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АНАЛИЗ ВЛИЯНИЯ ВЫСОКОГО РЕЙТИНГА В ИНДЕКСЕ GCI НА УВЕЛИЧЕНИЕ ПРИВЛЕЧЕНИЯ ПРЯМЫХ ИНОСТРАННЫХ ИНВЕСТИЦИЙ

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Аннотация

На сегодняшний день одной из основных тенденций в мировой практике привлечения иностранного капитала является проведение активной работы по включению в глобальные индексы. Целью данного исследования является изучение целесообразности вступления стран в Индекс глобальной конкурентоспособности (GCI), а также выявление того, влияет ли GCI на увеличение прямых иностранных инвестиций в страну. В целях получения ответа на данный вопрос, были собраны панельные данные 127 стран за 10 летний период. Путем осуществления анализа панельных данных и использования методов причинности Грэнджера было определено, что вступление, а также улучшение позиций в GCI влияет на увеличение привлечения прямых иностранных инвестиций в страну, кроме того это является первопричиной увеличения потока прямых иностранных инвестиций.

Ключевые слова: *прямые иностранные инвестиции, индекс глобальной конкурентоспособности, анализ панельных данных*

Abstract

Today, one of the main trends in the world practice of attracting foreign capital is focused on joining of countries to global indices. The purpose of this study is to examine the feasibility of joining countries to the Global Competitiveness Index (GCI), and to determine whether GCI has an impact on increase of foreign direct investments flow into the country. In order to answer to this question, panel data of 127 countries for the 10 year period has been collected. After conducting the panel data analyses and using Granger causality methods, it has been found that joining or improving the positions in the GCI, has a positive impact to the attraction of foreign direct investments to the country. Moreover, it has been found that GCI is a Granger cause of foreign direct investments inflow.

Keywords: *foreign direct investments, global competitiveness index, panel data analyses*

Введение

В рамках реализации Стратегии действий по пяти приоритетным направлениям развития страны в 2017-2021 годах в Республике Узбекистан проводятся крупномасштабные преобразования. Активное привлечение иностранных инвестиций в отрасли и регионы экономики путем улучшения инвестиционного климата было определено как одно из приоритетных направлений развития экономики (УП-4947, 2017).

Для достижения данной цели важной задачей является всесторонняя оценка инвестиционного климата республики, выявление проблем, препятствующих притоку прямых

иностранных инвестиций, и определение направлений совершенствования инвестиционной политики страны путем изучения передового международного опыта.

Оценка инвестиционного климата проводится с использованием определённых экономических индикаторов, которые обычно выражаются в форме индексов. Среди них важную роль занимают индексы глобального экономического и инновационного развития, поскольку они признаются и используются международным сообществом.

На сегодняшний день одной из основных тенденций в мировой практике привлечения иностранного капитала является проведение активной работы по включению в глобальные индексы. Это связано с демонстрацией открытости страны и прозрачности её экономики для международного сообщества, в частности для иностранных инвесторов, оценкой абсолютных и сравнительных преимуществ страны, предоставлением достоверной информации иностранным инвесторам в целях облегчения принятия ими взвешенных инвестиционных решений, пиаром и продвижением страны на мировой арене.

Значимость исследования

Узбекистан включён в рейтинг нескольких глобальных показателей, в том числе в рейтинг Doing Business, организованный группой Всемирного банка. Всего в рейтинге представлены данные по 190 государствам. Первая тройка — Новая Зеландия, Сингапур и Дания, замыкающие — Венесуэла, Эритрея и Сомали. Сейчас Узбекистан находится на 76-м месте. Перед Узбекистаном — Ямайка, Монголия и Индонезия. До этого года динамика была положительной: с 2005 по 2015 год страна находилась приблизительно на уровне 150-го места, с 2016-го резко поднялась на 87-е, в 2017-м заняла 74-е. В 2018 году Узбекистан потерял два пункта. Реализация Указа Президента Республики Узбекистан от 18 июля 2012 г. № УП-4455 «О мерах по дальнейшему кардинальному улучшению деловой среды и предоставлению большей свободы предпринимательству» и ряда других нормативно-правовых документов привело к повышению рейтинга страны. Результаты схожих по различным показателям с Узбекистаном стран указывают на возможность достижения более высокой оценки в рейтинге. Грузия находится на 6-м месте, Россия — на 31-м, Казахстан — на 28-м, а Кыргызстан — на 70-м. Из соседних стран только Таджикистан занимает довольно низкую, 126-ю строчку (Hook Report, 2018).

Согласно отчёту ЮНКТАД (2017), среди стран СНГ Узбекистан по притоку иностранных инвестиций стоит после России, Казахстана, Украины, Туркменистана, Азербайджана, Белоруссии и Грузии. При этом основные потоки иностранных инвестиций в страны СНГ, т.е. свыше 80%, приходятся на Россию и Казахстан.

Согласно данным Всемирного банка, в 2011 году чистый приток иностранных инвестиций в экономику Узбекистана составил 1 635 млн.долл.США, в 2012 году – 563 млн. долл.США, в 2013 году – 628,9 млн.долл.США, в 2014 году – 631,8 млн.долл.США, в 2015 году – 65,4 млн. долл.США, а в 2016 году – 66,5 млн. долл.США. 2017 году – 95,7 млн. долл. США (World Bank, 2018). Данные демонстрируют, что улучшение позиций в рейтинге Doing Business не привело к увеличению притока иностранных инвестиций.

По причине самой природы рейтинга Doing Business, который в большей степени направлен на оценку лёгкости ведения бизнеса для малых и средних предприятий, данный рейтинг не имеет сильного влияния на приток иностранных инвестиций.

В соответствии с базовыми экономическими теориями, иностранные инвестиции идут в те страны, где выше экономическая отдача и ниже риски. При этом важную роль играют эффективность институтов и инструментов государственной поддержки иностранных инвесторов.

Более широкую картину инвестиционной привлекательности страны для принятия решений об инвестировании зарубежными инвесторами могут дать такие глобальные индексы экономического и инновационного развития как:

- Индекс глобальной конкурентоспособности (*Global Competitiveness Index*),
- Индекс привлечения иностранных инвестиций (*Investing across borders*),
- Индекс регуляторных ограничений для прямых иностранных инвестиций (*FDI Regulatory Restrictiveness Index*),
- Индекс инвестиционного доверия (*FDI Confidence Index*),
- Индекс конкурентоспособности промышленности (*Competitive Industrial Performance Index*).

К сожалению, небольшое количество стран, в том числе Узбекистан, не участвует ни в одном из этих индексов. Данное исследование ориентировано на изучение вопроса о целесообразности участия в международных индексах, в частности, в индексе глобальной конкурентоспособности (*GCI*), а также на оценку влияния участия в индексах на увеличение потока прямых иностранных инвестиций (ПИИ).

Обзор литературы

Индекс глобальной конкурентоспособности (*GCI*) является индексом, рассчитываемым Всемирным экономическим форумом (ВЭФ) для оценки конкурентоспособности экономик стран (Weforum, 2018).

Согласно ВЭФ, конкурентоспособность – набор институтов, политических мер и факторов, которые обуславливают уровень производительности страны. В свою очередь, уровень производительности определяет устойчивый уровень благосостояния. Другими словами, более конкурентоспособные экономики обычно способны обеспечивать более высокий уровень дохода для своих граждан. Уровень производительности также определяет коэффициент окупаемости инвестиций (в физический и человеческий капитал, а также в технологии). Коэффициенты окупаемости инвестиций являются основополагающими движущими факторами темпов роста экономики, а значит, более конкурентоспособная экономика развивается быстрее в среднесрочной и долгосрочной перспективе.

Таким образом, концепция конкурентоспособности подразумевает статические и динамические компоненты. Хотя производительность явно определяет способность страны поддерживать высокий уровень дохода, она также во многом влияет на окупаемость инвестиций, что, в свою очередь, является одним из ключевых факторов, объясняющих потенциал роста экономики.

Начиная с 90-х годов исследования в области влияния конкурентоспособности на увеличение притока прямых иностранных инвестиций стали ориентироваться на детерминанты местоположения (Dunning, 2000), главным образом из-за активации процессов глобализации и переходных процессов в Центральной и Восточной Европе.

Сегодня способность страны привлекать инвесторов зависит от ее способности предоставлять и создавать набор уникальных, трудно копируемых активов (Dunning, 2000). Вот почему Wilhelms (1998) в своей теории институциональной пригодности считает, что все страны имеют возможность расширять свои сравнительные преимущества для привлечения ПИИ. Способность стран привлекать ПИИ зависит от их способности адаптировать свои правительства, рынки, системы образования, социальные и культурные контексты под основные критерии ПИИ.

Anastassopoulos (2007) в своем исследовании изучает взаимосвязь между международной конкурентоспособностью стран ЕС-15 в 2003-2006 годах и притоком ПИИ. Автор ссылается на рейтинг конкурентоспособности, представленный в Ежегоднике всемирной конкурентоспособности МВФ. Таким образом, он учитывает четыре столпа, которыми определяется конкурентоспособность: экономические показатели, эффективность правительства, эффективность бизнеса и инфраструктура. Основным выводом, сделанным из исследования, заключается в том, что детерминанты ПИИ различны между северными и южными странами-членами ЕС. В то время как в северных экономиках инвесторы заинтересованы в большей степени в рыночных показателях, низкой степени бюрократизма, открытости и эффективности бизнес-сектора, на юге важными считаются эффективность правительства и низкие инвестиционные риски.

В соответствии с исследованиями Popović и Călin (2012a), конкурентоспособность является определяющей для привлечения ПИИ в семи странах Центральной и Восточной Европы. Данное исследование основывалось на четырех переменных, составляющих индекс конкурентоспособности (реальный эффективный обменный курс, доли рынка экспорта, номинальные удельные затраты на рабочую силу и ВВП на душу населения). Авторы также выявили тенденцию, заключающуюся в том, что после экономического и финансового кризиса иностранные инвесторы ищут наиболее конкурентоспособные страны для инвестирования. Два других исследования (Popović и Călin, 2012b; Paul и др., 2014), которые учитывали привлекательность государственной политики в странах Европы, обнаружили положительное влияние на привлечение ПИИ улучшения инфраструктуры, повышения качества работы учреждений, условий на рынке труда и налогообложения компаний.

Производительность и конкурентоспособность зависят от целого ряда аспектов (Sala-i-Martin и др., 2010). На протяжении долгого времени экономисты изучали роль различных факторов, начиная с физического капитала и инфраструктуры, заканчивая образованием и дополнительным обучением, технологиями, макроэкономической стабильностью, эффективным государственным управлением, качеством корпоративного управления, эффективностью рынков и т.д. Каждый из этих факторов играет важную роль, их нельзя рассматривать как взаимоисключающие: ключевыми могут быть одновременно несколько факторов, что подтверждают источники из экономической литературы (Sala-i-Martin и др., 2004).

Такая «многогранность» отражена в Индексе глобальной конкурентоспособности, включающем множество различных компонентов, каждый из которых измеряет отдельный аспект конкурентоспособности. Компоненты сгруппированы в 12 слагаемых экономической конкурентоспособности. Институциональная среда определяется правовой и административной системами, в рамках которых частные лица, фирмы и органы власти взаимодействуют с целью создания дохода и повышения экономического благосостояния. Качество общественных институтов оказывает значительное воздействие на конкурентоспособность и рост (Easterly and Levine, 1997; Acemoglu и др. 2001; Acemoglu и др. 2002; Rodrik и др., 2002; Sala-i-Martin и Subramanian, 2003). Оно влияет на решения об инвестициях и на организацию производств, а также играет важнейшую роль при распределении в обществе экономического эффекта и бремени затрат, связанных с проведением политики и формированием стратегий развития (De Soto, 2000). Роль общественных институтов не ограничивается правовыми рамками. Отношение правительства к рынку и к свободам и эффективность его деятельности также очень важны: бюрократизм и волокита (De Soto и Abbot, 1990), чрезмерное регулирование, коррупция, нечестность при работе с государственными заказами, отсутствие прозрачности и надежности, а также возможность давления на судебную систему создают значительные экономические издержки для бизнеса.

Некоторые исследования (Aschauer, 1989; Canning и др., 1994; Gramlich, 1994; Easterly, 2002) доказывают важность разветвлённой и эффективной инфраструктуры для привлечения инвесторов. Это важный фактор при выборе места размещения экономической деятельности, а также отдельных видов или направлений деятельности, которые могут развиваться в конкретных странах.

По мнению Sachs (2001) здоровые трудовые ресурсы также жизненно важны для национальной конкурентоспособности и производительности. Работники, страдающие заболеваниями, не могут реализовать свой потенциал, их производительность низка. Слабое здоровье ведёт к значительным затратам бизнеса, поскольку больные работники часто отсутствуют или трудятся с низкой эффективностью. Таким образом, инвестиции в здравоохранение важны как с точки зрения морали, так и с точки зрения экономики

Немаловажную роль играет такой фактор как размер рынка. Существует множество доказательств того, что открытость торговли положительно влияет на экономический рост (Sachs и Warner 1995; Frenkel и Romer 1999; Rodrik и Rodriguez 1999; Alesina и др. 2005). Данный фактор влияет на производительность, поскольку крупные рынки дают компаниям возможность экономии на масштабе.

Как показывает литература, существует множество факторов, которые так или иначе связаны с конкурентоспособностью. В связи с этим мы считаем целесообразным изучение влияния именно индекса глобальной конкурентоспособности (*GCI*) на привлечение прямых иностранных инвестиций (*FDI*), так, как только данный индекс вбирает в себя множество перечисленных в литературе факторов.

Методология

В рамках исследовательского проекта был проведен предварительный количественный анализ целесообразности вхождения страны в рейтинг индекса GCI, а также была выдвинута гипотеза о том, что высокий рейтинг в данном индексе положительно влияет на привлечение прямых иностранных инвестиций в страну.

Проведенный нами анализ был подготовлен на основе вторичных данных где было использовано всего две переменные: прямые иностранные инвестиции, FDI, и Индекс глобальной конкурентоспособности, GCI.

Собранные данные имеют формат панельных, состоящих из 127 стран и представленных за 10-летний период с 2007 по 2017 годы. Изучение информации в виде панельных данных по нашему мнению, а также по мнению многих зарубежных авторов (Baldev и Badi, 1992; Gujarati, 2004) позволит лучше понять взаимоотношение изучаемых нами переменных.

В случае проведения регрессии прямые иностранные инвестиции выступают в роли зависимой переменной, тогда как индекс глобальной конкурентоспособности играет роль независимой переменной. Это обусловлено тем, что прямые иностранные инвестиции являются результативным фактором, то есть основной целью является ее увеличение ввиду доказанных (Borensztein, 1998; De Gregorio, 2003; De Mello, 1997; Mah, 2010; Rodrik, 1999) положительных аспектов FDI на экономику. Тогда как GCI является инструментом постфактум и отображает совокупность факторов, влияющих на различные экономические результаты.

В соответствии с общепризнанными методами эконометрического анализа (Gujarati, 2004; Brooks, 2008) в первую очередь был проведен процесс выстраивания данных. Данные по GCI были получены из Отчета по глобальной конкурентоспособности, публикуемого Всемирным Экономическим Форумом (WEF, 2018) и были представлены в виде коэффициентов, присваиваемых странам в зависимости от совокупности 12 групп показателей. Как известно, рейтинги являются категориями, представляющими последовательность расположения участников. Мы выбрали именно коэффициенты GCI для проведения анализа, поскольку с категорическими данными могли возникнуть практические проблемы в связи с их непараметрическими свойствами. Выборка стран для анализа проводилась на основе критерия наличия полных данных. Страны, у которых отсутствовали полные данные за 10 лет по обоим переменным, задействованы не были.

Информация по прямым иностранным инвестициям была получена из базы данных Всемирного банка (World Bank, 2018). В нашем контексте применяется определение Всемирного банка, где к прямым иностранным инвестициям относятся потоки прямого инвестиционного капитала в экономику. Они являются суммой собственного капитала, реинвестированной прибыли и другого капитала. Прямые инвестиции - это категория трансграничных инвестиций, ассоциированных с резидентом, принадлежащим одной экономике и при этом имеющим контроль или значительную степень влияния на управление предприятием, которое находится в другой экономике. Владение 10% или более обыкновенных голосующих акций является критерием для определения наличия прямых инвестиционных отношений. Данные FDI приведены в долларах США.

Анализ результатов исследования

После составления (приложение 1.) данных в панельной форме с 127 странами и 10 периодами был проведен унитарный анализ каждой переменной на стационарность. Для этого был проведен тест на единичные корни (*Unit root test*) по методам Levin, Lin и Chu (2002), Im, Pesaran и Shin W-stat (2003), ADF Fisher Chi-квадрат и PP Fisher Chi-квадрат. Переменная FDI была приведена в логарифмическую форму в целях упрощения интерпретации, а также во избежание возможной проблемы гетероскедастичности переменных. В переводе переменной GCI в логарифмическую форму не было необходимости в связи с тем, что данная переменная представлена в форме индекса.

Таблица 1

Тест на единичные корни

Нулевая гипотеза: наличие единичного корня					
Методы	Переменные	Levin, Lin и Chu (LLC)	Im, Pesaran и Shin (IPS) W-stat	MW-ADF Fisher Chi-квадрат	MW-PP Fisher Chi-квадрат
Уровень (Level)	FDI	-23.7366 (0.0000)	-7.34098 (0.0000)	421.046 (0.0000)	541.651 (0.0000)
	GCI	-9.08290 (0.0000)	-0.47084 (0.3189)	278.592 (0.1385)	243.143 (0.6769)
Разница (First difference)	FDI	-27.1497 (0.0000)	-11.7386 (0.0000)	565.789 (0.0000)	1074.47 (0.0000)
	GCI	-25.2292 (0.0000)	-9.91907 (0.0000)	569.754 (0.0000)	764.557 (0.0000)

Источник: Рассчитано при помощи программы EViews

По результатам тестов на единичный корень по уровню (*level*), т.е. на основе исходных приведённых данных, переменная FDI оказалась стационарной, в то время как GCI оказалась нестационарной по результатам трех тестов. По этой причине появилась необходимость трансформации исходных данных путем получения разницы (*first difference*) между одним периодом и предыдущим. Вновь созданные трансформированные данные были заново протестированы на единичный корень и на этот раз обе переменные были стационарными. Стационарность позволила нам продолжать анализ взаимоотношений двух переменных.

Перед началом проведения регрессионного анализа мы решили проверить корреляцию между двумя переменными. Хотя в случае с панельными данными коррелированность переменных определить сложнее, и они имеют менее ярко выраженную значимость, нам было необходимо определить, как минимум, положительный или отрицательный вектор взаимосвязи.

Ниже приведены результаты корреляции двух переменных.

Таблица 2

Корреляция между прямыми иностранными инвестициями и индексом глобальной конкурентоспособности

	LOGFDI	GCI
LOGFDI	1	0.678206434677799
GCI	0.678206434677799	1

Результаты корреляционного анализа показывают, что между переменными существует средняя положительная связь. Такой результат позволяет нам перейти к следующему этапу определения степени взаимосвязи.

Так как была достигнута стационарность данных, в соответствии с общепринятыми правилами перед нами стояло две задачи:

1) определить, есть ли взаимосвязь между этими двумя переменными, а также узнать, на какой процент изменяет привлечение FDI в страну при увеличении переменной GCI на 1 условный коэффициент;

2) если действительно существует взаимосвязь между данными переменными, выяснить, какая из переменных является той, что влияет на изменение второй.

Для выполнения первой задачи мы провели самую простую стандартную процедуру для анализа панельных данных, где необходимо выбрать более подходящую модель регрессии между фиксированными эффектами (*fixed effects*) и случайными эффектами (*random effects*) (Таблица 3).

Таблица 3

Взаимосвязь между прямыми иностранными инвестициями и индексом глобальной конкурентоспособности: анализ панельных данных

Зависимая переменная: LOGFDI	Fixed effects		Random effects	
	C	S.e. (p-значение)	C	S.e. (p-значение)
GCI	0.956871	0.163340 (0.0000) ***	1.484479	0.122641 (0.0000) ***
Константа	17.58341	0.693143 (0.0000) ***	15.33225	0.535359 (0.0000) ***
R квадрат	0.877140		0.021267	
F-статистика	67.73938 (0.000000) ***		25.22733 (0.000001) ***	
Количество наблюдений	1333		1333	

Период	11	11
Количество стран	127	127

Результаты теста Хаусман [23.916868 (0.0000)] Выбирается модель по **Fixed effects**

Источник: Рассчитано при помощи программы EViews

После проведения регрессий по двум моделям (*fixed effects* и *random effects*) нам было необходимо выбрать наиболее подходящую модель. Для этого был проведен тест Хаусмана, по результатам которого мы видим, что в нашем случае модель фиксированных эффектов (*fixed effects*) является наиболее подходящим. Кроме того, в выбранной нами модели статистическая значимость по критерию Стьюдента и Фишера является значимой, а R-квадрат – высоким, что ещё раз подтверждает правильность результатов. Мы можем констатировать, что увеличение индекса GCI на один пункт приводит к 0,95%-ному росту уровня привлечения прямых иностранных инвестиций в страну.

На данном этапе анализа мы можем наверняка знать только то, что выявленная нами взаимосвязь имеет краткосрочный эффект. Нам также интересно определить, имеет ли взаимосвязь между переменными долгосрочный характер и какая из переменных является первопричиной данной взаимосвязи.

Чтобы определить наличие долгосрочной взаимосвязи между переменными, нам необходимо провести анализ на коинтеграцию между переменными (Таблица 4).

Таблица 4

Коинтеграционные тесты

Методы	В пределах группы			Между группами		
	Тест	Стат.	Вероят.	Тест	Стат.	Вероят.
LOGFDI GCI	Панель v- статистика	4.046983	0.0000	Групповая rho - статистика	0.367086	0.6432
	Панель rho - статистика	-5.991910	0.0000	Групповая PP- статистика	-18.36940	0.0000
	Панель PP- статистика	-15.20078	0.0000	Групповая ADF-статистика	-11.30325	0.0000
Pedroni (1999)	Панель ADF- статистика	-8.037235	0.0000			
Pedroni (2004)	Панель v- статистика	-12.12901	1.0000			
(Weighted statistic)	Панель rho - статистика	4.694505	1.0000			
	Панель PP- статистика	0.402704	0.6564			

Панель ADF- статистика -11.53662 0.0000

Источник: Рассчитано при помощи программы EViews

Результаты всех тестов на коинтеграцию показывают, что между этими переменными существуют долгосрочная взаимосвязь и взаимовлияние. То есть улучшение позиций страны на определённые коэффициенты даже спустя несколько лет влияет на увеличение потока прямых иностранных инвестиций. Кроме того, полученные данные не исключают того, что прямые иностранные инвестиции также в свою очередь положительно влияют на улучшение позиций в рейтинге по истечении определенного времени.

Возникает объективный вопрос: если между переменными есть долгосрочная взаимосвязь, то какая из переменных является первоочередным фактором, который запускает цепочку взаимовлияний? Чтобы найти ответ на данный вопрос, необходимо провести процедуру, называемой тестом Грэнджера на причинность (Granger, 1969).

Результаты теста Грэнджера на причинность (Таблица 5) показывают, что предположенная нами цепочка взаимовлияния отсутствует. Тем не менее мы можем видеть, что в 2-, 3- и 4-хлетних лагах GCI является Грэнджер-причиной FDI. А после 5-го года влияние GCI на FDI уже отсутствует.

Таблица 5

Тест Грэнджера на причинность

Лаги: 2

Выборка: 2007-2017

Наблюдения: 1008

Нулевая гипотеза:	F-статистика	Вероятность
GCI не является причиной LOGFDI	6.39995	0.0017
LOGFDI не является причиной GCI	1.30530	0.2716

Лаги: 3

Выборка: 2007-2017

Наблюдения: 868

Нулевая гипотеза:	F-статистика	Вероятность
GCI не является причиной LOGFDI	4.97030	0.0020
LOGFDI не является причиной GCI	1.43077	0.2324

Лаги: 4

Выборка: 2007-2017

Наблюдения: 738

Нулевая гипотеза:	F-статистика	Вероятность
GCI не является причиной LOGFDI	2.54598	0.0383
LOGFDI не является причиной GCI	1.33156	0.2566

Лаги: 5

Выборка: 2007-2017

Наблюдения: 616

Нулевая гипотеза:	F-статистика	Вероятность
GCI не является причиной LOGFDI	0.70076	0.6230
LOGFDI не является причиной GCI	2.01668	0.0745

Заключение

Мы можем заключить, что вступление, а также улучшение позиций в GCI влияют на усиление привлечения прямых иностранных инвестиций в страну. Кроме того, они являются причиной увеличения потока прямых иностранных инвестиций. Определенные лаги говорят нам, что после улучшения позиций в GCI страна через два, три и даже четыре года имеет больший поток прямых инвестиций.

Данное исследование имеет определенные ограничения, в связи с чем в будущих исследованиях будет целесообразным проведение анализа факторов, увеличивающих потоки прямых иностранных инвестиций, включающих такие элементы как добавление основных доказанных переменных, влияющих на FDI в анализируемые модели. Также считаем необходимым проведение подобных анализов, но уже с разбивкой стран по кластерным (географическим, экономическим и др.) критериям. Кроме того, целесообразно составление более сложных моделей (FMOLS, DOLS, VAR) с включением большего количества переменных в сочетании с анализом модерирующих (*moderate*) эффектов GCI на другие факторы.

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КАНАЛЫ ПОДДЕРЖКИ ПОЛЬЗОВАТЕЛЕЙ И УРОВНИ ОБСЛУЖИВАНИЯ ИХ ОБРАЩЕНИЙ

Шавкат ДЖУРАЕВ

Старший преподаватель в СИРМТ

Сегодня для физических и юридических лиц получение различных государственных, коммунальных или иных социальных услуг является трудоемким процессом, связанным с большими временными затратами. Даже для получения консультаций по вопросам предоставления тех или иных услуг необходимо либо отстоять очередь, либо в течение некоторого периода времени дозваниваться сначала до секретариата органа государственного или хозяйственного управления, затем до конкретного специалиста.

При этом, учитывая загруженность сотрудников органов государственного или хозяйственного управления, дозвониться в нужное ведомство является общеизвестной проблемой. Как следствие, отсутствие возможности получения предварительных консультаций препятствует информированию населения. Это, в свою очередь, негативно сказывается и на эффективности работы государственных органов, когда квалифицированному специалисту приходится тратить дополнительное время на объяснение вопросов касательно заполнения заявлений, необходимых документов, адресов, графиков работы и т.д. Кроме того, отвлечение высококлассного специалиста от основной деятельности и трата его рабочего времени на телефонные разговоры – непозволительная роскошь для бюджетного учреждения.

В целях обеспечения удобства граждан в нашей стране имеются следующие каналы поддержки пользователей в сфере информационных технологий:

1. Call-Центры (для юр/физ лиц);
2. Единый портал интерактивных государственных услуг (ЕПИГУ) (для юр/физ лиц);
3. Единые центры по оказанию государственных услуг субъектам предпринимательства по принципу «одно окно» (сокр. ЦОО, для субъектов предпринимательства);*
4. Инфокиоски и терминалы (для юр/физ лиц);**
5. Центры поддержки пользователей (сокр. ЦПП для юр/физ лиц), которые будут создаваться путём расширения деятельности ЦОО.***

Рассмотрим подробнее каждый из представленных каналов.

Call-Центры – специализированная организация или выделенное подразделение в организации, занимающееся обработкой обращений и информированием пользователей по голосовым каналам связи, а также служба, целью деятельности которой является предоставление информации об услугах, оказываемых через Единый портал интерактивных государственных услуг для физических и юридических лиц.

Единый портал интерактивных государственных услуг (ЕПИГУ) является единой точкой доступа к интерактивным государственным услугам, предоставляемым государственными органами, в том числе на платной основе. Через Единый портал граждане и субъекты предпринимательства могут подать обращение в органы государственного и хозяйственного управления, государственной власти на местах. Также имеется «Call-center»

ЕПИГУ, доступный по короткому номеру «1060» или «8-800-200-1818». Услуга является бесплатной – взимается лишь плата за звонок согласно действующему тарифу абонента на исходящие городские звонки.

Позвонив в службу «Call-center» ЕПИГУ, заявители могут направлять свои заявления, жалобы и предложения в государственные органы страны.

Центры «Одно окно» определены в качестве инструмента обеспечения прозрачности, эффективности и результативности процесса оказания государственных услуг. Это новый подход к предоставлению государственных услуг, способствующий сокращению числа процедурных шагов, вовлеченных в этот процесс, путем изменения способа оказания услуг. ЦОО обеспечивает предоставление услуг посредством так называемого «одного окна», где все виды услуг оказываются субъектам предпринимательства в максимально возможной близости от места проживания.

Несмотря на имеющийся опыт по реализации ЦОО в ряде стран мира, очень сложно в точности воспроизвести одну и ту же модель в разных местах. Поэтому при реализации проекта в Узбекистане был разработан свой уникальный концептуальный подход с учетом местных реалий.

Инфокиоски и терминалы – автоматизированный программно-аппаратный комплекс, предназначенный для предоставления справочной информации. В отличие от обычного справочного киоска, электронный информационный киоск работает автономно.

Центр поддержки пользователей гарантирует предоставление широкого спектра качественных информационных и интерактивных услуг (услуги по трудоустройству, коммунальные услуги, социальные услуги и т.д.) юридическим и физическим лицам, оказывает поддержку обучения и подготовки в области информационных технологий, а также содействие в повышении уровня компьютерной грамотности, обеспечивает доступ к необходимой информации и знаниям социально-уязвимых групп населения.

Изученный мировой опыт в области оказания государственных услуг для юридических и физических лиц в таких странах, как Грузия (Дом Юстиции), Чешская Республика (Czech POINT (инфо-киоски)), Россия (Многофункциональный центр предоставления государственных и муниципальных услуг (МФЦ)) свидетельствует об эффективности деятельности Центров поддержки пользователей.

Центр поддержки пользователей – это специализированное обслуживание юридических и физических лиц по вопросам оказания высококвалифицированной специализированной интерактивной и информативной помощи в социально-экономической сфере, в том числе в области приёма оплаты за коммунальные услуги, штрафы в ГАИ, платежи за услуги электросети, Интернет и кабельного телевидения, оплата за детские сады и школы, домофоны, платежи по кредитам и прочие платежи.

Существует три уровня обслуживания обращений пользователей для получения государственных услуг. ЦПП будет предоставлять услуги для юридических и физических лиц на каждом из трех уровней сложности:

I уровень – услуги самообслуживания (info/tool).

Info – информационная услуга - предоставление информации определенного вида пользователю по его запросу. Пользователи могут самостоятельно получить различную

информацию о государственных органах и услугах, функциях и задачах, контактных данных, часах и днях приема руководителей органов государственных и хозяйственных управлений, органов власти на местах.

Услуги данного уровня оказываются пользователям мгновенно с помощью одного из пяти вышеперечисленных каналов поддержки пользователей - Call-Центры, ЕПИГУ, ЦОО, инфокиоски и терминалы, ЦПП. При этом максимальное время обслуживания, необходимое для получения информационных услуг составляет не более 10 минут. Однако есть категория пользователей, не умеющих работать с современными ИКТ-технологиями, им должны помогать работники ЦПП. Для получения таких услуг пользователям не требуется идентификация, ЭЦП и прочие методы аутентификации.

II уровень – услуги быстрого обслуживания (auto).

Auto – автоматизированная услуга – услуги предоставляются в автоматическом режиме. Сюда можно отнести подключение стационарной телефонной связи и интернета, получение справки органов государственной налоговой службы об отсутствии задолженности по налогам, получение лицензий в сфере телекоммуникаций, кроме того, пользователи могут получить информацию о текущем состоянии лицевого счета по холодной воде и т.д.

Услуги предоставляются в интерактивной форме с помощью одного из пяти или комбинации нескольких каналов поддержки пользователей - Call-Центры, ЕПИГУ, ЦЭО, инфокиоски и терминалы, ЦПП. Пользователи могут обращаться именно по тому направлению, по которому хотят получать услуги. Время, необходимое для получения автоматизированной услуги, составляет до 15-20 минут.

III уровень – услуги продолжительного обслуживания (semi-auto).

Semi-auto – полу-автоматизированная услуга, для получения которой обращения пользователей должны быть подтверждены электронной цифровой подписью (ЭЦП) или другими необходимыми реквизитами. Услуги предоставляются с помощью одного из пяти или комбинации каналов поддержки пользователей - Call-Центры, ЕПИГУ, ЦЭО, инфокиоски и терминалы, ЦПП. Через ЦПП данный вид услуги предоставляется только для пользователей, прошедших процедуру регистрации и авторизации согласно действующему Положению о ЕПИГУ. Пользователи могут отправлять обращения одновременно в несколько государственных органов. При этом перед отправкой обращения пользователь выбирает способ получения ответа на своё обращение: либо через сотрудника ЦПП, либо по электронной почте, либо по почте. Время, необходимое для получения полу-автоматизированной услуги, может составить до 30 рабочих дней.

Имеющиеся каналы поддержки пользователей в сфере информационных технологий и проводимые работы по развитию данных технологий в нашей стране позволяют технологически и географически расширить доступ для населения и бизнеса к государственным услугам, способствуют снижению уровня цифрового разрыва среди разных слоёв населения, содействуют росту уровня осведомлённости населения и бизнеса о преимуществах электронного правительства и проводимых в этом направлении реформ со стороны государства, а также способствуют электронному участию населения и бизнеса в процессе демократизации и обеспечения прозрачности системы государственного управления.

ОПРЕДЕЛЕНИЕ РОЛИ МЕЖКУЛЬТУРНОЙ КОММУНИКАЦИИ В РАЗВИТИИ МЕЖДУНАРОДНЫХ БИЗНЕС ОТНОШЕНИЙ: СТРАТЕГИИ УСПЕХА

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Аннотация

В статье рассмотрена роль английского языка в развитии навыков межкультурной коммуникации; фактор ее влияния в современном деловом мире на примере международных компаний, а также даны практические рекомендации, направленные на улучшение бизнес отношений.

Авторы статьи уверены, что преподаватели курса делового английского языка и курса делового общения в ВУЗах бизнес-ориентированности должны уделять особое внимание развитию у своих студентов навыков межкультурного общения, осознанию важности таких знаний, а также развитию способности к саморефлексии и гибкости нормативного использования студентами английского языка в их дальнейшей профессиональной деятельности.

Ведь именно прагматическая составляющая языка при незнании определенных речевых норм зачастую ведет к так называемым коммуникативным неудачам. В подобных случаях незнание собеседником этих норм может быть интерпретировано носителем языка как неуважение, некомпетентность или даже агрессия.

Как показывает опыт мировых компаний, межкультурная коммуникация и владение в необходимой степени навыками делового общения играют важную роль в становлении и поддержании успешных бизнес отношений в современном мире.

Предложенные авторами стратегии межкультурной коммуникации, применяемые в ведении бизнеса на международном уровне, способствуют пониманию специфики общения с представителями различных культур во избежание провалов в межличностной коммуникации, и улучшению бизнес отношений.

Ключевые слова: *Межкультурная коммуникация, вербальная коммуникация, паравербальная коммуникация, невербальная коммуникация, межличностная коммуникация.*

Abstract

The article considers the role of the English language in the development of intercultural communication, its influence in the modern business world on the example of international companies, as well as practical recommendations aimed at improving business relations.

The authors feel certain that teachers in business oriented universities should make emphasis on the development of intercultural communication skills and the ability for self-reflection and flexibility in their students' further professional activities. It is the pragmatic component of the language, in the absence of certain speech norms, which often leads to so-called communicative failures. In such cases, the ignorance of these norms can be interpreted by the native speaker as disrespect, incompetence or even aggression.

As the experience of world companies shows, intercultural communication and the presence, to the necessary degree, of business communication skills play an important role in the formation and maintenance of successful business relations in modern world.

Intercultural communication strategies proposed by the authors help to understand the specificity of communication with representatives of different cultures in order to avoid failures in interpersonal communication and improve business relations.

Key words: *Intercultural communication, verbal communication, paraverbal communication, nonverbal communication, interpersonal communication.*

Владение английским языком является немаловажным фактором успеха в современной жизни. Это обусловлено тем, что именно английский язык стал так называемым *lingua franca*, посредником между представителями различных культур, национальностей и концессий. Знание иностранного языка расширяет возможности получения образования, карьерного роста, ведения бизнеса и доступа к разнообразной информации. Как гласит чешская пословица, «тот, кто владеет языками, владеет миром».

Свыше миллиона людей свободно владеют английским языком. Добавить к этому еще несколько миллионов с достаточно продвинутым уровнем знаний языка, в странах, где английский является официальным языком общения. И наконец, примерно 90% всех интернет-источников и современных печатных материалов используют английский язык.

Данная статистика даёт понимание высокого уровня значимости английского языка для общения, в частности, для деловой коммуникации. Однако, наряду с этим стоит подчеркнуть и другой немаловажный аспект влияния на эффективность бизнес отношений, а именно фактор знания культурных особенностей носителя/пользователя иностранным языком. Авторы статьи ставят целью проанализировать значение межкультурной коммуникации для становления и поддержания успешного делового общения.

В наши дни знание английского языка, помноженное на способность к саморефлексии и нормативной гибкости в применении этих знаний, является залогом успешного и комфортного функционирования в бизнес среде. Аспекты владения деловым английским затрагивают различные сферы деятельности и включают в себя навыки устной и письменной бизнес-коммуникации, бизнес-корреспонденции, профессионального знания английского языка по профилю профессии, а также межкультурную коммуникацию.

Термин «межкультурная коммуникация» был впервые введен культурным антропологом Эдвардом Холлом в середине 20 века. [1] Холл пытался разработать программу, нацеленную на обучение сотрудников дипломатического корпуса, а также военных ведомств особенностям общения с представителями других культур. [2]

С тех пор важность культурной сенсibilизации и межкультурного общения осознали и представители бизнеса. Многие крупные компании на регулярной основе проводят тренинги для своих сотрудников по обучению владением не только собственно английским языком, но и прагматическими правилами его использования в англоговорящей среде. Ведь именно прагматическая составляющая языка при незнании определенных речевых норм, зачастую ведет к так называемым коммуникативным неудачам. В подобных случаях незнание

собеседником этих норм может быть интерпретировано носителем языка как неуважение, некомпетентность или даже агрессия.

С точки зрения лингвистики, речь идет о вербальной, невербальной и паравербальной межкультурной коммуникации. [3]

Вербальная коммуникация подразумевает использование собственно языка, как инструмента общения. Именно посредством вербального общения происходит обмен информацией, мнениями и эмоциями между участниками процесса. Язык является отражением целого культурного мира собеседника, а также самым информативным каналом общения между людьми. Межкультурная коммуникация изучает пути наиболее правильной передачи информации и достижения наилучшего взаимопонимания между людьми посредством вербального общения.

Невербальная коммуникация происходит при помощи таких средств передачи сообщения, как выражение лица, язык тела и жестов, а также материальных источников информации, включающих в себя одежду, предметы, окружающую обстановку.

Третий тип межкультурной коммуникации, паравербальный, характеризуется использованием паралингвистических приемов, таких как ритм и тембр голоса говорящего, а также интонация.

Все указанные типы межкультурного общения являются важными элементами самоидентификации представителей различных культур и стран. Допуская некоторое обобщение, можно утверждать, что представители западных стран ценят прежде всего содержание общения, в то время как в странах Азии большее внимание уделяется манере ведения разговора и церемониалу невербального общения. Возьмем, например, Узбекистан и США и проведем сравнительный анализ ценностей в профессиональной сфере. Узбекистан, по определению индивидуальной культурологической шкалы [4], является страной с высококонтекстной культурой и характеризуется высокой же степенью коллективизма. США, напротив, - страна с низким значением контекста. Американцам свойственны индивидуализм и решительность действий.

Неудивительно, что отсутствие навыков нормативной гибкости в контексте межкультурной коммуникации, может стать причиной коммуникативных неудач. [5]

В качестве показательного примера можно привести легендарный миф, связанный с компанией General Motors, который едва не стал печальной реальностью. Когда компания решила запустить продажи автомобиля Chevrolet Nova в Южной Америке, ее представители не сразу осознали важность смысловых различий слова «Nova» в английском и испанском языках. Весьма недальновидно, если учитывать, что nova («новый», «новаторский», англ.) в испанском варианте звучит как «No va» («Не едет»). GM успела вовремя остановить рекламную кампанию, и тем самым уберегла себя от многомиллионных убытков. Однако, не все истории заканчиваются так удачно.

Компания Yahoo! являет собой другой пример последствий отсутствия нормативной гибкости межличностного и межкультурного общения; на этот раз в рамках письменной бизнес-коммуникации. В 2013 году Yahoo! отправила всем сотрудникам меморандум, содержащий информацию о том, что начиная с 1 июня 2013 года все сотрудники, работающие удаленно, должны перейти для работы в офисы или уволиться. Недовольство было вызвано не

только содержанием меморандума, но и формой, в которой он был написан. По мнению экспертов в области бизнес-коммуникации, сообщение не объясняло причины действий руководства компании и было выдержано в ультимативном тоне. Как следствие, большой процент сотрудников Yahoo! отказался от дальнейшей работы в компании. [6]

Как показывает опыт мировых компаний, межкультурная коммуникация и владение в необходимой степени навыками делового общения играют важную роль в становлении и поддержании успешных бизнес отношений в современном мире. На практических занятиях студентам Сингапурского Института Развития Менеджмента в Ташкенте было дано задание собрать информацию о крупных мировых компаниях; на основе примеров этих компаний был проведен анализ самых больших коммуникативных неудач за последнее десятилетие, их причин и последствий. Были также рассмотрены основные потенциально полезные стратегии, направленные на практическое достижение поставленных целей.

1. Главенство выполнения принятых обязательств.

Данная стратегия подразумевает эффективное для конкретной ситуации взаимодействие управленческих кадров, направленное на нахождение нужных решений и достижение поставленных целей.

2. Приоритет межличностных отношений.

Зачастую в современной бизнес-среде эффективная коммуникация неразрывно связана с личными связями партнеров, дружескими или семейными, что, в свою очередь, является тенденцией развития современного бизнес сообщества.

3. Детальное изучение проблемы.

Предельная концентрация на обсуждении деталей международного договора характеризует его непосредственную успешную реализацию и дальнейшее плодотворное деловое сотрудничество между партнерами. Коммуникативные неудачи, возникающие вследствие ненадлежащего обсуждения деталей, могут привести к неполному выполнению или даже провалу договора.

Так, например, космический корабль Mars Climate Orbiter, стоимостью 125 миллионов долларов, сгорел в марсианской атмосфере из-за коммуникативной ошибки, произошедшей между его конструктором, Мартином Локхидом, и проектировщиками NASA. Измеряя силу малых двигателей аппарата, Локхид использовал Британскую единицу измерения – фунт, в то время как проектировщики корабля из NASA подразумевали другую единицу измерения – ньютон, в результате чего дорогостоящий проект потерпел крах [5].

4. Тактика выжидания.

Одной из основополагающих составляющих межличностной коммуникации представителей азиатского региона является тактика выжидания, в результате которой проводится подробный анализ выдвинутых партнерами условий и оценка реальной выгоды. Плодотворность межкультурной коммуникации напрямую зависит от способности противоположной стороны к принятию взаимовыгодных договоренностей.

5. Точность и пунктуальность.

Точность и пунктуальность в ведении переговоров и выполнении всех пунктов договоров играют важную роль в успехе на международном уровне. Так, например, большое значение точности и пунктуальности уделяют японские бизнесмены. Точность в назначении

времени начала и окончания переговоров играет немаловажную роль в успешном сотрудничестве с представителями японской культуры [8].

6. Уход от открытых противоречий.

Во избежание конфликтов с иностранными партнерами бизнес-представители некоторых стран предпочитают избегать ответа “нет”, заменяя его на молчание или более мягкую форму несогласия. Представители японской культуры скорее скажут “это трудно реализовать” нежели используют слово “нет” [9].

7. Проявление вежливости.

Несмотря на традиционное проявление искренности и уважения в межличностном общении представители азиатской бизнес-среды не всегда отождествляют их с заинтересованностью в предложенных условиях контракта.

Исходя из рассмотренных авторами на практических занятиях вышеперечисленных стратегий межкультурной коммуникации, применимых в ведении бизнеса на международном уровне, был сделан вывод о том, что успешное деловое общение на международном уровне зависит не только от владения английским языком на должном уровне, но и от способности сторон быть толерантными с представителями других культур. Во избежание провалов в межличностном общении, партнерам необходимо иметь четкое представление о культуре, специфике общения и языковой картине мира друг друга, что, в свою очередь, позволит осуществить поставленные цели без болезненных последствий, вызываемых отсутствием взаимопонимания.

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INFRASTRUCTURE AND ECONOMIC GROWTH

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Abstract

The article sheds light on the theoretical base of infrastructure, how it has developed to be one of the important research fields. Nevertheless, the tangled manifold influence of infrastructure on the economy needs to be specified. To clarify this influence the article tries to define and classify the infrastructure to understand the channels of through which infrastructure affects economy. The article also shows the international evidence by reviewing previous works and using the OLS method brings evidence from the case of Uzbekistan.

Keywords: *Infrastructure, Social Overhead Capital, Social Infrastructure, Productivity, Production Process, Industrial Infrastructure.*

Introduction

Although the scientific researches on economic growth and factors that provide economic growth are carried out systematically much earlier, attention to the impact of infrastructure on economic growth is paid later, after the Ashauer's work in 1989. Nevertheless, the researches dedicated to these problems quickly become a separate independent field. Up to date more than 140 empirical works are done on this field, but still there is no sure results and there is feeling that we have some misconnections and research gap between the theory and empirical evidences. Of course, there is little doubt of importance of infrastructure investments in economic growth, but the extent until which we should increase infrastructure investment is a big question. Along with this, the channels through which the infrastructure investments affect the economic growth should be specified to close the gap between theory and empirical evidence.

Infrastructure is the bedrock of a nation's competitiveness, prosperity and even social well-being. Yet around the world, a gap is growing between the acute need for new or upgraded infrastructure and the actual level of expenditure¹. Infrastructure investment is an important driving force to achieve rapid and sustained economic growth. The presence of sufficient infrastructure is needed for modernization and structural changes of the economy. It can provide a basis for the expansion of local manufacturing industries, as well as enlarging markets for the outputs of these industries.

The world economic forum issues Global competitiveness report of countries on yearly basis. The forum uses 12 determinants or "pillars" to calculate competitiveness of countries. The second important pillar is the infrastructure quality. The 2010-2011 years' report emphasizes that, "Extensive and efficient infrastructure is critical for ensuring the effective functioning of the economy, as it is an important factor determining the location of economic activity and the kinds of activities or sectors

¹ "Infrastructure investment policy blueprint". World economic forum in collaboration with Oliver Wyman. February 2014

that can develop in a particular economy. Well-developed infrastructure reduces the effect of distance between regions, integrating the national market and connecting it at low cost to markets in other countries and regions. In addition, the quality and extensiveness of infrastructure networks significantly impact economic growth and affect income inequalities and poverty in a variety of ways. A well-developed transport and communications infrastructure network is a prerequisite for the access of less-developed communities to core economic activities and services.” The infrastructure is given 15% weight in calculating the overall competitiveness report; moreover, other pillars can also be included in infrastructure in a wider sense. Then in wider sense the importance of infrastructure in competitiveness of the country is much higher.

The importance of infrastructure to the socio-economic development of a country cannot be overemphasized. According to an ILO report, although infrastructure development is not identified as a direct Millennium Development Goal (MDG) target or indicator, without it many of the targets will not be met and that sustainable infrastructure is not only an essential part in improving the livelihoods of the poor; it also provides opportunities for creating jobs during development, operation and maintenance (ILO 2010).

The infrastructure facilities do not directly participate in the production process, rather it creates conditions for the functioning of the direct factors of production, without them the production cannot take place or can take place in an inefficient way. If infrastructure is not available the development of the economy will be very difficult, it will lead to negative effect on the other sectors of an economy which will lead to underutilization of resources.

Up to now huge amount of works are done since the Ashauer’s work in 1989. But still we have not touched a firm ground in the role of infrastructure in an economy theoretically and empirically. The purpose of this research is to review the researches, conducted until now to understand what we have to do in the future.

Materials and Methods

A number of studies were conducted by the different economists in different time periods to estimate the effect of infrastructure. To date, the macroeconomic studies focusing on public infrastructures contribution to productivity have offered wide-ranging conclusions.

The functional form used to estimate is simple, expand the aggregate production function by including public capital. Then production function can be written as:

$$Q = A * F(K, L, G) \quad (1)$$

or using Cobb-Douglas from :

$$Q = A * K^a * L^b * G^c \quad (2)$$

where Q is output, A is total factor productivity, K is private capital, L is labor force, G is infrastructure (or public) capital. Rewriting (2) in log form gives:

$$\ln Q = \ln A + a \ln K + b \ln L + c \ln G \quad (3)$$

Estimating the *c* coefficient gives us the infrastructure elasticity of output.

Generally the review is separated into four sections. The first section analyses the definition of infrastructure because yet we do not have unanimous definition of it yet. Second section analyses the channels through which the infrastructure will affect the economic growth which can give an understanding to researchers in building their models. The third section analyzes the empirical evidence in different researches and countries and the fourth section gives evidence from evidence.

Definition of infrastructure

In our modern world the terminology “infrastructure” was widely used only in second half of the XX century, but A Smith have already wrote in his “Wealth of nations, its nature and causes” about the necessity of public establishments and buildings needed for social productions processes, but unprofitable for private capital.

The word “infrastructure” came from Latin words “infra” – under and “struktura” – structure, system (which might mean understructure or background). At the beginning of XX century the word “infrastructure” is used to mean a system of establishments behind the frontline of the war, which provided the movement of the armies (materials, ammunition depots, military bases, polygons, divisions which get rid of obstacles and build bridges during movements of the main army). After 1940s this terminology is used in western economic and later in other literatures and meant those spheres of economy which help industry and agriculture (Komarov, 2003).

In Marxist literature the terminology “infrastructure” is not used but there are concepts very close to this terminology. He used “general conditions of labor”, “material facilities needed for realizing labor process”, “general conditions of production”. He wrote that in a wider sense besides those things through which the labor could directly exert on the objects of production, the means of labor include all material terms (conditions), needed for the process to take place (Juravleva, 2009). These are not directly used in the production process but without them the process cannot take place or can take place in an inefficient way.

In the modern economic understanding the concept of infrastructure was first developed by A. O. Hirschman. (1958). He differentiated between Direct Productive Activities (DPA) and Social Overhead Capital (SOC). He mainly sees SOC as infrastructure and implicitly assumes that they are not directly productive but important facilities needed for the operation of productive activities and defines them as “basic services without which primary, secondary and tertiary productive activities cannot function”.

According to Hirschman an activity can be included in the category of social overhead capital (Infrastructure) provided it satisfies the following conditions:

- The services provided by the activity facilitate or are in some sense basic to the carrying on of a great variety of economic activities;
- These services are usually provided in practically all countries by public agencies because of externalities, or by private agencies subject to some public control. They are provided free of charges or at rates regulated by public agencies;
- These services cannot be imported;
- These investments needed to provide the services are characterized by lumpiness (technical indivisibilities) as well as by a high degree of capital- output ratio (provided the output is at all measurable).

Nurkse (1955) elaborated the concept of overhead capital. According to him “overhead investment aims at providing the services – transport, power, and water supply, which are basic for any productive activity, cannot be imported from abroad, required large and costly installations and in the history of western economics outside England, have usually called for public assistance or public enterprise. Typically overhead investments take a considerable time to reach maturity in growing”.

According to W. W. Rostow (1960) SOC is a precondition for take-off into self-sustained growth. These investments are the preconditions for the productive activities of private capital. Investment in SOC and development of those services encourages potential entrepreneurs to invest in risk-bearing business. This is done by decreasing the cost and increasing the profitability of productive activities. It also helps in the creation of an educated labor force, superstructures of communication networks, and mechanism to provide energy, basic civic amenities and law and order.

According to Rosenstein Rodan (1943) the services of overhead capital are indirectly productive and become available only after a long gestation period. They include all those basic industries like power, transport or communication. Their investments precede directly productive investments. They constitute the framework and overhead costs of the economy as a whole. Its installations are characterized by a sizeable initial lump and low variable cost.

Hansen (1965), in looking at the role of public investment in economic development, divides public infrastructure into two categories Economic Overhead Capital (EOC) and Social Overhead Capital (SOC). EOC is oriented primarily toward the direct support of productive activities or toward the movement of economic goods and includes most of the public works projects listed above. SOC is designed to enhance human capital and consists of social services such as education, public health facilities, fire and police protection, and homes for the aged.

Historically infrastructure facilities are established as a result of division of labor and specialization. The secondary functions that do not directly produce were continuously separated from primary functions. Since they are basic to the carrying on a great variety of economic activities and require huge investments, specialized big companies appeared to form the infrastructure sectors to serve wide range of sectors. But now, we cannot say that they play a secondary role in the economy, now the primary productive activities’ productivity and thus their survival is dependent on the infrastructure sectors.

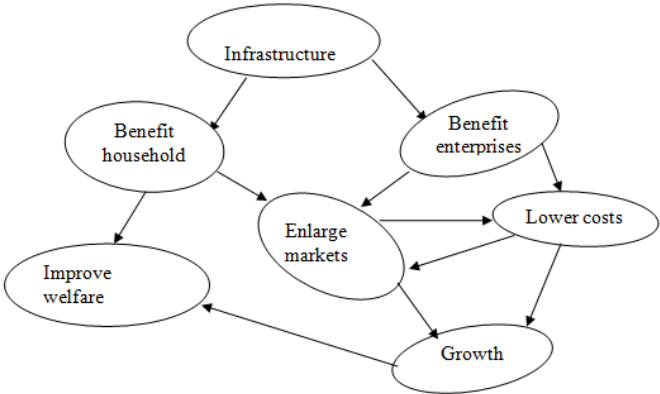
Now generally most economists agree that infrastructure is classified into social and productive types. The productive infrastructure has been the object of many researchers, but still there is no clear definition of it. In our opinion the productive infrastructure should be defined as any facility and conditions needed for efficient conduct of production process and should be classified into company level, industry level infrastructure and infrastructure in general use. Transport, power lines, water supply and communications these should be classified as the infrastructures in general use and the properties mentioned in the works of Hirschman apply to them. But we should not forget about industry level and company level infrastructures that are also important in productive activities of a company. Unfortunately little information is available for these types of conditions and there is no exact methodology and measurement of these conditions. That is why most studies use infrastructure in general use as an object of their studies. These usually include transport, communication, energy,

water and canalization systems. This narrow definition has been the object of research for many research studies for the last 25 years because it is measurable and easy to find information about them. Some studies used public capital as independent variable such as roads, education, hospitals, water and sewers, industrial and military facilities and buildings, but have been criticized to comprise some public capital components which have no direct bearings or connections to productivity or output levels. The problem with this approach has been noted by studies (Edward Gramlich, 1994, Anders Isaksson, 2010).

Channels through which infrastructure can effect on the economy

Aschauer's paper in 1989 was followed by an unusual amount of attention, from politicians and economists and hundreds of researches were conducted to understand the effect of infrastructure on the economy. Although these studies sometimes had opposing results, there are some general achievements that economists have consensus on. First of all, there is no doubt that infrastructure plays an important role in economic growth and productivity. The production possibility frontier or curve would shift with the expansion of the economic infrastructural base, thereby accelerating the rate of economic growth and enhancing the pace of socio-economic development. Second, its impact on the economy is far more than on the economic growth. Apart from growth, infrastructure has indirect relationship with environment, health, poverty, equity and the general quality of life. **World Development Report (1994)** published by the World Bank under the title „**Infrastructure for Development**’ rightly mentions that “the adequacy of infrastructure helps determine one country’s success and another’s failure in diversifying production, expanding trade, coping with population growth, reducing poverty, or improving environmental conditions”. Third, the infrastructure does not have a once for all effect, rather it has continuous and long term effect on the economy and welfare of the country. To understand the overall effect of infrastructure one needs to understand the channels though which infrastructure effects on economy.

Although the linkage between infrastructure and economic growth has been referred differently in many studies, they do not logically oppose each other. For example, Prud’homme, (2004) depicts these linkages as the following diagram:



Source: Prud’homme (2004)

According to Aigbokan public infrastructure does three things:
 (1) it provides services that are part of the consumption bundle of residents;

(2) large-scale expenditures for public works increase aggregate demand and provide short-run stimulus to the economy; and

(3) it serves as an input into private sector production, thus augmenting output and productivity

Some studies divide the effect of infrastructure on direct and indirect effects. This may be by affecting output directly as additional factor of production or indirectly increasing the productivity of private capital (Kularatne, C. 2006).

From the estimation point of view the effects of infrastructure can be divided into short term and long term effects.

In the short run, while the infrastructure facilities are at the construction phase the investment in the infrastructure affects aggregate demand and unemployment. The properties of infrastructure, that they need huge amount of investments and that they cannot be imported (Hirschman 1958) create substantial additional aggregate demand for domestically produced goods and services in the economy, providing further short-run stimulus to the economy. But its effect is not finished by this. It will affect the economy through multiplier in longer period.

Another effect in the short run takes place in the operation phase when infrastructure facilities produce services. The important property of infrastructure is that their services are provided free of charge or at rates regulated by public agencies (Hirschman 1958, IMF 2014) and they are usually lower than their market price. Their price is usually set to cover only their depreciation value (McDonald 2008). In this condition infrastructure effect is not fully reflected in the GDP growth. Its effect is partly consumed by the households through lowered prices and partly consumed by producers. The effect channeled to households is reflected in welfare improvement and poverty reduction, but not in GDP growth.

The long run effect is multiple and complex because of many direct and indirect externalities involved with it. In this infrastructure affects the productivity of other sectors of economy, thus attracting private investment to the economy. The increase of the stock of private capital further increases Aggregate demand and produces goods and services. In this case the productivity effect will be continuous and will be reflected in growth of following years. Important to note that infrastructure investment is a condition needed for development, but alone it is not sufficient for economic development. The infrastructure investment should be accompanied by corresponding amount of private capital for this effect to take place. At glance, it might seem that infrastructure investment can automatically attract the private capital and achieve balanced growth. But at the same time the crowding out is possible since these huge amounts of infrastructure investment is part of the financial resources of economy which otherwise can be used as private investment. So one needs to estimate whether infrastructure investment and private investments are substitutes or complements to each other. If crowding out effect takes place then the effect of infrastructure will take place later with a lag when private investment will be injected. Even in this case the growth in the economy will be accrued to the private investment. Anders Isaakson (2010) notes this problem in estimation and says “difficulty is whether capacity is built in advance or as reaction to needs. Investment in infrastructure is likely to lead to contemporaneous growth only if the country is poised for growth, otherwise it only prepares the country for growth, but the effects should show up with a lag”.

Kularatne (2006) notes that “effect of a rise in infrastructure capital on private output is not necessarily positive. In fact, this effect can be negative if infrastructure and private capital are

"substitutes". This is characterized by two opposing forces. On the one hand, infrastructure capital enhances the productivity of private capital, raising its rate of return and encouraging more investment. On the other hand, from the investor's perspective, infrastructure capital acts as a substitute for private capital and "crowds out" private investment. One needs to test empirically when private and infrastructure stocks are complements or substitutes by estimating a system of equations that highlights the complex webs of association between private and public capital. This is crucial in understanding the role played by public capital in enhancing growth. Moreover, this analysis needs to be taken on a country-by-country basis because the various peculiarities of each economy determine if public and private capital are complements or substitutes". One can assume that both forces operate at the same time and the productivity impact of infrastructure will not be fully captured in economic growth; part of its effect is reverted when crowding out effect works and even can make it negative in the short run. From this hypothesis we can expect that in low income countries where there is a shortage of investment resources injecting into infrastructure will decrease resources available for private investment, then insignificant effect will be seen for the infrastructure and significant positive effect can be seen in the private investment but with some lag period.

Another consensus most researchers agree with is that the marginal return from infrastructure exhibits diminishing marginal returns. Beyond a certain optimal threshold, public capital investments may result in a negative net benefit to society as economic and social benefits are exceeded by related costs (Agénor, Bayraktar and El Aynaoui, 2008). This implies about the non-linearity of the relationship. Then estimating through constant coefficients would show us average impacts, not marginal impact.

As a concluding remark, one should note that the link between infrastructure and economic performance is multiple and complex and has an uncertain and variable timing. To capture the full effect of infrastructure on the economy one should construct a model which will integrate growth and non-growth effects over variable time periods.

Empirical evidence on infrastructure

Fuente and Estache (2004) generalized the results of 102 cross country studies (Table1). The table shows that over the past 15 years some studies found negative effect on productivity or growth.

Table 1

Findings on Impact of Infrastructure Investment on Productivity and Growth [7]

Area studied	No. of studies	% shown a positive effect	% shown a significant effect	% shown no negative effect
Multiple countries	30	40	50	10
United States	41	41	54	5
Spain	19	74	26	0
Developing Countries	12	100	0	0
Total/Average	102	53	42	5

Source: de la Fuente and Estache (2004)

According to table out of 30 studies on multiple countries (including developing countries), 50% showed insignificant effect, while 10% showed negative effect, out of 41 studies on the United States, 5% showed negative effect, out of 12 studies on developing countries (Argentina, Brazil, Colombia, India, and the Philippines) 100% showed positive effect. The role of investment in infrastructure in developing countries shows that these countries have underinvested in infrastructure.

In a study Stephane Straub (2008) analyzed 80 specifications of 30 macro-level empirical literatures. These macro level studies, realized between 1989 and 2006 tried to analyze the link between infrastructure as an independent variable and economic performance (output level or growth, productivity level or growth) as dependent variable. 56% of these find a positive and significant effect of infrastructure, 38% find no effect and 6% find a negative and significant effect. In general, more positive results are found in developed countries, and when the dependent variable is output level rather than output growth or productivity. The results were also more positive when physical indicators of infrastructure were used as an independent variable. When we use telecom, roads and electricity as an independent variables the link was stronger. Finally, studies using production function model could achieve positive results than cross-country regressions.

The table 2 shows the estimations of output elasticity of infrastructure given in the studies of Sahoo, Pravakar (2011) and Anders Isaksson (2010).

Table 2

Estimates of Output Elasticity of Infrastructure Indicators

Country /Region	Author	Output Elasticity of Infrastructure	Infrastructure Measure
USA	Aschauer (1989)	0.39	Public capital
USA	Munnel (1990)	0.34	Public capital
Mexico	Shah (1992)	0.05	Transport, power & communication
Taiwan	Uchimura and Gao (1993)	0.24	Transport, Water & communication
Korea	Uchimura and Gao (1993)	0.19	Transport, Water & communication
DCs	Easterly and Rabelo (1993)	0.16	Transport & Communication
USA	Holtz-Eakin* (1994)	0	Public capital
USA	Gracia Mila et al.(1996)	0	Public capital
LDCs	Devarajan et al. (1996)	Negative	Transport & Communication
Canada	Wylie (1996)	0.31	Public capital
Cross-Country	Canning (1999)	-0.23 to 0.22	Road, Telephone and Electricity

USA	Duggall et al (1999)	0.27	Public capital
Cross country (28 developing countries)	Dessus and Herrera* (2000)	0.11 to 0.13	Public capital
USA	Holtz-Eakin, Henderson and Ullah* (2005)	0.15	Public capital
Belgium	Everaert (2003)	0.14	Public capital
Cross- Country	Calderon & Serven(2003)	0.16	Transport & Communication
Cross –Country	Esfahani and Ramers (2003)	0.12	Power and Telephones
OECD Countries	Kamps (2004a)	0.22	Public capital
South Africa	Fedderke, Perkins, Luiz(2006)	-0.66 to 0.20	Physical capital stock
	McDonald* (2008)	0.1 to 0.15	Public capital
Japan	Kawaguchi, Ohtake and Tamada* (2009)	-0.16	Public capital
India	Sahoo and Dash (2009)	0.4 to 0.5	Physical capital stock
South Asia	Sahoo and Dash (2010)	0.26 to 0.3	Physical capital stock
China	Sahoo, Dash, Natraj (2010)	0.27 to 0.35	Physical capital stock

Source: Sahoo, Pravakar (2011)

*these were added by the author

Srinivasu (2013) says that “in general the studies that examine the relationship between public capital and economic growth suggest that although not all studies find a growth-enhancing effect of public capital, there are more consensuses in the recent literature than in the older literature. According to most studies, the impact is much lower than found by Aschauer (1989). Many studies report that there is heterogeneity: the effect of public investment differs across countries, regions, and sectors”.

Evidence from Uzbekistan

Yet there are few investigations in Uzbekistan on the infrastructure impact on growth parameters. One of the studies (Yoshino & Abidkhadjaev, 2015) tried to estimate the impact of a railway connection in the southern part of Uzbekistan on the economic performance of regions infrastructure. The empirical evidence derived from difference-in-difference estimation for regional, spillover, and connectivity effects has focused on the regional GDP growth rate, agricultural value added, industrial value added, and services value added. The empirical results suggest that the railway line had an impact of 2% in regional GDP growth in regions located at the far ends of the within-country railway system. Moreover a positive effect is reflected in industrial output and aggregate services, with estimates of approximately 5% and 7%, respectively. The effect on agricultural output

is less and equal to 1%. M. Ravshanov (2009) researched the correlation of development of automobile road complex with economic growth in Uzbekistan and found positive relationship between them.

Wide range of economic reforms had been realized in Uzbekistan for the last years. In accordance with the Presidential Decree #1446 from 21 Dec 2010 during the 2011-2015 periods 85 infrastructure projects were realized with a total cost of more than 7 billion US dollars. Correspondingly Uzbekistan had been experiencing an economic growth of more than 8% during these years (figure 1). Another infrastructure program for 2015-2019 years is adopted with total amount of 10 billion U.S. dollars investment.

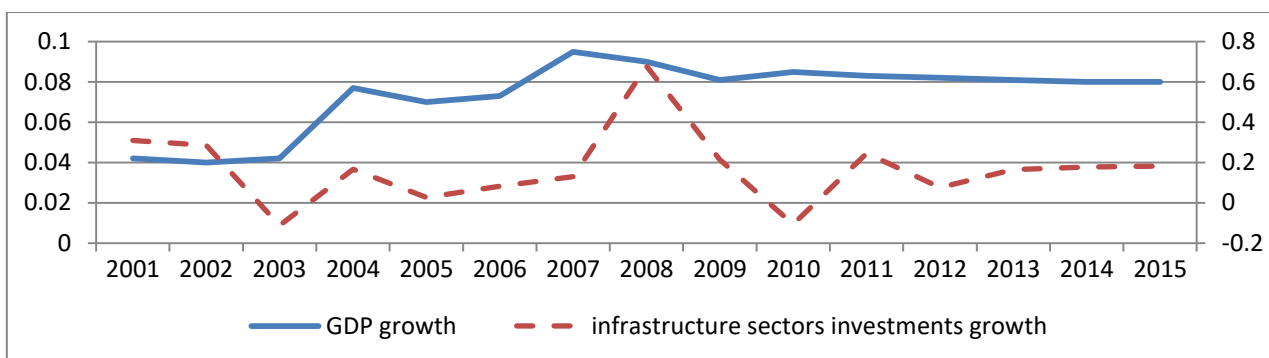


Figure 1. The growth rates of GDP and public capital in Uzbekistan, in percentage².

As we can see from the graph the GDP growth has been quite robust, while the investment in infrastructure (transport, electricity and communications) had been more volatile but general trends show some correlation.

Table 3

The share of infrastructure sectors in GDP, capital stock, Investments.

Items	2010	2011	2012	2013	2014	2015
The share of transport and communications in the GDP	11.5	11.7	11.9	11.9	11.4	11.0
The share of transport and communications in total capital stock	17.2	20.6	21.9	21.7	20.6	21.9
The share of investments of transport and communications in total investments	29.7	20.2	17.8	17.9	14.1	11.1
Rate of return of capital stock	0.67	0.57	0.54	0.55	0.55	0.50

Source: The State Statistics Committee of the Republic of Uzbekistan

² Based on information of State Statistics Committee of the Republic of Uzbekistan.

The table 3 shows the return from the transport and communications sectors. It shows that the share of stock of capital of transport and communication sectors has been increasing, while its share in the GDP is decreasing. Over the period the return from the infrastructure might be falling in Uzbekistan over the range.

To see more clearly the relationship between the public investments with the GDP value we used a simple OLS regression model using the methodology discussed in materials and methods part of the paper. The data on Infrastructure capital, Capital stock on the economy and Labor force were taken from The State Statistics Committee of the Republic of Uzbekistan from the years 2001 to 2017. The results of the regression were as follows:

Table 4

Regression statistics

<i>Regression statistics</i>	
Multiple R squared	0,998191
Adjusted R-squared	0,995483
R-square	0,996386
Standard deviation	0,083855
Number of investigations	16

As independent values we included private investments, quantity of labor force employed and investments in infrastructure, while dependent variable is GDP value.

Table 5

The results of OLS regression model

	<i>coefficients</i>	<i>Standard error</i>	<i>t-statistics</i>	<i>P-value</i>
Y- intercept	-13,2599574	3,332507145	-3,978973433	0,001829668
Ln (Private Invest)	-0,013974602	0,064125828	-0,217924708	0,831149537
Ln (Infrastructure)	0,11739284	0,059538641	1,971708414	0,072142043
Ln (Labor)	2,27836927	0,420023919	5,424379815	0,000153896

As you can see from the table the coefficient of Infrastructure investment is 11.7% and is significant, but private investment value is not. It shows that 1% increase in investment in these infrastructure sectors will increase the real GDP value by 0.11%.

Conclusions

As a concluding remark, it should be noted that infrastructure provides immediate demand-side economic stimulus at the construction phase, and also has significant, positive effect on long term output and growth in the operation phase. This long term effect is different from private investment. This impact comes through inputs' productivity and cost reduction which not always is reflected in

GDP growth. As it implies many of the benefits of infrastructure investment are difficult to measure, and are reflected in many other parameters of the economy as poverty reduction, welfare increase, competitiveness of the economy.

Many empirical attempts to estimate the impact of infrastructure lack the important theoretical base about the channels through which it affects economy.

It should also be stressed that the empirical studies and the estimated aggregate results cannot be used in practical policymaking. In practice according to KPMG International (2016) specialists “appraisals are simply based on a mix of feasibility studies and (occasionally) economic cost/benefit analysis....While that is a step in the right direction, this “missing piece” approach is too narrow, and fails to provide a complete picture of the impact a project may have on the real economy”. If this is the case then the research should be done on the project level to integrate the long run externalities while appraising the worth of the infrastructure projects.

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PROSPECTS OF ISLAMIC FINANCE AND ITS PRODUCTS FOR ECONOMY OF UZBEKISTAN

Shavkat MAMATOV³ and Alam ASADOV⁴

Introduction

All of the major religions such as Judaism, Christianity and Islam do not approve of paying or earning money on the money, which is called interest in modern terms. Interest or usury is called Riba in Islam. The prohibition of Riba is clearly stated in the Muslim holy text, Qur'an, among others, in Surah No. 2 in Ayahs No. 275-276 and 278-279 and also in the tradition of its Prophet (pbuh) that is called Sunnah.

Islamic finance can bring into the financial system the savings of those people who avoid using the services and products offered by the conventional banks due to religious reasons. The Central Asian countries are among newly independent states that have a great prospective for development of Islamic finance industry. Some countries such as Kazakhstan, Tajikistan and Kyrgyzstan have already introduced some legislation allowing operation of Islamic finance firms and banks in respective countries. Nevertheless, the industry is still considered at its infant state in the Central Asian region.

Prospects of Islamic finance in Uzbekistan

Uzbekistan, being most populous country in the region and with largest concentration of Muslims has great prospective for development of Islamic finance industry in its territory. There is a possibility that availability of the Islamic financial products will allow Uzbekistan to summon the funds from investors not only from its large Muslim population, but also from its neighboring countries as well as from some other Muslim countries of the Middle East, South and Southeast Asia. Potential clients of the Islamic banking and finance in the country alone are some 25 million Muslims living in Uzbekistan.

Total aggregate volume of Islamic financial assets is about USD 2.5 trillion, as estimated for year 2016 by the consulting company EY. This indicator was rising by approximately 15 percent per year for about a decade till 2014, but slowed down slight since then due to global economic crisis and sudden drop in prices of petrol. 27 Muslim countries including Bahrain, UAE, Saudi Arabia, Brunei and Pakistan and 24 non-muslim countries including USA, UK, Canada, Switzerland, South Africa and Australia have Islamic banking and finance institutions. Many conventional banks such as Standard Chartered Bank, Citibank, HSBC, ABN AMRO and UBS have opened Islamic windows or subsidiaries. Studies by the IMF indicated that Islamic banks are more resistant to financial crises, compared to the conventional banks.

The fundamental difference of Islamic banking from the conventional one is the sharing of the risk from investment of funds. While in Islamic finance both the investor and the financial institution share the risks from the investment, in conventional finance, especially in debt financing, most of the risk is shifted to the shoulder of the client while the bank only deal with the credit risk.

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With the advent of the new financial products and services offered by financial institutions in Uzbekistan, consideration of needs of the population of the country became more apparent and necessary. As the President of Uzbekistan, Shavkat Mirziyoyev, has mentioned in numerous occasions that the people of the country must be satisfied and content with what the government does for them. Considering that the majority of the population in Uzbekistan is Muslim by religion, their particular religious needs dictate that they should abide by the Shariah compliant modes of financing in satisfaction of their business and personal needs. Therefore, it is of utmost importance that Shariah compliant modes and options for financing should be studied and instituted to cater for those needs of the population.

A draft of the decree of the President of Uzbekistan “About the creation of the infrastructure of the Islamic banking and finances in the Republic of Uzbekistan” to institute and regulate this sphere was placed in the portal for discussion of the projects and laws in May of 2018. The document was developed to create for alternative modes of financing and catering for the growing needs of the population and entrepreneurs, to broaden the spectrum of the supplied banking and financial services, mobilization of the resources from internal and external markets under the Islamic banking and finance principles. The Committee that will be formed to develop this document is asked to submit a draft of the Order to the President of Uzbekistan to create Islamic Bank of Development of Uzbekistan (IBDU). The said bank will offer a wide spectrum of standard retail banking services, including export-import financing, home financing, financing of commercial real estate, leasing services, insurance, also services in the securities market through its structural departments. The bank will also offer complex structured financial products, such as investments in venture capital, also in the funds of direct investments and/or hedging of the risks. This new financial institution will be refinanced by the commercial banks of Uzbekistan in order to offer services through “Islamic windows” to the general public and entrepreneurs.

According to one study conducted by Uzbek researchers in 2015, some specific modes of shariah compliant financing, such as Ijarah (Islamic leasing), was becoming popular in the country. Still, other forms of such financing were not widely available for the Muslim investors and businesses (Asadov & Garikhanov, 2015). There are basically three major forms of Islamic modes of financing. Those are participatory modes, which are called Mudarabah and Musharakah; deferred or advance sale based modes which are Murabahah, Istisna and Salam and the rent based modes, which are Ijarah and Tawaruq.

Overview of Islamic finance products

Mudarabah is form of equity financing. In such contract there is an owner of capital and the manager of the investment. The profit from the venture is shared between the parties according to the initially agreed upon ratio. In case of capital loss, it will be borne by the owner of the capital alone. What the capital manager loses is the time and effort expended for the venture and the opportunity cost of those things.

Musharakah contract is quite similar to the Mudarabah, but in this contract both parties participate in supplying the capital and management of such investment. It is in a sense contract of partnership. The sharing of profits and losses will be equal to both parties to the contract if there is no initial agreement as per the profit and loss sharing. Otherwise, the profits will be shared according the

agreed upon ratio, but losses will be shared according to the proportion of the capital invested in the venture. Each partner has the right to take part in the management of the partnership. There may be appointed a managing partner by mutual consent.

Under the deferred or advance sale based modes of financing a party sell an asset to the other party usually for deferred payment. Murabaha contract is one example of such contract where the transaction is done on a “cost plus profit” basis, where the seller discloses the cost to the buyer and adds certain amount of profit to the cost to arrive at the price to the buyer. The payment in modern mudarabah based financing is usually done on deferral basis.

Istisna is a contract when the customer gives an order to the manufacturer to produce the goods for the purchase. The sales price must be fixed but it need not be paid in advance. On the other hand, Salam is a Shariah compliant contract where the seller undertakes to supply a specific goods to the buyer at a future date in exchange of an advanced price fully paid at the spot.

Ijarah is an Islamic alternative to leasing. It literally means “to give something on rent”. The risk and the rewards of the Ijarah contract lie with the owner. Late payment penalties cannot be charged on the lessee, but lessee is responsible for damages caused by negligence to the asset. The rent can only be charged after the delivery of the asset in usable condition. Insurance costs are born by the lessor.

Tawaruq is a contract of purchasing a commodity on credit and selling on spot at a loss with the objective of acquiring cash. Takaful is an Islamic alternative to conventional insurance while Sukuk is an Islamic alternative to conventional bonds. However, differently from the conventional finance products Islamic ones are based on principles of risk sharing. In Islam business risk cannot be just transferred to one partners and profit cannot be realized without assuming such risk, otherwise it becomes same as consuming Riba (i.e. usury).

Possible application of Islamic finance products in Uzbekistan

When it comes to introduction of Islamic banking and finance products in economy of Uzbekistan prospects are broad and numerous. Uzbekistan’s economy is still strongly dependent on its agriculture industry and contract of Salam can become very handy to finance farmers at times of planning and growing of agriculture products. Financier can also benefit by making advance purchase of the harvest at attractive prices.

Similarly, contract of Istisna could be widely used in financing of many production, manufacturing and construction projects. Flexibility of financing according to phases of production in the project makes this contract handy in many instances. Especially, financing of new housing and office real estate could be done in very smooth manner if Istisna mode of Islamic finance is used in the process. Both construction firm and its financiers could agree on stages of financing and renegotiate on price if there are any changes in cost of construction material and due to other unforeseen circumstances.

On the other hand, success of small and micro enterprises (SMEs) could substantially increase in the country which Islamic modes of equity-based partnership such as Mudarabah and Musharakah are introduced. It can be compared to important role that venture capitalists are playing in modern western business sectors. Without such intervention by equity investors many of the modern high-

tech companies such as Apple would not exist at all. This means similar equity based Islamic finance contracts could significantly contribute to development of innovation by Uzbekistan growing SMEs.

Ijarah (rental) based contracts could also be widely applied in financing of some production where concept of leasing is being used in the West. However, differently from leasing in Ijarah the lessor bears the risk associated with product being leased. In case of Uzbekistan, Ijarah can be easily applied for gradual ownership of automobiles. We can also observe similar contracts being used in informal car leasing market especially in capital, Tashkent. Advantage of Ijarah form such informal leases is it being in very legal and affordable mode of financing (Asadov & Garikhanov, 2015).

Furthermore, other products of Islamic banking and finance can be applied in many spheres of Uzbekistan's economy. Most of those products being fairer compared to the conventional products or more affordable compared to some informal modes of financing can fill important financing gap in the country. For instance, some of currently introduced products such as Ijarah and other modes of which can be easily applied would need some type of assurance from unwanted risk. In such a case, Islamic finance alternative for insurance, which is called Takaful can be a right product to rely upon. There are also many other reasons which can justify the introduction of Islamic finance alternative to the conventional products which are currently in existence in the country.

Conclusion

In conclusion we can state that Uzbekistan has great prospects for development of Islamic finance industry. As we have explained earlier there are both religious and economic reason to justify introduction of Islamic banking and finance products in the country. By doing so, Uzbekistan would not just satisfy the demand of local population for such products, but also can attract many foreign investors to Uzbekistan's new investment opportunities opening up for them. Uzbekistan has all the right parameters to become Islamic finance hub for Central Asian region. The only missing link is proper legislation and infrastructure for functioning of this new industry. Proposal of the draft of the decree of the President of Uzbekistan "About the creation of the infrastructure of the Islamic banking and finances in the Republic of Uzbekistan" in May of 2018 was the right step in correct direction. However, this draft should be correctly applied into the action by passing of proper legislation and formation of right infrastructure. Once, those steps are completed we can rest assured that it will not take much time to realize its economic and social benefits to the population of the country.

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ПРОБЛЕМЫ И ПЕРСПЕКТИВЫ СБЛИЖЕНИЯ МСФО С НАЦИОНАЛЬНЫМИ БУХГАЛТЕРСКИМИ СТАНДАРТАМИ В УЗБЕКИСТАНЕ

Нодира РАХИМХОДЖАЕВА
Ведущий преподаватель в СИРМТ

Введение: предпосылки создания международных стандартов финансовой отчетности

За последние десятилетия, начиная с 1970-х годов, бухгалтерский учет как целостная система предоставления финансовой информации претерпела значительные изменения, по сути став одним из самых эффективных источников оценки деятельности не только крупных акционерных компаний, но и хозяйствующих субъектов среднего и малого бизнеса. Значительный вклад в преобразование бухгалтерского учета привнес Комитет по международным бухгалтерским стандартам (КМСФО), созданный в 1973 году при содействии бухгалтерских ассоциаций из десяти крупных стран таких как Великобритания, США, Канада, Австралия, Мексика, Япония, Франция, Германия, Нидерланды и Новая Зеландия. Примечательно, что момент создания, возможно не случайно, совпал со многими изменениями, которые происходили в тот же период в сфере финансовой отчетности в США и годами ранее в самой Великобритании.

В конце 1960-ых годов в Великобритании отсутствовала единая стандартная форма национальной финансовой отчетности. Именно в этот период в туманном Альбионе происходит ряд знаменательных событий, которые впоследствии так или иначе станут толчком для стандартизации финансовой отчетности на национальном, а потом и на международном уровне. Покупка двух крупных компаний – GEC/AEI Ltd и Pergamon Press, широко известных на международной арене бизнеса, привела к скандалам, которые стали достоянием общественности ввиду существенных расхождений результатов финансовых отчетностей до и после покупки компаний. Как следствие, доверие к публикуемым бухгалтерским отчетностям было заметно подорвано, что и обусловило стандартизацию форм и требований к предоставляемой финансовой информации. Таким образом, было положено начало для восстановления доверия и поднятия престижности профессии бухгалтера и рассмотрения других более амбициозных проектов в целях гармонизации бухгалтерских стандартов.

С момента образования Комитета по МСФО в 1974 году была проделана огромная работа по унификации бухгалтерских стандартов, внесены коррективы в предоставление финансовых отчетностей, определены не только их формы и структуры, но и сформулированы основные принципы, правила, которые подняли бухгалтерскую отчетность на качественно новый уровень.

Хотя в первые годы новые унифицированные стандарты не пользовались популярностью, по мере усиления глобализационных процессов, открытости финансовых рынков, список стран, использующих МСФО для составления финансовых отчетностей, стал постоянно расширяться. На сегодняшний день примерно 120 стран установили в качестве требований для хозяйствующих субъектов, чьи акции доступны на рынках финансового капитала, использование международных стандартов. Также более чем 90 стран подтвердили,

что публикуемые финансовые отчетности компаний полностью отвечают требованиям МСФО. Другими словами, происходит глобальная стандартизация профессии бухгалтера и бухгалтерской отчетности как таковой, когда фактически на одном общепринятом языке происходит общение пользователей финансовой отчетности.

Что касается самих стандартов, из которых состоит МСФО, они постоянно видоизменяются, корректируются или же заменяются новыми для более ясного и полного предоставления результатов деятельности компании. Бухгалтерская учетная информация, собранная в соответствии с общепринятыми нормами, помогает понять экономическую сущность операций для удовлетворения потребностей пользователей в лице инвесторов как иностранных, так и отечественных.

Внедрение МСФО в Узбекистане как необходимость сближения национальных стандартов финансовой отчетности с международными.

Для Узбекистана необходимость внедрения международных стандартов финансовой отчетности вызвана вполне объективными причинами. В свете проводимых законодательных преобразований, направленных на развитие конкурентоспособной и более открытой экономики страны, работающей по правилам рынка, реформирование налоговой системы, банковского сектора, внедрение свободной конвертации валюты наряду с привлечением иностранного капитала являются главными стимуляторами для сближения МСФО с национальными стандартами.

Помимо этого, есть подкрепленные на законодательной основе нормативно-правовые акты, которые обуславливают применение МСФО для финансовых отчетностей. К ним относится закон «О бухгалтерском учете» от 30 августа 1996 года, утверждённый Олий Мажлисом Республики Узбекистан. Сближение МСФО с национальными стандартами также прослеживается в принятом Указе Президента Республики Узбекистан «О мерах по внедрению современных методов корпоративного управления в акционерных обществах» от 24.04.2015 г., № УП-4720. На основании таких неоспоримых предпосылок в ближайшем будущем ожидается, что все действующие акционерные компании должны будут предоставлять ежегодные финансовые отчетности в соответствии со стандартами МСФО.

Следует отметить, что применение МСФО в Узбекистане осуществляется поэтапно. В частности, начиная с 2000 года банки Республики Узбекистан были обязаны публиковать свою отчетность по международным стандартам. В 2007 году обязательным является публикация и для микро кредитных организаций. Накопленный опыт, однако, показывает, с какими проблемами сталкиваются крупные компании и компании, где МСФО не является принудительным, а сугубо добровольным, при желании следовать международным нормам финансовой отчетности. Ясно, что переход на международные стандарты предвещает большие возможности для инвестиций со стороны внешних пользователей, для которых оценка капитала компании, ее ресурсов и обязательств будет регламентироваться общепринятыми стандартами. В целом, сближение МСФО с национальной бухгалтерской отчетностью обладает рядом преимуществ практического характера. Они исходят из целей и задач, поставленных перед Советом МСФО, который был создан путем реструктуризации Комитета

МСФО в 2001 году. Поставленные задачи охватывают такие важные спектры деятельности, как:

- Унификация и стандартизация национальных систем учета и отчетности;
- Обобщение опыта и практики учета наиболее продвинутых стран;
- Дальнейшее совершенствование стандартов финансовой отчетности.

Исполнение данных задач должно принести несомненную выгоду для тех стран, которые поставили перед собой цель интеграции в мировое экономическое и финансовое сообщество, что и соответствует выбранному курсу Республики Узбекистан.

Проблемы применения МСФО в Узбекистане

В мировой практике разделяют три основные формы применения МСФО для финансовой отчетности:

- МСФО применяется полностью, следуя всем предписанным стандартам без исключения, и именно они выполняют роль национальных стандартов.
- Применение обязательно для тех компаний, которые обязаны по форме собственности и законодательству применять МСФО для финансовых отчетностей и учета.
- Применение МСФО в добровольном порядке, когда законодательно дается выбор между национальными стандартами и международными, и компания имеет право выбора без необходимости дублирования национальных стандартов учета.

Таблица 1

Примеры стран, применяющих одну из форм МСФО

Полное применение	Частичное	Добровольное
Арабские Эмираты, Австралия, Италия Великобритания	Узбекистан, Россия, Канада	Индия, Япония

При частичном применении международных стандартов, свойственном для Узбекистана и ряда стран-участниц СНГ, приоритет при составлении бухгалтерского учета отдается национальному стандарту. Для предоставления отчетности по МСФО в таком случае используют информацию, составленную для отчетностей по национальным стандартам. Возможен также вариант параллельного учета, когда ввиду существенных расхождений между международными и национальными стандартами организация выбирает ведение учета по двум методологиям. Однако такой вид не является эффективным, так как занимает много времени для подготовки и может потребовать наличие дополнительных людских ресурсов. Более того, потраченное время и стоимость такой отчетности может вызвать негативную реакцию среди составителей и пользователей информации.

Среди других проблем, препятствующих сближению МСФО с национальными стандартами, можно выделить проблемы институционального, организационно-правового, финансового и методологического характера.

Институциональные проблемы в большей степени связаны с традиционной направленностью финансовых отчетностей, когда их основным потребителем выступало государство или государственные органы. Финансовая отчетность не выполняла той роли, которая ставится перед международными стандартами в современных реалиях, когда главные потребители – инвесторы полагаются на финансовую отчетность для принятия экономических, финансовых или стратегических решений.

Организационно-правовые проблемы выражаются в отсутствии переводов стандартов на государственный язык. Стандарты обсуждаются, дорабатываются, корректируются и выпускаются на английском языке. Для составителей возможно наличие языкового барьера, так как помимо знания английского языка необходимо хорошо разбираться в терминологии. Особенно важным является момент, когда выпускаются новые стандарты или существенно корректируются, и конечный пользователь - составитель может оказаться неосведомленным о последних изменениях, что уже порождает неуверенность, неточность и, как следствие, наличие ошибок.

Наличие **финансовых проблем** способно также существенно притормозить процесс сближения, если не будут выделены средства на реформирование системы бухгалтерского учета, подготовку кадров, выпуск учебников и разъяснительных записей для ясного представления стандартов международных отчетностей и их практического применения.

Заключение

Более чем за 40 лет своей деятельности Комитет по МСФО, который был преобразован в начале миллениума в Совет, внес огромный вклад в дело унификации и гармонизации международных форм отчетности и учета. Несомненно, в Узбекистане с самого начала основания национальных стандартов учета, принципы и концепции МСФО были приближены к местным реалиям. Однако, чтобы поднять на новый уровень уже имеющиеся достижения, необходимо и дальше следовать интеграционным процессам в сфере финансовой отчетности, поскольку сближение с МСФО позволит стране стать более открытой с точки зрения финансовой отчетности. В свою очередь, это позволит усилить финансовую дисциплину в организациях, которые взяли ориентиры на внедрение корпоративного управления бизнесом.

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ONLINE BOOKING IN HOTEL

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Abstract

This research paper demonstrates in depth understanding of innovation in business environment and implementation of innovation in hotel industry specifically in Sayyoh hotel. This study highlights importance of implementing innovation in any organization and the situation prior to implementing and after implementing innovation in the example of Sayyoh Hotel in Tashkent. The literature review section points out the vital elements of handling and managing innovation in the business sphere. The following sections investigate importance of 4Ps together with SWOT study, and provides research findings along with interview questions and responses in appendices section. In the final section it is finalized with conclusion and recommendation with proposed presumptions for the future prosperity of the selected organization.

Key words: *Online booking, Innovation, Types of Innovation, Stage Gate, Management of Innovation, Technology transfer*

Introduction

In the past few decades, there has been increasing number of interest conducting in depth research on innovation management as many companies have been discovering a direct effect on competitive excellence of companies worldwide. Innovative ideas have more and more been applied in practice in actual business spheres. The theme of this particular research assignment aims to investigate innovative online booking technologies used in hotel industry, specifically in Sayyoh hotel. This three star hotel is located in Tashkent city in Chilanzar region al Khorazmiy 4/1. The hotel has 22 rooms, designed for tourists with high - average and average – average income, and mainly designed for business people visiting the city on business trip. Sayyoh hotel employs in total 15 people, 3 of them in front desk, three bellboys, 4 in housekeeping, 2 staff members in kitchen, technician, manager and director. The reason for selecting this hotel is its outstanding approach of implementing innovative ideas into practice, which gives them push ahead among other three star hotels around Tashkent city. There are number of innovative approaches that this hotel implements in providing service and in technology. This research checks thoroughly into implementing latest technological advancements that is highly important when attracting external customers and maintaining them in Sayyoh hotel. In the current study one of the innovative ideas of Sayyoh hotel will be assessed from various points as well as it is implementation and its value it brought to current business and to its end users. In the last few decades, the role of implementing latest technological innovations play a significant role not only in savings account of the business but also creates comfort and enduring experience for customers. The following assignment report will be written using 4 Ps approach and SWOT analysis of analyzing new innovations.

Company outline

Sayyoh hotel was established in first quarter of 2016. The hotel's main is to provide secure, reliable and unforgettable stay for its guests.

Prior to online booking was implemented Sayyoh hotel received its bookings through phone call, travel agents and email. Such intermediaries as travel agents charge reasonable amount for each of their reservations and operate only in certain hours.

In collaboration with booking.com, expedia.com, hotels.com and accorhotels.com Sayyoh hotel started off its innovative online booking project. Every one of these websites mentioned above are connected with tens of other online booking websites. Online booking allows each individual who holds debit or credit card of certain types such as: American Express, Visa and master card the holders of these cards are able to:

- prompt responds to their in hand queries
- efficient, immediate automatic e-mail confirmation
- time savings
- possibility to book 24 hours a day 7 days a week from any place through online access
- effortlessly gaining available offers and promotions

Innovation influence on Sayyoh hotel

According to (Tidd and Bessant, 2013), since the company is new in hotel industry radical implementation of the innovation was obligatory to accept. As most hoteliers are aware and have enough knowledge of online booking, the hotel quickly became on the top list of other hotels in Uzbekistan with the highest rating.

- Graded efficiency
- Increased brand awareness
- Formed new connections and partnerships with online booking institutions
- Increase in the ratio of guest turnover
- Growth in profit

Number of academic papers and research theories were published throughout the years on managing innovation and technology transfer. Next section will briefly state the literature review associated with setting up and improving the system.

Literature review

This section presents an analysis of the literature obtainable on innovation management and associated issues.

Innovation management and technology transfer process

As it is stated in the work of Tidd and Bessant (2013) innovation is not plainly discovering proper ideas; it is the method of developing them into practicable implementation.

According to Tidd, Bessant & Pavitt (2005) innovation is by no means a dominant approach of secured competitive advantage and established method of maintaining strategic position, which leads to guaranteed success.

Set of inter related implementations associated with building and maintaining and improving the system of innovation is what innovation management is. The first phase of obtaining the most out of the innovation in the business acknowledge that it is a conjunctive procedure which must be thoroughly modified, and following process should include effective management to the extent of obtaining concise and continual outcomes (Business Tools, 2013).

The concept “innovation management practices” attributes to the plans and approaches implemented by companies to execute innovative actions (Dooley, Subra and Anderson, cited in Aas et al. n.d.).

For the effectual launch of the innovative proposal Technology Transfer (TT) plays a vital role as a procedure of developing an idea and assembling the applicable method together with selecting required goals. Therefore TT could be indicated as an important part of an innovation management (Ampere, Tseng & Raudensky 2014).

Transferor and a transferee are the two functioning parties associated in Technology Transfer (TT), on the other hand, looking at the larger illustration it is able to comprise companies, organizations, or even a whole nation (Reisman 2005).

Furthermore, according to Wang et al. (2003) the process of technology transfer commonly includes mixture of participants, starting from transferors who establishes the technology and verify the idea, to those who implement the technology in a suitable product, service, medium, or train, and eventually to transferees who take advantage of it, add more value to it, market it, and finally utilize it.

Key steps in managing innovation

As it is stated in the work of Trott (2002) innovation is not a one significant occurrence, however a sequence of actions that are interconnected to each other. Thus innovation can be interpreted as an action that involves various phases.

Figure 1 features innovation model that pinpoints three phases for innovation management. The initial phase handles introduction of new concepts for deliberating for improvement. The second following phase involves singling out those attainable ideas with the tremendous award, although final step comprises improvement and implementation of labor contributing to achieving the fundamental generated concept. This given model below presents a distinguished analysis of the process of innovation.

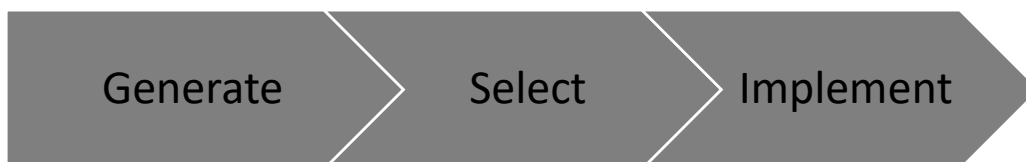


Figure 1. Innovation model (source: Seafood 360, Managing innovation process, 2013)

Stage Gate Management of Innovation

Several management tools are implemented in managing innovation process. Nonetheless, Stage Gate Management for innovation is commonly practiced and accepted by many industries. As

tasks move through the improvement stages, there are various stages, every one of them include unique decision benchmark or ‘gates’ which they have to go through.

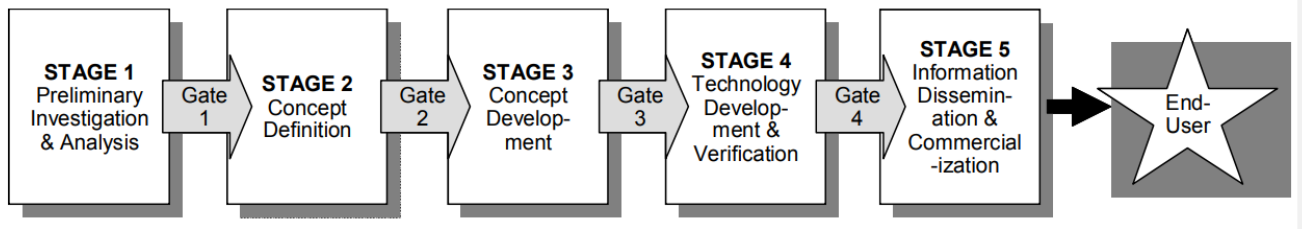


Figure 2. Stage - Gate process flow (source: Industrial Technologies Program, 2007)

Dimensions of innovation

Figure 3 below demonstrates the 4 Ps of innovation capacity applicable to any industry. In such a way, enclosed structure illustrates innovation managers the position where the company has present innovation proposals and where the enterprise may advance to in the coming future.

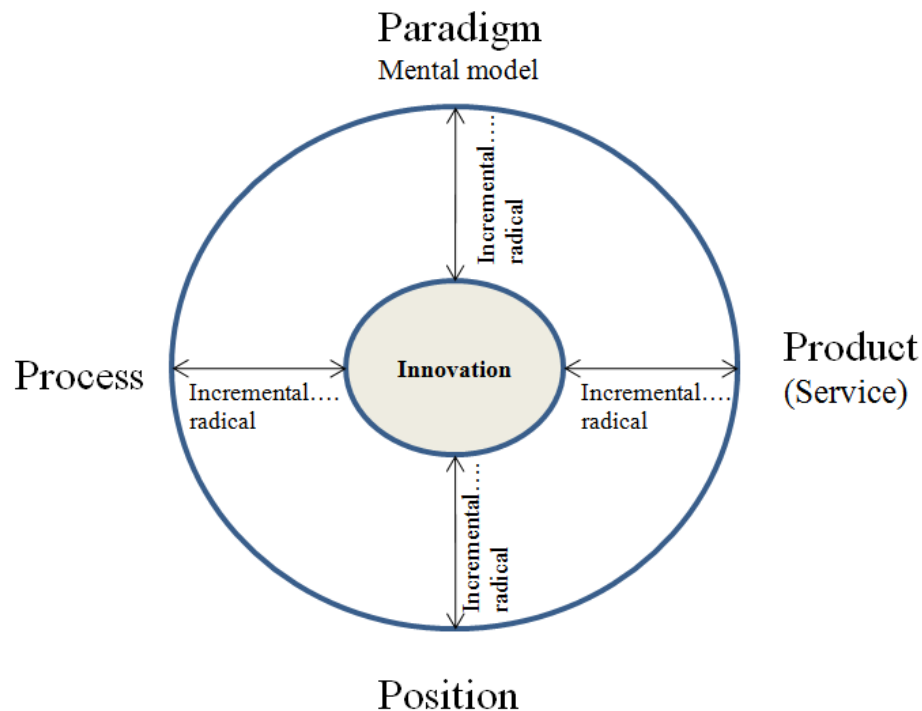


Figure 3. 4Ps model of innovation (source: Managing Innovation 3rd edition)

- ‘Product innovation’ – variety in products and services that is suggested by the company
- ‘Process innovation’ – variety in the system they are established and handed over
- ‘Position innovation’ – variety in the framework where products and services proposed
- ‘Paradigm innovation’ – variety in the latent mental originality that formulates what the organization does.

(Tidd, Bessant & Pavitt 2005)

Types of innovation

Consequently, 4Ps looks different on various kinds of innovation, such as Incremental, Disruptive, Radical and Sustainable.

- Radical innovations demonstrate advanced recent technology that derive in a brand-new market infrastructure. Thus, essence of radical innovation illustrates new commodity or service to the world and doesn't take the place of the current technology (Garcia and Calantone 2002). According to Rainey (2005), radical innovations symbolize contemporary adjustments to the fundamental technologies and the management process. (Hitt, Ireland & Hoskisson 2007) state that Radical innovations are excessively scarce, thus it is crucial to underline its predicament and uncertainty associated in their development. Breakthrough and discontinues are synonyms for radical innovation;
- Incremental innovation as it is stated by Hitt, Ireland & Hoskisson (2007) comprises an innovation of an ongoing product whose output or productivity has been dramatically enhanced or increased. According to Hitt, Ireland & Hoskisson (2007) this type of innovation is able to comprise two schemes;
- a smooth improvement of a simple commodity may be (concerning enhanced productivity or reduced cost);
- sophisticated commodity, which is made up of several combined technical subsystems, can have partial improvement by minor changes to one of the subsystems.

Exceeding number of innovations are incremental, the reason for this is that they only present minor improvements on existing products. Brand-new incremental commodities involve adjustment, accuracy and improvement of current commodities (Garcia and Calantone 2002).

Based on what is provided by Yen and Wei (2009) in order to sustain profit and proper share of the market incremental innovation is just what company needs, whereas radical innovation can include three significance on the company:

- further the horizons to establish new feasible markets and find market feedback,
- build up brand value and promote company image,
- boosted profit.

Table 1 provides concise in-depth review of the Radical and Incremental innovations.

Table 1

Radical in contrast to Incremental innovation

Radical Innovation	Incremental Innovation
Explores new technology	Exploits existing technology
High uncertainty	Low uncertainty
Concentrates on processes and products with unique performance features.	Concentrates on cost or feature improvements in existing products, processes, marketing or organizations.

Source: The Classification of Innovations: The case of Apple Inc.; Ljubljana university (2012)

Table 2 provides concise in-depth review of the Disruptive and Sustainable innovations.

Table 2
Disruptive versus Sustainable innovation

Disruptive Innovation	Sustainable Innovation
Create an entirely new market through the introduction of a new kind of product or service.	Make a product or service perform better in ways that customers in the mainstream market already value.
Does not address the next-generation needs of customers in existing markets	Addresses the next-generation needs of customers in existing markets.
Product that is cheaper, simpler, smaller, and more convenient to use.	Better product that they can sell for higher profit margins to their best customers.
No company has a routine process for handling them	Generally developed and presented by well-known industry leaders
Can involve radical or incremental innovations.	Can involve radical or incremental innovations.

Source: The Classification of Innovations: The case of Apple Inc.; Ljubljana university (2012)

For the time being, breakdown and understanding of the fundamentals of the innovation have been presented which presents us the significance of what innovation is and why it is important. In the subsequent segments, the innovation process and its organization will be examined.

Research methods

Research approach

The research exploits the non - probability sample type, particularly convenience sampling process, this method is based on the easiness of obtaining the necessary information for the research. (Urdan 2005) states that this approach is the most suitable approach of deciding on a sample, except the convenience sample varies from the population of interest in alternatives that effects the result of the study.

The aim of this research is to determine the value of implementing innovation compare to the previous situation of the selected company.

The research is held in qualitative form and the primary data is used. Particularly, the semi - structured interview questionnaire has been held between the end-user and the general manager of the Sayyoh hotel who implemented the online booking system among the first ones among three star hotels in Uzbekistan. As it is stated in Saunders, Lewis & Thornhill (2016) semi - structured interviews are "non - standardized", this structure is frequently specified as qualitative research interviews.

Interview questions

This research student became the user of the innovative system implemented in Sayyoh hotel. With the general manager of the hotel the research student took part in utilizing online booking system.

In a publication provided by Brannan and Oultram (2012), it is argued that through this process of plunging, the researcher finds out precise involvement of the innovative circumstances or research framework. Strong involvement in plunging completed by the researcher in the research environment is a crucial asset of utilizing participant observation, in particular with other information gathering techniques (Saunders, Lewis & Thornhill 2016).

The interview was held with the general manager of the Sayyoh hotel, to find crucial details concerning their recent innovative implementation. The interview aimed at comparing previous situation of the hotel prior to utilizing innovation and at the situation that occurred after the implementation of the innovation in Sayyoh hotel. The interview took place in Sayyoh hotel face to face with general manager of the hotel. Since it is small city hotel with 22 rooms every main activity is managed by the general manager, such as; marketing, food and beverage, front desk and housekeeping, this is reason interview questionnaire was held with the general manager Mr. Jamollidin Akramov. The interview was also held with guests of the hotel. Information received from the interview about the practical use and implementation of the innovation is going to be compared with the theoretical utilization of the innovation management. The general topics covered in the interview include, situation before and after of implementing online booking innovation, advantages and disadvantages of the online booking, technological safeness of the system. In addition interview covered some questions about the future plans of the company and how this innovation could be improved. Appendix A illustrates interview conducted with the general manager of the hotel Mr. Jalollidin Akramov. One of the biggest discoveries made by the interviewer during interview was to find out how online booking system works for any hotel, more specifically this system is explained and illustrated in Sayyoh hotel's case in figure 4.

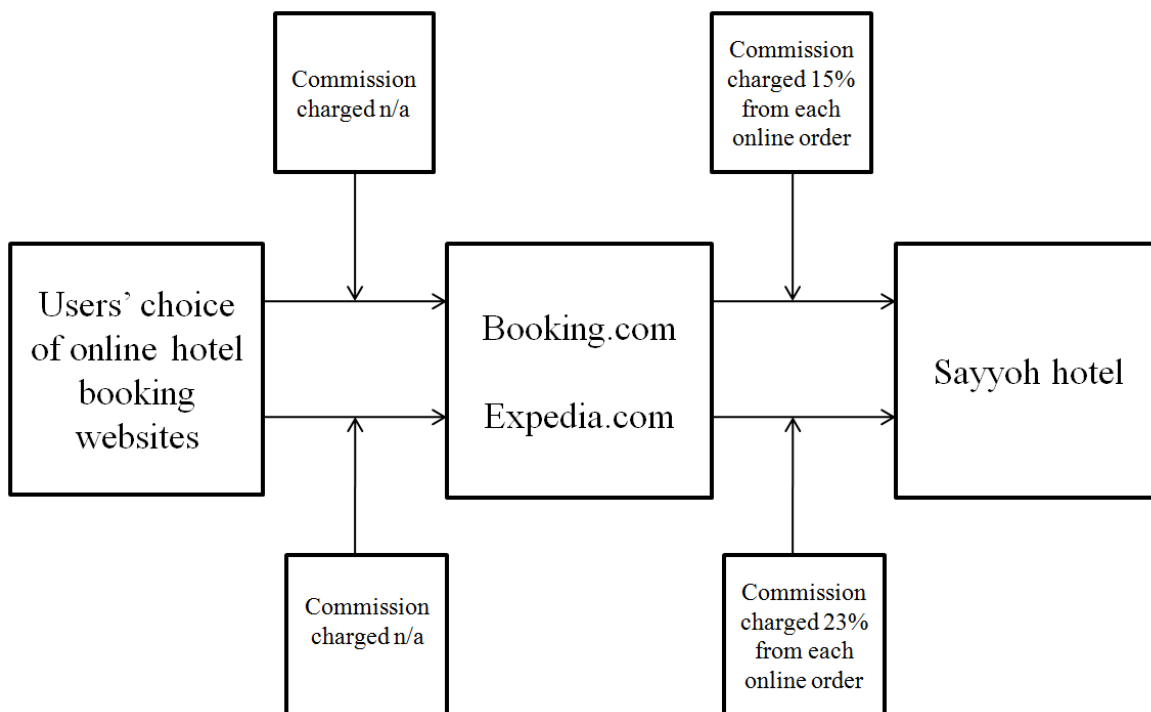


Figure 4. Life cycle of online booking for Sayyoh hotel

Finding and analysis

Innovation and Technology transfer done by Sayyoh hotel

According to Pankova (2012), technology transfer characterized as series of actions by which technology, knowledge, or information established in one organization, in one field, or for one function is practiced and used in another organization, in different area or for another function. The fundamentals of the technology itself is not the only element that drives to successful technology transfer.

When referred to appendix A in particular to question number 2 it is widely explained how technology process takes place and also in figure 3.1 above. As it was stated earlier by Reisman (2005) in the technology transfer process there are two parties involved transferor and transferee. In the case of Sayyoh hotel transferors are the Booking.com and Expedia.com who transfer the online booked room reservations for Sayyoh hotel received from numerous web sites. Therefore, transferee is the Sayyoh hotel who receives the online reservations.

Overall, from the interview some key features could be highlighted.

1. What sort of innovation it utilizes? in Sayyoh hotel's situation, the innovation strategy the online booking is identified more as a radical.

2. Determining what innovation dimension it fits into. Looking at the overall situation of the online booking system, and at the previous situation at the Sayyoh hotel the product innovation dimension is more or less applicable. By implementing online booking system Sayyoh hotel offered its clients to switch from contacting travel agents or booking their hotel rooms through telephone call to online booking, whereas online booking is more suitable, it is user friendly and available 24/7 from anywhere where internet is available accessible.

3. One of a kind innovation application for Sayyoh clients

Benefits & results received by the company

According to the interview the main benefit achieved by the Sayyoh hotel after implementing Online Booking system for receiving room reservations from its clients. The 40% of occupancy rate now handled by the Online Booking. Working in collaboration with Booking.com and Expedia.com has helped Sayyoh hotel to put itself to the international market. As we all strive to collaborate with the best ones in the market, after receiving its highest ranking which is 9.1 in of the giant online booking systems on the market Booking.com, Sayyoh hotel has had and still receiving invitations to participate in exhibitions and also collaborations offers with local banks and companies.

SWOT analysis and 4Ps of innovation

Taking into account interview in appendix A several crucial statements could be obtained:

- "Right now we are working on a project to launch our own application that would be available for mobile users" (*product*).

- "Launching our own application helps us avoid commissions we pay to Booking.com and Expedia.com. That way we can offer various promotions and discounts to obtain more loyal customers" (*position*)

- "Alteration from online booking system to creation of new mobile booking system" (*paradigm*)

Information from the preceding chapters provides a wider view to evaluate the business position in addition innovation success. Clear and uncomplicated study of SWOT analysis of the Sayyoh hotel and the Innovation implemented will be used to analyze Strengths, Weaknesses, Opportunities and Threats and results of the study will be provided (Appendix B). SWOT analysis provides more details into comparing, contrasting, capturing and improving the innovation outcome.

Looking at the both SWOT analysis of the hotel and the innovation. The implementation of the innovation of online booking has taken the hotel to the highest ranking among other hotels in Uzbekistan. And this ranking is seen by anyone around the globe. Thus, technically speaking Online booking has taken Sayyoh hotel into Global Market.

Recommendation and Conclusion

Presumption and recommendations

According to an in depth research of online booking system and from observation of the Sayyoh hotel, the first recommendation could be stated that Sayyoh hotel management is not paying much attention into letting local customers to use online booking system. Local customers still reserve their hotel rooms through telephone and in person by coming to hotel itself. The recommendation for Sayyoh hotel management is to create a small booklet in local Uzbek and Russian language that teaches step by step how to book their rooms online.

Another presumption that could be suggested by researcher is that, as it was stated by general manager Mr. Akramov, implementing online booking system has increased their room occupancy by 40%, and this increase has led to scarce of the rooms. Therefore, hotel management should start considering constructing third and fourth floor into their two-floor hotel.

Future innovation plans for the company

According to Mr. Akramov the general manager of the Sayyoh hotel, the future plan for the company include, going global, by building more hotels and developing new breakthrough application available for iOS and Android users that enables users reserve their rooms straight from the application.

Conclusion

In a nutshell, it is vital to include the true importance of innovation management and how it effects the external and internal environment of the business world. In actual case, innovation management could be just one-way of foreshowing the future. By being, creative and innovative businesses can assure their way of being ahead of their competitors. If no one is being innovative, there is no competition.

According to Tidd and Bessant (2013) innovation management plays major role than creating and developing a sensation, it all has all to do with holding imaginative view, creating and competing in more way that is modern. It should also be stated that innovation success is measured by how much profit and growth it brings to an organization. In the case of Sayyoh hotel, it could be said that innovation they implemented has sure brought its benefit. These days there is no growth without innovation and invention. Therefore, no innovation no future prosperity.

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Appendices

Appendix A

Interview with the general manager of Sayyoh hotel Mr. Jamoliddin Akramov

Question answer

1. When this new innovative project was launched?

Our hotel was opened in April of 2016, for the next three months we received our room reservations through billboards (advertisements) and travel agents. After carefully studying online booking system which is used in other 5 star hotels, we decided to implement a radical innovation in July of 2016

2. Is there any collaboration with any other companies?

Yes, of course. Online booking system is set up in B2B structure. There are many hotel reservation online booking web sites out there; all those web sites are connected to several other big guys in online booking. Those are Booking.com, Expedia.com, Roomrate.com and Accorhotels.com. Each of these web sites represent many other web sites, so when people reserve their rooms, the reservation goes to the big guys and they work with hotels like ours. So, from each reservation they receive from other small web sites made on our hotel they automatically send to us.

3. What were the major stages of installing a system of online booking?

There is basically nothing too difficult about implementing and setting up online booking for the hotel. The first step is contacting with the main web sites, carefully reading their terms and conditions, the next step involves filling out their forms for collaborations. Next step is receiving their confirmation which is sent within 20 days.

4. What is the difference between previous system of receiving reservations and online booking?

Before using online booking system, we received reservations from travel agents, and also we had advertising billboards throughout the city. Majority of our clients were local tourists, but now with the help of the online booking we are having guests from all over the world.

5. What barriers were encountered in the installment of the system?

We encountered just some minor difficulties, exactly in IT sphere. Specifically dividing rooms into suite and junior suite and standard categories, defining occupied and non-occupied rooms.

6. Do you have a degree, special knowledge or skills that can help you to manage this innovative system?

Yes, my knowledge of English, also I had some experience in hotel night auditing. All these skills and knowledge came quite handy in installing this system of online booking.

7. In the online Booking system, is it well ensured that users' data is kept private and secure?

No doubt about that, there is a special hotel software database that's has proven its strengths and secureness with time. It is called 1C Hotel software database.

8. What did this innovation online booking give your business so far?

So far we have witnessed 40% increase in occupancy rate, and with the implementation of online we are also receiving international customers, this means that tourists in foreign countries are also aware of our hotel.

9. Do you consider adding additional improvements to the system?

Yes we are thinking about it, to be concise, we are planning to create software for iOS and Android. And design that software application as a B2C. The valuable part of this project for us is that there won't be any commission.

10. Are there any elements within the system that possible could cause problems in the future?

I am not sure about the future, but nowadays we are having some problems of our own with this system. For example, when the guest leaves and we get walk in guests and at the same time that which was given to walked in guest might be sold through online booking. in order to overcome this problem of overbooking we have to work fast and put everything into the system as quickly as possible.

11. How much did it cost to implement the innovation?

It is free. the only is that is charged is the commission that main web sites take. For each reservation made through Booking.com 15% of the total amount goes to Booking.com and 23% to Expedia.com.

Questions asked from an end user

1. Where and how did you find out about hotel Sayyoh?

Browsing through online booking websites. it came to my attention that Sayyoh hotel had the highest rank among other hotels in Uzbekistan.

2. What do you think about the pros and cons of online booking system that has recently been installed in this hotel?

I don't know about the negative sides of this system, for me it was quite convenient. I think that this new system will definitely increase their sales revenue, because online booking allows its users to reserve a hotel room from anywhere and at anytime.

3. Do you have any suggestions you would like to share with hotel managers?

There is reason why Sayyoh hotel has the highest rating among other hotels in Uzbekistan, despite its size in terms of room numbers, the staff members don't take 'good enough' as their job satisfaction but they are trained and aim to be perfect.

Appendix B

SWOT analysis of the innovation

Strengths	Weakness
<ul style="list-style-type: none"> • 24/7 availability • Fast and effective • Comparison opportunity • Requires no prior investment for installations 	<ul style="list-style-type: none"> • Hackers accessing into the data base and stealing individuals information • Some clients decide reaching travel agents and reserving it in person • No personal interactions with clients
Opportunities	Threats
<ul style="list-style-type: none"> • Internet users are expeditiously increasing • Lowering charged commissions 	<ul style="list-style-type: none"> • It is time consuming when customers demand their money back • Government rules and regulation • Likely the entry of new online booking systems

SWOT analysis of the Sayyoh hotel

Strengths	Weaknesses
Number 1 in Booking.com with 9.1 score Warm bathroom floors (not seen in other 3 star hotels) no competitors within 5 mile radios Individual orders for breakfast	Only one in city Weak brand name 6 km away from city centre not enough number of rooms
Opportunities	Threats
Orthopedic Mattress Creating chain of Sayyoh hotels Local and Worldwide franchise/licensing.	Tense competition between bib International three star hotels Lack of number of rooms

THE DOING BUSINESS INDICATORS AND ECONOMIC PERFORMANCE: CROSS-COUNTRY ANALYSIS

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Abstract

There are a number of determinants of economic growth. However, the role of investment climate cannot be underestimated. The World Bank Group's Doing Business Reports can be a good proxy to measure the business climate of each country. More and more countries have been using the Doing Business Index to conduct reforms for amendment of business environment within countries. The outcome of this paper assists in prioritizing the reforms and suggesting different views maximizing the efficiency of reforms. The empirical evidence of the paper suggests that the index has the impact in the case of developing countries and emphasizing on 'Enforcing Contract' and 'Starting Business' is more beneficial to improve the overall index. Thus, reformers should focus on the initial stages of the business cycle rather than on exit stages.

Introduction

It is undoubtedly, true to say that there are a number of determinants of economic growth. The question is why some countries develop faster while others even regress in their economic development is still under the hot debates. However, the significant impact of the private sector on economic performance is negligible. One of the important determinants of the degree of economic activity is laws and regulations, which in turn determine the level of success in the development of private sector. Flourishing private sector in a such and such economy with more and more new start-ups, with new employment opportunities as well as by developing new products and services may lead to the economic development of a country. The key player who determines the business-friendly environment in an economy is a government. With a good government, which establishes the rules that reduce the cost of disputes, protects investors, and provides credits in an easier way with lower layers of bureaucracy and others. Overall, the opportunities given to entrepreneurs to run easily new Small and Medium Enterprises (SMEs) effect positively on an economy, as SMEs are the engines of economic growth. From country to country, we can observe different laws and regulations. It is widely believed that the catalyst of economic development for developing countries lies through the SMEs. In some countries, there are many obstacles to run a business due to the high costs of running start-ups, the level of bureaucracy, the lack of access to electricity and other problems associated with retarding economic growth.

According to the World Bank, SMEs provide 90% of job opportunities in low and middle-income countries⁵. More and more research outcomes conclude that in order to increase the productivity of private-sector-led economic growth, it should be emphasized not only on macroeconomic determinants but also on the laws, regulations, and institutional quality. A very good proxy to measure and take into account all aforementioned factors is the *Ease of Doing Business* index.

⁵ World Bank 2005; Stampini and others 2011.

This index may reflect the quality of institutions and friendliness of business environment in 189 countries. It captures 10 sub-indicators regarding the different aspects of ease of doing business. Another beneficial fact of this index is that it accelerates and amends business environment in a country as the index promotes the competition atmosphere among economies because in the annual doing business report those countries which take leading position as well as the countries which significantly improved in that business index are mentioned and widely announced by the mass media. This phenomenon, in turn, has an encouraging impact for investors to make the injection of Foreign Direct Investment (FDI) in those distinctive economies. Thus, countries all over the world attempt to compete in order to attract international investments.

There are 10 different individual indicators which overall form one single aggregate ease of doing business index. It is hard to conduct reforms on each individual factor to boost up economic growth especially for developing countries. The main goal of this paper is to analyse the impact of individual factors on economic growth and prioritize not only its nominal effect but also the real effect considering the cost and benefit of the reforms.

Table 1
Ten sub-indicators of the Doing Business Index

1.Starting a Business	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
2.Dealing with Construction Permits	Procedures (number)	Time (days)	Cost (% of income per capita)	
3.Getting Electricity	Procedures (number)	Time (days)	Cost (% of income per capita)	
4.Registering Property	Procedures (number)	Time (days)	Cost (% of property value)	
5.Getting Credit	Legal Rights Index	Depth of Credit Information Index	Public registry coverage	Credit bureau coverage
6.Protecting Minority Investors	Disclosure Index	Director Liability Index	Shareholder Suits Index	
7.Paying Taxes	Payments (number)	Time (hours)	Total tax rate (% profit)	
8.Trading Across Borders	Documents for export (number)	Time for export (days)	Cost to export (US\$ /container)	Documents for import (number)
	Time for import (days)	Cost to import (US\$ / container)		
9.Enforcing Contracts	Procedures (number)	Time (days)	Cost (% of debt)	
10.Resolving Insolvency	Time (years)	Cost (% of estate)	Recovery rate (cents on \$US)	

Literature Review

Hall and Jones (1999), Acemoglu et al. (2001), Djankov et al. (2002, 2003, 2004, 2006) argue that institutions are one of the most important determinants of economic progress and long-term economic growth of countries. In other words, those economies in the world which have had relatively better both political as well as economic institutions in the past are richer today in comparison to the nations which have had weaker institutions. The relationship between laws and regulations and other factors contributing to the performance of SMEs has been the target of many researches over the last two decades. Winston (1998) revealed that business regulations have the impact only on the large and sector-specified industries. However, relatively much fewer studies tried to analyse the impact of business regulatory reforms on the economic performance of a such and such country, partly due to the data limitation.

The indirect effect of easing in doing business was revealed by a number of researchers (e.g. Klapper, Lewin and Quesada Delgado, 2009; Barseghyan, 2008). They concluded that reduction in the entry-to-business costs encourages new entrepreneurs, boosts up firms' productivity as well as reduces the corruption related to bureaucracy. Moreover, similar conclusions were made by Freund and Bolaky (2008), Change, Kaltaniand Loayza (2009), Helpman, Melitzand Rubinstein (2008). Onefold process of running start-up businesses associated with a reduction in the unemployment rate. More transparent financial information sharing through financial institutions leads to higher overall commercial banks profitability and significantly reduces the default risk (Houston *et al.*, 2010). Bruhn (2008) studied the influence of regulations related to business registration on the economic activity of Mexico. By using panel data, the author found that the reform raised the number of registered businesses by 5% in eligible industries. Furthermore, employment in corresponding eligible industries increased by 2.8%, and people who were previously unemployed or out of the labour force were more likely to be employed after the implementation of reform. Finally, the results imply that the competition from new entrants lowered the inflation rate by 0.6%.

The literature after 1980 particularly focuses on the phenomenon of "endogenous growth", which states that economic growth is determined by socio - economic factors, the development of human capital, (Arrow, 1962; Sidrauski, 1967; Romer, 1986; Lucas, 1988; etc.). However, other theories and models developed by such famous economists as Harrod, Domar, Solow and others asserted that economic growth can be achieved by appropriate level of savings, capital accumulation, labour and technical progress (Rose, 1977), considering them as "external" (exogenous) factors, the endogenous growth theory tries to explain the increase in economic growth by relying on the endogenous factors of the model. Thus, Barro said that for a given level of real GDP growth per capita, positive economic growth can be achieved through raising the level of education, decreasing the government expenditure, reducing the price level; improvement in the enforcement of law, as well as improvement in terms of foreign trade (Barro, 1996). Also, Barro concluded that the level of democracy and political freedom has an insignificant impact on GDP growth. Indeed, for the initial low level of political rights, those positive advancements have a considerable influence on economic growth, after achieving some critical point of freedom and democracy, further expansion does not have any positive impact on GDP growth and even may have a negative effect, however. According to Barro, for a given level of all these variables, the economic growth pace is negatively associated

with the initial level of economic growth per capita. In other words, the lower the GDP per capita at the initial point, the higher will be its increasing rate.

Hall and Jones (1999) and Acemoglu (2008) argue that in the long-run, institutions play a determining role in economic growth. According to their conclusion, countries which have good institutions have a higher economic growth which in turn makes them more developed. They focused their analysis on a certain type of institution which is the administrative rules of business operations. In this field, Djankov, McLiesh and Ramalho (2006) claim that administrative rules have in fact a considerable influence on economic performance in different countries. Djankov *et al.* (2006) and Haidar (2009) proved in their cross-country regressions that complicated and bureaucratized business regulatory procedures have the negative correlation with economic performance.

The role of Small and Medium Enterprises in developing countries is immense. According to the World Bank (2005) and Stampini *et al.* (2011), the private sector ensures about 90% of jobs in developing countries. A number of empirical evidence argue that policy makers in order to develop the economy by having an impact on the private sector of the economy should also emphasize on the quality of laws, regulations and institutional arrangements rather than focusing only on macroeconomic determinants which are taken into account of doing business that shapes daily economic life⁶.

Data and Methodology

The analysis implements cross-section data for a more extended time period 2001-2015 which is obtained from the World Development Indicators of the World Bank. Generally, the methodology of this paper follows the methodology of Djankov *et al.* (2006), there are some discrepancies including in variable selection, however. The dependent variable of the analysis is GDP growth per capita while the independent variable of our interest is DBI. To see the strength of impact in different time periods, all regression analyses are divided into two-time period averages. In other words, GDP growth per capita is averaged over the previous 5 and 10 years (2006-2010 and 2001-2010) and DBI is averaged over the next 5 years (2011-2015). The historical data for DBI is obtained from the *Doing Business*. Also, to prioritize the significance of sub-indicators, all 10 individual constituents were included as independent variables (Table 1). In order to conduct the analysis, the DBI and its constituents are normalized and used in the form of distance to frontier (DIF). According to *Doing Business*, DIF assists in evaluating the absolute level of legal performance and it gives the picture of all countries' location relative to the "frontier"; the best country according to the relative indicator. What is more, it helps to observe the discontinuity between countries at any point in time as well as to see the absolute improvement over time. DIF can vary between 0 and 100 and the former value corresponds to the country which performs the worst while the latter value is the frontier or the best performer. The main differences of this study in comparison to all other studies are that:

- It captures more extended time period where the sub-indicator namely "Getting electricity" is included recently

⁶ See, for example, Alesina and others (2005); Perotti and Volpin (2005); Fisman and Sarria-Allende (2010); Antunes and Cavalcanti (2007); Barseghyan (2008); Klapper, Lewin and Quesada Delgado (2009); Freund and Bolaky (2008); Chang, Kaltani and Loayza (2009); Helpman, Melitz and Rubinstein (2008); Klapper, Laeven and Rajan (2006); World Bank (2005); and Ardagna and Lusardi (2010)

- The study compares the existence of discrepancies according to quantile by conducting quantile regression
- It compares the cost and benefit of enhancing a particular significant indicator by finding the real cost
- It conducts the robustness check for statistical significance of results
- It clarifies the impact of DBI on GDP per capita growth over the different time periods.

By following the methodology of Djankov *et al.* (2006), the following empirical equations is obtained:

$$GDP\ growth\ per\ capita_i = \beta_0 + \beta_1 DBI_i + \Sigma \beta' X_i + u_i$$

Where *GDP growth per capita_i* is the dependent variable, β_0 is intercept and the main independent variable of our interest is $\beta_1 DBI_i$; Doing Business Index or its constituents. $\Sigma \beta' X_i$ captures all control variables and u_i is error term.

Basically, control variables follow the Djankov *et al.* (2006) and include the initial deviation from the GDP deflator as well as initial log GDP per capita which were obtained from the *World Development Indicators*. To take into account the effect of the financial crisis, additional independent variables are included: net export, government consumption and foreign direct investment (FDI) all of them are as a percentage of GDP. Civil conflict is also included as a control variable where it equals 1 if there was any civil conflict between 2001-2010 and 2006-2010 and 0 otherwise. The data is taken from Gleditsch *et al.* (2002) version 4 of the UCDP/PRIO Armed Conflict Dataset, hosted within the Uppsala Conflict Data Program. Another dummy variable is also included to capture whether the country belongs to low and middle-income country and geography: Africa, East Asia, and Latin America.

Empirical results

As a result of OLS regressions, the following table is obtained (Table 4). Table 4 provides the outcomes for the OLS regressions where the average GDP per capita growth is taken as dependent variable while normalized DBI and a number of other control variables are also included as independent variables. The table presents the results for 5 and 10-year averages to compare and contrast the effect of independent variables on GDP growth per capita. Due to the data availability, the sample size is restricted to 185 countries at its maximum when only DBI and initial log GDP per capita are included in the equation and the sample size is reduced to 173 countries when the other control variables are also included.

Statistical tests

In order to have reliable results, different statistical tests were conducted. To avoid the potential threat of heteroscedasticity, all regressions' standard errors are adjusted for heteroscedasticity and are based on robust standard errors. To begin with, to detect whether our regression models contain missing variables problem, Ramsey Regression Equation Specification Error Test (RESET) is conducted. So, by stating the zero hypothesis which says: "The model has no omitted variables" and the rejection of this hypothesis leads to the conclusion that a model may suffer from the endogeneity problem, more precisely, omitted variable bias. However, according to the

outcome of the Ramsey RESET test, the zero hypothesis cannot be rejected at even 10% significance level due to the fact that p value is above 10%. In other words, the model does not suffer from omitted variable bias.

Ramsey RESET test using powers of the fitted values of `gdp_pc_2001_2010`

Ho: model has no omitted variables

F(3, 163) = 1.87

Prob > F = 0.1373

According to the results of the regressions (Table 4), in all 8 equations, DBI has the positive impact on GDP growth per capita and the results are statistically significant at 1% and 5% significance levels. As regards to the initial log GDP per capita, it has statistically significant negative impact on the dependent variable which is also in tandem with the findings of Djankov *et al.* (2006) and Hanusch (2012). However, the initial deviation from GDP deflator, FDI as a percentage of GDP and civil conflict do not have statistically significant impact on GDP growth per capita both for 5 and 10-year cases while the net export as a percentage of GDP is statistically significant only at 10% significance level.

To check the existence of symptoms of imperfect multicollinearity the correlation matrix was created. As a rule of thumb, if a correlation between two variables is above 0.8, imperfect multicollinearity can be claimed.

Table 2

The correlation matrix

Variables	DBI	Lng dp pcap	GDP defl.	Civil confl	FDI	Expo rt	Gov. cons	Afri ca	Lat.Ameri ca	East Asia
DBI	1.00									
Lngdp per cap.	0.74	1.00								
GDP defl.	- 0.16	-0.09	1.00							
Civil confl.	- 0.16	-0.27	0.08	1.00						
FDI	0.08	0.13	-0.02	-0.09	1.00					
Export	0.37	0.44	-0.07	-0.24	0.58	1.00				
Gov.cons	0.08	0.13	-0.07	-0.17	-0.01	-0.03	1.00			
Africa	- 0.54	-0.54	0.08	0.13	-0.03	-0.18	-0.08	1.00		
Lat_Ameri ca	- 0.05	0.03	0.01	-0.07	-0.07	-0.10	-0.12	-0.23	1.00	
East Asia	0.18	0.10	-0.03	-0.08	0.14	0.16	-0.05	-0.11	-0.06	1.00

Table 3

Variance Inflation Factor

Variable	VIF	1/VIF
Lngdp_pc	2.49	0.4008
DBI	2.31	0.4333
Export	1.95	0.5119
FDI	1.56	0.6396
Civil conflict	1.12	0.8926
GDP defl	1.03	0.9687
Mean VIF	1.75	

Also, to be confident in the absence of imperfect multicollinearity, Variance Inflation Factor (VIF) is also calculated. If VIF is equal or greater than 5, it can be argued that imperfect multicollinearity in a model exists. However, according to the table 3, the highest VIF belongs to log of GDP per capita and accounts for only 2.49. So, there is no symptom of multicollinearity in this model.

Table 4

The impact of DBI on GDP per capita growth

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent Variable	Average GDP per capita growth							
	5-year	10-year	5-year	10-year	5-year	10-year	5-year	10-year
DB index	0.0829*** (0.02)	0.0917*** (0.03)	0.0808*** (0.02)	0.0895** (0.03)	0.0782** (0.02)	0.0871** (0.03)	0.0790** (0.02)	0.0826** (0.03)
Initial log GDP per capita	- 1.0876*** (0.18)	-	- 1.0836*** (0.18)	-	- 1.0303*** (0.19)	-	- 1.1410*** (0.18)	-
Initial log GDP per capita	-	- 0.9737*** (0.19)	-	- 0.9539*** (0.20)	-	- 0.8997*** (0.19)	-	- 1.0681*** (0.18)
Initial deviation from GDP deflator			-0.0004 (0.00)		-0.0004 (0.00)		-0.0003 (0.00)	
Initial deviation from GDP deflator				-0.0010 (0.00)		-0.0011 (0.00)		-0.0010 (0.00)
Civil conflict 2006-2010					0.7538 (0.49)		0.8050 (0.48)	

Civil conflict						0.6470		0.7670
2001-2010						(0.52)		(0.52)
FDI (% of GDP)							0.0077	-0.0337
							(0.02)	(0.03)
Export (% of GDP)							0.0094	0.0232*
							(0.01)	(0.01)
Constant	6.2637***	4.5337***	6.3572***	4.5027***	5.9778***	4.1206***	6.3833***	4.8498***
	(1.04)	(0.99)	(1.04)	(1.01)	(1.09)	(1.04)	(1.12)	(1.10)
Observations	185	184	185	183	185	183	175	173
Adjusted R ²	0.167	0.151	0.163	0.148	0.167	0.151	0.173	0.184

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The next table (Table 5) provides the results by adding additional control variables. Equation 9 and 10 contain additional control variable which reflects government consumption as a % of GDP. Even though all other coefficients stay similar to *Table 4* but the effect of government consumption as a % of GDP is statistically insignificant. In all regression results, the impact of the civil conflict is statistically insignificant on per capita economic growth. In addition, equations 11 and 12 contain geographical dummy variables for Africa, East Asia, and Latin America. Consequently, adding those dummy variables reduces the significance level as well as the coefficient of DBI. It is clear from the *Table 5* that African countries have the negative values which account for -1.26 and -1.86 in equations 11 and 12, respectively. As regards to the other two dummy variables, they are statistically insignificant even at 10% significance level. The next equations (13, 14, and 15 in *Table 5*) control for the economic status of countries according to the World Bank classification. The findings of the 3 equations (Equation 13, 14 and 15) in *Table 5* are very surprising. According to the results of regression analysis, the business friendly atmosphere is associated with economic growth only in developing countries while the impact of DBI is statistically insignificant in developed countries even at 10% significance level in the 10-year period. Overall, it can be concluded that business friendly environment may lead to economic growth in the developing countries rather than in developed ones.

Table 5

The impact of DBI on GDP per capita growth

	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	5-year	10-year	5-year	10-year	5-year	10-year	10-year
					low & middle income	low & middle income	high income
DB index	0.0763**	0.0813**	0.0561*	0.0534	0.0765**	0.1081***	0.0444
	(0.02)	(0.03)	(0.02)	(0.03)	(0.03)	(0.03)	(0.05)
Initial log GDP per capita 2006	-		-		-0.4479		
	1.1077***		1.2149***				
	(0.18)		(0.19)		(0.24)		

Initial deviation from GDP deflator 2006	-0.0003 (0.00)		-0.0004 (0.00)		-0.0004 (0.00)		
Civil conflict 2006- 2010	0.6385 (0.49)		0.5755 (0.48)		1.0055 (0.53)		
FDI net inflows (%ofGDP)	0.0069 (0.02)	-0.0336 (0.03)	0.0018 (0.02)	-0.0371 (0.03)	0.0053 (0.03)	-0.0478 (0.05)	0.0076 (0.04)
Export 2009-2015	0.0074 (0.01)	0.0221* (0.01)	0.0093 (0.01)	0.0234* (0.01)	0.0230 (0.02)	0.0280* (0.01)	0.0101 (0.01)
Aver.gov.cons.2006- 2010	0.0103 (0.03)		0.0141 (0.02)		0.0188 (0.03)		
Initial log GDP per capita 2001		- 1.0494*** (0.19)		- 1.1926*** (0.20)		-0.7157** (0.23)	-2.6015*** (0.43)
Initial deviation from GDP deflator 2001		-0.0011 (0.00)		-0.0011 (0.00)		-0.0009 (0.00)	-0.0009 (0.00)
Civil conflict 2001- 2010		0.6532 (0.54)		0.6871 (0.52)		1.1121 (0.61)	0.5371 (0.62)
Aver.gov.cons.2001- 2010		-0.0095 (0.02)		-0.0102 (0.02)		0.0038 (0.02)	-0.0823 (0.12)
Dummy for Africa			-1.2588* (0.53)	- 1.8574*** (0.52)			
Dummy for Latin America			0.5031 (0.56)	-0.3600 (0.41)			
Dummy for East Asia			2.1078 (1.43)	1.5519 (1.20)			
Constant	6.2507*** (1.13)	5.0393*** (1.19)	8.4825*** (1.40)	8.3315*** (1.17)	0.8454 (1.71)	0.7921 (1.63)	24.1827*** (5.13)
Observations	170	169	170	169	116	115	54
Adjusted R ²	0.157	0.171	0.199	0.234	0.059	0.166	0.514

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

As it was mentioned above, the doing business index contains ten sub-indicators. Especially for developing countries, it is hard and even sometimes it is impossible to amend some of these sub-indicators. Hence, to be able to prioritize the most influential constituents of the DBI and to answer the question which says: “Which of reforms out of the 10 constituents should be prioritized by governments if they want to increase the impact of conducting reforms on GDP growth per capita?” Also, this analysis reveals whether the newly implemented constituent namely “Getting electricity” has statistically significant impact on economic performance. The equation 6 from the table 4 is chosen by implementing ten individual indicators to analyze the 10-year average effect of those indicators. The results of the regression analysis are presented in Figure 1 in a simplified version. Rhombuses are the amount of corresponding variable’s coefficient on the horizontal axe. The different coloured lines represent three confidence intervals. The shortest line represents 90%, the longer one

represents 95% and the longest line reflects 99% confidence intervals. As can be seen from the Figure 1, the bottom of the figure contains the list of ten constituents of the DBI and some of them contain stars which represent statistical significance. One star means that particular variable is statistically significant at 10% significance level while the variables containing two stars mean that they are significant at 5% significance level and three stars mean the significance of the indicators at 1% significance level. The most important indicators of DBI are ‘Enforcing Contracts’ which is statistically significant at even 1% significance level and similar to the findings of Scully (1988) and Barro (1991) and Dollar *et al.* (2005) as well as ‘Starting Business’ which is statistically significant at 5% significance level. However, according to the findings of Hanusch (2012) the most influential indicators were found as ‘Getting Credit’. So, improving the conditions: reducing the time and costs associated with solving disputes in a local court may be positively reflected in the economic performance of a country.

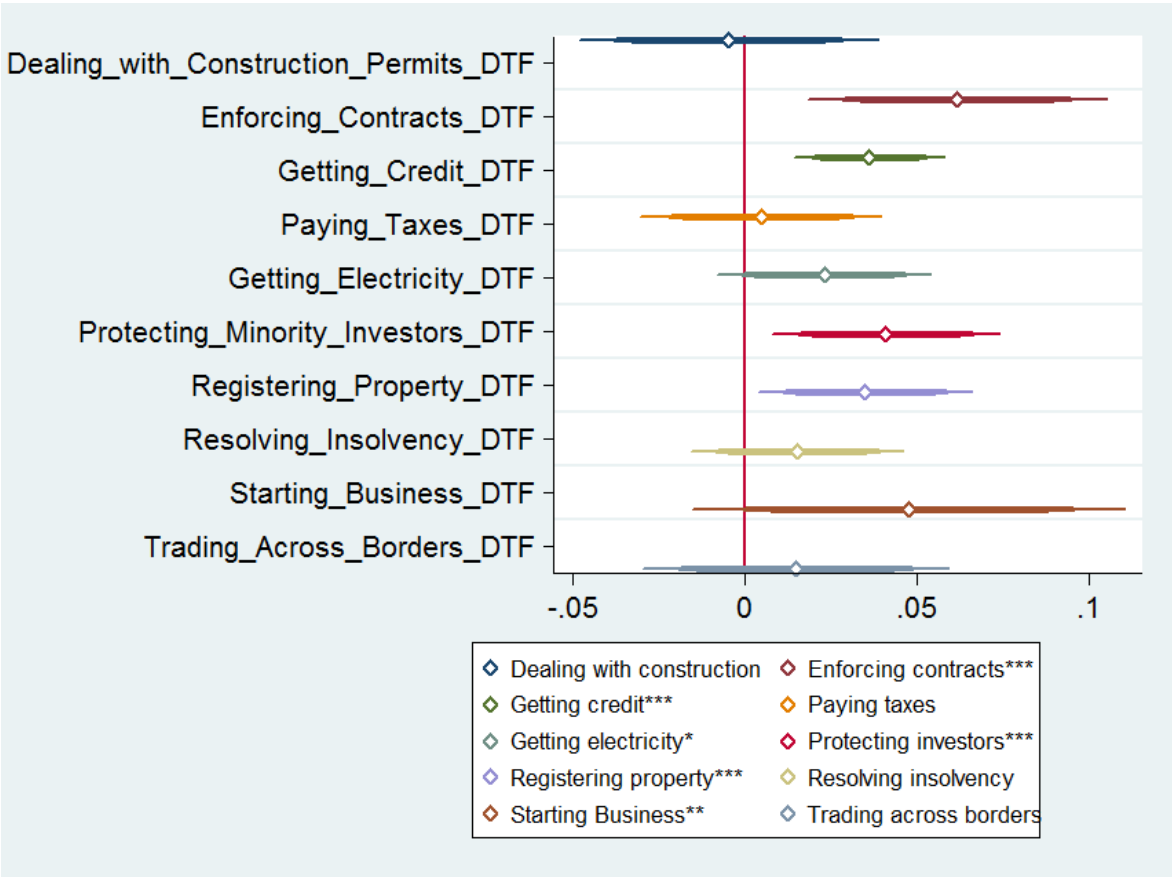


Figure 1 Individual Doing Business Effects on average GDP growth per capita

On the other hand, ‘Starting Business’ indicator should be emphasized to achieve better GDP growth per capita and new businesses should be motivated to run. The next indicators according to the impact on economic performance are ‘Getting Credit’ which coincides with the findings of Ross (1997, 1999) and Aterido and Hallward-Driemeier (2007) and ‘Protecting Minority Shareholders’ and both of them are statistically significant at 1% significance level. Finally, ‘Getting Electricity’ and ‘Registering Property’ are also significant but less important in magnitude in comparison to the other

aforementioned indicators. The former one is almost statistically significant at 95% confidence interval while the latter one is statistically significant at 1% significance level.

However, 'Dealing with Construction Permits', 'Paying Taxes', 'Resolving Insolvency' and 'Trading Across Borders' are statistically insignificant. To achieve better economic performance according to the business cycle it is clearly proved that focusing on the initial stage is more important rather than ending stage. However, it cannot be claimed that these indicators do not have any impact on economic performance even though they do not have statistically significant impact on GDP growth per capita. One of the most important reason is that the measurement of these indicators may also have an impact whether they are statistically significant or not. According to economic theory, we know the importance of fiscal policy's tax regime and the high cost of running a business are negatively associated with economic performance as less new start-ups are ready to be run. Also, 'Trading across borders', in other words, the costs associated with three procedures which are the level of bureaucracy related to a documentary, border compliance and domestic transport regarding the whole process of international trade and a shipment of goods and services.

Recommendations

It is true to say that within given time and with given resources each country tries to maximize the impact of conducting reforms. The analyses conducted in this paper have determined the most influential indicators on economic performance. However, this paper proposes to think reformers not only on the importance of a particular indicator on economic growth but also with minimal resources and time spent on a realization of reforms to achieve optimal economic performance. For instance, in this analysis even though 'Enforcing Contracts' is the most promoter of economic growth among the ten constituents of DBI, in order to amend this indicator, reformers should try to decrease the cost, as well as time spent on legal issues, occurred in court and overall ability of a legal system should be amended. Hence, to conduct this reform, many changes of a legal system in a particular country should be done. As a result, additional human capital and premises devoted to coping with such issues should be built and improved which requires a huge amount of financing which in turn increases the cost of such reforms considerably. As it was claimed above, the DBI's effect mostly associated with better economic performance in developing countries while those countries have a limited budget to cope with such issues and conduct these reforms. What this paper suggests is that each indicator's coefficient should be treated as a future value with different interest rates and present value by discounting to the cost should be found to achieve the most efficient outcome with minimal cost. To address this issue and implement in practice we can improve another indicator namely 'Starting Business' and the impact of it insignificantly lower than the former one but the cost of conducting this reform is considerably lower than 'Enforcing Contracts'. By reducing the level of bureaucracy or cutting the so-called 'red tape' which makes the process of running start-up more complicated, the amendment in overall DBI and its effect on economic performance can be achieved.

On the other hand, even though governments may wish to improve the Doing Business environment within a country but at the same time, they would not want to lose its power. In my view, 'Paying Taxes' and 'Dealing with Construction Permits' have a high correlation for a government. Collecting money through taxes as well as multistage licencing and bureaucratic stages are the main sources of money and the leverage of many governments. Amending these indicators automatically

means a poorer government which in turn leads to a reduction of the scale of government and power. If aforementioned is true, governments may want to leave both indicators in the status quo.

What is more, some DBI indicators can be improved by the government of a particular country such as 'Paying Taxes' or 'Starting Business' while other indicators like 'Trading Across Borders' is beyond the control of a single government and without consensus of several countries may be impossible to amend. For example, some neighbouring countries have a hostile relationship due to political issues such as India and Pakistan or Palestine and Israel and others where the "discount rate" is huge and for these countries making any improvement in that indicator is mission impossible task as they may not want to cooperate. Therefore, before conducting any reform, governments should be aware of potential obstacles and cost to address a particular issue related to increasing the DBI.

On the other hand, especially for developing countries, the DBI is a chance to improve international image as a country with a business friendly environment, as the countries which are improved significantly in the DBI attract foreign direct investments as they are widely published by mass media. So, this phenomenon will have a spillover effect for that developing economies to develop faster and motivate them even more to create business-friendly environment.

The DBI is also can be viewed as evaluation scale of each ministry's performance. As DBI is relatively fair criteria of the legal environment of each corresponding sector. So, governments may set control and measure the performance of each ministry to which different indicators are attached. For example, the performance of Ministry of Energy can be measured whether new businesses may easily pass all procedures with a short period of time and minimum cost to obtain a permanent electricity connection or not. Any change, both positive and negative regarding this issue will be reflected in the 'Getting Electricity' indicator. If governments want to amend the DBI efficiently they should focus on those reforms which may yield them the largest benefit on the aggregate DBI. While treating the DBI rating according to its constituents, we should be aware of heterogeneity in weights. In other words, some countries emphasize more on some indicators while they do not care much about others. 'Getting Credit' and 'Protecting Minority Investors' illustrate the point. 'Getting Credit' may be different from a country to a country. For example, in the Arabic countries, the financial system is operated under Islamic Banking system while in some African countries banking system may be underdeveloped due to the existence of shadow economy. As regards to 'Protecting Minority Investors', countries which do not have a need for stock exchange market will not try to develop this indicator but it does not mean that overall business environment is poor. So, it should be borne in mind some country-specific traits which may require weighted DBI.

Conclusion

This paper tried to illuminate different vision to promote economic growth rather than traditional classic determinants to improve economic performance. Although, there are some limitations of the DBI, still, it is a good proxy to measure the business environment in countries all over the world and to conduct reforms. Based on the DBI, this analysis illuminates the most influential indicators leading to economic growth. 'Enforcing contracts' and 'Starting Business' have the highest impact on economic performance. The next indicators influencing on GDP growth per capita according to the coefficients are as follows: 'Protecting Minority Investors', 'Getting Credit', 'Registering Property', and 'Getting Electricity'. However, before conducting any reform to amend

the DBI, reformers should bear in mind that the present value of these reforms should be analysed by discounting to the cost of the reforms rather than focusing only on the large significant coefficients. Also, as it was mentioned above, political cost should also be considered and if the advantages of conducting reforms outnumber the costs and long-run side effects only then reforms should be conducted. Nevertheless, as the analysis was conducted based on aggregate cross-section data, the results cannot ideally fit the individual country. Hence, the absence of the stock market in some countries may mean that country may not be interested in amending 'Protecting Minority Investors' indicator. Recently added new variable, 'Getting Electricity' is tested and can be claimed that it has statistically significant impact on improving economic performance.

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MODERN TEACHING TECHNIQUES OF INCREASING ENGLISH LEARNING MOTIVATION IN STUDENTS MAJORING IN BUSINESS AND MANAGEMENT

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Аннотация

В данной статье рассматриваются современные педагогические технологии, способствующие повышению мотивации к изучению английского языка у студентов, специализирующихся в сфере бизнеса и управления. Отмечена значимость изучения английского языка в условиях все больше развивающегося международного сотрудничества в экономическом аспекте. Рассматриваются причины возможной низкой мотивации у студентов нелингвистических специальностей. Раскрываются возможности повышения качества обучения посредством методов, повышающих интерес студентов к владению английским языком.

Ключевые слова: *обучение английскому языку, мотивация, бизнес и менеджмент, студент*

Abstract

The article is devoted to the discussion of modern pedagogical techniques increasing motivation to learn English in students who major in business and management. The significance of learning English in the light of ever developing international economic cooperation is noted. The reasons for possible low motivation among students majoring in non-linguistic specialties are considered. Opportunities to enhance the quality of teaching through methods that increase students' interest in English language proficiency are elicited.

Key words: *English language teaching, motivation, business and management, student*

Introduction

Today, in the context of the growing globalization of international economic relations, good command of English is becoming a vital necessity as means of communication on the world stage. There is a growing need in the modern society for specialists with strong analytical thinking skills that apparently presuppose quick data gathering from various sources, some of which may be available in English only, and ability to process it effectively for further decision making.

However, the attitude of students to various academic subjects, to a large extent, depends on the relevance of the subject to their major field of study, and notwithstanding obvious advantages and importance of knowing English, students majoring in non-linguistic specialties, do not attribute high priority to English. Learning English is apparently rather time and effort consuming process and this

may cause decrease in motivation. Though motivation is not the only factor influencing the language learning, it is believed to be a major force triggering success in this process.

In consideration of the foregoing, this essay attempts to consider various methods that may help to increase motivation in students learning English as a foreign language in universities majoring in economics, business and management.

Being recognized by most researchers as crucial in student's learning, motivation proves to be of complex nature since it is, as Richards and Schmidt (2002, 343-344) point out: "the driving force in any situation that leads to action" and, therefore, is a subject matter of a substantial number of disciplines. In the field of language learning, in line with the classic dichotomy put forward by Garner and Lambert (1959) motivation is frequently distinguished into integrative (referring to the learner's desire to communicate, associate himself /herself with culture of the country, and integrate with members of the language being studied) and instrumental (referring to more practical concerns such as improving a career or achieving academic success). Although integrative motivation is assumed to be crucial for language learning progress instrumental motivation when driven by sound application of incentives, as well as monitoring, assessment tools may help to achieve better success in language learning.

When teaching English to the students majoring in management and business nurturing integrative motivation is deemed to be crucial, since communication in business circles requires not only advanced language skills but also ability to maintain good intercultural dialogue. Mastery of cultural peculiarities and business etiquette may help to avoid various interpersonal and intercultural conflicts and build effective business relations. Being well aware of this, students tend to express interest to abovementioned issues. Using activities with some elements of business and intercultural dialogue, may obviously, motivate students to learn English and help to attain the aim of raising communicative competence in students.

Another commonly accepted classification suggested by Deci and Ryan (1985) presupposes distinction between intrinsic (obtaining enjoyment from the process of learning itself, which is non-instrumental in nature) and extrinsic (dependent on the achievement of a certain result and driven by external factors such as academic requirements and assessment, pressure from parents or teachers, recognition of success) motivation. Since intrinsic motivation is natural for a human-being, this type of motivation is a powerful source, however without supportive environment it may fade. The task of a teacher is to enrich the teaching process with favourable stimuli that would increase intrinsic motivation in students.

Students with a clear professional orientation are assumed to have stronger motivation to learn and attain better academic results. Thus it is considered to be effective to relate the activities focused on the advancement of communicative competence to subjects the students major in. Below are described modern language teaching techniques and activities, which were found effective in Management Development Institute in Tashkent.

Methodology

As it was mentioned above, effective business communication involves cultural awareness, which means that economists and businessmen from different countries have to understand the peculiarities of culture, behavior and interaction which are commonly accepted in the partner' country.

Thus, English language course delivered to students majoring in business and management should include special techniques designed to develop business communication skills and intercultural awareness. All these factors will greatly facilitate training of qualified professionals, and, also, will increase students' motivation to acquire skills which are essential for their future profession.

To achieve these goals, a number of methods can be applied:

- Analysis of authentic materials, for example, different samples of business correspondence such as business letters, contracts, press releases and questionnaires helps to raise awareness of the role of advanced writing skills in developing effective business communications, and motivates to learn peculiar vocabulary, grammatical and lexical patterns, simultaneously, improving reading skills.
- Regular practice of graph and diagram description in written form is essential to be able to understand and formulate statistic data presented as a non-linear text.
- The use of audio and video materials improves audio-visual perception of field - specific content.
- Games that simulate business environment, for instance, business meetings or business exhibitions to present a new product, company or a brand help to practice field-specific linguistic and behavioral patterns and form confidence in using them, thus, inspiring students to advance further.
- Individual oral presentations made according to prescribed requirements help students to learn how to prepare a coherent and substantive speech and deliver it in a manner that makes most positive effect on the audience
- Encouraging students' participation in conferences or speaking clubs gives an opportunity to students to practice their language skills not in comfortable conditions of the classroom, but in the environment which is close to the reality.

Taking into account that students enter the Institute with certain English language background and with a view to ensure effectiveness of language learning by students, the following activities are also carried out by School of Language in Management Development Institute of Singapore in Tashkent in the course of teaching English:

- Students constantly analyze data presented in graphs and describe it in written form. Also, students are given the task to conduct a survey among other students in the institute or their course mates, then transfer gained results into a non-linear text and write the analysis. As almost all statistic information is provided in the form of diagram, this activity enables students to quickly analyze graphic data and formulate a report illustrating all necessary details.
- Students are assigned to accomplish two projects. The first project work is called ***One Day in a Profession***, where students have to spend one day doing any job and make a video about this day. The second project is participation in ***Business Fair***, where students have to present an idea for business start-up. Working in groups in both projects, students are given an opportunity to develop their communication and networking skills, learn how to make a smart presentation of a new business idea, gain new experience, and, most of all, to realize the urgency of excellent command of English in modern business environment, which is the most effective way to stimulate students to learn the language.

- With a view to improve overall level of English language skills, students study the articles released in such publications and sites as The Economist, Bloomberg, The Wall-Street Journal and Financial Times, that allows them to plunge into the world of modern Business English language. Such articles are of great interest for students specializing in Business and Management disciplines, because learners are able to derive important information related to complex economic phenomena such as causes of global crisis, peculiarities of customs' psychology, currency rate and others.

Conclusion

Every year students of Management Development Institute of Singapore in Tashkent are asked to provide feedback on modules taught, and positive results obtained, prove the effectiveness of methods used to raise students' interests in learning English. Motivation is closely correlated with students' understanding of the importance to learn the language. According to Sayeedur Rakhman (2005), "instrumental motivation is the main motivational situation for undergraduate students to learn English as a foreign language". And, therefore, sound and balanced use of instrumental motivation helps to maintain integrative motivation and achieve substantial results in teaching English. Therefore, it is a teacher's responsibility to create the atmosphere in the classroom that facilitates efficient language acquisition and helps to achieve the ultimate goal of enabling a student to communicate competently in the realms of their future profession. Implementation of methods and techniques presented in the current article makes it possible to stimulate students' interest in learning English by creating correlation with their major disciplines.

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THE POTENTIAL OF HISTORICAL REENACTMENTS IN TOURISM DEVELOPMENT OF UZBEKISTAN

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Abstract

In recent history, a number of marketers and advertisers have developed different innovative ideas to attract more travelers through tourism marketing. Abundant research had been done to urge the industry to use marketing in terms of advertising through online and offline media for customer attraction.

*Conversely, this study gives a picture of the way of tourist fascination enacted by actors/actresses and artists creating staged history in reality. It is important to mention that promotion is not solely about advertising and public relations but also about the level of customer satisfaction. In fact, potential interest by the tourists is not to see the motionless historical buildings but they seek for new emotions, feelings, original experience and most importantly the delightful impressions. The study depicts that tourists strive to feel the atmosphere by actually experiencing the very period of the history. The revival of culture by dramatization using historical culture, wearing's, activities, languages, shapes and living all given by theatrical performance, in other words – **historical reenactment** - will leave the visitor with cherished impressions. Hence, the paper aimed to seek the role of innovation in terms of historical reenactment by recreating the ancient period of the past at a historical touristic destination, which might significantly increase the emotional gain and experience of a traveler.*

The results were based on the secondary literature given by reliable statistics, individual discussions with Governmental tourism committee participants and more than several decades of survey questionnaire forms filled in by potential historical site type travelers.

Keywords: *cultural tourism, reenactments*

Tourism is among top economy boosting industries in the world regardless the development stage of a country. Particularly, in case of developing countries, tourism plays an enormously important role in economic growth given that they lack manufacturing technologies and international expertise (Reid & Bojanic, 2009). Uzbekistan, being in the list of developing countries, has also a big potential in tourism with its ancient historical sites. The cities such as Samarkand and Bukhara in Uzbekistan are on the list of UNESCO World Heritage constituting 77% of the tourist attraction among people aged 55 and over (UNWTO, 2015).

In post-modern society, the variety of tourism marketplaces is increasing (Pearce, 1996). Taking into consideration the fact that tourism is of big prominence for the economy of Uzbekistan, it is vital to seek for the unique experiential value offering to attract a bigger number of visitors. According to Lonely planet (2018), a travel guide publisher, Uzbekistan is rated to be number two of the most interesting destinations to travel nevertheless added up the comment of lack of entertainment. Today, traditional tourism of sightseeing and pleasure trips are being added up with extensive usage of time, knowledge and intellect – one of examples of which is represented by **historical reenactment** (Guha, 2009).

In this paper, the potential of historical reenactment and its application at heritage sites for a better future of tourism well-being in Uzbekistan is studied. The research will evaluate the success of

historical reenactment application to historical sites of Uzbekistan. The research will base on literature review on experience of historical reenactment application and its role in tourism development. In addition, the paper will investigate the demographic consistence of the current travelers and find out further views towards the historical reenactment in Uzbek tourism.

Literature review

Historical reenactment is a form of activity in which actors are involved in recreation of a certain period or a particular event in the past. The purpose of historical reenactment is to create a simulative atmosphere to let participants and spectators to immerse themselves into the history. The experience is not finished with only the historical heritage but giving the traveler full illustration of the past with real experience. Full immersion to the past can be delivered to the traveler by creating the historical atmosphere by dress up, equipment, language and historical activities.

Visitors of heritage sites anticipate that during their visit they will have an opportunity to learn about that historical period and, furthermore, find it imperative to enjoying their visit (Henderson & Bialeschki, 2010). Theatrical reenactment not only narrates about the particular historical site, its origin and development, but also immerses visitors in it (Museum Audience Insight, 2008).

Costumed role-play can recreate a historical event of social or political significance in that period. Such theatrical performances are aimed to present so-called ‘living history’ of the recreated-era events. Actors in the aforementioned reenactments play characters of the past, immersing the tourists to first-handedly feel that period. Moreover, the spectators often get involved in the performances (Hunt, 2004).

Historical reenactments when actors take on specific characters from the past and present them to the visitors remains controversial in terms of educational value they convey. Light (1995) claims that such first-person reenactments, though provide immersion, do not provide explanations and interpretations of the events presented. Nevertheless, there is also a camp that believes that actors portraying historical characters create links with the visitors and are more demonstrative.

Importantly, costumed performances are not limited to first-person reenactments. Van Dijk et al. (2011) present a term “third-person reenactment”, which denotes costumed actors, who narrate about the period or event in a language familiar to the tourist. Thus, it is believed by some to present more value and better overall experience for the tourists.

Understanding a historical site is central to appreciating it and thus creates a connection between tourists and the visited place (Moscardo, 1999). Reenactments can engage tourists, augment customer loyalty, engender satisfaction, and form positive attitude to a heritage and its preservation (Knudson, et al., 1995).

Research design and methodology

The most apt way to conduct the research was found to conduct a survey. It consists of group-attribution questions (gender and age) and eight questions that are aimed to determine whether reenactment interests the tourists. The survey was conducted in the most popular cities among tourists: Tashkent, Samarkand, Bukhara, and Khiva. In total 300 people participated in the survey.

Throughout a four-week period, data were gathered through an on-site survey in the aforementioned cities. The questionnaire given in Appendix A was designed so that it takes as little time as possible but sharply focuses on answering the questions pondered in the research. The

questions, closed-ended mainly, reveal whether tourists would be interested in reenactments of historical events and periods that happened on the territory of Uzbekistan. To randomize the selection of respondents, every 5th tourist was approached. In case that person refused to participate in the survey, the person following him/her was approached. The process went on until a new respondent was found.

Findings and discussion

Findings from the survey demonstrate that there is a certain need in entertainment that would provide an immersive learning experience. Below are described main derivations from the conducted survey.

In order to understand the demography of respondents, gender, age groups, and region divisions should be discussed. Below in **Error! Reference source not found.**, it is seen that the absolute majority of tourists in Uzbekistan is over 35 years old.

Second, **Error! Reference source not found.** demonstrates that almost half of visitors are from Europe, the runner-up being Asia and the Pacific. Third, the gender distribution is 57% - men and 43% - women.

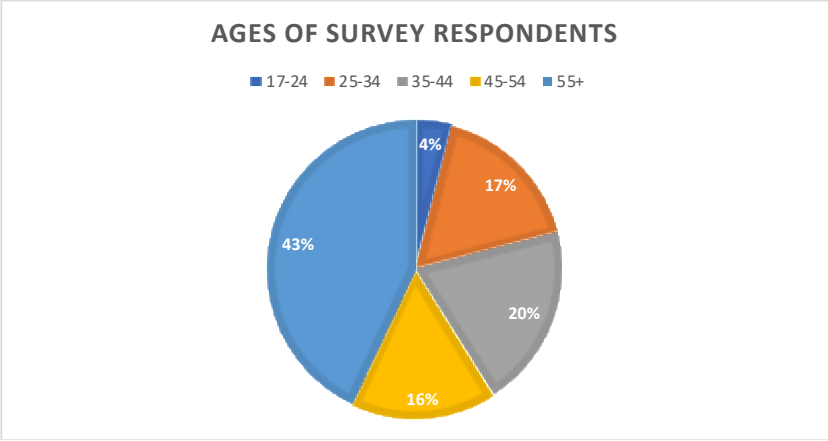


Figure 1. Age group division

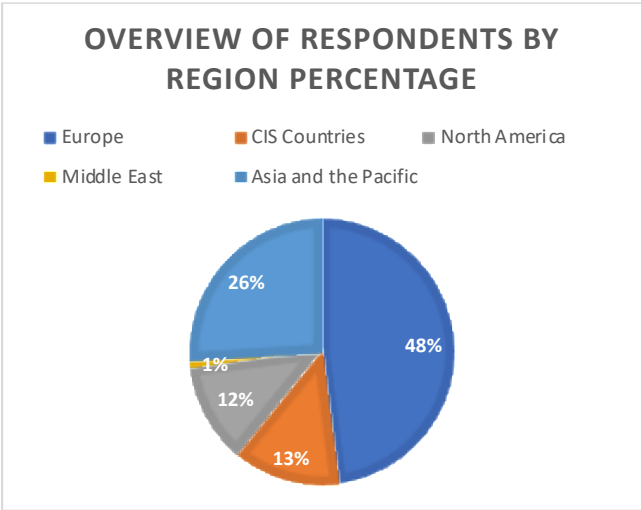
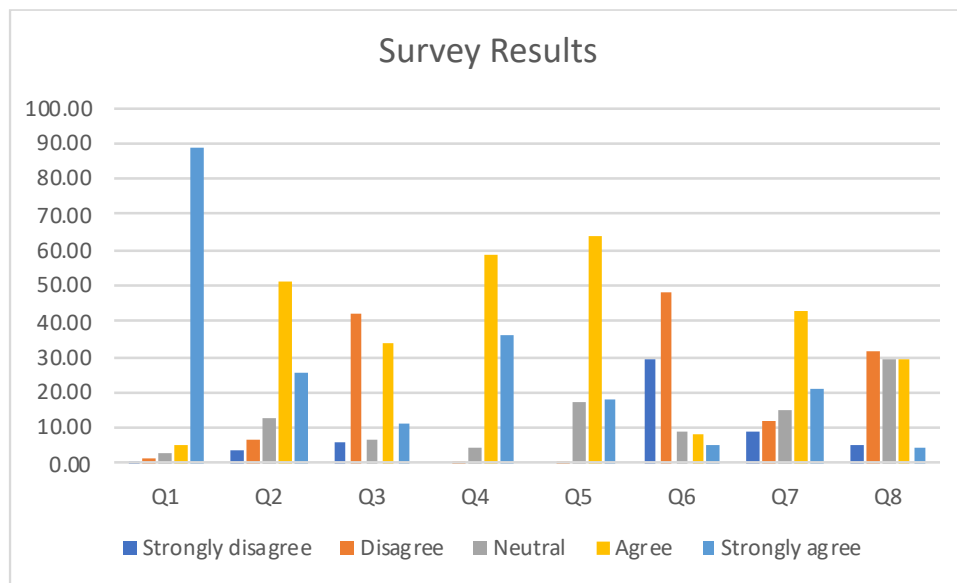


Figure 2. Overview of respondents by region, percentage



Next should be discussed how respondents answered the main questions of the survey. The first question of the survey given in tries to determine if the tourists are willing to learn about the history and culture of Uzbekistan, as reenactments can provide substantial help in this process. Unsurprisingly, nearly 9 out of 10 people responded that they possess strong interest in learning about the country and its heritage and traditions. The following question, which got more than 70% positive response asked if their predilection for history constitutes a reason for their visit. Thus, it is inferable that tourists mostly show curiosity and will to learn more. Third question checks whether their interest is satiated by the current market supply. Almost half of the respondents answered negatively and approximately 5% remained neutral. The next question asked if they would like immersion into history that though not stated in the survey explicitly reenactments can provide. Nearly 59% and 37% of responses were positive and strongly positive respectively. Therefore, immersion was found important. Questions 5 and 8 directly ask if the respondents would like to either watch or participate in a historical reenactment. While the former got more than 6 out of 10 positive responses, the latter got negative ones. This can be explained by the fact that as was mentioned above majority of tourists were older than 35 years old. Despite the fact that the question 6 is rather general, it shows that a lack of entertainment was felt during the visit by significantly more than half of the visitors. Reenactments could fulfill this gap. While the role of reenactments in educational and immersive experience was stated above, it should be mentioned that the question 7 demonstrates that it could also help to prolong the stay of the tourists in the country (43% - agreeing to prolong in case of reenactments and 21% - strongly agreeing to it).

Conclusion

From the findings above several conclusions and recommendations can be derived. First, the number of entertainments were found scarce and should be increased. Second, immersive cultural and historical enlightenment should be augmented, as now there is a vivid demand of that among tourists. Reenactment, as was discussed, can add didactic, cultural, and immersive experience of Uzbekistan. That, in turn, would lead to a better customer satisfaction and lead to increase in tourism.

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WHAT IS THE MEANING OF ‘PEACE’ IN TODAY’S WORLD?

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It has been acknowledged by many theorists and scholars that a concept of peace is transformative and evolutionary. Oliver Richmond notes that peace is an ontologically unstable concept (Richmond 2008:224). Thus it can be argued that the meaning of peace may change with historical eras and certain political, economical, cultural or social contexts. Istvan Kende expressed: ‘the changing of the context and character of era modify peace concepts’ (Kende 1989:233). Adopting a constructivist approach it can also be argued that perceptions of peace are constructed by particular conditions, tendencies that take place at a certain time in history. As a result, because political, economic, social or cultural climates are subject to constant change perception and understanding of peace is also shifting.

Professor Kende in his article ‘The History of Peace’ provides a historical outline of the evolution of peace concept in Europe from the Late Middle Ages to 1870s⁷. From Kende’s analysis of transformation of the concept in various historical eras it becomes evident that perception of peace was not only shaped by existing contexts, but also through a clear and collective identification of a threat or active conflicts (either in a particular state or region) which were taking place at a certain historical period. Richmond expressed that recognition of a threat or the ‘other’ significantly influences perception and understanding of peace (Richmond 2008:224).

By looking at the historical evolution and transformation of the way peace was perceived and understood, one may question how the concept of peace is being viewed today in the era of globalization, democratization and transformation of conflicts? Consequently, is there a possibility of achieving any form of peace in present circumstances?

This essay will address these questions by **arguing that in a contemporary world, which is characterized by a globalized way of thinking, formulation of explicit ontology of peace is impossible due to ideological fragmentation where there is a considerable contestation between various approaches to peace as well as the absence of a universally defined threat. Liberal globalization by homogenizing the world has disintegrated it from inside thus producing fragmented identities and existential conflicts. Emanating from this context attainability of existing models of peace for instance, liberal, Islamist or other, will prove unsustainable due to structural deficiencies which are often unaddressed by existing paradigms.**

The argument of this paper will be developed in two parts. First part will provide an analysis of the context, which arguably prevents formulation of a single ontology of peace. Ideological schism, which denotes an existing multiplicity of peace theories, and concepts, which are often in conflict with each other, will be analyzed as a main impediment to the acceptance of a universal definition of peace. Adopting a negative epistemology of peace, this paper will posit that disintegration of thinking about the concept is also due to inability of global community to define a universal threat, which would mobilize and unite global actors to work for elimination of this threat.

⁷ see Table 1

Second part of the paper will address the issue of attainability of peace in the present context. It will be argued that in the course of ideological schism and absence of a commonly defined threat any attempts of existing models to construct peace will prove to be unsustainable and unsuccessful in a long term. Existing structural deficiencies such as fragmented identities and existential conflicts pose serious obstacles to attainability of sustainable peace. Fragmented identities place individuals into a state of continuous struggle and distress thus making them susceptible to initiate a conflict either on individual, societal or global level. Lastly, an existential nature of a contemporary conflict will be analyzed. It will be argued that because of the inability to identify a source of distress, subjects artificially create an enemy or the 'other' in order to establish a meaning as well as to solidify their existence.

The analysis conducted in this paper is not focused on examination of a particular theory of peace: peace as justice, order and others, it is rather aimed to provide a holistic, multi-dimensional review of the structure which needs to be addressed in order to understand the complexities of constructing both meanings of peace and its attainability in a present world. Thus, this essay will not attempt to provide normative or totalizing solutions but rather to reinvigorate an overall thinking about the context in which conflicts take place and peace thinking emerges. This paper also acknowledges that a number of introduced concepts such as existential conflicts for instance, are underdeveloped and need further examination. It should be noted that this is primarily due to limitations in time and space.

Part 1 – Context: ideological schism and absence of a commonly defined threat

According to Rasmussen peace 'has no inherent meaning' it can be argued therefore that the concept itself is constructed at a certain time and place and its 'notion is inherent in specific collectives, systems of beliefs or persons' (Rasmussen 2003:16). Thus, arguably, the way peace is perceived and imagined today is significantly different from how it was understood at any time in history due to distinctive cultural, economic, social and political contexts.

Apart from unique political and socio-economic conditions the world became extremely interdependent and interconnected as a result of globalization. For this reason, understanding of peace today is not confined to national or regional borders. It is rather being perceived as a universal goal and therefore formulation of the meaning of peace and how to achieve it, is made on a scale of globality (Horowitz 2007:247). While peace thinking is now global in scope, the task of formulating a specific ontology of the concept, which will satisfy a whole global society becomes more problematic due to existing multiplicity of peace theories and ideologies. Thus in paradigmatic terms, contemporary thinking of peace is arguably experiencing an ideological schism, which not only prevents a formulation of a single peace theory but also significantly fragments and disintegrates global society.

The end of the Cold War, as argued by Francis Fukuyama has brought an 'end of history', where there was 'an unabashed victory of economic and political liberalism' and signified 'an end point of mankind's ideological evolution' (Fukuyama 1989:4). This would imply that there is a unanimous acceptance of liberal peace around the world and consequently collective movement towards creation of a 'Perpetual Peace', one of the central elements of the Enlightenment thought. The core project of the Enlightenment is attainability of 'Perpetual Peace' by means of cosmopolitan

democracy. The vision of a liberal, cosmopolitan and democratic in nature global society has been enshrined in the ideas of such Enlightenment thinkers as Kant and Hegel who saw liberalism as an end point of history (Bowden 2004:48). These core Enlightenment values have been dominating policy-making process of modern liberals and currently provide a framework for the operation and organization of global society. As has been expressed by John Gray: 'it is not too difficult to discern ... [a core] projects in the central Enlightenment thinkers, and to detect its presence in the new liberals' (Bowden 2004:43).

However while liberal peace is seen as a dominant theory today, the idea of cosmopolitan democracy at least in the way it is being pursued today, arguably contains mechanisms of self-destruction. Its promotion of democracy, pluralism and civil society allowed not only occurrence and existence of multiple ideologies (religious, nationalist, environmentalist and others) but also their participation, either legitimate or not, in shaping global order. It is evident today that liberal peace is being challenged by various opposing ideologies and even by its own theoretical graduations. It is questionable whether there is a coalescent theory of liberal peace and liberalism as a whole, because there is a substantial number of competing ideological graduations within it, which often diverge in their views of how liberal peace should be perceived and achieved.

Vivienne Jabri argues that currently existing reactionary, emancipatory ideologies are signs of modernity in themselves and they all 'seek their articulation in a positive conception of rights, enshrined in law, and hence achieved as a result of social and political struggle and contestation, some still ongoing' (Jabri 2007:168). This indicates that liberal paradigm although dominant is providing favorable conditions for other competing ideologies to exist and realize their own agenda for peace. Nationalism, religious or secular fundamentalism, environmentalism, feminism just to name a few, each ideology possess its own vision of peace as well as how to achieve it. What appears to be even more problematic is that in the light of systematic global crises many of these ideologies seem plausible because they address actual issues of global affairs and thus attract a considerable number of adherents around the world. As a result, present global order can be imagined as one space which is organized under the umbrella of liberal ideology from the outside but which is extremely fragmented internally consisting of competing ideologies where each is trying to promote its own version of peace as a core one.

While acknowledging the dominance of liberal paradigm, it is evident that the world is far from achieving a 'Perpetual Peace'. The formation of the liberal peace is significantly challenged and undermined by fundamentalists, nationalists, environmentalists and other groups with radical agendas. Thus, transnational terrorism is a vivid example of ideological clash, which is trying to promote and establish its own version of peace. Although the gap between 'different world visions is now as narrow as it has ever been historically' (Bowden 2004:57) it is the difference *within* these worlds not necessarily *between* them which challenges a formulation of a universal ontology of peace.

As has been mentioned previously, apart from fundamentally different ideologies, which exist and operate in opposition to liberalism, there are numerous graduations from the paradigm itself. According to Richmond a number of ideologies, which derive from liberal theory, is greater than the ones that are premised on other beliefs, such as religious thought for instance (Richmond 2009:560). Often, there are various clashes and contradictions between these variations of liberal ideology and this also indicates a challenge of selecting a particular direction in formulating a uniform meaning of

peace and methods for its attainability. These liberal graduations attempt to be included in shaping the world order; from feminists and environmentalists to capitalists, each seek to apply their own policies in construction of a liberal peace. Therefore a whole liberal paradigm itself is extremely disintegrated and arguably experiences an ‘overstretch’⁸ where by including everyone it paralyzes any progress at all.

Thus, presence of ideological schism characterizes dynamics of the modern world and therefore it becomes evident that today there is no common stance on the meaning of peace and therefore its construction.

As has already been articulated, in previous historical times a clear definition of peace was possible not only because peace thinking was confined to particular areas and beliefs but also because there was an arguably clearly identifiable threat⁹, which was commonly accepted as such, within particular units (tribes, nations, states, regions). Today, however while international community is arguably experiencing an ideological schism, perception of a threat seems to be disintegrated as well, thus challenging a construction of a common vision of peace. By adopting a negative epistemology of the concept this part of the paper will assess the extent to which an absence of a commonly defined threat jeopardizes possibilities to construct a common definition of peace.

Identification of a threat appears to play an important unifying role. When there is a general consensus on who or what is perceived as a danger, people tend to unite for the common purpose of eliminating this threat and thus ensure their personal and collective security and peace. While in a current time there is a substantial number of potential threats there is little agreement among international community on recognition and prioritization of these threats.

Although it can be argued that in comparison to previous historical times the world today is safer due to developments in technology, medicine, regulation of arms as well as rarity of inter-state wars, it is evident that the amount of potential threats has increased in the last several decades (Held, McGrew eds. 2007:44). Insecurities are present in almost every aspect of human life in a contemporary world, from environment and poverty to global economy and terrorism. Many theorists suggest that the events of 9/11 and the consequent declaration of war on terror constitute a central threat, which a whole global community accepts as a major menace (Held, McGrew eds. 2007:44). However, this will be a misleading assumption, because terrorism might be perceived as a major threat only by particular camp of global society and not by the whole international community, including terrorists themselves. Environmentalists, for instance, argue that natural cataclysms pose a more serious threat to the world than terrorism and thus need to be addressed as primary menace (King 2004:176).

According to Beck, present world is characterized by existence of a ‘risk society’, where risk denotes ‘a peculiar intermediate state between security and destruction, where the perception of threatening risks determines thought and action’ (Adam, Beck, van Loon eds. 2000:213). Because of the transformation of political space there is no differentiation between local and global risks, all risks are currently being transnationalized and contagious. Thus, for example economic collapse in one

⁸ A term is used in the context of Paul Kennedy’s ‘imperial overstretch’ theory which argues that ‘if a state overextends itself strategically... it runs the risk that the potential benefits from external expansion may be outweighed by the great expense of it all’ (Kennedy 1988:xvi). In the context of liberal ideology it can be argued that by including agendas of other theories (environmental, feminist etc.) to enhance its legitimacy it ‘overstretches’ itself and thus paralyzes any progress at all.

⁹ See Table 1

country will necessarily impact the whole world; global financial crises are vivid examples of transnationalized risks. However due to the fragmentation of global community, there is no collective agreement on recognition of certain risks and thus their resolution.

Disagreements regarding identification of a primary threat is therefore one of the main challenges which global community is facing today. The existence of contestation in regards to recognition and dominance of particular threats demonstrates a validity of previous argument, which stressed ideological fragmentation, and disintegration of international community as obstructs to common definition of peace.

Part II – Problems of peace attainability

While in the first part this essay attempted to provide a comprehensive analysis of the global context, which makes a formulation of a universal ontology of peace almost an impossible task due to ideological schism and absence of a universally defined threat, the second part of the essay will address the issue of attainability of peace in the modern world. It will be argued that an attempt to establish a particular form of peace, in the context of ideological schism and absence of a commonly defined threat, will prove unsuccessful and unsustainable. Arguably liberal globalization and homogenization has significantly fragmented identities of individuals thus placing them in a state of continuous struggle where there is a development and intensification of antagonisms in relation to the self and the world around. Thus fragmented identities of people and inability to identify a source of their distress create existential conflicts, by which there is an artificial creation of an enemy for the purpose of attaining a meaning and increasing self-awareness.

As has been mentioned above, globalization driven by liberal homogenizing project is characterized by a paradox, which by artificially homogenizing the world from outside fragments it internally. This disintegration is not only evident in ideological schism but also among individual actors, who are arguably experiencing identity fragmentation in a globalized world. Assessment of an individual becomes an important task in the context of domination of liberal ideology. Liberalism through propagating its main principle of ‘the importance of freedom of the individual, his/her right to be treated as ethical subjects and not as objects or means only’ (Rasmussen 2003:21) has shifted a focus from collective to personal wellbeing and therefore assessment of individual condition is an important aspect in achieving a sustainable peace in a globalized world dominated by a liberal paradigm. According to David Slight: ‘peace is a state of human relations and eventually we have to take account of human nature in any peace considerations. Whatever the terms of settlement, peace will be insured only in so far as the people involved will accept them or find it possible to live under them’ (Huszar eds. 1944:179).

Fragmentation of identities does not only challenge a construction of a common perspective of peace but actually places people into continuous struggle for the quest of identity. As Castells articulated ‘identity is people’s source of meaning and experience’ (Castells 2004:6). According to Vivienne Jabri, ‘Within the later modern era, intensification of the institutions of modernity through their globalization has led to the reassertion of local, and hence primary identities’ (Jabri 2007:182). Consequently, in a present context where human condition cannot be understood ‘locally or nationally but only globally’ (Beck 2002:17) it is becoming extremely hard for individuals to discern a primary identity, which will direct their behavior, thinking and actions.

Identification of primary selfhood is one of the main challenges in a globalized world because traditional sources of identity formation such as history, state, nation, religion or family are undergoing a major transformation in the context of globalization. These traditional components of human identity are being insufficient to satisfy demands of a globalized individual. Constant inner struggle of humans for the quest of identity becomes a serious obstacle to attainability of peace on a global level. There are currently not many peace theories, which would address the importance of elimination of inner conflict within individual actors. Most theories are mostly concerned about external, institutional peace, which may prove successful in a short term but in a long term it is fated to collapse because conflict on a structural level was not eradicated.

Galtung devised a theory of positive peace by arguing that peace can be attained if individual potentiality can be realized (Galtung 1969). The idea of positive peace however, although adequately addresses insufficiency of negative peace in a present context, is still problematic because it implies that one clearly knows what his/her potentiality is. Discerning one's potentiality while experiencing a fragmentation of identity in a highly homogenized world proves to be a difficult task nevertheless. Because of the inability to discern one's primary identity and potentiality, individuals in a globalized world seem to lack fundamental beliefs or values, which will determine their patterns of thinking and behavior. This disorientation among individuals poses obstacles to construction of peace because as Jabri articulated: 'Identity and collective consciousness appear to be the defining moments of political action' (Jabri 2007:173). Thus while identities are being fragmented, political action towards attainability of a particular form of peace is more likely to prove unsustainable on a structural level.

Reluctance to address continuous struggles within and among individuals poses serious structural challenges to any existing attempts of peace construction today. According to Slight: 'When people are left in a state of tension and distress, they will eventually rebel and take violent action if necessary' (Huszar eds. 1944:179). Due to the fragmentation of almost every aspect of human life in a present world, individuals are experiencing continuous distress. Because of the inability to discern a source of this distress, they arguably artificially create an enemy in order to alleviate an existing inner conflict. According to Vivienne Jabri, historically an individual was often juxtaposed to the state and therefore tensions existed primarily between these two units (Jabri 2007:169). Today however, when states, international institutions, values and actors are linked through a myriad of globalized connections it is hard to make a distinction between a friend and an enemy. Therefore it can be argued that in present times since there is no clear identification of a threat not only among global community but also within individuals themselves the nature of modern conflicts has acquired an existential character, which became all-pervasive and potentially more difficult to tackle from outside.

By existential, this paper refers to a conflict, which was created as a result of inability to identify a source of tension and thus artificial creation of a threat or the 'other' for the purpose of establishing or solidifying existence of a self, society or regime. In a present context where liberal globalization creates a vacuum, which fragments the world internally, such existential conflicts are hard to control and eliminate externally, because they are products of structural deficiency and thus in order to establish sustainable peace there is a need to change a whole structure, which is often a difficult task for individual actors or institutions.

Mary Kaldor has pioneered a notion of ‘new wars’ and argued that they differ from ‘old, conventional wars’ in their context, aims and objectives as well as methods¹⁰. She also emphasized a decentralized and disintegrated nature of modern wars: ‘it is hard to distinguish between state and non-state actors, political or economic motives, or what is domestic and civil as opposed to international or inter-state’ (Duyvesteyn and Angstrom eds. 2005:211-212). While Kaldor addressed novelty of conflicts in the context of ongoing civil wars, by devising a notion of existential wars, this paper primarily refers to contemporary conflicts, which take place within individuals, among them or communities they comprise. These types of conflicts do not necessarily translate into physical violence but may be fought on intellectual, psychological and even spiritual levels.

As has been mentioned previously, existential conflicts are fought for the purpose of attaining meaning and establish a right for existence. Such conflicts can therefore be fought on physical or metaphysical level. In other words, it can be a battle either within and among individuals, communities or ideas as has been argued earlier. Thus through adopting Samuel Huntington’s ‘Clash of Civilizations’ thesis it can be argued that present world is experiencing all-pervasive existential conflicts which denote a multi-level, multi-dimensional clash of ideologies, identities, societies, threats, wars and most importantly peace ontologies. Thus elimination of such conflicts or clashes and therefore establishment of peace seems to be almost unachievable task for a fragmented global community.

Premising on the arguments that peace is an ontologically unstable concept (Richmond 2008:224), which has no inherent meaning (Rasmussen 2003:16) and therefore constructed by particular socio-economic, political and cultural contexts of a specific historical era, this essay was focused on the analysis of modern perception and understanding of peace as well as addressed possible reasons, which make attainability of any form of peace extremely problematic. This paper argued that globalization driven by liberal homogenization and democratization has significantly fragmented the world from within thus resulting in ideological schism, which prevents formulation of a universal ontology of peace as well as challenges liberal peace agenda itself. Adopting a negative epistemology of peace it was argued that identification of a threat plays an important role in formulating and understanding of meaning of peace. However, due to existing plurality of threats and ideologies, identification of a common menace is a challenging task for global community, therefore thinking about peace becomes a highly disintegrated process.

Second part of the paper aimed to address the issue of attainability of peace, and it was argued that in a present context establishment of any form of peace will prove to be unsustainable because of the existing structural deficiencies such as identity fragmentation and existential nature of modern conflicts. Fragmentation of identities place individuals into a constant struggle with themselves and the world around. Inability to discern a primary identity and potentiality deprives people of meaning in life, which would determine their thinking and behavior. Due to inability of identifying a source of this struggle individuals artificially create an enemy or ‘other’, whereby eliminating it, one will be able to establish or solidify his/her existence. Thus it can be argued that in internally fragmented world, modern conflicts whether on individual, societal or global levels are initiated for the purpose of establishing a right for existence, which is being undermined by liberal homogenization project.

¹⁰ See Table 2

The way peace is perceived, understood and constructed depends on existing contexts and particular trends, occurring at a certain time in history. Today, in a highly integrated and interconnected world, which is dominated by liberal peace agenda, construction of universal ontology of peace proves to be a difficult task because of internal fragmentation of ideologies, identities, threats and conflicts. This fragmentation significantly disintegrates society and thus paralyses attainability of any form of peace in a present context.

Table 1

Generalized evolution of peace

Historical era/Location	Perception of threat	Perception of peace
The Late Middle Ages/Europe	‘Infidels’ – Ottoman Turks	Christian Peace
The Renaissance and the Reformation/Europe	Domination of the Church	Human peace: focus on humanity and end of religious wars
The Enlightenment and the Revolution/Europe	Monarchy, Church, dogmas	Establishment of democracies, Kant’s ‘Perpetual Peace’
World War I/world	Central Powers: German Empire, Austro-Hungarian Empire, the Ottoman Empire and the Kingdom of Bulgaria	End of the WW1, establishment of International Law
World War II/world	Nazi ideology, Germany, Italy and Japan	End of the WWII, eradication of Nazism
Cold War	Nuclear Threat, From Western Perspective– USSR and Communism. From Communist perspective – The West and Liberalism	End of the Cold War, abolition of WMD

Source: Kende, I. (1989) ‘The History of Peace: Concept and Organizations from the Late Middle Ages to the 1870’, Journal of Peace Research, 26 (3): 233-247

Table 2

A generalized distinction between ‘Old’ and ‘New’ Civil Wars

	‘Old Civil Wars’	‘New Civil Wars’
Causes and Motivation	Collective Grievances	Private Loot
Support	Broad Popular Support	Lack of Popular Support
Violence	Controlled violence	Gratuitous violence

Old civil wars were political and fought over collectively articulated, broad, even noble causes, such as social change—often referred to as “justice”. By contrast, new civil wars are criminal and are motivated by simple private gain— greed and loot.

At least one side in old civil wars enjoyed popular support; political actors in new civil wars lack any popular basis.

In old civil wars acts of violence were controlled and disciplined, especially when committed by rebels; in new civil wars gratuitous and senseless violence is meted out by undisciplined militias, private armies, and independent warlords for whom winning may not even be an objective.

Source: Kalyvas, S. (2001) “New” And “Old” Civil Wars A Valid Distinction?, World Politics 54 (1):99-118.

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THE ROLE OF OUTSOURCING LOGISTICS IN BUILDING MATERIALS AND CONSTRUCTION PRODUCTS INDUSTRY IN UZBEKISTAN

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Abstract

This research study focuses on several largest manufacturing companies in Uzbekistan, (which have been operating mostly in 2PL and in-sourced logistics services) in order to assess the performance of their logistics processes and outsourcing performance to best meet company goals with reduced costs and increased customer satisfaction. This study will result in broad implementation of logistics and outsourcing concepts, which will be described, discussed and present practical points to implement the overall research results. To add, the theories and concepts will be developed and apt to the company cases, which will be neatly learned and discussed in the project report. The theories will then be examined on the degree of applicability and on their benefits.

This paper will also discuss the logistics trends, which have been researched for many years and being applied by many multinational companies. These trends will enable us to broadly evaluate and criticize the local perception of logistics outsourcing and discover their opportunities of cost reduction and high quality logistics services, which are time and quality effective as well. The research will be conducted by using survey and case study strategy including existing measures from high quality journals and other academic sources as mentioned above. The nature of the research will be cross-sectional.

I will first conduct empirical literature review, and approach to each literature not only from analytical perspective but also from critical perspective as well, which will help to assess the review effectively and present findings and discussions in more productive ways. Furthermore, I will interview manufacturing companies and attend their discussion boards as I had an experience in working for some of them (networking benefits) and I will spend at least 6 hours per week to contact them. I will shortlist interview members, mostly in managerial and top management positions in order to collect more accurate and precise data. In order to do so, I will also interview members after having conversations with them in groups, and as the interviews will not be formal and structured, I will try to build my questions in general strategies and ask them by observing the interviewees responses to the questions.

As specified above, I will mainly use “Outsourcing in the logistics context, different logistics outsourcing levels” theories and other related areas, which best fit my research and contribute practical implication to the manufacturing companies. Academic sources and scholarly articles will be used for broader analysis and critical evaluation of implementing theories for best results. The company cases will mostly be gathered by face-to-face interviews and survey questionnaire in most (combination of both is applied).

Ethical standards in research are as much important as to support moral and emotional balance of participants. Before sending questionnaire through e-mails, telegram (link to Google

form), and phone interviews, the organizations of participants were studied generally in terms of their core competencies and productivity.

Key words: *Outsourcing, logistics outsourcing, LSP, 2PL, 3PL, 4PL.*

Introduction

Global competition has been developing as never before, market demands are complex, and the firm's profitability is highly related to the business process design (Fugate B.S., 2010). Dynamic developments in transportation, delivery, and focusing on core business processes are one of the results of outsourcing strategies by which manufacturers are becoming strongly dependent on Logistics Service Providers' (LSP) resources, including physical and non-physical assets, skilled workforce, information, effective business processes, and others in order to save investments for non-core activities and reach improved logistics operations quality when serving clients (Mentzer, 1999). Outsourcing has been known as one of the leading business decisions of manufacturers, which are competing on cost, time and quality effectiveness. Its main role is to delegate one or more business processes to an external service providers whose core functions are related to the outsourced processes by manufacturers. Most companies are contracting-out some of their business functions to more concentrate on their primary goals. It helps them to keep a high degree of competitiveness among rivals.

The outsourcing concept is not new in the market, as it has been a fundamental reason for organizational change in the last two decades (Ogolerk, 2007). Most of the manufacturers in Uzbekistan do not apply outsourcing of logistics concepts in order to overcome organizational change risks.

The latest corporate statistics and interviews with different company leaders of Uzbekistan that are young to the market, show that the companies are starving for key supply chain management and logistics sector professionals, who not only operate with existing Supply Chain Management (SCM) designs and strategies, but those who contribute to the implementation of contemporary Logistics Strategies that bring quality, time and cost advantages in logistics operations. Most of the young companies are nowadays seeking the ways to reduce costs, and increase product and service values by outsourcing some of their logistics processes. Some other companies, which operate in an international scale in Uzbekistan, are experiencing high cost logistics operations, which lead to the increased product prices. This is a huge concern that shows how organizations are less focused on their core competencies to cut costs rather than reducing logistics costs by implication of modern concepts in practice. It has been seen that outsourcing some of the logistics services (or partial outsourcing) has been evident in most Uzbek manufacturers, but mostly they are engaged to use 2PL, which is a common practice among the most companies. It is because they try not to let the internal information flow out to the third party logistics services.

Some companies are highly integrated, while others are specialized, which outsource logistics functions to providers (Somuyuwa Adebambo O., 2016) in different levels which may include 3PL, 4PL and 5PL service providers. These levels do vary depending on the scale and volume of outsourced functions. Logistics service providers are not considered as a single-perspective measurement, but employ three perspectives (user's, provider's and user-provider's) which differ in terms of interests, benefits and profits of sides (Shams Rahman, 2011).

On the other hand, as the globalization takes huge part in countries' economics, globally integrated business functions require no boundaries between countries and cultures (E. Aktas, 2005). This is turning Uzbekistan and local manufacturers into attractive places for offering logistics services to support their external and internal trade potential. Realizing such opportunities, most manufacturing companies in Uzbekistan can outsource their logistics services to local and international logistics service providers to gain cost, time and quality benefits and advantages.

Industry overview

Construction materials processing industry has been dynamically growing in a strongly competitive environment in Uzbekistan. This vigorous atmosphere requires manufacturers to design supply chain management, mainly logistics system effectively in ways to survive, and be ready for new foreign entrants to Uzbek markets with new technologies and knowledge.

The industrial production rate of Uzbekistan, overall, rose to 5.6% in 2017 (tradingeconomics.com, 2018) compared to other years. This indication mentions the growth potential of industrial production in all sectors, primarily in food, construction materials, white goods, beverages and agricultural processing companies.

The population of Uzbekistan is progressively growing (it is estimated to be over 32 million people according to www.stat.uz (2018) and the demand for various products is increasing. There is relatively high competition among building materials and construction products processing companies. Local companies experience in-market and international competition for cost, quality and distribution factors. There are also joint ventures and foreign investments, which locally collaborate and produce construction materials. For example, AKFA, Alutex, Ekopen, Braus, Knaf, Osiyo Plast, Plasterm, and many others stand for construction materials manufacturers. Most of these local products prices have been increasing over the last years, as the cost for manufacturing increases. Although, costs rise, very few of them keep prices lower based on outsourcing facilitating business functions (mostly logistics functions); other companies remain in-sourcing most of secondary functions. Therefore, it is significant to have theoretical and practical knowledge on how to reach maximum efficiency and productivity by focusing on core business functions and outsource facilitating (logistics services) functions to specific service providers locally and internationally based on the operating scale.

Problem statement

Uzbekistan, as highly emerging market, is attracting more and more foreign investments and integration of latest technological advancements to sustain its economic and technological growth. Apart from international companies, some local industries, including building materials and construction products processing companies and many others doubt to keep or apply outsourcing of logistics concepts and practices, as they are not provided with relevant conceptual-practical framework. However, some other manufacturing in this industry use outsourcing logistics strategies that could be a good example for others. The latest decrees of the President of the Republic of Uzbekistan support international investments, which will launch their businesses in high profiles. This intention will challenge local manufacturers (especially, construction materials and white goods industries) if they do not strongly concentrate on their core production. Core production is straightly

related with capital investments. Saving capital investments become a major challenge for some companies, as they should spend on logistics management system: transportation, integration of new logistics technologies and systems, hiring and supporting specialists, warehousing, and other costs. Furthermore, financial risks are following companies as the uncertainty of transaction costs and unavoidable risks often scare and challenge them. Financial risks are controllable, however, as the scale of business concentration expands, and the more risky it is (when logistics management is not a core production, but the company has in-sourced or in-housed this field to support its transportation activities). Furthermore, geographical expansion is a challenge for local manufacturers in terms of labor, cost and expertise in global logistics. Organizations, which are expanding through regions, are more focused on multi business functions, and this is leading them to invest more capital than required to operate tasks productively. Lastly, lack of knowledge and innovative logistics solutions exist in Uzbekistan, in most non-logistics companies. The skilled workforce is limited to specialized logistics service providers only. Companies, which are applying internal logistics functions, mostly employ traditional ways that are costly and with limited global experience.

Research questions

Research questions, as the ground for research objectives, are decided to be exploratory and evaluative, and are stated as below:

- What are the measures and functions of LSPs to be studied before employing outsourcing suppliers?
- What are the benefits and limitations of outsourcing logistics functions that influence on organizational performance and decision-making?
- To what extent should manufacturers in Uzbekistan highly consider the period of the agreements (short-term and long-term) with LSPs?

Literature review

Outsourcing (Logistics) in a global business context

Outsourcing strategy was not known as a formal business strategy until 1989 (Mullin, 1996), however, most business entities applied this strategy partially depending on their weaknesses in the areas which they could not handle properly themselves and outsourced them to external service providers. One of the main reasons for the formal evolution of outsourcing was the new era of capitalism in most developing countries, in which organizations strongly began focusing on cost and quality effectiveness (Kalinzi, 2015). Fierce competition in the global markets inducing organizations to make decisions on strategic outsourcing the business functions, which are not internally, focused as core activities (Pedregosa, et al., 2014). Hadfield *et. al.* (2006) defines outsourcing as the strategic use of external resources to perform internal activities of an organization. Dave *et. al.* defines the concept as strategic implementation of contractual partnership with external service providers for performing organizations' internal functions which require professional approach (Griffins, 2015). It became very challenging to manage operations, particularly, logistics functions for most corporations as the number of business units are progressing or being reinvested, and this case requires large investment to sustain logistics functions (Melewar & Bourlakis, 2011). Based on the views of Nilakshi and Ghazali (2011), outsourcing is a decision to shift the internal process or the business function to

an external party, and it is operated by at least with two parties: buyer and service provider (Musa, 2011). Various studies have been developing outsourcing differently, as Donada and Nogatchewsky (2009) defined it as transferring control of internal business activities to external parties (Nogatchewky, 2009); conversely, Li and Choi (2009) defined services outsourcing as a choice of partnering with external service providers to replace internal business functions with the use of service providers (Choi, 2009). *Rodrigues et. al.* (2004) investigated a research on outsourcing strategies and approaches to this concept more strategically. He concluded that overall, outsourcing is one of the vital strategies to gain competitive advantage and bring performance efficiency to organizations (Rodrigues & Robaina, 2004).

Outsourcing logistics as a business strategy has been a significant matter for all industries, which use transportation of produced goods and services. De Hayes and Taylor *et. al.* (1974) concluded logistics systems as critical to develop in providing customers with time and place efficiency associated with final product purchasing. The development of third party logistics (3PL) industry, and the increasing demand uncertainties led logistics outsourcing to cover broader range of services provided externally (Hsiao H.I., 2010), including planning, implementation and control of physical flows, storing materials, in-process inventories, final products and information.

In emerging markets, organizations no longer use all supply chain operations themselves, as most of them try to concentrate on their core business functions, however, most Turkish and Central Asian (including Uzbekistan) business owners still do all business functions themselves, including logistics functions (Aktas & Ulengin, 2005). Based on the study conducted by Yim-Yu Song *et. al.* (2000), the significant trends which created massive opportunities for logistics service providers created new concerns that develop due to increased competition and the growth of global companies (Yim-Yu, et al., 2000). Logistics companies keep launching latest technologies and new services for outsourcing; and companies should decide whether they need their services for cost and quality advantage (Ogolerk, 2007). Although, outsourcing logistics brings several advantages to users, the degree of complexity in outsourcing logistics levels may result in change of the scope and details of users' supply chain (Shahraki & Mehdi, 2011). Belcourt (2006) adds that advantages of outsourcing are measured based on the type of activities and business functions that are being outsourced (Belcourt, 2006).

According to Kant and Richard *et. al.* (1994), there are five key logistics trends to be considered: centrality and criticality of functions provided, risk liability and control, cost/service issues, information/telecommunication services, and market relationships (Rao & Young, 1994). These trends influence on decisions of user organizations whether outsourced logistics functions bring higher effectiveness and efficiency. Although, there are many perspectives for approaching logistics outsourcing, the few important and basic ones should be clearly addresses in order to study precisely the influence of outsourcing logistics on organizations.

Hsiao (2010) stated that logistics outsourcing is classified into three types (basic, customized and advanced), which depend on the service users' requirements (Hsiao H.I., 2010). Basic outsourcing of logistics refers to the mostly used and commonly practiced services, such as transportation, warehousing and delivery. These services are generally bought for the efficiency of internal services of the organization, and for costs by which they try to minimize (Skjott-Larsen, 2004). Organizations, which contract with external logistic service providers on basic outsourcing terms, are provided with

the standard package of logistics services (Chen Liu, 2015). Customized logistics outsourcing does not include standardized or daily activities, but when is required specially (Skjott-Larsen, 2004), and include express document deliveries, samples, custom clearance and consolidation. These services require information processing, decision support systems and professional knowledge (Skjott-Larsen, 2004). Advanced outsourcing of logistics is a strategic design for supply chain system of an organization which outsources the most part of its supply chain functions (Hsiao H.I., 2010) and includes order processing, packaging, labeling, improving and optimizing logistics information systems and others (Chen Liu, 2015). Flexibility and efficiency priorities are for basic and customized logistics outsourcing, while selling the best solutions for supply chain issues and improving responsiveness priorities are for advanced outsourcing of logistics.

Logistics functions and outsourcing

Logistics can be considered as the functional system, which is the collection of interrelated set of objects or activities, and the strategic engagement of them (Granzin & Bahn, 1989). According to Bowersox, logistics functional system is divided into five areas: Facility location, Transportation, Inventory, Communication, and Material movement. Hsiao *et al.* (2011) discussed logistics functions in four levels: transportation, packaging, transportation management and distribution network management (Hsiao, et al., 2011). Hilletofth and Hilmola (2010) added outsourced logistics functions including procurement, inventory management, warehousing, distribution and fleet management (Hilletofth & Hilmola, 2010). Nevertheless, prior study conducted by Rao and Young (1994) mentions that logistics services, such as planning, equipment and administrative services of logistics, warehousing and transportation were highly outsourced (Rao & Young, 1994). Cho *et al.* (2008) supported this view, and added outbound transportation, freight bill auditing, warehousing, inbound transportation and freight consolidation as logistics functions that are most frequently outsourced based on his study (Cho, et al., 2008).

According to the study of Sahay and Mohan (2006), Arroyo *et al.* (2006), and Rahman (2009), logistics functions, which are mostly outsourced, are classified into three parts:

- Transport and Distribution
- Warehousing and Inventory Management
- Information Systems and Technology

These classifications mention that outsourced logistics functions contributed much to the user organizations. Considering the above classifications, motivations and benefits contributed by logistics outsourcing are important to redefine.

LSP levels and outsourcing performance

Many researchers and authors discussed LSPs from different viewpoints and perspectives. Catay *et al.* (2007) explains outsourcing functions to external service providers has been a source for competitive advantage (Catay & Gol, 2007). Melewar *et al.* (2011) defines the main responsibilities of logistics service providers as effective and efficient carrying out the organization's logistics functions to gain cost benefits (Melewar & Bournlakis, 2011). Gol and Catay (2007) stated that the common functions of logistics outsourced were inventory management, IT services and transportation

services. Logistics service providers can expand service offerings with supplementary activities, which are not usually provided by traditional transportation companies.

LSP Levels

Logistics Service Providers (LSP) are classified into different levels as mentioned in above paragraphs but is discussed more in details in this part. In-house logistics (in-sourced) is a logistics function which is totally owned by an organization; it is managed and executed by the company itself, and is called 1PL (Ogolerk, 2007). Anton Ogolerk et. al. (2007) mentions 1PL activities as ‘company uses its transportation, warehousing, handling equipment, personnel and other managerial functions by itself’. Logically, the most of small organizations employ this function. Additionally, 2PL logistics are also managing the traditional logistics functions in broader scale than 1PL. Following the upstream level, 3PL or outsourced logistics services are generally the same as contract logistics (Wassenhove, 1993). 3PL functions can provide organizations with selected or the entire logistics processes based on contractual agreements (Mohan, 2006). Bhatnagar et. al. (1999) defines the reasons for 3PL providers as intensified global competition, concentrating on core competencies of organizations, and allowing experts to do logistics themselves, as they have more expertise and better focus on it (Viswanathan, 2000).

The next level is fourth party logistics (4PL) service providers which was first introduced by “Accenture” Logistics Company in 1996 (Somuyuwa Adebambo O., 2016). According to “Accenture” 4PL is an integrated outsourcing of logistics, or lead logistics provider (Ogolerk, 2007), which offers comprehensive supply chain solutions by collecting the resources, capabilities, technologies of its organization and other user organizations to provide unique strategic scale for effective and efficient logistics (Bajec, 2009). However, fifth party logistics (5PL) is mainly being developed for e-market efficiency purposes, and the key success factor for 5PL is advanced and innovative information technology and systems (Ogolerk, 2007).

Logistics Outsourcing Performance

LSPs performance is a ground part for evaluation and selecting the right service providers, and there are a many approaches to evaluate and measure their effectiveness and efficiency degree contributed to LSP users (Wang & Li, 2013). The main factors to measure are financial strength, the degree of customer satisfaction, logistics process design, and learning and talent development (Saleh, et al., 2015). These evaluation criteria influence the productivity of the user organizations, which outsource logistics functions. According to Knemeyer et. al. (2003), logistics outsourcing performance assessment includes operational performance, channel performance and asset reduction performance (Knemeyer, et al., 2003). The study conducted by Elfriede and Hans (2005) discusses the new framework for assessing performance of LSPs from the long-term performance management perspective: effectiveness measures – whether the desired results are being achieved; efficiency measures – whether the resources are fully allocated and used properly to achieve maximum outcomes; satisfaction measures – whether the user organizations are satisfied with the services provided by LSPs; IT and Innovation – whether LSPs are concerned with continuous development of their information technologies, and innovation-centered (Krauth, et al., 2005).

Suhaiza Zailani et. al. (2015) cited Mohan and Sahay (2006) discussing the organizations that outsource some of logistics functions, and these functions transferred to external parties bring operational success and allows improve overall business performance (Zailani, et al., 2015). As it is proposed, LSPs stimulate organizations to increase their productivity levels and business success, but what are the measurements of performance for LSPs to be sure that they are focusing on providing long-term benefits for user organizations. Mohan and Sahay (2006) researched that well-performed logistics services by third parties should be to manage supply chain inventory management efficiently, to decrease lead times required for transactions, and provide economies of scale advantages to user firms (Mohan, 2006). They also added that performance measurements for LSPs should also consider the logistics system performance, employee morale, improved financial performance, and customer satisfaction. One of the most important parts in above mentioned measurement criteria is financial indicators. If the performance of LSPs is highly rated, that should show the improvements in sales revenue, working capital, reduction of cost in logistics operations and labor. In previous studies conducted by Gattorna et. al. (1991), it is clearly mentioned that outsourcing of business functions can become highly acceptable when the performance results of service providers can be accurately and easily evaluated (Gattorna, et al., 1991). Authors also mentioned that decisions on outsourcing logistics functions to external service providers are influenced by the ability to measure the performance of LSPs. Bourlakis and Melewar (2011) proposed that if goals and objectives set by both parties (client and outsourcing supplier) match and bring satisfactory results for user organizations because of high performance results, then engaging in longer-term partnership of both sides will be highly supported (Melewar & Bourlakis, 2011). However, Wilding and Juriado (2004) discussed performance measurement of LSPs quite differently by stating that organizations that outsource their logistics functions measure the performance of LSPs depending on the type of outsourced functions. These authors mentioned measurement criteria to be as time of delivery, overall quality and cost of services after outsourced, inventory management, flexibility and picking accuracy. Prior researches investigated by Beamon (1999) presented a performance measurement concept including resource usage, flexibility and overall supply chain effectiveness (Beamon, 1999). In comparison, Lai et. al. (2002) has mentioned only two performance assessment criteria of LSPs, which are service effectiveness and service efficiency (Lai, et al., 2002). Logistics performance identified by Stank et. al. (2003) relies on three criteria: operational performance, relational performance and cost performance (Stank, et al., 2003). Nevertheless, Judga et. al. (2010) strongly mentions the case that the complexity of LSPs arrangements creates difficulties for user organizations to assess their performance (Juga, et al., 2010).

Theoretical perspective of Logistics and Outsourcing

The following paragraphs discuss logistics outsourcing from the resource-based view, transaction cost analysis and relationship perspectives. The below paragraphs are important to consider in terms of academic background of outsourcing logistics functions and the correlation of different perspectives which view the concept based on resources, transaction and relationship of sides. Furthermore, these aspects are significant in examining the impact of outsourcing logistics to outsourcing suppliers.

Resource-based view (RBV)

This particular theory is based on two key points: firstly, all resources, both tangible and intangible, are the determinants of organization's performance at all levels; secondly, resources of an organization must be difficult to imitate or apply to sustain competitive advantage over other organizations (Priem & Butler, 2001). Accordingly, resource-based view theory is applicable to assess the logistics outsourcing functions as organizations use outsourcing as a strategy for accessing other organization's resources (Muthami, 2015). Furthermore, outsourcing is a strategy, which has a tendency to fill gaps in organization's resources and capabilities (Malhotra & Grover, 1998). Outsourcing, in some cases, can also act as a provider of resources and capabilities (not only filling gaps) for the entire organization which does not have logistics experience at all. According to Hedman *et. al.* (2002), resource-based view of the theory confronts strategic resource attributes, which influence on gaining competitive advantage (Hedman & Kalling, 2002), and the core issue is how the resources are allocated and managed efficiently to business objectives productively. The four attributes identified by Hedman and Kalling (2002) were rare, valuable, costly to copy and efficiently organized. However, Barney (1991) categorized resources into three groups: physical capital resources, organizational capital resources, and human capital resources (Rodriguez & Robaina, 2016). According to Wong and Karia (2013), LSPs have to have developing degree of capabilities in order to transform their logistics resources into higher performance levels (Karia & Wong, 2013). Mentzer *et. al.* (2004) divided resources into two categories: tangible and intangible (J.T. Mentzer, 2004). However, the study carried out by Saleh F.A., Darlington R. and Trung T. N. categorized logistics resources into four types: warehousing, transportation, production and packaging, and improvement and maintaining the above-mentioned resources (Saleh, et al., 2015). These resources, either tangible or intangible, or classified into four categories must be properly managed in order to gain distinctive logistics capabilities, which help building and sustaining competitive advantage over rival organizations.

Transaction Cost Theory view (TCT)

Williamson *et. al.* (1981) stated that organizations are economic players, which focus on minimizing costs and maximizing net income. All logistics transactions are costly, and strategically can be minimized. Operational costs for logistics include inventory-holding costs, transportation costs, packaging costs, and many others. These costs could be lowered when logistics functions are outsourced, however, bargaining and information costs occur (negotiating, contracting, unseen costs of mutual depending patterns, etc.) (Muthami, 2015). Ruben *et. al.* (2007) and Hoyt and Huq (2000) discussed transaction cost theory as a relationship between outsourcing suppliers and client organizations on making economic transactions (Hoyt & Huq, 2000) by governance models of both entities (Ruben, et al., 2007). The influence of transaction cost factors on business operations include workforce, time, risks, monetary factors, negotiation and contract issues (Zailani, et al., 2015). Particularly, human resource and cost factors are more important issues in economic transactions. Further studies conducted by Wagner and Sutter (2012) mention that transaction costs are closely related with the relationship of companies (service providers and organizations) in sustaining product quality, the degree of competitiveness, innovation and market gains (Wagner & Sutter, 2012). According to Shelanski and Klein (1995), transaction can be characterized from many viewpoints,

precisely, when it comes to discuss logistics outsourcing, it includes factors such as demand uncertainty, asset specificity, frequency and efficiency of transaction, and limited rationality (Shelanski & Klein, 1995). When transaction theory is applied to outsourcing (logistics), client organization experiences uncertainty at all levels of transactions as it impacts the organization's governance and decision-making model. This condition also influences on performance and control mechanisms. Rahman *et. al.* (2011) studied several issues related to partnership relations of service providers and client organizations, and came to results that organizations are making outsourcing contracts for short-term because of transaction uncertainty and economic volatility (Rahman & Wu, 2011).

Decisions for outsourcing logistics

Contracting with external service providers (outsourcing suppliers) is a strategic decision of an organization as it supports financial performance (Wilding & Juriado, 2004). Transferring the logistics functions to third party service providers lets the user organization to focus more on its core business functions. Minahan (1995) mentioned that if an organization plans to outsource logistics functions, it should examine its skills, expertise, performance (Minahan, 1995), and then based on results outsource partially or fully. When logistics performance is not highly critical as a core competency of an organization, it can be outsourced to gain greater economies of scale. Kakabadse *et. al.* (2000) reports that outsourcing business functions mainly involves three reasons: economic (gaining larger economies of scale and long-term demand), quality (geographical coverage, field expertise, skills and competencies), and innovation (innovative service offerings to cut costs and lead-time) (Kakabadse & Kakabadse, 2000). Dapiran *et. al.* (1996) proposed several components, which play an important role in decision-making for outsourcing logistics: organizational level, functional areas, sharing information, reservations, and selection criteria for outsourcing (Dapiran, et al., 1996). On the other side, Bolumole (2000) mentioned two main factors that drive decisions to outsource logistics services: capabilities and resources.

According to Gattorna *et. al.* (1991), there are two primary aspects that impact on decision to outsource logistics functions: control and physical aspects (Gattorna, et al., 1991). Clearly, clients of outsourcing suppliers require different exclusive services, allocation of managerial activities, effective partnership, accessibility and ability to measure the performance of service providers, cost control and financial security, and many others in control aspects. Physical aspects cover flexibility of operations, wide geographical coverage, ability to use resources efficiently and others. If these aspects are met satisfactorily, then further contracting issues begin.

Experts and professional conducted a research – Delphi survey (2005); on what factors reasoned organizations to outsource their logistics to third party service providers. Earlier researches concluded that the main decisions for outsourcing of logistics were to reduce cost, improve service quality and flexibility as the top three factors; however, Delphi survey (2005) mentioned different results (Ogolerk, 2007). The primary reasons were the need for better operational flexibility, expanding geographically, and high pressure to reduce operating costs. Service quality improvement, field expertise and skills, better IT and innovative service solutions to increase competitive advantage were the secondary issues. Although, there are many reasons for outsourcing logistics functions, the decision making process will challenge organizations. Bhatnagar *et. al.* (1999) discussed several

components, including organizational/managerial level, and functional level of decision making for outsourcing logistics. Organizational level is the degree to decide what logistics functions to outsource (partial or full outsourcing), and functional level deals with processing information sharing, terms of contracts, controlling and monitoring authority decisions, and others (Bhatnagar, et al., 1999). The survey results, mentioned by Ketler and Willems (1999), conclude that the decisions for outsourcing depend on three factors: access to knowledge and skills, saving costs related with outsourcing, and quality and availability of outsourcing suppliers (Ketler & Willems, 1999).

On the other hand, making decisions on outsourcing logistics services are critical based on transaction uncertainty aspects. Xu (2009) calls it as environmental uncertainty relating it to transaction process; additionally, he mentioned that it is challenging to measure the environmental uncertainty due to the complexity of the condition (Xu, 2009). When transaction aspects become more complex and unpredictable, it is costly and challenging to decide whether to outsource or not.

Outsourcing decisions are also related with considerations of LSPs competencies and operational flexibility, which take into account the business environment and customer needs (Zailani, et al., 2015). According to Kalinzi (2015), most organizations that outsource logistics functions primarily focus on service and operation quality rather than cost, and he discusses the cost as a qualifying factor, not a winning component. Based on the research conducted by Aberdeen Group (2007), enterprises expect higher expertise, lower transactional costs, less personnel employed on a full-time base, and focusing more on core competencies by outsourcing their business functions. Nevertheless, results were not as expected - slightly lower indicators were recorded by the research group mainly in information sharing and reporting the processing outsourced functions (Aberdeen Group, 2007). Previous studies carried out by Browne and Allen (2001), showed that the primary benefit and the reason for outsourcing logistics services is the reduction of cost. Furthermore, outsourcing logistics functions also reduces the level of strategic and operative risks: investment decisions, and quality problems and unexpected expenses. Lynch (2000) also pointed out the personnel issues, which should be highly considered. He adds that as the logistics functions are outsourced, challenges with wages, taxes and other related costs with labor will be transferred to Logistics Service Providers. Large *et. al.* (2011) added that common facilities managed by LSPs enable efficiency of using the facilities for several clients by which economies of scale is reached (Large, et al., 2011). This is also one of the economic factors for decisions to outsource. Apart from the direct benefits of outsourcing of logistics, the indirect ones should also be noted. When organizations outsource their logistics functions (partially or fully), they maintain high competition among logistics service providers. It motivates them to continuously develop and innovate their service offerings, as then it becomes strategic and reliable decision for service users to know the growing market of outsourcing (Song, et al., 2000).

Kremic *et. al.* (2006) discussed factors, which influence on outsourcing decision, and proposed factors were relative costs of operational performance, the degree of core functionality of logistics services, organization's long-term strategy and objectives (Kremic, et al., 2006). To support and clarify the context, Assaf *et. al.* (2011) classified decision-making components for outsourcing logistics as strategic factors, economic factors, management factors, technological factors, services characteristics and quality of performance (Assaf, et al., 2011).

Risks and Limitations of Outsourcing Logistics

There are many debates and discussions about the risks and limitations of outsourcing strategy in the literature. As the coin has two sides, outsourcing does not act as a fully positive decision. In particular, organizations, dealing with their logistics functions, when outsourced, may face challenges in an overall logistics management. Chopra S. *et al.* (2016) proposed several risks of using third party service providers. Stating one by one, when the supply chain of an organization is outsourced, service provider could perceive it as filling the gaps in broken supply chain system of user organization, and it becomes harder to manage or control the procedures/processes of service providers (Chopra & Meindl, 2016). As management control is lost, it may bring misconceptions and conflicts between service providers and clients (because, their management objectives are different from clients') (McIvor, 2000). The other limitation is inefficiency of management of service providers: if a service provider makes changes to its organization, or changes personnel, it becomes costly for the client to switch to another service provider (Wang & Regan, 2003). In this case, before outsourcing, the process, which is being outsourced, should be taken under control, and cost-benefit analysis should be professionally done. As the control is (partially or fully) lost over the process, planning and setting objectives for the process will be also lost (as it is directly: partially or fully transferred to service providers). There could also be hidden costs, which are required for procurement and selection of service providers (outsourcing suppliers), and processing contractual agreements are often costly (Elmuti, 2003). Barthelemy (2001) examined hidden costs associated with outsourcing and discussed the expenses for selecting, negotiating and contracting with outsourcing suppliers, and cost of constantly monitoring the performance of third party service providers whether they are fulfilling the clients requirements or not (Barthelemy, 2001). Cultural barriers also occur when organizations outsource their logistics functions for geographical expansion. This influences on partnership relations, where different cultures come together to deal with business relationships (Piachaud, 2002). Xu (2009) discussed uncertainty factors that can be observed when outsourcing logistics functions. He defined environmental and behavioral uncertainty, and related them to transaction uncertainty. Behavioral uncertainty is caused by potential misrepresentation of information and it damages partnership relations in most cases. Environmental uncertainty, in most definitions, is non-manageable risk, which may attract additional cost for recovery services and products outsourced. The complexity of transactions and the high degree of uncertainties require more contingencies, and challenges both sides in many ways.

Research methods

Research approach

Saunders *et al.* (2016) mentioned three approaches to research for business purposes. They include deductive, inductive and abductive approaches which are used separately or combined depending on the research purpose, philosophy and the desired outcome from findings (Saunders, et al., 2016). These reasoning adoptions are valuable theory development factors that are followed from the beginning of research process.

Deductive approach is generated by researchers who develop structures theoretically and conceptually first, and test them by empirical observation. Consequently, deductive reasoning moves from generalizing the study to the particular points, as the theories are first interpreted and developed,

then, they are tested based on the designed research strategy. Inductive approach, on the other hand, is the type of study when the development of theories depends on practical observations. Thus, the study approached inductively concludes the document based on observations, cases and interview results. Abductive reasoning, the last approach, is also commonly used for various reasons. Ketokivi and Mantere (2010) defined abductive approach as a ready fact that is already a conclusion of the study, but requires to be observed. Premises are determined based on the fact which is being observed and discussed. If the study provides positive reasoning of the fact, the conclusion is generated depending on the first perception of the fact, if it generates highly critical or conflicting outcomes, the fact then is perceived to be fully or partially wrong to be applied in most cases (Ketokivi & Mantere, 2010).

This research paper is based on gathering conceptual and theoretical knowledge in relation to practical knowledge. Consequently, the combination of deductive and inductive approaches is applied in this paperwork. This strategy is to begin with theoretical settings and focuses on empirical data gathering. However, it comes back to the theory again. Relevant and reliable literature was first collected and interpreted, which helped to set research objectives and questions. Then, survey questionnaire is formulated. Questions are analyzed in the presented context to develop new knowledge for customers. This study applies two methods: quantitative and qualitative methods. Qualitative strategy is applied to describe the theoretical framework of the study, while quantitative strategy is used to collect primary data from the sample in order to analyze the research questions. This design promotes validity, thus, the observation is carried out from different perspectives. The units of analysis of this study are construction materials processing industry in Uzbekistan. This sector is one of the leading industries in Uzbekistan, and contributes much to the state economy.

Data collection and Instrumentation

The utilization of literature reviews based on case study strategy and surveys helped to gather primary and secondary data in this paperwork. As deductive and inductive research approaches are combined to investigate this study, survey and case study strategies are combined to gather data from sizeable population which is easier to explain and describe, and the case study strategy results in in-depth data collection.

Literature review presented in this study is built mainly by secondary data collection (from international research journals: findings and discussions of results by authors in the related contexts). The secondary data has been analyzed and examined on whether there is a gap for further investigative research, or whether they are applicable or can be considered by customers (companies) of this paper. Literature reviews, as stated by Burns (2000), help to study and understand the existing theoretical and conceptual framework, and also lead to generate ideas while studying different findings and results of researches.

To continue, survey strategy which is implemented, is often related to deductive research approach that answers to questions of ‘what’, ‘where’, ‘how many’ and others (Saunders, et al., 2016). Survey strategy gives more control over research procedures, case studies, however, when carried out qualitatively, reduce the degree of authority over research process, but produce in-depth outcomes.

Self-completion set of questions are used to gather data to gain valid and reliable information (Appendix A). This is accomplished by sending questionnaires via social networks (Telegram and

WhatsApp) and e-mails to each person separately, and hand distribution to increase the number of responses. In order to meet objectives effectively, the following sections were created for setting questionnaire:

1. General information about logistics performance of the company;
2. Respondents knowledge and attitude towards outsourcing logistics functions;
3. Current logistics challenges (economic factors) that affect companies' operations performance/ and challenges to make right decisions to outsource logistics functions;
4. Gained experience/results by outsourcing logistics functions (if any).

Sampling and participants selection

Sampling strategy is correlated with research approach and research design in which the context and strategy are used to match the research survey. Therefore, sampling and selecting participants consider research ethics in order not to violate the set of policies and principles of participants. This paper approached to sampling strategy in ways to first revise important principles and purpose of the study, to decide on the sampling technique to be used, and the consideration of practical use of the sampling technique (www.dissertation.laerd.com, 2018).

Author used non-probability sampling techniques from subjective judgment perspective. Convenience sampling (non-probability sampling technique) was applied to gain time and cost effectiveness. This way of sampling helped the research study to collect data and information without efforts in getting higher-level permissions, and in less formal way so that respondents feel easy while being researched. Thus, the author of this document has created the list of population of this study: construction materials manufacturers (over 100), which mostly employ in-house logistics (outsource logistics functions partially). The first step was to distribute questionnaire to 100 manufacturers via e-mail. The formation of questionnaire included warm greetings, the purpose of the research and the questions themselves. Languages used for questionnaire were Uzbek and English. The proposed target population number was 100, and the number of participants was 200-250. However, only 127 responses out of 221 distributed questionnaires were collected and analyzed. Social networking websites were also helpful to send the questionnaire (telegram, LinkedIn). Furthermore, telephone questionnaire was also used where applicable. Responses were collected, and were accounted only those who have the experience in logistics management.

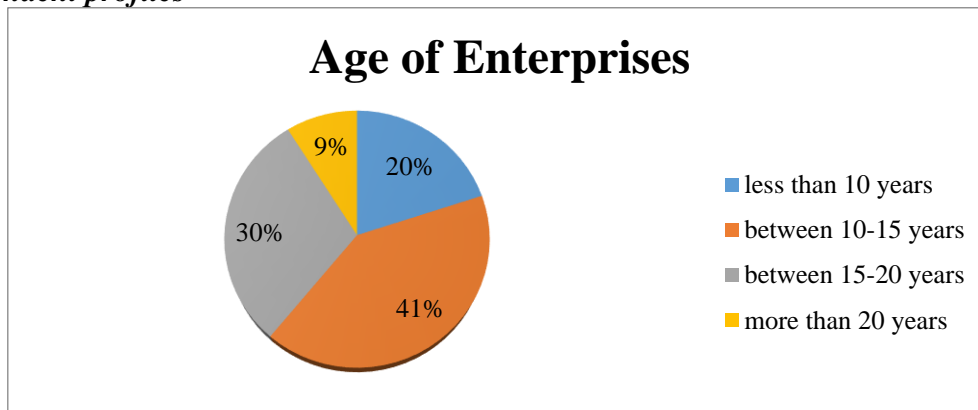
Data analysis and validity

The secondary data that was collected by the author mainly sourced from literature review, which built the theoretical framework of the study. It also assisted in building questionnaire that was sent to the participants. Thus, literature review generally supported the findings from logical perspective. The outcomes of questionnaires are mentioned in graphical charts. According to Greener (2008), there are two forms to analyze data: '*univariate*' and '*bivariate*'. This study implemented *univariate* data analysis that allows to present data through charts and histograms. The objective analysis was carried out by answers collected through survey (also by online questionnaire created by Google forms) recorded for further analyzing findings. Collected information was formulated in excel and then discussed. Qualitative research is often criticized because of poor justification of adopted methods by researchers (Sandelowski, 1993). Bryman (2016) identified that quantitative research

instruments are also criticized, because they may create certain gaps between research and everyday life (Bryman, 2016). This is the one of the reasons that the author applied mixed research approach to support validity and reliability of the study. Validity and reliability of the data is strategically important to conduct proper study and consider it as a useful product for other researchers and customers of the paper. Saunders et. al. (2016) stated that validity and reliability of gathered data/information directly and indirectly (because of some factors) depend on the research survey structure, construction of questions, questionnaire, and testing. While collecting data, participants who were surveyed had a background of supply chain management, particularly logistics. The honesty and clearness of responses were provided by informing respondents with the purpose and the benefits of the study to manufacturers, researchers and other potential customers of the study. When data was collected, it was discussed with some of participants to maintain accuracy and if applicable to correct for validation.

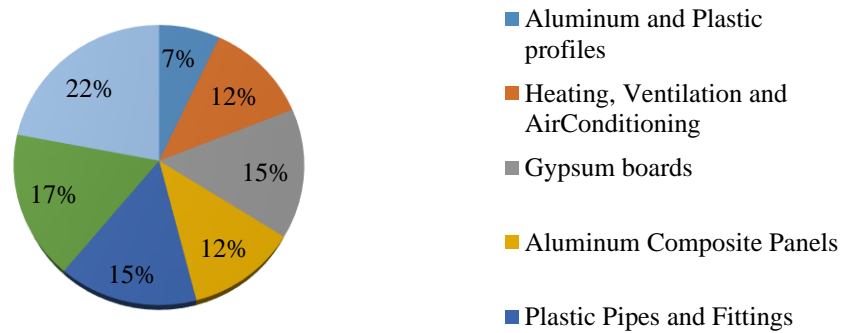
The target population as mention in previous chapter is 100 manufacturing companies mostly specialized in manufacturing construction materials products. The survey questionnaire was distributed to 221 participants in the form of self-completed. However, 127 responses out of 221 were collected and analyzed successfully. Self-completed questionnaire was sent in the form of web questionnaire (Google forms) through telegram and e-mail. Furthermore, the questionnaire was also conducted via telephone calls, which was focused on very few respondents that could not be reached via e-mail and telegram. Rating questions are used to gather opinion data, and 12 questions were built to match research objectives and questions. The reason for building 12 questions is to follow research ethics properly to save time, manage emotional and moral balance in conducting the survey and other reasons that would not disturb respondents nor distract much from their work.

Respondent profiles



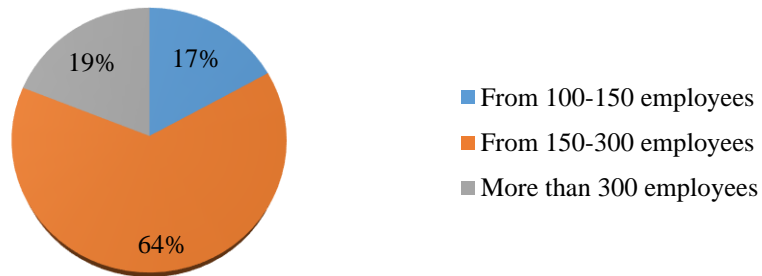
The above illustration mentions the age of organizations which were surveyed and studied. The respondents were surveyed from different company age groups in Uzbekistan. Figure 4.1 shows four categories of ages that include less than 10 years, between 10-15 years, 15-20 years, and more than 20 years. The companies that were mostly engaged in the study aged between 10-15 years (41%). However, the amount of the youngest companies participated in the study were 20% that is less than 10 years of being established. Proportion of the organizations aged more than 20 years is much lower than other age groups representing 9% respectively. The following pie chart gives information about the types of building materials and construction products companies participated in the survey.

Types of Manufacturers

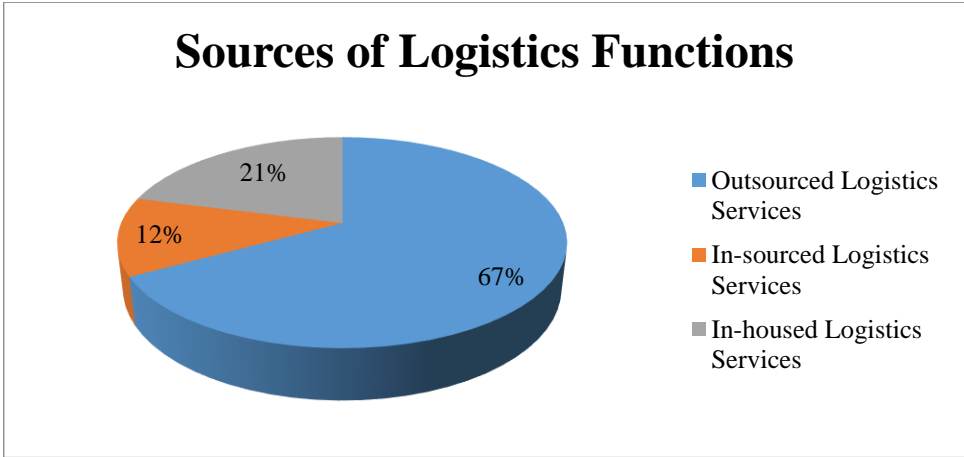


The above chart gives information about the types of companies that were accounted as population of 100 for the research. 22% percent of the respondents were from gypsum, cement and sand processing companies, however, the proportion of aluminum and plastic profiles manufacturers were 7%, the least category engaged in the study. Plastic pipes and fittings, and gypsum boards producers were involved in the study in the same amount with 15% each. The mid-range of the categories that mentions the percentage of companies participated was 17% attended by ceramic tile and stone producers. Furthermore, heating, ventilation and air-conditioning, and aluminum composite panels manufacturers who were studied amounted in 12% each. The next chart mentions information about the company size categorized by employee number.

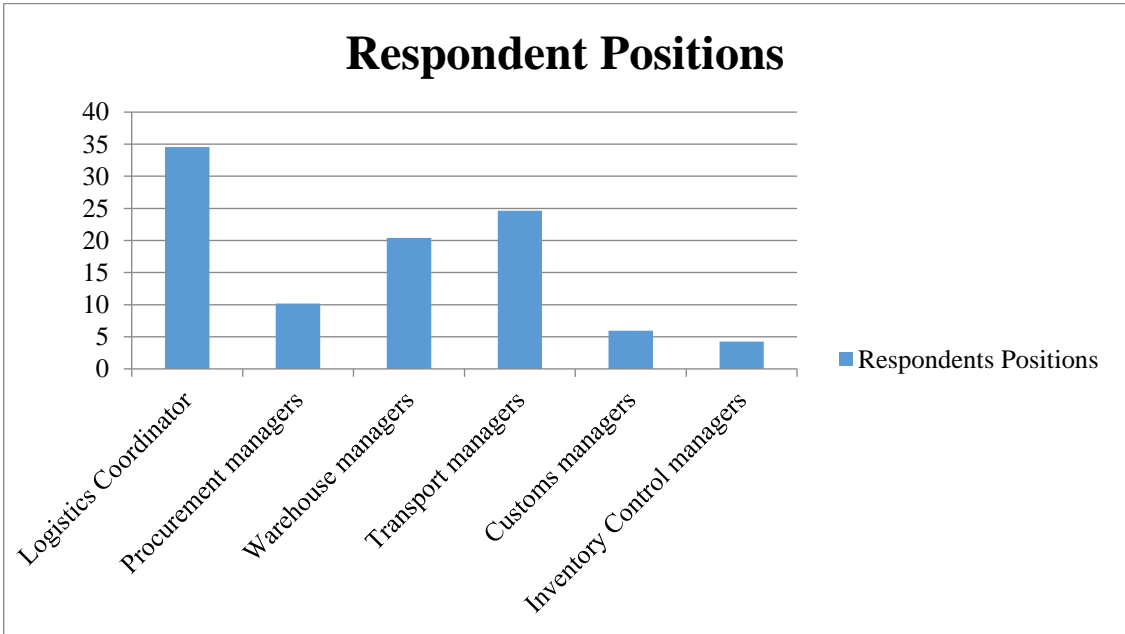
Number of Employees



According to the above illustration (*Figure 4.3*) 64% of manufacturers have employees between 150-300, mostly in plastic pipes and fittings, ceramic tile and stone, and gypsum, cement and sand processing companies. Heating, ventilation and air-conditioning, aluminum and plastic profiles, and gypsum boards manufacturers have over 300 employees with the proportion of 19%, because of production capacity and wider market coverage. 17% of manufacturers in this study were accounted as having less than 150 employees.

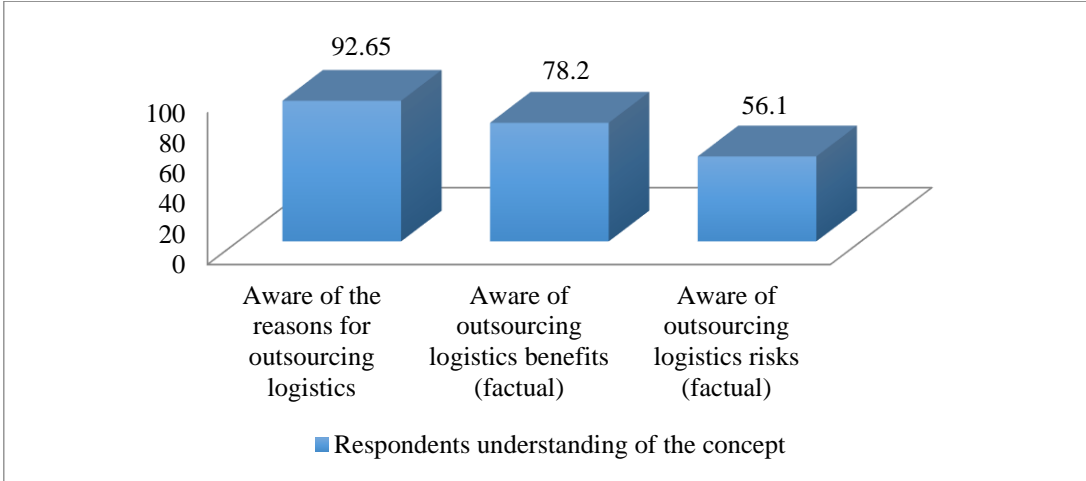


Most companies (67%) outsourced their logistics functions due to several reasons (reasons presented in below paragraphs). 21% of companies that were included in the study did not have any experience of outsourcing logistics, they have been using in-house logistics since their establishment due to some risks (risks presented in further paragraphs). However, 12% of companies had an experience of outsourcing logistics, but for some reasons they in-sourced these functions again. The bar chart below represents the positions of respondents of the study in companies.



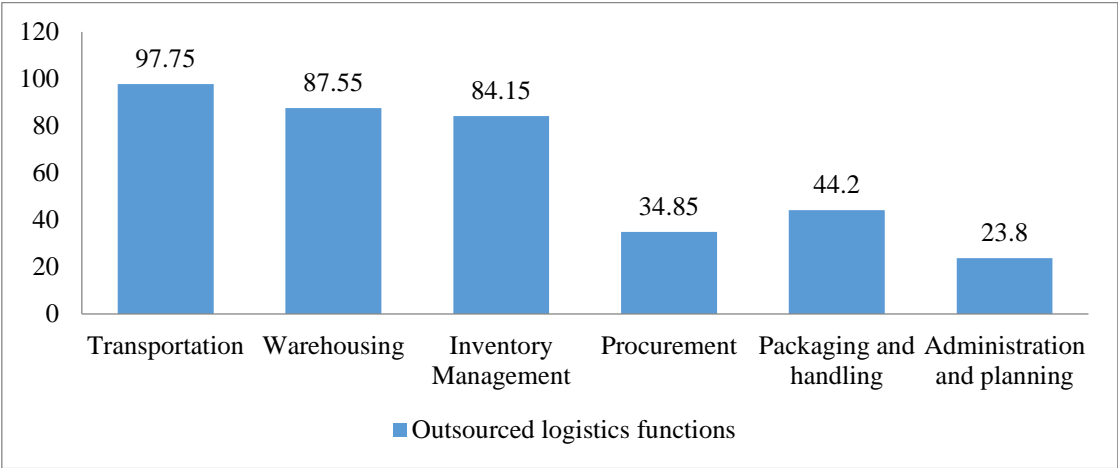
The study concluded the figure above for the participants who contributed to the research, and they were mainly logistics coordinators (34.55%), transport managers (24.65%), and warehouse managers (20.4%). Inventory control managers (4.25%) and customs managers (5.95%) were the responded figures in the overall survey. Procurement managers, those who showed interest to take part in the study accounted for 10.2%. The data collected from them was reliable and valid as they have academic and practical knowledge in logistics and supply chain.

The degree of understanding the concept in a national and global context



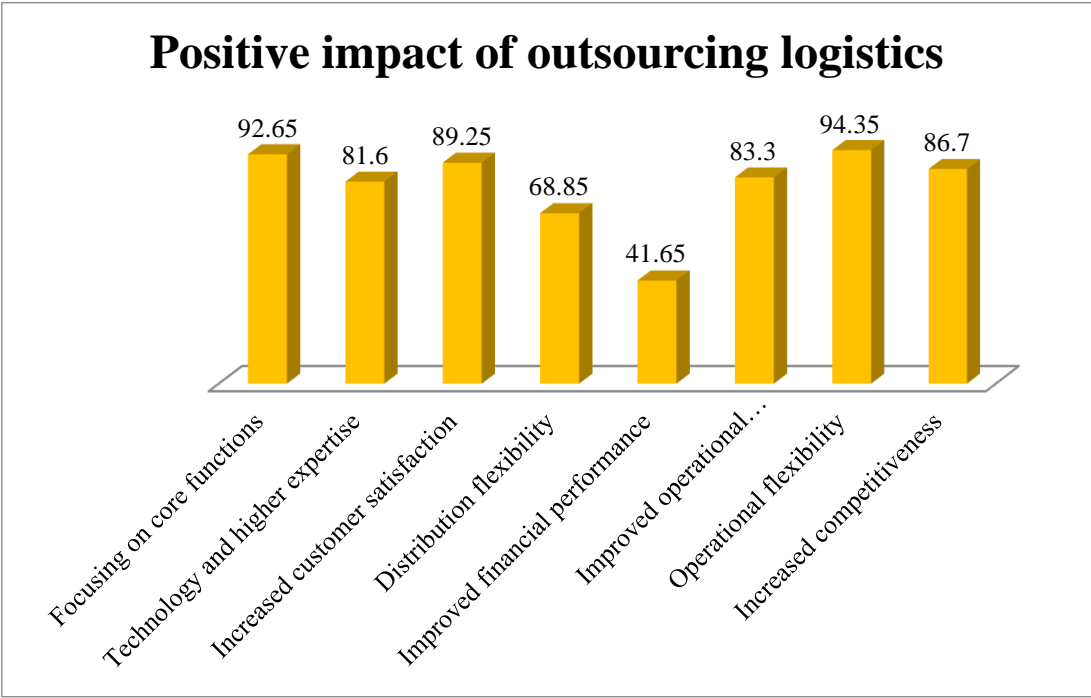
Respondents were also examined whether they are competent to share their views on logistics and express ideas on a national and global context. This was tested in order to make sure that the data collected is reliable and valid. Almost all respondents (92.65%) claimed that they are aware of the reasons why many companies outsource their logistics, and what factors influence to make decisions for it. Respondents who approached to the questionnaire academically as well tried to show their conceptual and global understanding the benefits of outsourcing logistics functions and relatively high proportion of 78.2%. On the other hand, those respondents, whose companies in-sourced logistics or use in-house logistics defined more practical risks of outsourcing logistics, and overall awareness of 117 respondents about the limitations of the concept amounted to 56.1%.

Impact of outsourcing logistics on organizations

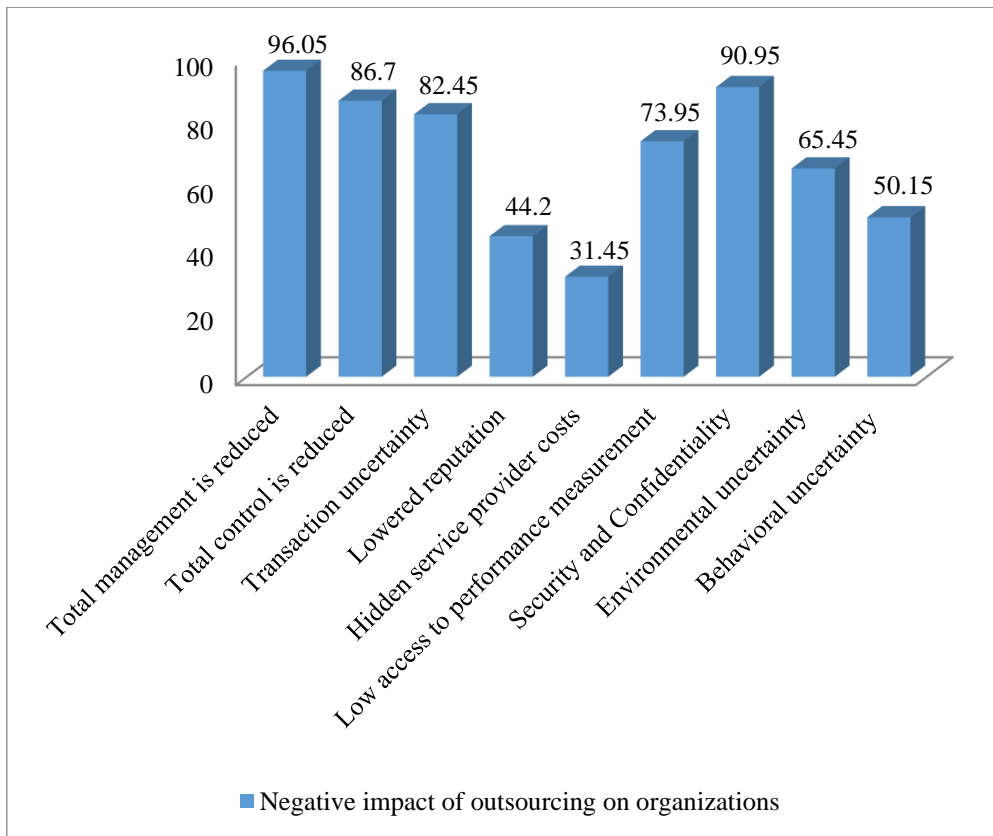


According to the above bar chart, companies participated in this survey do not outsource all logistics functions, but practice partial outsourcing. The survey resulted that transportation services (97.75%), warehousing functions (87.55%) and inventory management (84.15%) are the most outsourced logistics functions among building materials and construction products processing companies. Procurement services are usually in-housed, however, companies (34.85%) with

employees less than 150 (19%) and less than 300 (15.85% out of 64%), mentioned that they also outsource procurement for financial and experience purposes. Furthermore, packaging and handling services are outsourced by 52 companies (44.2%), in comparison to administration and planning functions of logistics which is twice less that packaging and handling with the proportion of 23.8%. The below two histograms represent the impact of outsourcing logistics on performance of companies that were participated in this survey. The results are shown in percentages and factors that are influenced by the strategy implementation.

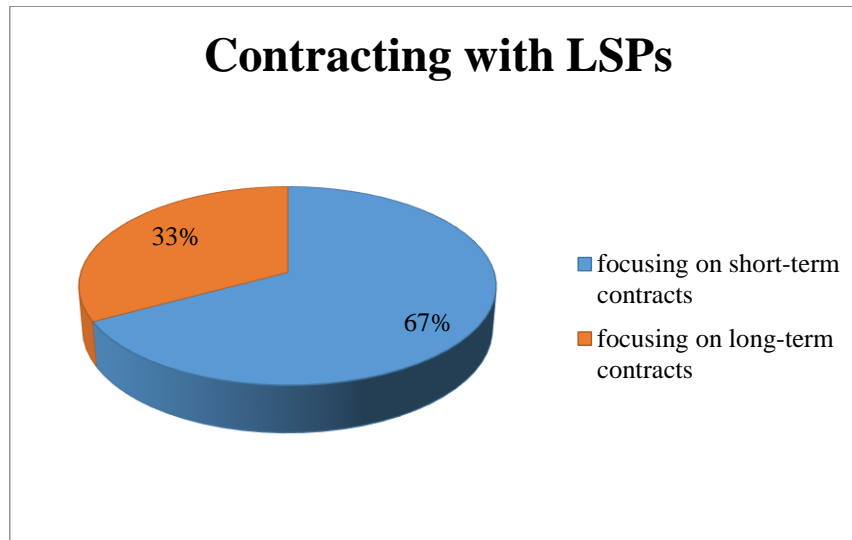


The figure above mentions elements companies both outsourced logistics and in-housed claim that when logistics is not the core product of the enterprise, it consumes the organization’s energy and time which could be fully concentrated on core functions. 92.65% of respondents in this study strongly agreed that outsourcing logistics to LSPs lets them to concentrate more on core business functions of their enterprises. 94.35% of respondents also mentioned that operational flexibility is highly gained when logistics is outsourced, and 68.85% of them reported that distribution flexibility is accessed when the function is outsourced, as it reduces the structural operational performance, and limited distribution channels due to limited logistics resources. 81.6% of answers mentioned that the access to advanced technologies of logistics creates opportunities to further cut costs and brings higher service quality; thus, increased customer satisfaction is provided (stated by 89.25% of respondents). In addition to flexibility, respondent (94.35%) answers support that overall operational performance is bettered, however, very few (41.65%) mentioned strong concentration of improved financial operations, because their main aim is to gain increased competitive advantage (86.7%) through quality, time and customer satisfaction. However, survey on limitations of outsourcing logistics was also included in the process, and shows results mentioned in below histogram.



According to the figure above, the most concentrated and practiced limitations by respondents in logistics outsources are - the reduced degree of total management over logistics operations (96.05% of respondents); and security and confidentiality of operations, information and strategies become accessible to LSPs and could be shared unintentionally/intentionally with rival companies (90.95% of respondents). Thus, the further answers were represent that due to management is partially lost, controlling and monitoring also becomes challenge to be run appropriately for further forecasting of operations (86.7% of respondents); and transaction uncertainty (82.45% of respondents) increases as control and monitoring degree reduces. Also, respondents (73.95% of them) are doubtful whether they have more access to measure performance of LSPs as the transaction uncertainty is the evidence to create barriers for measurements. 65.45% of respondents mentioned the influence of environmental uncertainty increases hidden service costs (31.45% of respondents); and 50.15% of them claim that contract-based logistics are not always promising due to behavioral uncertainty of LSPs. During the survey, additional questions were asked in the form of interview and results show that most LSPs are unpredictable if a company wants to sign contract for longer-term. Only 44.2% of the respondents agreed that reputation of their companies may be slightly damaged in relation with customer perceptions. The next analysis illustrates respondents' approach towards LSPs when coming to an agreement of partnering.

Contracting period with LSPs



The results shown in the figure above made it obvious during the survey that 67% of respondents prefer short-term contracts with LSPs because of maintaining the access to performance measurement and quality control of service providers. One of the respondents mentioned that this approach challenges not only service users, but also service providers to compete with each other and offer better outsourcing solutions and access to participate in planning, administration, management and control of operations. However, 33% of them prefer making long-term contracts in order to overcome extra time, negotiation, seeking for new supplier and contracting costs every time. Most of them also added that long-term contracts helps building better relationship with service providers and access more to insight of operations.

This part of the study portrayed the full analysis of collected data from the survey. In the beginning of this chapter, respondent profiles were described, illustrating the age of the enterprises, types of manufacturers (what products they produce), number of employees, sources of logistics functions (whether in-sourced, outsourced or in-housed), and the respondents positions to maintain the higher degree of validity and reliability of answers and data analysis. Thus, the respondents' awareness of the outsourcing logistics benefits, risks, and reasons were examined to be sure that participants are the right people to conduct survey on. The further two sections are also crucially important as they illustrate the degree of impact of outsourcing logistics on companies' performance analyzed by the responses of participants. The impact is both defined from positive and negative sides, included in survey questionnaire. Lastly, respondents agree with outsourcing logistics, but are not highly competent to understand all aspects of it. The results summarize that logistics outsourcing benefits outweigh the limitations and risks in Uzbekistan for companies attended the survey.

Summary

The two problems mainly focused were the challenges in becoming more aware of outsourcing logistics trends and concepts globally, rather than focusing on national context of the concept. The second problem was the increasing number of foreign entrants to the industry with higher competitive power in cost, time and place measures that already use outsourcing logistics and are aware of the

contemporary approaches to sustain outsourcing for long-term. Therefore, the purpose of the study is to allow local manufacturers to revise the concept academically, build their knowledge in global context to increase their operations performance and focus more on core products, and sustain high competitiveness among foreign manufacturers that are planning to enter Uzbek market / have already entered the Uzbek market. The research objectives and questions match the problem and they played important role to build this study and research methodology.

To generalize, outsourcing logistics functions are timely to consider for manufacturers who want to achieve the desired outcomes. It allows companies to focus on core production, and to sustain competitiveness if the concept is considered globally and used locally. Uzbekistan is highly emerging market, and is welcoming foreign investments to its market. Thus, the local manufacturers should get ready for new challenges and higher degree of competition in building materials and construction products industry. Responses of the study primarily showed that focusing on core functions and operational flexibility are in the nature of upper considerations; however, other studies made by different authors for different markets mention different outcomes. Consequently, any concept that is being analyzed in global and national contexts should be carefully studied in order to match current and future requirements of markets.

This study presents different aspects of outsourcing logistics and measurements that should be concentrated precisely. Participants in this study were selected carefully in order to maintain validity and reliability of the gathered data. Although, their views and responses are valuable, the perspective is more local than international. That is the reason of the literature review to take part in the global context. Limitations of outsourcing logistics can be managed properly if contracting sides meet their interests and requirements successfully. This leads to strategic approach over the concept, not structured as most companies perceive.

Limitations of the study

Few limitations should be considered of this study in order to let future researchers to be aware of challenges faced during collecting data. One of the challenges were gathering data through sending e-mails to participants that (most of them) cannot be reached physically as they live in different parts of the country. This was the reason that only 117 respondents were administered out of 221. The responses reached 117 because of various methods of gaining data. Telephone calls were also made in order to increase the response rate. It is recommended to investigate research within the regions where the researcher can physically attend the survey process (if applicable to the research context). Moreover, it is also recommended to analyze the data through various statistical methods to in order to get more reliable and valid data. Future researchers should not only concentrate on manufacturers in the specific industry, but can focus on several industries, because the logistics outsourcing is not about the specific production, but can be applied to different organizations with differing products.

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POTENTIAL OF SOME INTELLECTUAL PROPERTY MECHANISM FOR TOURISM DEVELOPMENT IN UZBEKISTAN

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Abstract

This paper examines the tremendous potential offered by intellectual property law system to facilitate development of tourism in the Republic of Uzbekistan; account of some of the reasons why it is undervalued and underused; analysis of some proposed solutions, and key trends for reform and development of IP system for tourism. The major types of intellectual property reviewed are: trademarks, copyright, geographical indications, and collective marks. The potential of IP system for developing tourism will be illustrated by description of a specific intellectual property object protection-trademark. A specific analysis of trademark licensing forms: franchising and merchandising, including their advantages for tourism sector will be conducted. The paper will additionally study some of opportunities that the use of IP in tourism offers for protection of economic rights of local people in remote and at times underprivileged regions and enhancing economic growth of the regions where these local people live. Literature review on the same issues in other countries will be conducted; examination of current status of legal protection of IP rights in tourism sector of Republic of Uzbekistan will be along with comparative analysis of some case studies of other countries will be undertaken, statistical analysis of governmental statistics on IP rights of RofUz will be undertaken; the paper will be based on a combination of deductive and inductive approach aiming to provide recommendations specific and appropriate to Uzbekistan drawing from international experience, best practices and lessons learnt.

Key Words: *Tourism, intellectual property law, trademarks, copyright*

The Republic of Uzbekistan is a developing country with a tremendous tourism potential which can be boosted by strengthening intellectual property mechanisms. Uzbekistan belongs to Turkic countries, its location, history associated with the Great Silk Road, are factors which makes its tourism development important for development of Turkic tourism.

It is accepted, that tourism has become one of the major industries in international commerce, and can represent one of the main sources of income for a developing country such as Uzbekistan¹¹. In today's highly competitive globalized world, tourism is increasingly characterized by tailor-made demand for differentiated products and services which display added value. Tourism stakeholders can play a key role in providing high-quality products and services to tourists by responding to their most specific interests and needs. In so doing, they can strongly benefit from the strategic use of the IP system¹².

¹¹ See, for example, Intellectual Property, Tourism and Culture: Supporting Development Objectives and Promoting Cultural Heritage in Egypt and other Developing Countries, CDIP/15/7 REV. ORIGINAL: ENGLISH DATE: APRIL 22, 2015 pdf

¹² Intellectual Property, Tourism and Culture: Supporting Development Objectives and Promoting Cultural Heritage in Egypt and other Developing Countries, CDIP/15/7 REV. ORIGINAL: ENGLISH DATE: APRIL 22, 2015 pdf

At first, it needs to be examined what kind of potential is there; then to which extent it is exploited. Foremost, it is necessary to establish what intellectual property is. The Convention Establishing the World Intellectual Property Organization (WIPO), concluded in Stockholm on July 14, 1967 (Article 2(viii)) provides that “intellectual property shall include rights relating to: - literary, artistic and scientific works, - performances of performing artists, phonograms and broadcasts, - inventions in all fields of human endeavor, - scientific discoveries, - industrial designs, - trademarks, service marks and commercial names and designations, - protection against unfair competition, and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.” In fact, currently, the laws of Republic of Uzbekistan define copyright, industrial designs, trademarks and services marks, geographical indications, appellations of origins, utility models, patents, topologies of integrated circuits, trade secrets, plant varieties, unfair competition, domain names, databases, computer programs, selection achievements, etc.; and provide norms on their protection¹³. This paper will only account mainly for trademarks as there are limitations on the scope of the research to make it viable.

- Trademarks

“A trademark is a distinctive sign that identifies certain goods or services produced or provided by an individual or a company.”¹⁴

Trademarks are a widely known subject of intellectual property law protection use to identify producer, manufacturer; or a source of a product. While historically either verbal in nature or in the form a sign, with time, the international conventions, domestic legislation and courts have gone at all length, and given the status of a trademark even to 2 colors for a pill, shape of a bottle, smell, music in case of a pill. Clearly, the current trend from the late 1990s is to showing flexibility and the underlying test, is whether the sign having a consistency is capable of identifying the products. Hence, it has been observed that functions of a trademark include: being distinctive of the goods or services of one undertaking; indication of quality; protection of business reputation; help expansion and maintenance of market share. These functions correspond to traditional model of branding, basically ‘trademarks decrease search costs, meaning that a trademark offers consumers evidence of consistent quality, whether high, low, or indifferent’¹⁵.

Certainly, modern trademarks go much further than this by carrying out also a psychological function, building emotional ties with consumers, appealing to their emotional state, and therefore becoming an object of consumption on their own. Hence, in case of famous marks, the protection is granted to them against not only likelihood of confusion, but also likelihood of association.

¹³ For full list of RofUz laws on intellectual property, please consult <http://www.wipo.int/wipolex/en/profile.jsp?code=UZ>, last accessed June 2018; <https://www.norma.uz/> last accessed June 2018; <http://www.lex.uz>, last accessed June 2018.

Main source of the given information is “What is Intellectual Property” WIPO. Publication Number 450 (E) ISBN 92-805-1155-4 the WIPO website www.wipo.int and section on Trade Secrets “Secrets of Intellectual Property, A Guide for Small and Medium-Sized Exporters” published by the International Trade Centre and the World Intellectual Property Organization, Geneva 2004.

¹⁴ http://www.wipo.int/edocs/pubdocs/en/intproperty/450/wipo_pub_450.pdf, page 8

¹⁵ Rebecca Tushnet, *Gone in 60 Milliseconds: Trademark Law and Cognitive Science*, page 1, [https://www.law.berkeley.edu/files/Tushnet\(1\).doc](https://www.law.berkeley.edu/files/Tushnet(1).doc), last accessed, September 8, 2018

Notably, the laws of Republic of Uzbekistan¹⁶ envisages the protection of collective marks.”Collective marks are usually defined as signs which distinguish the geographical origin, material, mode of manufacture or other common characteristics of goods or services of different enterprises using the collective mark. The owner may be either an association of which those enterprises are members or any other entity, including a public institution or a cooperative.”¹⁷

The owner of the collective marks in general takes care to ensure compliance with the requirements of the quality and standards associated with the mark. The definition of collective trademark can overlap with the definition of certification marks. **Certification marks** are usually given for compliance with defined standards, but are not confined to any membership of an organization. They may be used by anyone who can certify that the products involved meet certain established standards.¹⁸ The domestic legislation mentions certification marks in the article 10 of the Law of Republic of Uzbekistan on Trademark and Service Marks.¹⁹ This is an object that is not allowed for registration. However, the lack of a clear distinction between definition for certification marks and collective marks in the law and may prevent mark owners from obtaining protection for marks certifying quality in Uzbekistan.

Specifically, the law of RofUz also provides for protection of geographical indications “A geographical indication is a sign used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that origin.”²⁰

An appellation of origin is a special kind of geographical indication. The approach to the appellation of origin is somewhat stricter, as the quality or characteristics of a product protected as an appellation of origin must result exclusively or essentially from its geographical origin.²¹

It needs to be mentioned that branding is a great tool to develop business and enhance prosperity of local people in rural and remote areas. Notorious trademark examples, which may be equally applicable in a local version in Uzbekistan, are the trademark of St. Morriz, Switzerland, Tri-valley California trademark; collective mark Logis de France; geographical indications: Champagne, Bordeaux; certification mark: Fairtrade.²² Local examples may potentially include Samarkand Noni, Qashkadarya tandir meat, Fargona adras, etc. Regrettably, with a few exceptions, local producers do not explore the full registration opportunities available.

Altogether after independence more than 33927 trademarks were registered²³. The numbers of geographical origins together with the appellations of origins are as well as collective marks statistics are extremely low²⁴.

¹⁶ <http://lex.uz/acts/6936> The law of RofUz on trademarks, service marks, geographical indications and appellations of origin of 2001

¹⁷ http://www.wipo.int/sme/en/ip_business/collective_marks/collective_marks.htm, last accessed, September 8, 2018

¹⁸ http://www.wipo.int/sme/en/ip_business/collective_marks/certification_marks.htm, last accessed, September 8, 2018

¹⁹ Law of Republic of Uzbekistan on Trade Marks and Service Marks.

²⁰ http://www.wipo.int/geo_indications/en/faq_geographicalindications.html

²¹ http://www.wipo.int/geo_indications/en/faq_geographicalindications.html

²² Role of Intellectual Property in Enhancing the Competitiveness of the Tourism Industry Tamara Nanayakkara, Counsellor, Small and Medium-sized Enterprises Division World Intellectual Property Organization

²³ The statistics of the Bureau of Intellectual property of Republic of Uzbekistan, <http://ima.uz/ru/services/statisticheskije-i-analiticheskije-dannye/>, last accessed July 28, 2018

²⁴ Official statistics is being awaited.

What are the reasons for underperformance in this regard? These reasons are various and their nature is related to:

- Politics and Policies;
- Economic factors;
- Social factors;
- Legal culture-proactivism;
- Environmental reasons.

Firstly, there have been serious drawbacks in the policy on intellectual property and economic policy. As law and economics is a natural marriage, without creation of adequate preconditions for sustainable development of local manufacture, and more specifically to the topic of the paper, tourism sector, it is dubious that intellectual property will flourish.

As for the policy change, one can observe a very positive statistical change since 2017, after, with the increase in the trademark registration by 75% in comparison with 2012. There seems to be a positive impact of recent tourism-favorable rules adopted: including relaxed visa regime, tourist police, and other similar measures. Over 120 tourist agencies have registered trademarks since 2017. However these recent changes have not had a great impact on increase in registration of collective marks, geographical indications and appellations of origin, in fact, according to the current statistics it is untrackable.

Secondly, the author submits there is lack of in-depth knowledge about possibilities that intellectual property protections and, in particular, collective marks, appellations of origin, geographical indications, can offer and lack of active position in branding on the part of the potential trademark registrants. The latter relates to inadequate level of legal culture in terms of knowledge of the legal opportunities and not taking active position in ensuring rights, as it is known that the third level of legal culture is to take active position in life.²⁵

There are some possible solutions for the remaining problems.

Training in depth about possibilities offered by registration of collective marks, geographical indications and appellations of origin.

Government –initiated and imposed systems to start with. An example of such measure is a trademark for export UzTrade for export of vegetables by UzTrade. A more notorious example is Welcome to Uzbekistan brand for marking exported produce.

Encouragement of professional unions with a view to create collective marks

Direct work with local people in order to explain them the economic and cultural benefits that are related to having geographical indications and appellations of origin with a view to develop remote areas.

It is submitted that the proposed steps would help to encourage the use of brands, collective marks, certification marks. If Uzbekistan wishes to occupy a place it deserves in tourism market, the matters raised in this article must be attended to very urgently and as experience of other countries shows, it will yield very good results.

²⁵ Юридическая деонтология. Учебник, Ф. Скаун, Н.И. Овчаренко. - Х., 1998



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