability to ingenuity and an innovation;
- Ability to influence on associates;
- Knowledge of modern management methods;
- Ability to a non-standard management;
- Ability personally to train and develop abilities of subordinates;
- Ability to form the team.

For a cumulative, complex estimation of the head on the listed qualities we develop the special methodical device is professogramm. Professogramm for an estimation of the workers, developed in "Halkbank", will help to resolve many problems on certification and in other banks. It considerably reduces subjectivity of an estimation of workers. Professogramm used for an estimation of the signs characterizing the worker, «the scale (nine-measured) ruler», i.e. a method of a quantitative estimation of quantitatively not measured signs is used so-called. Connection of a scale ruler with a set of characteristics in a special matrix also form of professogramm.

Professogramm by us it is considered in the form of a matrix in which characteristic signs for estimated object and graphic display of estimated indicators are reflected. In personnel activity of professogramm can be intended for an estimation, first of all, for definition of professionalism and personal qualities of any object, any kind of activity, the phenomena, processes in bank system. Applicability of professogramm can be approved and in commercial banks of republic, but thus it is expedient to pass to the uniform standard of an estimation that would give the big effect for personnel work in bank system as a whole.

Introduction professogramm in bank system of republic will sharply raise quality of an estimation and personal responsibility of chiefs for objectivity of characteristics and it considerably will facilitate labor-intensive process of a writing of certifications.

The analysis carried out by us has shown that (certification, the characteristic, etc.) does not unite any written document applied nowadays in personnel practice in a single whole quantitative and quality standard with visual display as it is made in professogramm. With application of professogramm many personnel procedures will be released from negative stratifications and subjective influences to bank system as a whole.

It is considered that the qualified manager realizes that, how many it "costs". In a case when the bank is really interested in such manager, he will try to justify completely its expectations concerning earnings.

It is necessary to consider that expectations of the worker are influenced directly by inflation, and both real, and expected. For maintenance of optimum relations with collective, it is necessary to trace level of similar expectations and to index the salary according to a rise in prices. Managers cannot wait that workers one after another will start to approach to them with the requirement of increase of monetary payments. After definition of level of a salary there is a working out of its structure. The special committee from managers and experts which at first selects significant for appointment of the salary of the characteristic of posts is for this purpose created then ranges them on the importance, attributing it certain points.

Table

Applications of ball estimation to various posts in bank

The factor	Gradation				
	Very low	Low	Average	High	Very high
Formation	20	40	60	80	100
Responsibility.	20	40	70	100	160
Necessary skills	20	40	60	80	100
Physical and intellectual loadings	10	20	30	45	60

After the given procedure each of existing posts is estimated in compliance with the developed scale. Characteristics of works can be the most different: from physical activities and influence of electromagnetic radiations from the computer for performance of works to level of necessary formation and responsibility.

Conclusion

Such method is very evident: the head can explain accurately and simply to the subordinates why one receives more and another is less. To simplify accounting procedures, posts, as a rule, are grouped. Studying of methods of bank management in personnel administration allows to make changes to a policy of activity of bank, first of all workings out and carrying out of actions on realization of abilities of the individual. For this purpose it is

necessary: to consider the factors negatively influencing realization of abilities; to strengthen a role of motivation of work in practice of personnel administration by heads of banks; Along with monetary compensation to develop various additional forms of compensation; to fill higher posts with the people who have worked in bank certain term and having expertise; to use various functions of personnel administration taking into account constant changes in structure of offered services, technology and work rules in banks. Thus, it is possible to draw a conclusion that the questions personnel administration directed on increase of efficiency of use of personnel potential are in the centre of attention of bank.

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BANKING CREDIT ACTIVITY IN UZBEKISTAN

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Summery

Financial stability of bank system, its dynamical development is one of important factors of macroeconomic stability of national economy. Banks by means of carrying out of credit operations and investment, promote introduction of modern technologies, modernization, creation of new job places. Credit operations of commercial banks of Uzbekistan have the features which are caused by specificity of development of bank system, standard base of regulation of bank activity, priorities of investment of national economy and the state support of the given priorities.

There is a strong legal base of state regulation of credit operations on the basis of use of methods of stimulation commercial banks, including tax holiday, to finance priority spheres of economy, to use long-term certain forms of crediting first of all on development of real sector and small-scale business.

Perspective directions of development of credit activity of commercial banks consider development of financial innovations, active use of the bank consortia, the mixed financing with use of stock market products and securitization, expansion of borders of financial intermediary by providing of additional services to clients.

Key words: bank system, and small-scale business, stock market.

Main part

Financial stability of bank system, its dynamical development is one of important factors of macroeconomic stability of national economy. Banks by means of carrying out of credit operations and investment, promote introduction of modern technologies, modernization, creation of new job places. Credit operations of commercial banks of Uzbekistan have the features which are caused by specificity of development of bank system, standard base of regulation of bank activity, priorities of investment of national economy and the state support of the given priorities.

The credit market of republic is on the stage of development and shows high indicators of dynamics of growth of credit operations.

The volume of credit portfolio of commercial banks in 2011 has made 9944,6 billion UZS, with 142,9% dynamics of growth to 2010. By the results of 1 half-year 2012 the volume of credit portfolio become 12150, 3 billion UZS with dynamics of growth to 2011 - 152, 6%.

Total amount of the bank credits directed to real sector of economy, has increased by 30, 2% to the last year and has reached 18,2 billion UZS. Simultaneously the volume of investment credits has increased by 30% and as of July, 1st of current year has made 2, 7 billion UZS.

At the same time the role of bank credits in investment maintenance of development of national economy still has considerable potential of growth. For example, in 2011 the total amount of investments into the capital has made 18291, 3 billion UZS. The share of bank credits has made 11,1%, a share of state budget financing 13,6%, a share of foreign investments and credits - 25,1%, own resources of the enterprises - 50,2%.

The financing share of bank sector remains insignificant, even in comparison with the state sources of financing, foreign investments and credits. The main sources of credit resources of commercial banks are capital and involved resources, there are no additional financial instruments at the national market, characteristic for the developed market economies as trade in share values, bill and check turns, clearing chambers etc. Practical absence of speculative operations in the financial market is proved in favor of expansion of credit and settlement operations, as bases of banking.

On the other hand commercial banking has an important link with realization of governmental measures on increasing the competitiveness of the national economy, accelerated development of hi-tech industrial branches, SME business, assistance of realization of social programs etc. As a rule, commercial banks use the state priorities in working out of a credit policy.

The state policy throughout all period of development of bank system created special conditions for the banks, stimulating crediting of strategically important sectors for national economy and socially significant spheres.

With a view of development of real sector of economy, SME business, Government adopted special degree providing tax holidays to the banks for financing the projects of small-scale business. Financing of investment projects on import modern technologies and the equipment for carrying out of modernization and the organization of new kinds of manufactures was provided.

According to the Decision of the President of Republic Uzbekistan commercial banks are released from April, 1st, till January, 1st, 2016 from the profit tax payment, received from credits at the expense of resources of Special Fund of Preferential Loans of commercial banks.

Special Fund of Preferential Loans of commercial banks are mainly allocated for financing of hi-tech and innovative projects in sphere of small-scale business and private business, industrial micro firms, small enterprises, farming located in remote areas, and also in areas and cities with a superfluous labor forces.

Taken measures provide considerable growth of volumes of crediting of the given sector so following the results of 1 half-year 2012 the volume of the given out credits to the small-scale business in comparison with the similar period of last year has increased more than in 1,4 times and has made 2,9 billion UZS.

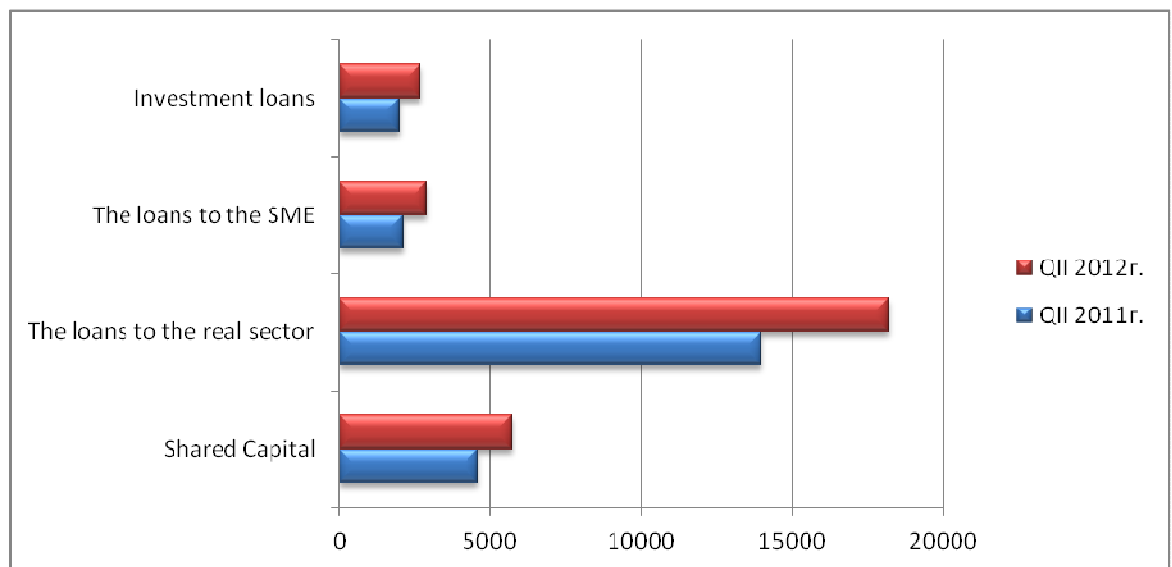


Fig.1. Dynamics of growth of the capital and credit volumes in the basic priority directions (billion UZS)

With a view of increasing the role of banks in investment maintenance of development of economy with the Decision of the President of Republic Uzbekistan till January, 1st, 2015 side benefits in the form of profit tax payment under the rates differentiated depending on a share of long-term investment financing in structure of a credit portfolio have been given commercial banks:

Share of long-term investment financing in structure of a credit portfolio	Preferential tax rates on profit in commercial banks (in % from the current rate)
From 35 to 40% or	80%
from 40 to 50%	75%
Above 50%	70%

It was authorized to Central Bank of Republic Uzbekistan to enter into practice application of the differentiated rates of obligatory reserves of commercial banks in the Central bank under involved deposits of corporate entities depending on attraction terms:

- Under deposits for from 1 year till 3 years - at a rate of 80 % from generally established norms;
- Under deposits for over 3 years - 70 % from generally established norms.

Also for a period of five years corporate entities have been released from the taxation under the percentage incomes received from deposits and in debt securities of commercial banks for term over 1 year.

Another important document in the credit activity become the Decree "About additional measures on financing supporting of young families" under which was approved the banking soft loans, microcredits, the mortgage and financial consumer credit to young families on the following conditions:

- Under microcredits for the organization of family business the interest rate is established in the size which is not exceeding the current rate of refinancing of the Central Bank;
- On mortgage loans for young families the three-year grace period with the interest rate in the size which is not exceeding the current rate of refinancing of the Central Bank is established;
- Under financial consumer credits for young families the six-monthly grace period with the interest rate in the size which is not exceeding the current rate of refinancing of the Central Bank is established.

Thus, the preferential interest rate for using the microcredits which have been given out to young families at the expense of Fund of preferential crediting of bank is established at a rate of 50 percent of the current rate of refinancing of the Central Bank.

Development of bank system of Uzbekistan has the features which also make corresponding impact on realization of credit operations:

- adherence of system of certain model of functioning of bank system throughout long time, is used optimum quantity of banks 30-35, development of each bank is defined by level of development of a branch network;

The market high enough concentration of bank sector is observed, the market share or cumulative actives of the largest 10 banks exceed 80 %, the portfolio of commercial banks (a Fig. 3) is in the same way distributed credit;

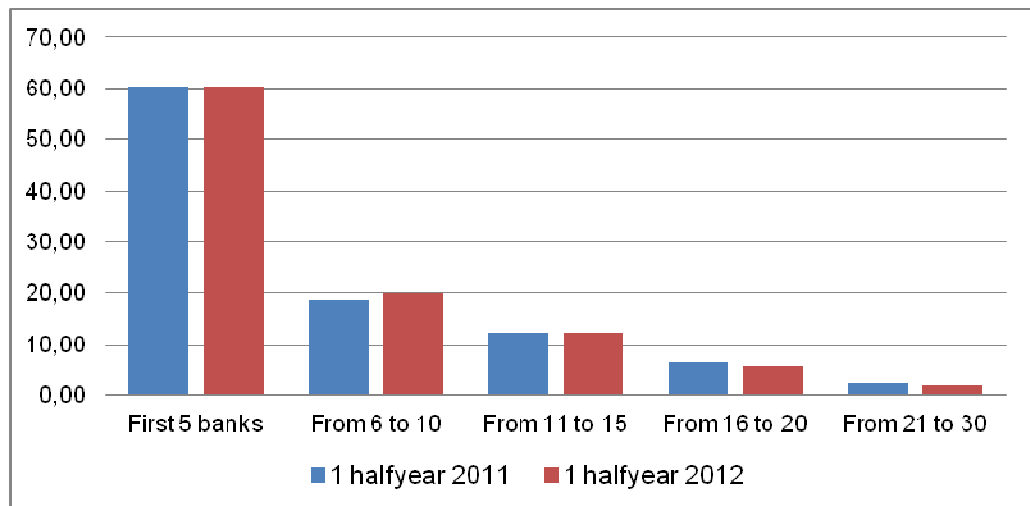


Fig. 2. Distribution of banks market share by asserts (in percentage)

According to parameters of a government program till 2015 commercial banks will increase the capital in 2, 1 times or not less than 20 % annually;

-conducting constant bank supervision and monitoring of financial indicators of activity of commercial banks from the Central bank with a view of a non-admission of bankruptcy and carrying out of doubtful operations that including means constant quality assurance of a credit portfolio of commercial banks;

the limited degree of presence of foreign banks in the market, foreign banks mainly enter on the market by creation of joint banks without opening of own branches, foreign banks should have positive ratings and high reputation in the international financial markets;

-obligatory carrying out of annual audit by the international independent companies and supervision by the international rating agencies;

-functioning of the special fund providing 100 % of a guarantee of the state under contributions of physical persons promotes growth of trust of people to storage of savings in commercial banks.

The organization of credit mutual relations of bank with clients depends on the size of bank, size of a credit portfolio, a kind of the loan, qualifications of the bank specialists who are responsible for registration of the loan etc. Credit process of commercial bank consists of several stages, each of which brings the contribution to qualitative characteristics of the credit and defines degree of its reliability and profitableness for bank.

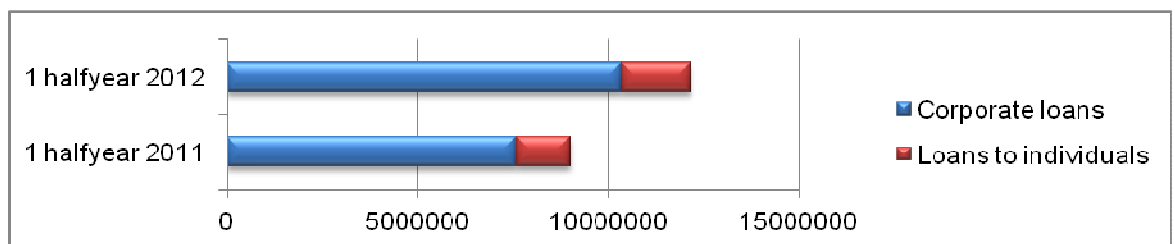


Fig. 3. Distribution of a credit portfolio by types of borrowers (billion UZS)

The basic volume of credits is providing to the corporate clients (Fig.3). Interest rates under credits are not open information. Under commercial long-term credits in national currency vary from 18 to 24 annual interest rates

Generalizing the above-stated, it is possible to draw following conclusions on features of development of credit operations of commercial banks of Uzbekistan:

1. There is a strong legal base of state regulation of credit operations on the basis of use of methods of stimulation commercial banks to finance priority spheres of economy, to use long-term certain forms of crediting first of all on development of real sector and small-scale business.
2. Carrying out of constant monitoring of a credit portfolio from bodies of corporate governance of bank and directly central bank with a view of observance of economic borders of the credit, prevention unjustified from the point of view of monetary circulation and national economy of credit investments, their structural shifts, maintenance of timely and full return of loans, increases of efficiency of use of monetary resource.
3. Percent rates under credits are defined by each commercial bank independently, proceeding from cost of own resources, thus percent on the involved deposits in cost definition play an indirect role.
4. The policy of maintenance of financial stability, including at the expense of constant growth of a share capital of commercial banks, provides higher rates of increase of credit operations.

Steady growth of volumes of bank crediting, certainly, promotes innovative development of industries, introduction of modern technologies and the organization of release of new hi-tech production. So following the results of I half-year 2012 as a whole on republic it has been made production and it is rendered services with use of innovative technologies for the sum more than 190 billion UZS.

As one of the main forms of bank crediting and the organization of innovative investments design financing acts. Advantage of design financing to the borrower is absence of necessity of own credit or operational history as for creditors calculations of monetary streams of the concrete project have major importance.

According to the international practice the credit volume on design financing does not exceed 75 % of cost of the project and for borrowers necessary there is a decision of a question of formation of own capital that in many cases for the new enterprises is problematic.

Conclusion

The basic volume of bank crediting goes on realization of investment projects on introduction of modern innovative technologies. Own working out of innovative technologies, creation of innovative ideas, development of innovative idea to a stage manufacture business is mainly financed without participation of commercial banks. With a view of increase of a role of commercial banks in investment maintenance of innovative development of national economy, consideration of following directions is possible:

- Perfection of standard base and creation of additional fiscal stimulus of more active participation of banks at a stage of working out of the project, and also creation of bank syndicates for financing of large innovative projects;
- Attraction of foreign investment funds, international economic and financial institutions in creation joint with commercial banks of the investment companies for financing of the starting capital of realization of innovative projects, with possible subsequent sale of a share of participation of financial institution to the basic founders.

Occurring changes in the financial market demand from the credit organizations of reconsideration of the role as financial intermediaries. Performance by banks of classical operations and accumulation of a huge file of the information allows adding traditional function of banks as financial intermediaries with new function - the financial adviser for management and business development.

Also search of projects, private investments for financing of projects and post investment support of projects can become function of commercial banks. Arising financial problems of the enterprises in

many respects are connected with unsatisfactory use of the financial resources by them or ignorance of possible sources of financing. Prominent feature for the enterprises is insufficient orientation of financial managers in quickly changing economic conditions, their impracticality to various changes of an infrastructure of the market.

Competition development in the financial market, increase of a role and value of activity of commercial banks in innovative development of national economy in many respects obliges the credit organizations constantly to improve own activity, expanding a range of a possible spectrum of given services.

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The tools to promote the development of marine biotechnologies in Primorski Region

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Primorski Region benefits from access to an enormous and diverse set of aquatic biological resources, which largely unexplored and understudied. Meanwhile, marine ecosystems provide a unique environment with an enormous potential to contribute to the sustainable supply of food, energy, biomaterials and to environmental and human health. This paper presents a range of considerations and options for the content and approach for a potential future fish-industry activity on marine biotechnology.

Fish-industry activity (FIA) traditionally occupies special position in economy of Primorski Region. The Institutional transformations which are conducted in our country in 90th of last century, stagnation in fish industry has led. Strategic tasks on provision of food safety and accomplishment of the social functions connected with city - forming character of industry in Primorski Krai, have been removed on the second plan. New technologies can promote transformation of available resources to qualitative and necessary products, production efficiency and competitiveness of enterprise structures to a great extent depends on them. Development of business on the basis of marine biotechnologies in Primorski Region can be performed in following directions:

- a. Complex processing of hydrobionts for reception of albuminous products, lipids, mineral substances, healthy food, fodder and technical items.
- b. Bio-energetics - reception of power means and materials on the basis of not enough used marine resources.
- c. Akva - and Marine- culture - cultivation of valuable kinds of fishes, not fish objects of a craft (crustaceans) and seaweed.
- d. The vital medical products on the basis of biotechnological substances.
- e. Biodegraded polymers (chitin, chitozan, sulphatic polysaccharides, collagen, etc.).
- f. Biological safety in circulation seafood.
- g. A professional training in the field of sea biotechnology.
- h. International cooperation under biotechnological projects.

Survey helped identify the main constraints the implementation of the above directions. They are:

- Lack of economic, political and social incentives of fisheries business to participate in the growing high-tech industries in all stages of the process.
- Insufficiency of effective demand for biotech products, both among business organizations, and the public, due to the lack of sufficient funding, the stereotypes in the diet.
- Contradictions between the process of the development of new knowledge in the field of marine biotechnology and their commercialization. Commercialization of new biotechnology products requires significant capital investment and a well-structured program to develop and to market.
- Shortage of capacity, lack of domestic biotechnological Instrumentation.
- The complexity of circuits patenting of scientific research, unprotected ability copyright, intellectual property.
- The complexity of the certification process of the new product, the presence of control of clinical trials of biological products.

The study of national and international experience to support knowledge-based industries and technologies has allowed to identify the most important tools for the promotion of marine biotechnology in the Primorsky region (Table 1). In constructing the table, we proceeded from the fact that the creation, maintenance and development of biotechnological enterprise resource defined in equal measure the intensity of research activity of the innovation process in the region, the rate of diffusion of knowledge and technology and the company's ability to absorb new technologies. In addition we should not forget that for carrying out technological breakthrough in fishing activity requires substantial financial resources that are sufficient only to the state. Consequently, the government is involved in the implementation of innovative strategies not only as a regulator, but also a direct participant, using different forms of public-private cooperation. Search mechanism of interaction between science, government and business organizations are in different directions: prioritizing the development of marine biotechnology, the system of financing of scientific and technical sphere, the creation of innovation infrastructure, addressing staffing issues, the development of forms of cooperation and international cooperation.

Table 1-The tools to promote the development of marine biotechnology in Primorski Region

Strategy	Tools
Creating a research infrastructure and training	Construction of marine biotechnology centers
	Government contracts for research
	Training programs for bachelors, masters, doctors, professional development in the field of marine biotechnology
	Training and advising managers
	Preferential hiring of graduates in business ПХД
	Creation of special classes in schools
Promotion of industrial and academic cooperation	Science and business cooperation in various organizational forms, such as the creation of biotech clusters
	Execution of works for business organizations on business planning, formation of competitive strategy, brand management, pricing and most importantly, the management of consumer behavior with regard to new products Marine Biotechnology
	Participation of business structures in the creation of fishery biotechnology from "zero"
Marine biotechnology commercialization and market entry	Creation of funds of commercial technologies
	simplification of patenting
	Government support in the design patents, quality standards (standards GMP, compliance with ISO - 9000) abroad

	State financial backing
Simplify access to capital	The compensation of the cost of production and implementation of the technology
	Tax and customs exemptions, tax holidays
	Direct subsidies venture organizations
	Creating a leasing company to provide a comprehensive equipment
Construction of office space for biotech companies	Creation of business incubators, technology parks, research parks, etc.

There is now a strong momentum to drive progress marine biotechnology in Primorski Region. If we do not act now through a concerted effort by all the identified actors and stakeholders and through increasing its support with targeted funding and coordinated research, it will continue to lose ground on the leaders in this field such as the USA, Japan and China. This sphere could become the powerful lever of serious technological break of regional fish industry that will allow to solve many socially - economic problems and to meet critical societal challenges in the areas of food, environment, energy and health.

STUDY ON CHARACTERISTICS AND INDEX DEVELOPMENT IN TEHNOLOGY LEVEL EVALUATION

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Abstract

This study is to present a technology characteristics and its index in technology level evaluation. The study reviews related literatures in order to explore necessary research background. The technology level evaluation model is developed and tested using necessary validation techniques. The results provide decision-makers and policy-makers with strategic insights for understanding technology index development and technology level evaluation.

Proper identification of technology level evaluation in an organization is focused on managerial decisions related to technology forecasting planning. The media technology level evaluation includes the selection of technology index and the development of the technology level evaluation. The purpose of this study is to develop a technology level evaluation process to develop technology index for selected technology for all necessary industries.

The competitive advantage and performance improvements enabled by a technology level evaluation strategy are dependent upon the nature of technology level evaluation processes used to support collaboration among the technology level evaluation functions. This paper reviews the results of a pilot study of Korean technology level evaluation settings. It identifies key factors of technology level evaluation performance and provides managerial insights for planning an effective technology level evaluation strategy for technology evaluation.

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THE STRATEGY OF THE DEVELOPMENT OF INFORMATION TECHNOLOGY IN THE OPERATING SYSTEM OF CORPORATIONS

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Abstract.

The present condition of management of large corporations is inseparably linked with application of the latest development in the field of information and communication technology. For implementation of the planned purpose it is expedient to create the information space of management of corporations. This article examines the role of information space in the management and the basic principles of creating information space.

In a socially-organized information entity of matter lies in its communicative functions, reflecting the actual and desired state of purposeful interaction between all systems elements of the material world. Formation of uniform information space Corporation, and its entry into the global information space of the country are the most important tasks facing the organization today.

The transition to new management directive principles are based on the use of State economic leverage, greatly expands the information space of corporations at the expense of the predominance of horizontal communication among the actors of the market. They are interested in useful information required for improved decision-making. Each Corporation operates in a specific economic sector and territorial (or in several sectors), but they all end up are interrelated and interdependent, and first of all in the information aspect. The content, structure, qualitative characteristics of information may not always be fully to governance processes in finance-economical area corporations. Accounting information has a significant economic impact on a corporation, is an integral part of the information space. Corporation, reporting on its activities and results, on the one hand, form a region of economic information space, on the other hand, each corporation during the activity uses significant amounts of different information, like drawn from the environment or generated within the economic entity. The information received by the Corporation from external sources, i.e. from the General information area, is required for the financial reporting process. Thus, any corporation can be perceived as both consumer and manufacturer information. Financial reporting all data beyond the Corporation becomes a factor that can influence the opinions of economic processes on their future action. Financial reporting information contributes to the efficient functioning of capital markets and other markets in the allocation of limited resources. Thus, the accounting information in the defined level of \neg Noah creates information space, and at the same time feeling the effects of the information space. The rapid increase in the levels of information quality, improving its structure and presentation creates prerequisites for:

- Energize information tool to enhance corporate information space;
- Master the growing number of corporate employees skills with modern information media;
- Increase the relevance of information in decision-making processes in the most different areas of corporations;
- Accelerate the diffusion of new theoretical knowledge and practical experience of sky;
- Exchange of views and discussions of various issues in the re \neg material time;
- Improve the quality of information processing;
- Classification of incoming information.

Information space corporations can be structured according to various criteria. Among them are the following:

- View information;
- Geographical aspect;
- Type of information;
- The nature of the information;
- The presentation;
- Appointment of;
- The source of education;
- Source distribution;

Accounting information can be readily identified in accordance with these criteria. As the most important in terms of establishing space and relevance of accounting information in information space, the following criteria should be considered:

1. The degree of relevance of information;

Achievement of a high degree of relevance requires specific conditions:

- Information should be available;
- You must know about the opportunities that exist in the information, and how to implement them;
- There must be no alternative sources of information, more likely to prefer neck-and completely replace the credentials (this does not prevent the existence of alternative sources of information);
- Must have the trust of users to post at all, its methodology and techniques for organizations (bodies), which establishes rules for reporting the work of accountants and Auditors;

2. impact on other components of the information space, interaction with them, effects on various areas of activity of the Corporation and its divisions. Account information can be interesting in itself, as well as the accounting data are a major information source for financial analysis, used for the purpose of economy, and other areas related to corporate activities. At the same time account information is constantly experiencing the information listed and many other areas that make up the information space. On the development of accounting information influences the formation of media and communications. Needs engine upgrade are accounting software products;

3. Organization of information, which is not as absolute and unequivocal adjustability, the universal commonality in accounting, but as an effective system of rules that allows you to get information with the desired quality characteristics (the appropriateness, reliability, timeliness, comparability);

4. Perceivable information. All criteria are defined in the correlation. Perceivable information stems from its clearness, consistency, amount and composition of data enabling to easily penetrate into the essence of reality displayed images as well as the appropriate knowledge and skills;

5. The prevalence of accounting information depends on the following criteria:

- reached level of harmonization, the harmonization of accounting rules in the Corporation;
- State of the Corporation's information environment, communications;
- the level of development of the Corporation;

6. Ability to adapt your account information:

- to external conditions;
- for achievements in the field of accounting theory, the use of accounting methods in the Corporation;

7. The extent to which the expectations of the accounting information of Corporation is expected on the following criteria:

- Facilitation of decision-making by managers of enterprises;
- The opportunity to assess the activities of the Corporation in terms of property owners;
- Assistance in the most efficient allocation of resources;
- Reduction of uncertainty in many spheres of the Corporation.

In the common system of information of each Corporation subsystem (System) financial reporting information is one of the major sites (in relation to the General system information can be regarded as a subsystem, operating in close cooperation with the other). Financial statements, provides data on the financial position and results of operations of each Corporation, thus reducing the entropy of information space that allows each manager to better focus in difficult economic situations, contributes to a more efficient allocation of material, financial and human resources of the Corporation.

To generate some information manager image problem situation, adequate economic object actually flowing events and processes, continuous information management and decision-making procedures.

Created as a result of the accounting process, thanks to the continuous registration as reflected in its business processes and phenomena, documentary, as well as strict consistency, better suited to the requirements of its quality, adequacy, objectivity and accuracy.

Management is not confined to corporations. At higher levels of management are in demand all types of accounting information presented in aggregated form. Therefore, must be considered in detail the issues on management orientation of accounting in General.

The login information is the business activity of the business entity to form functionally distinct subsystem in the management information system (MIS) corporations.

Requirements to information management it is the accuracy, appropriateness, adequacy, efficiency of use, multiplicity, koncentrirovannost', artificiality, focus, depth, etc. These criteria are achieved when searching for information, baseline data collection, processing of special meals, which together form a basis of accounting.

On the basis of the foregoing, you can define input and output accounting system – i.e. a procedure: login-primary documents (the original data), access-reporting (rezul'tatnaâ). Under a resulting information is understood not so much how many traditional accounting reporting model, which allows taking contingency management decisions. Thus, the information is of a specific product, thanks to its methodology for acquiring properties and characteristics specified by the Office.

Based on the above, the main function of management accounting information must be recognized. The main requirements are the information (event, situational) approach to integrating:

- *To take into account is to provide information on all significant developments that can be used in a variety of models of decision-making in the management of corporations;*
- *Accounting function is not specific to the model, and the greatest possible amount of data, of which the Manager could have tailored its decision models to select the requested information;*
- *The task of accounting is the maximum possible prediction, according to data on external developments, upcoming events possible.*

Thus, the account information is one of the main components of the control system in the information space corporations.

The next important step in the strategy of development of information technology in the management system of corporations is to create strategic information systems.

Strategic information system (SIS) is a computerized information system, providing support for decision-making on the future development of the Organization's strategic objectives.

Strategic information systems are designed primarily to address unstructured tasks, implementing long-term planning and use of senior managers. Very often the IP strategies are developed and implemented as an integral part of corporate information systems (CIS), since it is not possible to carry out long-term planning, if you do not have complete information about the company.

The main task of strategic-level information systems, this comparison is taking place in the external environment changes with the existing company capacity. They are designed to create an overall environment of computer telecommunication decision support in suddenly emerging situations. Using the most advanced software, these systems can at any time provide information from many sources. For some strategic systems characterized by the limited analytical capacity.

The following are basic components of the SYSTEM:

1. Information intensity. For some companies a vast amount of information is an integral part of the business. Information intensity is the degree to which a product or company from the IT and information. Insurance, banking and other businesses are firms with high intensity information, and IP will always play a major role in the application of policies.

2. Obtaining a competitive advantage. SIS is used to gain a competitive advantage. The organization uses information systems to change the balance of power among competitors, suppliers, firms producing goods-substitutes.

Business strategy is formulated through analysis of various internal and external input signals using a number of opportunities to create goals, policies and plans of action. Some of these processes will require development or improvement of information systems. Identification of needs (what should be done), then must

be translated into action, the basic technology (both needs can be satisfied). Is/it can and should be taken into account in the formulation of the strategy, in which they can contribute to the business strategy.

The potential impact of the IC/IT in the shared environment will depend not only on what she wants to do, but from what others are doing, or what they are capable of.

Two components IC/IT strategy is a strategy of information systems and information technology strategy.

1. The information systems Strategy identify the needs of the business and its individual features in information and systems. If your organization consists of more than one business, each will then determine for them this kind of strategy, and in addition there will be a strategy to meet general corporate requirements.

2. IP Strategy should determine which IP are necessary for business in the foreseeable future, based on an analysis of the business environment and its basic business strategy. The goal is to determine the demand for IP/it related strictly to business-plan and regulations. Such needs will change over time, and the demand must always be adapted to the priorities of the major business sectors.

Information technology strategy determines how the objectives, based on the priorities of the strategy of information technology required for the development and application of current and future operations. This includes determining how the operation will be delivered and how the technological and human resources will be obtained, used and monitored, also a question of governance to support the achievement of business objectives. It shall describe the steps that you must perform, and how they should be arranged so that it will create the basis for the definition and execution of projects that, in the end, to achieve the goals.

Is/it strategic planning – the process structure. Since the process is/it strategic planning is a continuous and repetitive, that during each of the next step, the creation or revaluation policies it is important to have a structure that is comprehensible for everyone involved in the process. Food process is an IP strategy for your business that determine its needs and priorities, and the it strategy for the Division, which describe the data processing infrastructure and delivery services. The connection of these two products is the portfolio for the future is/it programs that meet business needs.

Now is not a common concept of strategic information systems, due to the complexity of their use not only on the objectives, but also in function. There are two points of view: one is based on the belief that you must first formulate its objectives and strategies to achieve them, and only then fit to the existing information system strategy; the second is that the organization uses strategic IP when formulating the objectives and strategic planning. A rational approach to developing strategic information systems synthesis methodology will be the two points of view.

Conclusion.

Thus, the Organization's ICT strategy for the management of enterprises should be based the above principles. In addition, ICT development strategy should be based on a common strategy for the development of a management strategy for controlling the application of the principles of the enterprise, reinžinerina and synergistic approaches with informodinamičeskikh properties of information flows in the control environment of corporations.

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TERMINAL TRANSPORTATIONS IN UZBEKISTAN

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Summary

Value of terminal transportation in modern micro- and macro logistical systems have extremely increased define as first of all integration in it of great number logistical, activities. Terminal transportations have arisen abroad first of all in the mixed systems of delivery of cargoes in long-distance and international messages: in large seaports, transport road junction, and then in goods ruling overland areas of Western Europe and the North America. Terminal transportations in Republic of Korea where in a role of organizers of terminal transportations forwarding firms or operators of various types of transport, utilize universal or specialized terminals and terminal complexes for various ways of transportations act are interesting.

Main part

As the cargo terminal is called the special complex building, the personnel, technical and technological devices, organizational negotiate and intended for performance the logistical operations connected with reception, loading-unloading, storage, sorting, cargo processing different parties of cargoes, and also comers-information service грузополучателей, carriers and other logistical intermodal in Unimodal, Multimodal, Intermodal and other transportation. Today terminals are not only points of accumulation of small sending, but play a role of large cargo distribution centers and bases of supply, turning to all important links of logistical chains of manufacturers are more white.

Distinguish universal both specialized terminals and terminal complexes. Universal terminals accommodate itself group of warehouses with the distributive centre. Functions of these terminals are gathering, delivery, conveyance, cargo processing basically small sending, storage of cargoes and others elemental logistical activity. Universal terminals can have specialized warehouse and the equipment for cargo processing heavy, lengthy, perishable goods cargoes, and also container platforms. Often also terminals have railway access roads.

As a rule, universal terminals process small portion pack sending of cargoes. For example, the volume of processing and gain for the Swedish transport-forwarding firms «ASG AB» and «Bilspedition» from work with small sending on terminals makes about 60 %.

The basic operations universal terminals are:

- marketing researches of the market of transport- logistical service;
- registration of contracts with clients, reception and processing of demands;
- gathering and conveyance cargoes;
- short-term storage;

- consolidation, disaggregation, sorting, a complete set and other operations of cargo processing;
- inter terminal transportation and delivery of cargoes to the end user;
- information- computer support of service services of the terminal;
- calculations for transport-logistical services.

Last years on large terminals even more often realize operations of long storage and customs processing ("clearing") of cargoes.

In the countries of the European Union terminals, terminal networks and complexes are created both production firms-manufacturers, and logistical intermediaries: transport-forwarding firms and wholesale trading intermediaries.

The largest terminal networks of universal terminals have worldwide such transnational transport-logistic firms as already mentioned «ASG AB», «Schenker», «BTL», «TNT EW» and others.

Tab.

Characteristics of the large universal terminal in Tashkent

№ п/п	Name of indicators	Size
1.	System of processing of small sending (packages) on pallets	
1.1.	Capacity of a line on cargo handling, [packages/hours]	52,0
1.2.	Total length of ways of movement of carts, [unit]	134,0
1.3.	Quantity of carts, [unit]	80
1.4.	Quantity of zones and groups on destinations of cargoes	12
1.5.	Speed of movement of carts[m/minutes]	60
2	System of processing of small sending in boxes	
2.1.	Capacity on cargo handling, [pack./hour]	120,0
2.2.	Quantity of zones and groups, [unit].	14
2.3	Speed of movement of the conveyor, [m/minutes]	40
2.4.	Average weight of processed sending, [kg]	8
	Quantity of processed sending in year, [thousand]	10

Usually large universal terminal has administrative a premise, a warehouse of sorting of small sending, a warehouse of long storage of cargoes, a warehouse for international transportation of goods with customs inspection, a warehouse for processing perishable goods cargoes, a platform for heavy, lengthy cargoes and containers, a room of rest of drivers and a platform for parking lorry convoys. Specialized terminals carry out operations of transport-logistical service for a certain kind or cargoes, for example, perishable, food, medicines, etc. Specialization of cargo terminals allows considering papers better the requirement of clients to transportation, storage and cargo handling to raise efficiency logistic management and quality of service, to lower logistical charges.

The wide experience of specialization of cargo terminals is saved up in Japan, South Korea and France. For example, in Japan are about 2000 specialized terminals.

Technological process of terminal transportation consists from three basic stages:

- 1) delivery of cargoes on the terminal and conveyance them from the terminal;
- 2) cargo processing on the terminal;
- 3) linear transportation of cargoes between departure and appointment terminals.

At international transportation on terminals the cargoes demanding performance of customs formalities are delivered, group and storages, and necessity of realization of those or other logistical operations is defined by a type of cargo, the size of party (sending), transportation distance, time of cargo processing, etc. the Sizes of small endings fluctuate from several kg to three-five tons. Foreign transport-forwarding firms widely apply operations of sorting of cargoes and acquisition of sending for retails with the help automated classifying sections line with automatic scanning of bar codes on boxes, packages, containers.

Linear (main) transportations between terminals can to be carried out by various types of transport and under different schemes. At transportations by motor transport usually supersize lorry convoys working on regular lines under the established schedule are used. Loading on the terminal generate, as a rule, in the evening, and lorry convoy movement is carried out at night that in the morning to arrive to point (terminal) of appointment under unloading.

Quality of terminal transportations is characterized high speed deliveries of cargoes and an effective utilization of vehicles.

DEVELOPMENT OF DIFFERENT KINDS OF FRONTIER COOPERATION IN RUSSIAN FAR EAST UNDER CONDITIONS OF BORDER COUNTRIES ECONOMIES TRANSFORMATIONS

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Abstract. This article is devoted to international aspects cooperation between Border Regions of Russian Far East and Border Countries. Russian-Chinese relations took as an example because of its large scale and dynamics of progress in foreign trade volume structure of Russia, author distinguish five features of Far Eastern model of foreign cooperation. Author consider, that the concepts of frontier trade themselves must be reconsidered.

Key words: central-peripheral management of space, levels of integration, Far Eastern model border cooperation, transit function of a border territory, national and international transport corridors (NTC and ITC), education in the region, «point» innovative regional systems

1. The problem has revealed regional differences in the distal border regions. For example, if during the Soviet period, 75% of the bonds were inter-district of the Far East, 20% - internal, and 5% - foreign trade, by the mid 90's the last century, about 75% of the product produced has been realized at the intra-market, 10% - in the domestic market of Russia and CIS countries, and 15% - on the international market (mainly Asia-Pacific). Violation of the existing inter-linkages within the country in the post-Soviet period has led to the actual separation of the Far East for a national market. According to estimates, there was a decrease of foreign economic relations at the expense of inter-regional integration interactions. Orientation to foreign markets does not ensure the territorial unity of ownership of the Russian territories. Meanwhile, the domestic market in the region is very narrow for both raw materials and products for the processing industries. Declining demand for intra-led threat of «compression» of regional production.

Such a situation can make some conclusions about the competitiveness of the region. The first is that the Russian markets products in the region virtually uncompetitive because of its high cost. The second conclusion - the main consumer products - a local user - deprived of choice. Finally, the third conclusion: consumption growth in foreign markets, accompanied by an increase in surplus, is not evidence of competitiveness.

It is well known that the excess of exports over imports, and especially its growth - is good for the economy of any country, as well as income from the export of a direct impact on the revival of the investment process, heat economy. However, in the Far East, this is not observed, especially in the analysis of international relations. It should be recognized that the forced crossing of export Far East regions only creates the illusion of self-compensation of the negative effects of the destruction of the internal market. For example, if in 1999-2000 contribution of exports to the industrial growth of the Far East was 107.8%, and the share of exports in the GRP equaled 31.9%, imports - 5.9%, and foreign trade - 37.8%, in 2008-2009 situation has changed. They were even lower - 27.2, 4.8 and 32.6%. Moreover, according to experts, the share of total investment in fixed assets of the Far East, even in the most favorable to their inflow years did not exceed 7-8%, and was lower than the national average.

2. Regionalization is a vertical form of decentralization in the country, that is, the transfer of responsibilities from the federal to the regional level. Horizontal regionalization involves the development of inter-regional contacts and some form of partnership between the

city authorities and institutions of neighboring areas at local level. Expansion of ties in the border regions, with or encourage the emergence of business, social and physical (such as water - and energy, transport and communications) network promotes the involvement in regional integration, a growing number of regional and non-regional economic agents and the gradual development of cross-border relations in cross-border.

Such an understanding of cross-border cooperation leads to the conclusion that it has a more complex structure, which should consist of four parts of the border region of relations with other territories to address a specific set of problems.

The first is the decision of purely local socio-economic issues (f.e., income and employment, landscaping, building the necessary infrastructure, etc.) through the development of cross-border cooperation, in particular, cross-border trade.

The second problem is caused by the necessity of participation of border areas in implementation of national functions: transportation, border security, protection of the national economic space, management and prevention of natural disasters, etc.

The third problem is connected with solution of joint tasks of border areas of neighboring states, including environmental issues, the provision of health, education and cultural services, etc.

Quarter should be seen as a tool to encourage the participation in joint projects in the border area of non-regional actors.

3. The main reason for this situation is to form a model of cross-border cooperation. Its basis is the Asian type of the traditional model based on the development of cross-border trade, which are the driving force behind the differences in the level and the ratio of the prices of consumer goods and industrial projects in the neighboring countries. The economic effect of this model is related to the expansion of markets for some participants border linkages and cheaper goods and services - for others. With significant amounts of cross-border trade and transit trade flows occur prerequisites for economic growth in border areas. Revenues from cross-border trade dispersed among many individual traders and small and medium-sized private and public companies, which does not allow implementation of large investment projects without support from the state budget and administrative areas. The greatest effect of the model is achieved by concerted action by Governments of neighboring countries in matters of visa and customs regimes, consistent changes of the exchange rates and in the presence of price differences for consumer goods and factors of production.

These conditions have led to the dominance of barter as the main form of cooperation, with the initiative in their development is largely owned by Chinese companies, which are virtually abandoned the purchase of large quantities of Russian goods to the intergovernmental protocol and began to get the goods for barter, using direct connections, offering in exchange for the Chinese traditional goods exports. The main reason for the popularity of barter was the absence of both parties freely convertible currency. In addition, Russian companies can underestimate the customs value of its exports, which made it possible to quickly implement the goods on the domestic market. Chinese companies to acquire non-currency based raw materials, as well as to expand our market traditional products. It is important to note that the loss of our country as a result of under- and over-export import prices in the barter trade with China is estimated at 350-500 million dollars later payments crisis and a lack of working capital in Russia will increase the attractiveness of operations for hard currency. This was reflected in the dynamics of the indicator in the structure of barter trade: the share of barter down from 85% in 1992 to 0.9% in 2004, and now replaced by barter - the most popular form of earlier trade - came tolling - barter transactions continue to carry out some kind of compensatory function for an unstable economy. Thus, although barter is no longer widely used in the Russian economy, it retains a foothold in the practice of making deals. Russian-Chinese border cooperation to this effect, there are two explanations. The first is based on the analysis of

the behavior of enterprises and considers barter as a way to avoid paying taxes. As a result, the Russian economy is defined as an intermediary with a large share of the informal sector in it. The second explanation is based on the failure of market institutions in the economy. For example, the operation of the banking network and the payment system of the two countries are not able to build confidence in the calculations, as too segmented and yet very effective.

According to estimates of the Chinese side, the scale of the informal trade in the Chinese-Russian folk trade estimated at 8.10 billion yuan. It is estimated that in 1995-2009 the share of shuttle trade accounted for about 15-23%, with imports of food, it reached 50% of total turnover. At the beginning of XXI century. replace the shuttles came the so-called «pomogayki» cumulative damage to the state of their activities, according to the calculations of operational staff of the Far Eastern Customs, was over 7 billion rubles on year.

China's imports from Russia, consisting of raw materials, industrial products, including construction materials, fertilizer, is for industrial character. By contrast, Russia's imports from China consist of apparel, footwear, food and some consumer electronics, ie mainly consumer goods. Such activity reduces the import role of foreign trade in the economic development of these regions. However, the conclusion of some researchers that the nature of cross-border and regional trade is generally more favorable to China than to Russia, is premature, as it does not take into account all factors of cross-border cooperation. Special place among them should take analysis of the impact on the economy of the border region are long-term trade surplus.

So, after successful deals in the trade of military equipment, the leader of which was in the Far East Khabarovsk region, there is a new factor associated with the cycle of demand for military equipment abroad. Of particular importance in the development cycles of cross-border cooperation is beginning to play a change in consumption and oil prices. The presence of cyclical factors leads to the conclusion of the development in the near future fifth over the period of the cyclic rise in cross-border trade of Russian Far East and north-eastern provinces of China.

This was evident, including in the legal and economic culture of participants border trade. Among its features is called a branched network of intermediary Chinese trade, in which every citizen of China easily calculate your percentage of mediation, feels safe enough Chinese law, and will seek to squeeze more profit from the price of products, their quality, quantity, or method of settlement.

Together, all of these circumstances cause spasmodic character of the development of trade and economic relations between the neighboring territories of Russia and China in the Far East. Despite the interest of the parties and the great potential of cooperation, the results can not be considered satisfactory for both parties: for example, the share of cross-border trade in the Chinese province of Heilongjiang's GDP is less than 5%, and the Primorsky and Khabarovsk - barely 10%. In addition, the share of the regions in the Far East Federal District total Russian-Chinese trade is too small and not commensurate with the potential of the territory. Moreover, the already rapid growth of foreign trade, a decline in the share of regions in the Far Eastern Federal Trade with China - from 16.8% in 1998 to 9.65% in 2004. However, since 2005 there has been a tendency to increase - 11.1%. In the trade with the leaders of this province are not the Far East, but Siberia. This situation exacerbates the search tools more effective use of cross-border ties territories of neighboring states, including on the potential of forming the structure of cooperation.

Meanwhile, the ratio is the economic potential Far Eastern Federal District and neighboring areas of China is not in our favor, and further the gap in economic development of adjacent areas will increase. So closely bind the Far Eastern regions of Russia to the Chinese economy may have to have the most adverse effects. One should also consider the fact that the current model has led to a breach of competition in the international market as a result of

reducing the number of businesses in the border market. Thus, according to the President information-analytical Chamber, shifting the center of gravity of the cross-border trade zones in the center. In 2004, in the northeast of China companies trading with Russia, it was the same as in a Beijing. There has been a reduction in the number of companies working with Russia, 2 times. In this case, the Beijing representative office in Russia for the same period increased by 5 times. A similar situation exists in the Far East with the PRC, where there was a twofold reduction operators in trade deals with China, while enterprises and businesses in Moscow and St. Petersburg have increased their presence.

Thus, there is a flow of the volume of trade and financial flows from the regions to the center not by increasing the volume of trade, but due to the interception of traditional ties and contacts. The existence of these and other adverse factors lead to the loss of not only the competitive position of the Far Eastern regions, but also the possibility of rent with development related to the distribution of financial flows in the geo-economic space.

Current state of the Far East regions of Russia has a paradox. Having a surplus balance of goods and services balance, differing more high potential for innovation, they are, nevertheless, pay the kind of rent backwardness adjacent territory of China, which is manifested including huge amounts of «gray» shuttle trade saturating the consumer markets relatively cheap consumer goods. In addition, due to underdeveloped infrastructure Far Eastern regions have to pay the same rent and central Russian regions, absorbing the human potential of the Far East and gradually established control over the financial and commodity flows of border areas.

However, these trends, create problems in the existing model of cross-border cooperation can be used to enhance the processes of internal integration in the development of national economic space through the development of a new model of cross-border ties.

Therefore worthy point of view, based on which, the main motive of the Russian economic space is in the interest of producers of raw materials and sales markets, partners and subcontractors, to remedy violations of the reproduction chain and creating new ones. Russian-Chinese foreign economic relations in the Far East, such an approach means creating conditions for activation of all components of cross-border cooperation.

4. A major focus of conservation and sustainable development of the economy of the Russian Far East may be the development of global markets international transit traffic, as through the region are the shortest land, sea and air routes, providing a message of Western Europe and the countries of North-East Asia (NEA) and the Asia-Pacific region. In other words, it is a realization of transit function of the border area through the use of national and international transport corridors (NTC and ITC).

For example, today there is every reason to speak of an international transport corridor «Harbin - Big Ussuri Island – Vanino» in Khabarovsk Region. This would provide a direct output of the transport Chinese goods to ports of Khabarovsk Territory and would reduce the term of their delivery to Japan, the U.S. and South Korea for at least 4-6 days. A corridor, possibly through the formation of through traffic in transit 'containers from the northern part of Heilongjiang Province in Vanino port (future Vaninsko - Sovetskaya Gavan transport hub) and then (on the basis of regular container routes) in Japan, South Korea and the United States.

As you know, directly adjacent to the borders DVFO Chinese province of Heilongjiang, which assumes the entire load and the planned increase of the foreign trade turnover with Russia - to about 60-65 billion dollars by the end of 2011. However, the freight capacity of the province can not ensure the free movement of trade goods and do not meet the growing demands of foreign markets. Therefore, lack of development of transport is the limiting factor for the economy of the province. While in the stage of rapid economic growth, China has made great efforts for more rapid development of transport and infrastructure. China imposes special hope is to ITC as a necessary part of the process of integration into the world

economy. In the north-eastern region of the China, and outputs it to the territory of the Far Eastern Federal District of Russia in these corridors are:

- 1) ITC «Suifenhe»: ports of Nakhodka / East - Suifenhe - Harbin - Manchuria - Zabaikalsk - Transsiberian;
- 2) ITC «Tumangan»: ports of North Korea - Changchun - Transsiberian;
- 3) ITC «Dalian»: Dalian - Harbin - Heihe - Blagoveshchensk - Transsiberian;
- 4) ITC «Tianjin»: Tianjin - Beijing - Erlian - Ulan Bator - Transsiberian;
- 5) West corridor of the Trans Korea: Busan - Seoul - Pyongyang - Sinuiju – Shenyang - Harbin - Transsiberian;
- 6) The Eastern corridor of the Trans Korea: Busan - Rajin - Sonbong - Hassan - Transsiberian.

Overall, therefore, the strategic development of ITC «East – West» are:

1. Use of transport infrastructure in the Russian Far East to the full capacity.
2. Integration of the Russian Federation in the Asia Pacific region.
3. Creating a favorable investment field.
4. Additional revenue.
5. Economic development of the Far East and the country as a whole.

In the projected transport corridor «Harbin - Big Ussuri Island – Vanino» is key Vanino Commercial Sea Port. Currently, it is rightly called the main sea gate of the Khabarovsk Territory. This is - the universal port of the day and night, which is part of the top ten ports in Russia in terms of cargo handling, and a major transport hub in the region. The port is a modern enterprise specializing in the processing of almost all kinds of goods.

The introduction of the effect of the proposed corridor will contribute to further development of the port, first, as the integration of the contact structure of the Russian Far East to the Asia-Pacific region, and secondly, as an area of intense (innovation) development, and, finally, as a territorial point of economic growth of the Khabarovsk Krai and the Far East.

Strategic importance for Russia's integration in the Asia at present is the formation Vaninsko - Sovetskaya Gavan transport hub. This port Vanino and Sovetskaya Gavan have all the conditions, including:

- 1) the presence of a free land area;
- 2) direct access to two independent railways - Transsiberian and Baikal-Amur;
- 3) removal of the smallest to the central part of Russia and the northern regions of the Far East, and on the sea route - to the North American continent;
- 4) the presence of the road Lidoga- Vanino, around the clock, the Area with the transport systems of Russia;
- 5) a ferry Vanino - Kholmsk, Sakhalin provides communication with the mainland of the Far East.

Geography distribution of the world container flows shows that the greatest in the world are the flows from Asia to the U.S. and Asia to Europe, with most of the volume sent from Asia to the U.S. containerized cargo (about 84%) of the goods from China.

The actual implementation of the project of the international transit corridor will require the Russian and Chinese sides of the construction of a powerful motor transshipment facilities, road and port terminals. Russian authorities should erect bridge over Amur channel, providing a pass ships, roads, dams and other facilities necessary for the operation of the terminal and checkpoint.

In the long term to 2020, the following development trends of Russian sea ports:

- 1) the construction of major oil terminals in the diversification neftepotokov in Russia;
- 2) the construction of specialized high-tech systems for handling coal for export development and competitiveness of Russian coal in world markets;

3) the construction of modern facilities for handling fertilizer, liquefied natural gas, petrochemicals, grain;

4) the construction of modern container terminals to achieve the objectives of Russia's entry in MTC.

Successful implementation of the above plans for the development of production facilities of the Far Eastern port basin will not only significantly increase the role of the Far East in the Russian foreign trade cargo transportation and solve the problem of diversification of export supply, but will ensure a sharp increase competitiveness of local ports, both in the Russian transport system and the international transport market.

5. As you know, the border regions Far Eastern Federal District (FEFD) with deformed structure of the economy, do not have the necessary innovation base. However, in our opinion, the preconditions for the formation and creation of the so-called «point» of regional systems of innovation in this area is not (yet) have. Therefore, in our opinion, another important area of the new model of cross-border cooperation should be the priority use in the FEFD of available scientific, technical, educational and methodological and intellectual potential of working here universities, research institutions and units of Sciences.

Notably the export potential of the Far Eastern universities. Close geographic proximity to China - the largest importer of educational services, not only to determine the competitive advantages of the region, but also contributes to the promotion of education in Russia to China and other Asia-Pacific countries in the Far Eastern University. The implementation of this export potential can only be based on the innovative development of educational institutions, by the regions and the country as a whole. It can be provided as part of the major university systems in which the intellectual resources of universities will be integrated with the existing infrastructure of academic science and vocational training institutions. An example of such a complex can be Far Eastern Federal University (FEFU) in Vladivostok.

These innovative systems will allow to solve the problem is not only the modernization of higher education, but also a system of personnel training of foreign nationals. Foreign students for the Far Eastern regions can have a positive impact in confronting demographic problems, shortage of labor, the transition from a resource model of the national economy to an innovation.

It should also improve the infrastructure services needed to create favorable living conditions for foreign students in the territory. Given that the share of services in the subjects GRP of FEFD constantly increasing, it can be a catalyst for growth for the regional economy, although this requires an appropriate legal and human resource support from the center. This activity should be part of the regional policy. However, in the present time in this area there is still very, very much - almost work has just begun. Moreover, in recent years more and more applicants and students, and alumni as well as the Far Eastern universities go to school (or its continuation and conclusion) in the nearby Pacific Rim countries - China, Korea, Australia, etc.

6. What is the result? Answer to this question may seem, as follows.

1. Obvious is the fact that the need to develop cooperation with China in all the above areas. However, we need a new concept of such cooperation, taking into account that both China and Russia have changed and changed. And the first is undeniable, though (in our opinion, in terms of historical perspective in the near 20-30 years) tactical, and therefore temporarily limited dynamic intra-and geo-economic advantage (on the one hand, the high rate of growth of GDP and per capita income, growth in industrial production and the financial sector, etc., on the other - the export of capital, commodity and financial expansion, political influence, etc.). Russia is in this respect - as before - the state, focused on exports of raw materials and the «inconvenient» neighbor (at least - partner) to solve common problems of development with neighboring countries. In this sense, not only globalization and gradual «integra-

tion» and the integration of Russia into the world economy, but also glocalization, and even regional cooperation could become Russia's unattainable goals. Only in this sense, a partner who can «pull» and «implicate» Russia for world economic engine may be, it is not strange (and for some - as it does not hurt) - China. But you need to position yourself differently, to find new means to remove «imperial robes», and not to erect new barriers to co-existence and development.

2. One of the main problems of the Russian Far East, it is - not only and not so much the distance from the center, this is not only the highest standards of living in the region, and, in fact, the lack of sufficient economically active population in vast areas of the Federal District and a very ghostly growth prospects quality and increase the comfort and living conditions. For the post-perestroika period, ie around since the early 90-ies of XX century to the 2010 resident population of the region is reduced by nearly a third, or more than 2.7 million people. Today, these processes are very active. Only 10 months 2011 population of the largest in size of the Federation of the Far East - Primorsky Krai has decreased by 36.8 thousand. Thus reducing to less than 1.8 million. And serious obstacles to this process is not visible. It is clear also that the measures taken by the Government of the Russian Federation or ineffective or inadequate. In this sense, the increase in the number of manifestations of «people's democracy», clearly indicate that it is necessary to correct significant political and economic conditions of life in Russia's Far East. And it's not so much the salary increase, the program claimed housing, resettlement compatriots, support seniors, regional rates, etc. (a topic for another conversation and difficult), but to provide additional economic (and, perhaps, social and political) rights and freedoms can be interested, above all, young people and people of working age to be mature and live in the region. The past 15-20 years have shown that the state is not able to solve from the past and new problems, and mostly use the territory as a transit capacity (which, by the way, every year shrinking like «shagreen leather» - to the extent that both grow economies of China, Korea and other neighbors of Russia on the Asian part of the APR). So its word to say business is primarily international. In this case, the task of the state - to find compromises collaborative problem solving, to agree, to interest those whom Russia is interested. Until this process is very, very difficult, and no visible achievements and breakthroughs. Does not bode well for the prospects of development of the Far East and the results of the APEC Summit-2012. If possible, and in this case any «breakthroughs» and «achievements», most of all, it can be attributed not to the «points of growth» (but hope it still is), and the so-called «profit centers», of which the region is not so much.

3. Frequently asked question: «Why do we need a China?». In our view, the question can and should be put differently – «Why Russia and China need each other, and if so, how to take into account and implement their (very different) interests best?» In other words, it is again a question of interests and ways to implement them when in unequal partners intend to participate in that «de jure» are equal. From our point of view, the solution to this problem is possible only on the development of all forms and types of cooperation, fine «tuning» of the political, economic, legal and other mechanisms and operational models of the two countries, one of which supports cross-border cooperation.

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Empirical Bases Of Functioning Of Corporate Logistical Systems

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Today globalization became real complicatedly evolutionary factor of world history, which, being open and multy-measure on its integration, includes processes of self-organization of world community, related to needs of effective functioning of national economies.

In world community the tendencies for development of intercontinental economic relations are observed. The world integral processes reflect on national and regional policy, resulting in forming of corporate logistic systems on directions of movement of transnational cargoes' flows.

The geographical placement of territory of Uzbekistan and variety of natural resources, economic, production conditions, and also traditional economic and geopolitical territorial division is conditioned necessity of synthesis of noted logistical systems for solving problems of movement of transnational cargoes.

Efficiency of functioning of national economy in these conditions depends on sustainable production-financial basis of forming of home corporate logistic systems, purpose of which is gaining of higher and sustainable profit by means of more rational usage of existing resources, development and release of new kinds of products and services, that finally ensures and acceleration of social-economic development of some territories of area and its regions.

The author calls corporate logistic systems (CLS) as sustainable macro-logistical systems, forming transnational companies (TNC) and financial-production groups (FPG). Such logistical system includes industrial enterprises, scientific organizations, banks, insurance and investment companies, funds and other financial-credit institutes.

There are some approaches to study of establishing logistical systems: cybernetic and system.

From the point of view of the cybernetic approach the logistical system is considered as set of processes of exchange, processing and information transformation. The cybernetic approach represents CLS as system with management, including three subsystems: operating system, object of management and communication system. Application of cybernetic approach to logistics demands description of basic properties CLS by means of mathematical models. It allows to develop and automate algorithms of optimisation of cybernetic system of managment [4].

The system approach – this methodological direction in science which primary goal consists in working out of methods of research and designing complicate organized objects - systems of different types and classes. It is possible to meet double understanding of the system approach:

- on one hand, this consideration and analysis of existing systems;
- on the other hand creation, designing, synthesis of systems for achievement of purposes.

With reference to logistics as the system approach is considered complex studying of system as a single whole.

Considering the above mentioned, it is necessary to note that high resource and power independence of national economy, powerful scientific-technical potential, presence of geopolitical advantages in system international economic relations should be rationally used in process of formation of corporate logistical systems.

Generalization of materials of theoretical and empirical researches of domestic and foreign experts allowed allocating some objective preconditions of necessity of formation of corporate logistical systems in national economy of Uzbekistan.

These objective preconditions are possible to place in some groups of factors which concern: macroeconomic; institutional-organizational; technological and informational.

In figure 1 all groups of the factors defining the preconditions of formation of corporate logistical systems in Uzbekistan are presented.

Distribution of the specified factors on groups in certain measure is conditional, as these factors are in dialectic unity and system interrelation. Nevertheless, similar decomposition allows establishing priorities, to range the purposes and problems of formation of corporate logistical systems, their functions.

Considerable influence on features of development of logistics and construction, corporate logistical systems in national economy render organizational-institutional factors which basically consist in necessity of state regulation of these processes.

Importance of this factor for formation and effective functioning regional CLS is caused by program problems of social and economic development of administrative-territorial objects, political, ecological, military, national, social and other purposes.

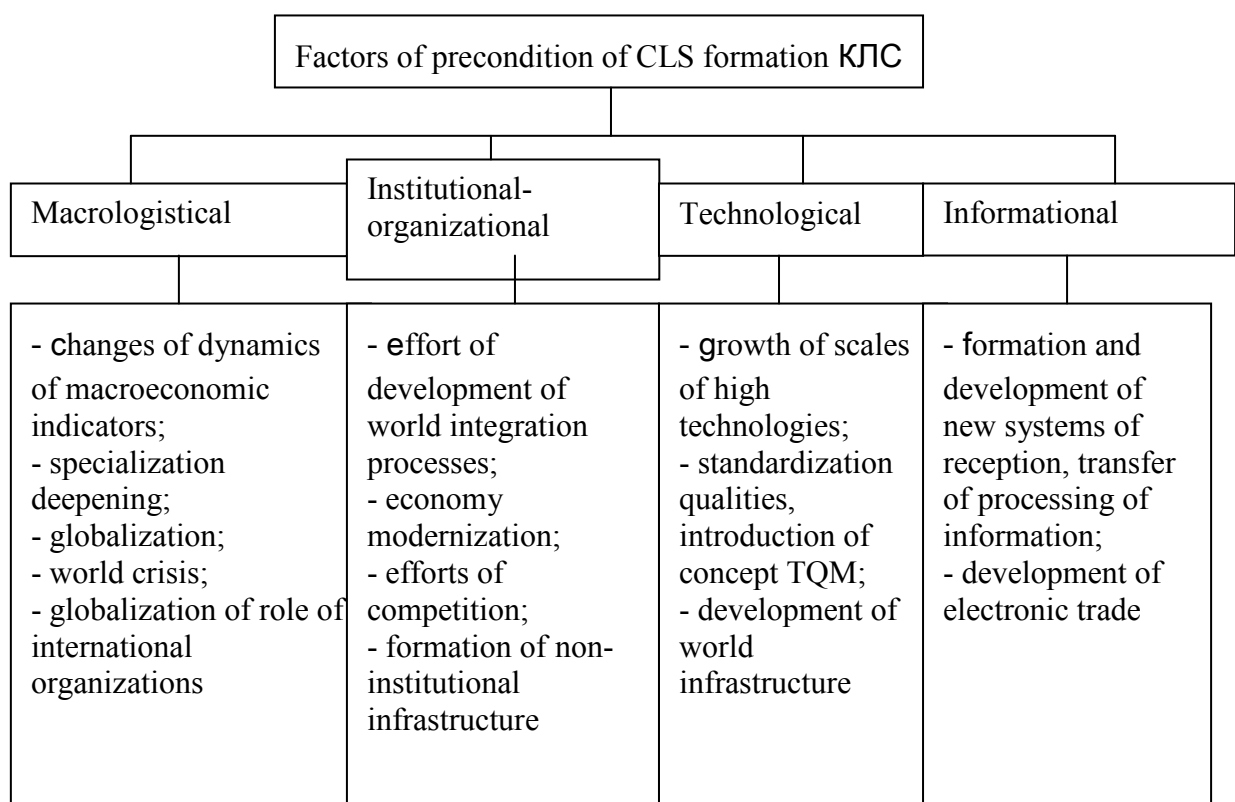


Fig. 1 Scheme of system interrelation of factors defining the preconditions of formation CLS

Establishing of such systems is connected with certain methodological principles and methodical approaches generated in the process of formation and development of logistical systems and already approved in the process of logistics evolution.

Analysis and generalization of considerable quantity of foreign and domestic references, Internet information, and also almost logistical management and marketing allow to formulate following basic methodological principles of macrologistical systems [5]:

- principle of system approach which is shown in discussing all independent elements of logistical system as interconnected and cooperating among themselves for achievement of the uniform purpose of management. Distinctive feature of the system approach is functioning optimisation of not separate elements, and all complex of logistical system as a whole;

- principle of global optimization, logistical coordination and integration. By optimisation of structure or management in synthesized CLS coordination of the local purposes of functioning of elements (links) of system for achievement of global optimum is necessary. In

the course of logistical management achievement of coordinated, integrated participation of all links of CLS (chain) from its beginning and till the end in management of material (information and financial) flows is necessary while realizing the functional function;

- principle of total expenses which provides the account of all set of costs of management and connected with them information, financial, personnel, legal flows in logistical network. As a rule, the criterion of minimum of general logistical expenses is one of the cores by CLS optimisation;

- principle of modelling and information-computer support. At analysis, synthesis and optimisation of processes and objects in CLS various models are widely used: mathematical, algorithmic, economic-mathematical, graphical, physical, imitating, business games (on computer), expert evaluation and others. Realisation of logistical management is almost impossible now without modern information technology and corresponding information-computer system support;

- principle of working out of necessary complex of the subsystems providing process of logistical management: technical, technological, economic, marketing, advertising, organizational, legal, social, political, ecological, etc.

- principle TQM (Total Quality Management) - general quality management – maintenance of reliability of functioning and qualitative works of each structural element of CLS for maintenance of the general quality of goods and service, delivered to end users;

- principle of humanisation of all functions and technological decisions in logistical systems that means conformity to resource saving technologies, ecological requirements on preservation of environment, ergonomic, social, national, ethical, aesthetic requirements of work of personnel, etc.;

- stability and adaptability principle. CLS should work steadily at accessible levels of deviation of parametres and environment factors (for example, at fluctuations in certain range of market demand for final commodity output, changes of conditions of deliveries or purchases of material resources, variations of transport routes and tariffs, inflation and deflation jumps, etc.). At considerable fluctuation of stochastic factors of environment the logistical system should adapt to new conditions, changing the functioning program, parameters and criteria of optimisation.

Addressing to solving the problems of synthesis of logistical systems in corporate structures, according to the author, regional specific features of the simple and expanded reproduction, a unique combination geographical, political, and social and economic and natural-climatic factors in each separate region should be considered that further will cause a special parity of supply and demand on commodity output, price and tax policy, specificity of activity of logistical intermediaries and other regional features.

Methodology of formation of macrologistical systems assumes transition from the system analysis to the list of specific targets of synthesis of organizational structure of macrologistical systems.

The basic concept of building of organizational structure macro-logistical systems is based on principle of accurate interaction and coordination of functional elements to which it is possible to carry:

- objects of manufacture and product consumption;
- volumes of deliveries of product (transit, through the logistical centers and warehouse complexes);
- presence and requirement for warehouse capacities for its storage, transformation;
- presence and requirement of transport infrastructure.

At such approach within the limits of such logistical system the functions of manufacture, supply, distribution are integrated, i.e. the system by building principle being macrologistical, solves the list of questions in the global plan:

- production output;
- a choice of rational material flows;

- development of effective concept of commodity movement;
- necessary stocks capacity;
- demanded warehouse capacities for storage;
- substantiation of necessity of expansion of warehouse capacities or new building;
- definition of necessary volume of capital investments for production increase.

Optimisation of organizational structure of macrologistical systems consists in defining of qualitative and quantitative characteristics the subject and object of logistical management on the basis of criterion and methods set by complex of the purposes and problems, taking into account resources, factors of environment, requirements for macrologistical services and transport-logistical service, program actions [6].

At the present stage influence of CLS on economic and social development of national economy in whole and regional economy in particular is extremely great. It is a priori expressed in increase of reliability of financial condition of the enterprises entering this system providing of access on the financial markets, growth of investment possibilities and possibilities of research and experimental construction development, growth of volumes of output and labour productivity, escalating of manufacture of new and high-quality production.

At inclusion of regional enterprises in structure of corporate logistical system it is necessary to consider the following:

- socially significant or city-forming enterprises which modernisation can lead to decrease of life standards of population;
- readiness of financial-credit organisations of corporate structure to carry out the investment in the given territory;
- degree of influence of the last for the size of tax privileges (which can be rather considerable).

Under certain conditions inclusion of regional significant objects of economy in structure of corporate structures – effective enough way to solve social and economic problems of region. Therefore from position of regional administrative bodies inclusion of the enterprises in structure of CLS is expediently if the given process provides:

- formation of policy of social and economic development of regions;
- will increase incomes of regional and area budgets;
- will provide inflow of additional financial resources to the region, that number foreign investments;
- will increase manufacture of socially significant product necessary for solving of problems of population and development of regional economy.

Each region is characterised by the special set of factors explaining specificity of economic system functioning in it, differences in interrelations of institutes, economic subjects, distinction of flows. Therefore uniqueness is also inherent in corporate logistical system functioning in region.

The republic Uzbekistan is the state with stably developing economy. The republic has the branched out transport system which basically provides internal and external transportations of cargoes and passengers, its economic relations with the countries of near and far abroad. The transport complex of the republic is presented by railway, river, air, automobile, and pipeline types of transport.

Today in the Republic of Uzbekistan all conditions for the further development and increase in transit potential are created. Building of absolutely new railway and automobile highways in the country is held, the basic transit railroad lines and highways of the international value are reconstructed and electrified, the international airports are reconstructed, specialized international transport terminals are created, the corresponding standard-legal base is being developed. The republic has already joined the basic transport conventions and international contracts, and this work proceeds.

For today, Uzbekistan uses following directions of export-import cargo transportation:

Corridor 1 - in direction of ports of the Baltic states (transit through Kazakhstan and

Russia) - Klaipeda (Lithuania), Riga, Liepaja, Ventspils (Latvia), Tallinn (Estonia);

Corridor 2 - through Belarus and Ukraine (transit through Kazakhstan and Russia) - frontier transitions Chop (Ukraine) and Brest (Belarus), further to Europe;

Corridor 3 - on the Ukrainian port Ilichevsk (transit through Kazakhstan and Russia), with an exit to Black sea;

Corridor 4 - in east direction through Kazakh-Chinese frontier transition to east ports of China, and also Far East ports, and also Far East ports of Nakhodka, Vladivostok etc.;

Corridor 5 - in direction of the Transcaucasia corridor (transit through Turkmenistan, Kazakhstan and Azerbaijan), with an exit to the Black sea which is known as corridor TPACEKA;

Corridor 6 - on the Iranian port Bandar-Abbas (transit through Turkmenistan) with an exit to Persian gulf;

Now the following directions are studied.

Corridor 7 - on the Chinese ports (transit through Kyrgyzstan) with an exit Yellow, East Chinese and South Chinese seas.

Corridor 8 - in regard of solving the Afghani problem the new prospects on working out of southern alternative transport corridors on the Iranian ports Bandar-Abbas and Chakhbakhar transit through Afghanistan open.

Thus, it is necessary to notice that fact that the transport system of Afghanistan is integrated enough with transport communications of Uzbekistan. Uzbekistan is unique country in the region through which the communication almost all types of transport to Afghanistan can be carried out.

Integration into world transport logistical system demanded from Uzbekistan realization of measures on strengthening and further development of transport logistical infrastructure.

On December 2, 2008 the Decree of the President of the Republic of Uzbekistan “About creation of free industrially-economic zone in Navoi area – FIEZ” where the special customs, currency and tax mode, the simplified order of entrance, stay and departure from FIEZ, and also reception by citizens of the permission to realize labor activity has been accepted in its territory. All the territory, on which the free industrially-economic zone of “Navoi” is created, is given in using and management to Administrative council for the whole period of existence of FIEZ.

The city of Navoi has been chosen for placing of the logistical centre not casually. It has a favorable geographical placement on crossing of steady air transportations Europe–Asia, and international transport corridors – international automobile route, transcontinental railway in immediate proximity lie. Besides, in Navoi the large industrial enterprises of the republic with the big export potential, including Navoi mining-metallurgical industrial complex, a number of the enterprises of the chemical industry are concentrated. The various agricultural product is grown up in the area regions.

The South Korean airline «Korean Air» which let airport “Navoi” to carry out a part of the flights of the European direction as transit through Navoi, and also will assist in the organization of a global network that will promote increase in quantity of flights of passenger and cargo planes, creation of all necessary logistical infrastructure, industrial complexes in the territory adjoining to the airport, and attraction of manufacturing enterprises to this process.

The International centre of logistics in Angren which is aimed to provide the guaranteed all-the-year-round transport communication between regions of republic and areas of Fergana valley has been built and put in operation. The activity on rendering of transport-expedition, shipment services and services in storage of cargoes on the Joint-Stock Company “Center of logistics in Angren”. For the first quarter of 2010 707,500 tons of cargoes has been transported. Last year activity of the created logistical centres were activated. So, through intermodal centre of logistics of “Navoi” 50,000 tons of cargoes was transported. The volume of transportation through pass of “Kamchik” the Joint-Stock Company “Center of logistics in Angren” made 4.2 million tons of cargoes that in 1.3 times more than in 2010.

The volume of export production in 2011 has increased against 2010 almost for 15.4

percent and has made more than \$15 billion, or has increased against 2000 in 4.6 times. The positive balance of the foreign trade turnover has exceeded \$4.5 billion. Relative density of finished goods in export volume has grown to 60 percent whereas in 2000 it made about 46 percent [2].

The logistical analysis of establishing the economic communications of corporate systems of export-oriented product of Uzbekistan is the most adequate tool of estimation of efficiency of their functioning. Corporate formations of export-oriented sphere of Uzbekistan realize resources on following channels:

- product of the enterprises joined to the corporate structure is delivered on home market, and also on external, through a foreign branch network;
- through the branched out network of representations of the companies buy raw materials from commodity producers, small and large traders, resources delivering from various regions of Uzbekistan and then sale product both on internal, and external, through a foreign branch network.

In similar logistical systems which represent structure of interconnected units co-operating on contract basis, the questions of transfer pricing (system of the intracorporate prices on which sale of product and services in structure is made) are actual. There are some functions of the transfer price.

First, such price is the indicator of domestic trade of corporate system. Otherwise, contract relations of corporate business elements will be terminated, and the system will stop the activity.

Secondly, the transfer price defines volume and frequency of deliveries of resources (rendering of services) between business elements of corporate logistical system.

Thirdly, the transfer price makes considerable impact on incomes and expenses of business elements of corporate logistical system, so it is income of selling division and the expense of the buying.

Fourthly, the transfer price allows, at introduction of corresponding models to calculate incomes and expenses of each business element entering into structure of corporate logistical system.

Fifthly, the transfer price underlies definition of (at use of certain methods both accounting and mathematical) efficiency of activity of business elements.

Main objectives of transfer pricing in corporate structures of export-oriented production of region the author defines the following:

- optimum placing of resources;
- distribution of sphere of influence between parent and affiliated business elements of corporate structure;
- the divided account of business elements and estimation of their contribution to the general profit of corporate structure;
- increase in general profit of structure;
- minimisation of tax “burden” and customs payments.

The presented analysis of empirical bases of formation and functioning of corporate logistical systems proves necessity of the system scientific approach for studying of occurring processes, and also creation of methodology of management and state regulation by activity of the corporate logistical systems formed in region, for the purpose of increase of economic potential export-oriented product and the further development of economy of Uzbekistan. Necessity of working out of the scientifically-proved approaches to state regulation of activity of CLS of export-oriented region product is caused by number of reasons:

- amplifying processes of repartition of property and control establishment over significant managing subjects;
- inadequacy of some measures of administrative reform to problems of development of market relations in branch economy sector and so forth.

Integration of transport-logistical system of Uzbekistan in world one is an important part of the scale economic reforms held in our country, and will promote the further development of economy of Uzbekistan, growth of its efficiency and strengthening of positions in the world market.

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ON ALTERNATIVE METHODOLOGICAL APPROACHES TO STUDY TRANSFORMATION

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20th century was full of events, among which the large-scale and over 70 years long social experiment in the former Soviet Union (FSU) took a prominent place. Its death, like its birth, again “shook the world.” The sudden and fast disruption of the FSU confronted its fragments – 15 newly independent states (NIS) with challenges and tasks unprecedented in scope, magnitude and novelty.

More than two decades of independent development also coincided with the period of dramatic systemic transformation along the patterns of market reforms that had been introduced in Central and Eastern Europe (CEE) a few years earlier. These 21 years, despite enormous economic and social hardships in all transition countries have given a lot of experiences to study. It is necessary to draw proper lessons from both positive and negative developments for better meeting the challenges of continuing transformation and globalization.

Key words: *Central Asian newly independent states, economic transition, globalization traps, hyper- inflation, institutional reform, liberalization, macro-economic stabilization, market reforms, systemic transformation, “Uzbek puzzle”.*

Main part

Thorough study of empirical evidence accumulated within this period in each post-socialist country is important to bring the concepts on market reforms to the level of comprehensive theory of economic transition and systemic transformation. Existing approaches have failed to catch the essence of the process and faced fiasco in attempts to influence the practice of transition properly. Admitting this fact then chief economist of the World Bank J. Stiglitz [(1999), p.1] suggested, that “failures of the reforms in Russia and most of the former Soviet Union were not just due to sound policies that had been poorly implemented. Their roots went deeper, to a misunderstanding of the foundations of a market economy as well as a misunderstanding of the basics of an institutional reform process. The limited success in so many of the countries in transition also meant that they remained many opportunities for applying better policies.”

However, judgements and discussions so far have been mainly based on the analysis of transition in CEE countries, Russia and much less in other FSU states. There are interesting comparisons between Poland versus Russia [EBRD (1999)], and China versus Russia [Hussein, A., Stern, N. and Stiglitz J. (1999)]. The five Central Asian states are among those countries in transition that are the least examined. Although some publications have recently appeared, further study is needed.

Meanwhile, the systemic transformation and economic growth, particularly, in Uzbekistan can add some new aspects in the theory and practice of systemic transformation. It is one of the two states among 26 countries in transition examined separately by the former chief economist of the IMF S. Fisher in his paper, co-authored by R. Sahay, emphasising that “the output records of Uzbekistan and Belarus present a challenge to the standard transition paradigm” [(2000) p.18]. A few attempts to discover the “Uzbek puzzle” [Taube and Zettelmeyer (1998), Zettelmeyer (1998)], having been made from neo-classical positions and leave enough space for alternative assessments from evolutionary institutional viewpoints. To resolve “the puzzle” more in-depth and comprehensive research from various angles is needed. This study attempts to contribute a different explanation of this phenomenon examining the

peculiarities of the transformation process and economic growth performance in Uzbekistan compared to other countries in transition, especially, Central Asian NIS.

An evolutionary economic approach to systemic transformation has been lacking from the beginning both in scholarly research and applied policy analysis publications. To a large extent macroeconomics, and to a lesser degree microeconomics, have been predominant tools to study countries in transition. However, they, with their emphasis mainly on the mechanism of the functioning of a mature market economy at the macro- and micro- levels, cannot substitute the evolutionary political economy with its focus on the origin and sources of development of different processes and the causes of their transformation. The former are preoccupied with the regularities of functioning in existing institutions at a certain stage of the market economy, while the latter is concerned with the mechanism of their formation and evolution from one level of economic development to the other. Both approaches are complementary, they represent horizontal and vertical slices of analysis of the same processes. Exaggeration of one of them could lead to the loss of necessary balance needed for comprehensive research and policy recommendations. In my opinion, the economics of transition, now emerging as a comparatively separate subject with a new area of economic study, has been suffering so far with overemphasis of macroeconomics and understatement of evolutionary political economic analysis.

In practice this meant overemphasis of a common stereotype and uniform tools of macroeconomic stabilization and restructuring at the expense of a comprehensive consideration of the peculiar roots of each individual economy. In addition, priority was given to short-term objectives over long-term strategic goals of development.

The two decades of transition proved that systemic transformation, i.e. the reforms aimed at transition from one – a centrally planned administrative command – system to another system – a market based economy, in reality turned out to be a much more complex, difficult and lengthy endeavor than it had been initially expected. It is difficult to feel fully comfortable about the as yet dominating explanations of the various problems of transition proposed by the “mainstream” policy researchers. The ideas have different variations and may rely on the methods of political economy or sophisticated statistical analysis but basically serve to prove that systemic transformation problems are heavier in those countries that have failed to implement recommended policies properly Aslund [(1999)].

An EBRD Transition Report [(1999), p. 7] containing a comprehensive account of the first decade of transformation and introducing some explanations from an institutional viewpoint (“institutions and behavior”) has been so far the only source that first mentioned “transition traps”. The Report, among its findings, suggests that its “analysis helps to identify transition traps that have entangled reforms in some countries and the characteristics of other countries that have pressed ahead steadily with reforms and have realized their economic benefits.” Indeed, the Report based on a useful series of current data suggests an interesting analysis of the impact of reforms on aggregate economic performance in transitional countries. However, the reference to transition traps as well as incorporation of elements of institutional analysis (“social capital”) were used to strengthen the above-mentioned conclusions of “mainstream” economists, rather than to develop further ideas about the “roots of failure.”

Methodologically, in this study the term ‘traps’ is used to express the outcomes of contradiction between political and economic processes within the transition process that appear when laws of evolution are neglected. The most acute forms of traps emerge when political transformation is based neither on a certain level and character of economic and social institutions nor on the readiness of a state and people to make appropriate use of new opportunities. Under such circumstances, an enormous mismatch occurs between expectations and realities, achievements and costs, means and ends, efforts and results.

In the case of systemic transformation, the chosen strategy and policies, recommended and implemented, in transition countries appeared to be fraught with completely different, and in extreme cases, opposite implications and consequences. In this sense, all countries in

transition at the initial stage, though to different extents and forms, faced major transition traps (high or hyper- inflation and a huge fiscal deficit; transformational recession and de-industrialization; rapidly growing poverty and income disparities). Many of them were injured, in addition, due to the fast disruption of the existing state system regulating foreign economic relations, by globalization traps (immensely increased vulnerabilities to external trade and financial shocks, chronic current account deficit, capital flight and foreign debt) too. The transition and globalization traps, called further traps of systematic transformation, were larger in the states in which the dichotomy between initial conditions and policies implemented was bigger. But despite variations in the combination, in different countries, the most disappointing result is that no economy in transition was able to avoid them. The degree of cumulative effect of traps could be judged to certain extent by the depth and length of output and income decline.

It has obtained the most full-fledged forms in countries, which introduced the most radical forms of “shock therapy” with much less prior experience of market reforms (Russia and the majority of other NIS as well as in less developed CEE countries). Based on the comparative analysis and “re-evaluation of policies for transition to market economy,” Y. Nishimura (2000), proves the fact that reforms in Russia were much more radical than not only in Hungary but Poland as well, “where the transition to a market economy had a longer history, the policies for liberalization and macro-economic stabilization have been implemented more moderately and gradually.”

To understand better what is behind the transformational traps in each case it is necessary to examine more thoroughly, country by country, peculiar features of initial conditions, strategy and implementation of reforms and their impact on economic, social and external sectors. The mix of factors, which really has provided the main failures and some successes in various countries in transition, was different. The positive dynamics that appeared in some of them within recent years also needed special analysis to identify their internal and external sources and evaluate whether the growth is sustainable or not.

The systemic transformation traps have two aspects for analysis. They are, on the one hand, causes of the inefficiency of recommended and implemented reform policies and, on the other hand, scale and nature of negative real outcomes accumulated elsewhere in post-socialist world at initial stage of transition. Different individual problems of both aspects (e.g., “shock therapy” versus gradualism on the policy side, output decline on the outcome side) of this complex phenomenon have been under discussion in the last decade. There were also a few attempts to bridge both aspects by studying the causes of transformational recession [Kornai (1994)]. However, a real consensus among economists on the key matters of transition has not been reached yet.

In author’s opinion, to further identify underlying factors and to lay bare the mystery of different forms of systemic transformation traps the combination of two methods – the evolutionary institutional economics approach and common-to-specific analysis – are used. These methods involve three steps of analysis: first – establishing the commonalties inherent in all countries in transition; second – highlighting the peculiarities of NIS compared to CEE states; third – pinpointing the specific features of Central Asian NIS regionally and individually. To explain the causes of malfunction of policies-outcomes linkage the evolutionary method, which has been so far almost completely neglected, is applied.

It seems that this approach towards transformation traps, which has been lacking so far, could shed more light on disputed and controversial problems. The concept of systemic transformation traps could be useful for better understanding the nature of what has been happening in transition economies, and for making alternative assessments of the progress and implications of reforms.

This approach was applied by the author to study Central Asian NIS in a comparative perspective with other states in transition. Despite a common cultural and historical background, including more than seven decades of Soviet legacy, as well as similar problems

related to transition and integration into the world economy, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, have had different abilities to cope with the challenges presented. Subsequently, they have opted for different approaches and strategies. As a result, today among Central Asian states, there are early and late starters, cases of outcomes of the 'shock therapy' approach and 'gradualism', as well as countries with minimal reforms implemented in the Commonwealth of Independent States (CIS). All this provided a basis to carry out a careful comparative analysis of the overall results of reforms and major contributors to the successes and failures within these decades.

Since these factors are interconnected and progress in transition has many dimensions, separate examination of initial conditions, strategy and implementation of market reforms, though very important, could not permit the identification of the main causes and degree of their impacts. Therefore, the research work undertook a study covering the major challenges of the systemic transformation and globalization in their interconnections with inherited development problems from the past. In other words, Central Asian countries, in addition to the problems common to the majority of transitional economies, have had the features of developing countries. Besides, almost from the outset they were hit by the rapid disintegration of the highly interdependent economy of the FSU. The analysis of the complex combination of development, transformation, and globalization traps, reinforced by the break-up of the FSU, as well as policies needed to address them in the Central Asian NIS, is to become the main subject matter of the research work.

Special attention is to be paid to the experience of Uzbekistan, the most populous country in the region that has been searching for its own way of transition and integration into the world economy. It had to contend with the one of the most difficult environments both as for initial conditions, and subsequently, perhaps, a rather complex relationship with international financial institutions. At the same time it suffered the least GDP decline among the 15 NIS and had the best industrial performance among all 26 countries in transition. The proposed methodology applied to this case also permits a better evaluation of both the strengths and weaknesses of the alternative "to the standard transition paradigm" model.

Recently, criticism against the standard 'big bang' approach has been increased from different angles, sometimes from opposite extremes. This work tries to avoid both extremes, first, that recommended policies were the only alternative for economic transition or, second, that they were the only evils, which brought all the ensuing problems to countries that followed them. The opinion of the author of this work, is that macroeconomic stabilization and structural adjustment policies are necessary, but not sufficient if taken and implemented alone. In order to make them efficient, each country needs to find proper speed and sequence of reforms as well as search for complementary tools and options for the systemic transformation and integration into the world economy based on thorough examination of their initial conditions and long-term development goals.

The gradual reforms and opening up in Uzbekistan are taken as a principal case model. It provides evidence for an alternative pattern and proves the novelty of the arguments in favor of state-led gradual socially oriented systemic transformation with active industrial policy.

The conclusions could be drawn from 21 years of systemic transformation and state building in Uzbekistan. According to Islam Karimov "Within this period of time, GDP of Uzbekistan has grown for 3.7 times, real incomes per capita 7 times, life expectancy of population by 7 years. Despite the global financial crisis annual economic growth of Uzbekistan equal to 8-8.5% in average in recent 7 years includes it to the group of the fast growing states."

Although the main focus is made on the last decade of the 20th century and the first decade of the 21st century, the analysis also should cover the initial conditions of Central Asian states for independent development as they had been formed by the end of 1980s and beginning of 1990s. It also attempts to at the main tasks for the next two decades.

The study has to rely on a close examination of statistics appearing in the FSU, official national and CIS statistics, as well as information published by the IMF, World Bank, OECD, EBRD, ADB and other independent sources. At the same time, it has to contain new interpretations of data that hitherto have been considered in a different context, enabling the drawing of alternative conclusions and policy options.

Vice-president of the WB Mr. Janamitra Devan participating in the international conference on small business and private entrepreneurship in (Tashkent, September 14, 2012) noted that “Uzbekistan had really achieved impressive results within the recent 21 years in social and economic development, demonstrating high level of growth even during global financial and economic crisis.” According to Vice-president of the ADB Mr. Shiao Jao: “Uzbekistan is the most dynamic economy of Central Asia which has had growth of the GDP per capita for 3 times within recent 7 years and aims to achieve upper level of middle income states by the year 2020.”

Conclusion

So, from these methodological approaches the performance of five Central Asian states in transition—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan in the first two decades since independence is important to analyze and compare. Respectively, the main evaluations and conclusions are expected to differ from those concepts that had been prevailing in the majority of publications inside and outside the region devoted to these countries in transition, and advocated by pure proponents or opponents of the radical reforms throughout the 1990s. Twenty and more years of reforms in Central Asian states, though in many cases partial and incomplete, with still very fluent and susceptible to sharp changes situations in all of them, is a long enough period to allow discussion of the main outcomes and to conduct comparative analysis.

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