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Message

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Dr. P. S. Bhadouria

CAUSAL RELATIONSHIP BETWEEN TRADE BALANCE AND STOCK RETURNS: EVIDENCE FROM INDIA

Dr. Tripti Tripathi[1], Prof. Umesh Holani[2]

ABSTRACT

This study investigates the casual relationship between the stock prices and trade balance for the period of thirteen years, ranging from 1999-2012. Quarterly data have been collected from 37 companies consistently listed in BSE-100. In order to analyse this relationship variances were estimated and analysed using ADF criterion. Furthermore, bilateral causality was checked using econometrics modeling, where No Granger Causality relationships were established. In the analysis, it was found that a strong bilateral causal relationship existed between the variables of the study, which was in congruence with the literature.

INTRODUCTION

Trade balance

Balance of trade is the largest component of a country's balance of payments. Debit items include imports, foreign aid, domestic spending abroad and domestic investments abroad. Credit items include exports, foreign spending in the domestic economy and foreign investments in the domestic economy. A country has a trade deficit if it imports more than it exports; the opposite scenario is a trade surplus. The difference between a country's imports and its exports. A positive balance is known as a **trade surplus** if it consists of exporting more than is imported; a negative balance is referred to as a **trade deficit** or, informally, a trade gap. The balance of trade is sometimes divided into a goods and a services balance.

The balance of trade forms part of the current account, which includes other transactions such as income from the international investment position as well as international aid. If the current account is in surplus, the country's net international asset position increases correspondingly. Equally, a deficit decreases the net international asset position.

The trade balance is identical to the difference between a country's output and its domestic demand (the difference between what goods a country produces and how many goods it buys from abroad; this does not include money re-spent on foreign stock, nor does it factor in the concept of importing goods to produce for the domestic market).

Measuring the balance of trade can be problematic because of problems with recording and collecting data. The discrepancy is widely believed to be explained by transactions intended to launder money or evade taxes, smuggling and other visibility problems. However, especially for developed countries, accuracy is likely.

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Factors that can affect the balance of trade include:

- The cost of production (land, labor, capital, taxes, incentives, etc.) in the exporting economy *vis-à-vis* those in the importing economy;
- The cost and availability of raw materials, intermediate goods and other inputs;
- Exchange rate movements;
- Multilateral, bilateral and unilateral taxes or restrictions on trade;
- Non-tariff barriers such as environmental, health or safety standards;
- The availability of adequate foreign exchange with which to pay for imports; and
- Prices of goods manufactured at home (influenced by the responsiveness of supply)

In addition, the trade balance is likely to differ across the business cycle. In export-led growth (such as oil and early industrial goods), the balance of trade will improve during an economic expansion. However, with domestic demand led growth (as in the United States and Australia) the trade balance will worsen at the same stage in the business cycle.

Stock Market

The movement of stock indices is highly sensitive to the changes in the fundamentals of the economy and to the changes in the expectations about the future prospects. Expectations are influenced by macro fundamentals which may be formed either rationally or adaptively on economic fundamentals.

Indian Capital Market has undergone tremendous change since 1991, when the government has adopted liberlisation and globalization more seriously then ever before. As a result there can be little doubt on the growing importance of the stock market from the point of view of aggregate economy. It has been observed that Indian Capital has been evalued as a major source of raising resources for Indian corporates.

Indian market has drawn the attention of global investors and the dominance of foreign institutional investors has been quite pervasive in the 1990. The growth of output in any economy depends on the increase in the proportion of savings and investments to a nations output of goods and services. The financial markets help in the diversion of rising current income into savings/ investments. Indian financial markets have evolved significantly over several hundred years and are undergoing changes and innovations to improve liquidity. The Capital market and the Money market are both growing rapidly in their own way. The most famous capital market of India, Bombay Stock Exchange is growing sharply.

During the last three decades there have been many studies on their relationship. However there is an acute need to apply more rigorous non linear techniques as stock price movement is better captured in stock in these methods. Also there are clearly identified direct beneficiaries of their knowledge. If academicians and practitioners know the precise macro variables that influences the stock prices and also the nature of relationship then understanding and predicting stock market behavior would be much simpler with the help of these economic variables. Using this knowledge the policy makers may try to influence the stock market or the investors, managers may make appropriate investment or managerial decision.

Review of Literature

Empirically, Atje and Jovanovic (1993) found strong evidence to support the view that stock market development leads to economic growth. Using data from 1976 to 1993 on 41 countries including both developed and developing. Similarly Clare and Thomas (1994) investigated the effect of 18 macroeconomic factors on stock returns in the UK. They found oil prices, retail price index, bank lending and corporate default risk to be important risk factors for the UK stock returns.

Korean Stock market reactions was also analysed by Chung and Shin (1999) examined the role of macroeconomic variables in estimating Korean stock prices. Stock indices seem to be co-integrated with the combination of the four macroeconomic variables namely, trade balance, foreign exchange rate, industrial production and money supply.

Korean stock market reacts in a different way than US and Japan stock markets to the change in the economic fundamentals . This was founded by Kwon(1999). Economic history of India and Korea has been similar in few aspects in past 20n years. Both the economies opened the gates for foreign investments in 1991 and since than both the economies have seen substantial growth of stock market as well as their economy. His study found that stock market are not the leading indicators for macroeconomic fundamentals and stock market in US and other developed economies were more efficient than Korean stock market. Two indices were used in the research namely KOSPI and SMLS. This was the first time when cointegration techniques were used to find the relationship between stock growth and macro economic variables in Korea. Unit root hypothesis used Augmented Dickery Fuller Test. VECM and Granger casuality were employed to find the casual relationship, cointegration and VECM proved that there exist cointegration between stock prices and macro economic variables. Production index, trade balance, exchange rate and money supply. There are few differences between Indian economy and Korean economy that need to be considered while selecting variables for Indian economy like trade balance is not very important factor when it comes to Indian economy because Indian economy unlike Korean is not export oriented economy. This study proves the existence of long run relationship and co integration between the economic variables and stock prices. This is very basic and fundamental study but it gives very useful results which are in accordance with the theoretical aspects of Korean Economy. This proves that Korean stock market is very different from other stock market of advanced economies which are more sensitive to change in inflation and interest rates.

There have been several studies on this in Indian context Rao &Rajeswari (2000) try to explore the role being played by a good number of macro economic variables in influencing the stock market when reduced into a manageable number of economic factors. They test the risk-return relationship for individual scrip for the 1995-2000 period using the traditional CAPM, three-factor macro economic factor model and the five-factor APT.

Similarly Karamustafa O and Kucukkale Y (2003) investigated whether current economic activities in Turkey have explanatory power over stock returns, or not. They considered monthly data of stock price indexes of Istanbul Stock Exchange and a set of macroeconomic variables, including money supply, exchange rate of US Dollar, trade balance, and the industrial production index. Engel-Granger and JohansenJuseliuscointegration tests and Granger Causality test were used in the study to explain the long-run relations among variables questioned. Obtained results illustrate that stock return is co-integrated with a set of macroeconomic variables by providing a direct long-run equilibrium relation. However, the macroeconomic variables are not the leading indicators for the stock returns, because any causal relation from macroeconomic variables to the stock returns cannot be determined in sample period. In contrast, stock return is the leading indicator for the macroeconomic performance for the Turkish case.

Penelope Pacheco-Lopez and A.P. Thirlwall (2004) identified that in the aftermath of liberalization, on the balance of trade on the Hypothesis that if the trade balance improved this helped to relax a balance of payments constraint on growth the majority of countries did grow faster, but at the expense of a deteriorating trade balance. Testing formally for the impact of trade liberalization in a full model of trade balance determination, they found that only in Chile and Venezuela has the trade-off unequivocally improved. In other countries there has been a significant deterioration or no change. Nine out of the seventeen countries have grown faster post-liberalization than pre-liberalization but, except for Chile and Venezuela, at the expense of a wider trade or current account deficit. In the same way HongQiao (2005) explained Trade balances have the elasticity's models in mind, which are based on economies from the past. Trade balance is long-run exchange rate devaluation on the trade balance if accompanied by reduction in the money stock and/or an increase in income. Trade balance improves the Country's domestic currency. Trade balances do play a role in determining the short-and-long equilibrium behavior of the Colombian.

Similarly Gay (2008) employed Augmented Dickey-Fuller (ADF) test on the original time-series data sets of exchange rate and oil price for Brazil, Russia, India, and China (BRIC) using to examine the monthly data of stock market indices, between 1999 and 2006. Although no significant relationship was found between exchange rate and oil price on the stock market index prices of either Brazil, Russia, India, and China (BRIC) country, present and past stock market returns may be due to the influence of other domestic and international macroeconomic factors (inflation, dividend, interest rates trade balance, rates of structure) on stock market returns, suggesting the markets of Brazil, Russia, India, and China the weak-form of market efficiency.

Ray Sarbapriya (2012) explored Trade balance is not soresponsive to depreciation, then the exchange rate need to overshoot to have a largeenough compression on aggregate expenditure. trade balance is affected by exchange rates, FDI andhousehold consumption and foreign incomes etc. balance of trade and boosts theeconomics activity and development which includes tariff structure, exchange rates, import control,export taxation, foreign exchange allocation system. Balance of trade, real effective exchange rate,domestic consumption, foreign direct investment and foreign income found to be integrated of order.

OBJECTIVE

- To check the stationarity of the data.
- To check the bilateral causality between stock returns and trade balance.
- To open new vistas for further research.

HYPOTHESIS

Ho_1- The data contains unit root.

Ho_2- There is no significant impact of trade balance on capital market movements.

METHODOLOGY

The research study is descriptive and causal in nature as it is focused on finding out the impact of trade balance on capital market. For the purpose of statistical analysis the companies which are consistently listed in BSE-100 for the period 1999-2012 has been taken as population of the study. It was found that 37 companies were consistently listed, which acted as the sample of the study. The sample frame has been of thirteen years with quarterly data. Furthermore, individual company was the sampling element, whichwas chosen by purposive sampling technique. Data was collected from secondary sources, reliable websites of BSE and RBI. The descriptive statistics was computed to know the standard error and mean of the variables.

The assumption of analyzing the time series data using econometric modeling, is that, the variances in the data should be constant, therefore, this was checked using ADF criterion in Eviews 5 software. Furthermore, bilateral causality was checked using No Grange Causality analysis.

RESULTS AND DISCUSSIONS

Unit Root Test

Broadly speaking, a time series data is said to be stationery if its mean and variances are constant over time and the value of covariance between two time periods depends only on the distance or lag between two time periods and not on the actual time at which the covariance is computed. The correlation between the series and its lagged values are assumed to depend only on the length of the lag and not when the series started. This property is known as stationarity and any series obeying this is called stationary time series.

A unit root test have been applied to test whether a series is stationery or not. Stationarity conditions has been tested using Augmented Dickey Fuller test (ADF).

Table 1: Augmented Dickey Fuller Test

Staionarity	Macro Economic Factor	Exogenous Variable	t	Pro bab ility	Durbin Watson	Akaike	Schwarz
Log I Difference	Trade bal	Trend & Intercept	-18.1712	0	1.9434	17.787	17.98192

The results of ADF test imply that, being P value less than 5% level of significance, Ho_1 is rejected. This can be explained that data does not have unit root, therefore, the variances in the data are constant and hence, it is stationary in all the variables. Further, in order to check the bilateral causality, No Granger causality was applied.

Table 2: Granger Causality Test

Hypothesis	Direction of Causality	Log	F	P	Remark	Conclusion
Ho_2	DStock does not Granger cause Dtradebal	2	0.3014	0.741	Accepted	Trade bal has caused Stock returns
	Dtradebal does not Granger cause Dstock		3.6153	0.035	Rejected	

The results presented in the above table shows that trade balance has caused in stocks i.e responsible for stock volatility.

CONCLUSION

The study examined the relationship between Indian stock market and trade balance during the period of January 1999 to August 2012. The time series data set employed in this study comprises the quarterly observations of the BSE-100 and trade balance.

The study used Augmented Dickey Fuller Test to make the data stationary. The study also used Granger casuality test to determine the causal effect relationship between companies listed in BSE-100 and selected macro economic factors of the economy. Granger casuality test carried out in order to assess whether there is potential predictability power of one indicator over the other. Statistical inferences are drawn from the data by means of significance test and unidirectional causality is seen between them. Trade balance cause stock returns, whereas stock returns did not caused trade balance. The present study presented evidence that stock markets can also be determined by trade balance of the country, and hence if country's trade balance is negative, stock market cannot surge.

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FORMATION OF RESOURCE CONTROL MECHANISMS IN INDUSTRIAL SYSTEMS

Kurbanova Dildora Abdurakhmanovna[1]

ABSTRACT

This article considers the theoretical aspects of the control mechanism in industrial enterprises. Currently, global leading enterprises attempt to recycle or reuse materials in order to reduce the use of resources in the manufacturing process. However, effective management skills and proper organization of production can also speed up the resource-saving process. The article examines the importance of paying close attention to the control mechanism, as well as how management methods and tools affect the way to increase economic efficiency by resource conservation.

***Key words**: Resource, Resource Conservation, Resource Conservation Management, Control Mechanism, Economic Methods of Management, Economic Laws of Management.*

Introduction

In the process of globalization of the world economy, there is a clear tendency to seek to diminish the amount of resources in basic production, and now all producers in the world market are trying to the introduce recycling or reuse of resources. On the one hand, the desire to reduce the cost of production on the basis of savings can offer cheaper products to the market and gaining more market share than competitors, on the other hand, minimizing use of natural resources because of recycling or reusing materials may help to prevent environment by saving primary resources.

In addition, the lack of funds for modernization of the production process in a technological, scientific and design update of the products of local enterprises, the absence of system of constant monitoring of environmental changes, the outflow of qualified personnel to other industries and other significant issues lead to declining competitiveness. All of the above mentioned conditions requirebusiness and industry to mobilize internal reserves and identify prospective opportunities.

Enhancing recycling or reusing resources in the manufacturing is an economic solution for resource conservation. However, this is not the only one decision to take in order to achieve resource conservation. Currently, we are considering the optimal organization of the management process and the development of the most optimal sequence of actions as the appropriate decision, that can have a great positive impact on the organization of resource conservations in the activities of industrial systems.

The management system of industrial enterprises, in turn, includes a mechanism that depends on a number of factors that directly affect the efficiency of the enterprise.

In general, any mechanism can also be seen as a system that drives, informs, and allows for change. In relation to technical systems, a mechanism is a joint view of the parts of a system, the movement of which also moves other elements in the system.

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Review of theoretical literature.

Management is defined as an individual or group of individuals or an organization of an individual, i.e. any process that determines the behavior, i.e. the institutional impact, of another person, group or organization" (Tannenbaum A.S.1968)

The control mechanism system consists of tools and systems that help managers and managers to convince their subordinates that their decisions and behaviors are consistent with the organization's strategy and goals without giving them the opportunity to make decisions. (HamedArmesh et al. 2010)

Control mechanism is "the unit of means of influence used in management" and "the set of supports used in management" (Lafta J.,2004).

Hence, control mechanism as "a unit of motivation for personal work activity, which reflects management effectiveness and management capability, which reflects the assimilation of influence" (Korotkov E.M.,1997).

"Control mechanism is a tool of influence of the control system on the controlled object. In the management process, it performs two main functions: it provides the governing body with information about the status of the governing body and ensures the implementation of decisions made by the governing body" (Barlyukova A.V., 2010).

The friendly mechanism suggests the transition to a biodiversity policy will lead to greater coverage and implementation on a global scale. hoped to help launch a major transition. The "friendly mechanism" is a set of principles, policies and government principles that envisage radical equality, structural change and environmental justice (R. Fletcher and B. Buscher, 2020)

There were examined 105 types of environmental education based on resource conservations. Based on the observations, the results of the austerity are shown on local factors and cooperation, and it is stated that the main force is action (N.M. Ardoin et al, 2020)

Today, the definition of control mechanism as a generalization of principles, methods and interconnected processes that serve for the sustainable operation and targeted development of the enterprise is found in most of the scientific literature on management.

The control mechanism for an enterprise is a leading concept and it itself consists of leading components. These parts may have a complex appearance, or they may be displayed as a separate system or as a subsystem of any leading part. Therefore, the process of control mechanism should be considered as an important object of research as a solution of the resource conservation management.

From the above points, the resource conservationcontrol mechanism should be a subsystem like other subsystems of the overall management system of the enterprise. The most important of these is production management, and other subsystems operate under its leadership.

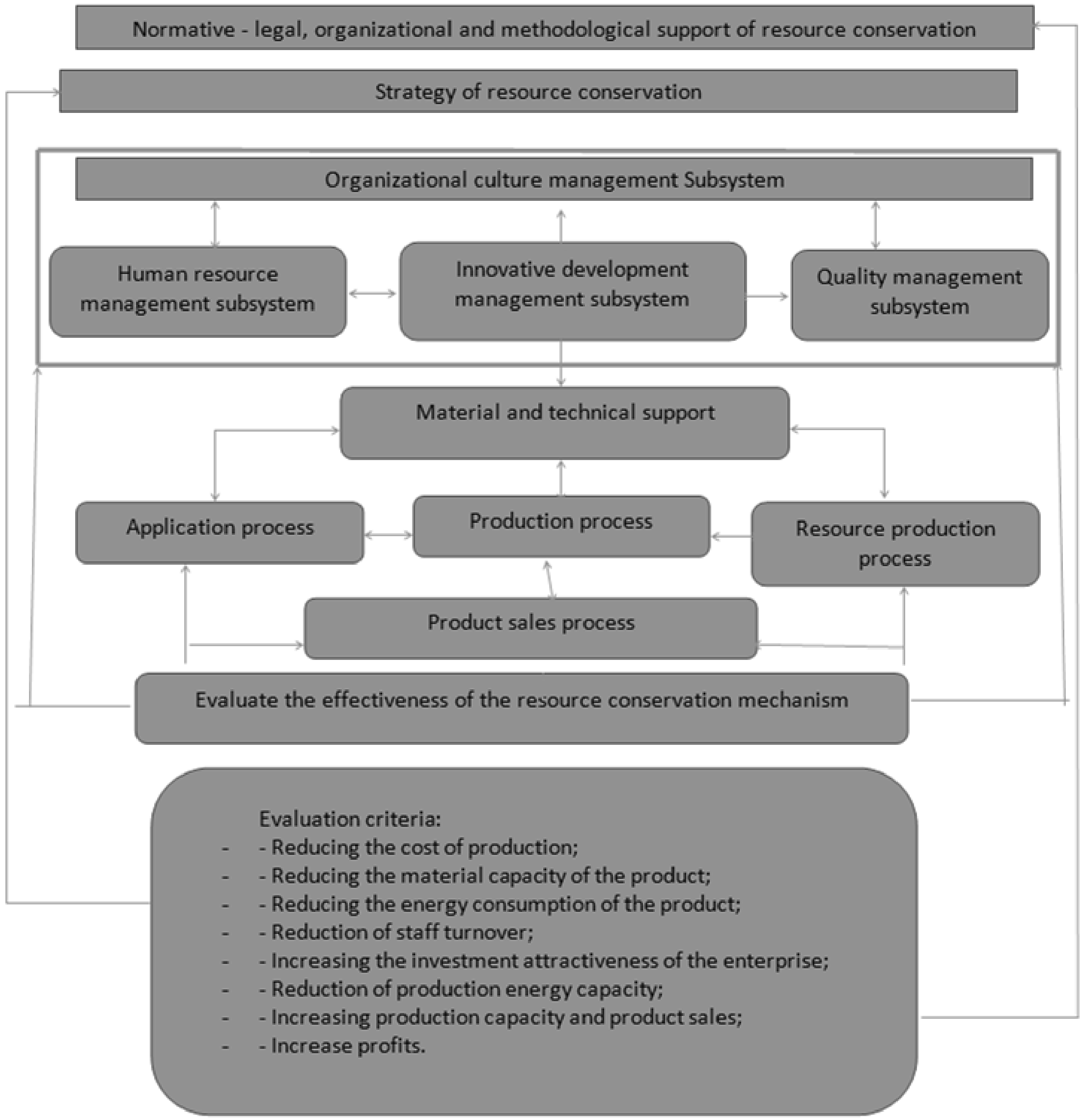

Figure #1. Resource conservation control mechanism in industrial systems.

Through the above definition of the resource conservationcontrol mechanism and on the basis of the general rules of formation of the control mechanism, the mechanism consisting of the following components is presented. (Figure 1.)

As can be seen from Figure 1, this mechanism works through the interaction of the following joints:

- It is reflected in the normative-legal, organizational and methodological guidelines that implement the objectives of resource conservation.
- Monitoring of resource conservations in the production process
- A strategy that determines the planned results of the resource conservation mechanism

- Organizational culture, personnel, innovative development and quality management subsystems
- Objects of management - production units and the business environment of the enterprise.
- The practice of integrated assessment of the implementation of resource-saving strategies in an industrial enterprise.

The effective functioning of the resource-saving control mechanism is determined by the availability of appropriate manuals and the availability of normative-legal, organizational, informational and methodological support of the process.

In our opinion, the component of the mechanism should have such a basis. The main role in this is determined by the methodological support to which the methods of management influence are applied. As part of the resource-saving process, the implementation of method data is a key component of management activities. Clearly, such methods can include organizational, economic, and socio-psychological methods. The role of organizational methods is characterized by organizational relationships that arise and develop in the process of economic activity. Such methods are popular with the authorities and are largely punitive in nature.

Organizational methods of management related to the process of resource conservation are carried out through organizational regulation and organizational standardization. The essence of organizational regulation is to establish rules that determine the content and order of all activities, as well as to be followed for all subordinates.

Such rules are set out in the relevant decision, standards, guidelines and other documents established in the enterprise.

Organizational regulation includes a large number of standards, which include:

- Quality - technical standards in the form of quality and specifications;
- Technological standards in the form of routes and technological maps;
- Operational and maintenance standards in the form of scheduled repairs;
- Labor standards in the form of discharges, tariff rates, bonus scales;
- Financial and credit standards in the form of the size of own working capital;
- Budget relations and profitability standards
- Standards for the use of materials, material and transport standards that determine the standards of loading and transportation of wagons.

The above standards are related to many aspects of resource conservation in relation to different resources, which are applied in the course of economic activity of the enterprise. However, it is necessary to define the standardization of information as a strategic resource, because in modern enterprises, with the installation of automated management systems, its volume is constantly increasing.

Economic methods of management are based on the material-mediated relations that arise in the production process and the need for material incentives for staff. These methods are based on the operation of economic laws and are known as “reward” methods (Kalenyuk A.A. 2004).

From the point of view of resource conservation, the main economic method of management is technical and economic planning, which is applied in the enterprise and includes all economic methods (Smetanin, 2004). Each division of the enterprise puts forward and current plans according to a specific list of indicators. Every member of the labor community must be concerned with ensuring that profits grow by reducing the cost of production. In this regard, there is a great need for a system of material incentives to reduce product costs and identify resource conservations.

In promoting resource conservations, it is important that the labor of the company's staff corresponds to the size of wages in terms of quantity and quality. Therefore, in order to achieve the goals of resource conservation, it is necessary to determine a set of indicators that confirm the effectiveness of the final results of all structural units of the enterprise.

Finally, the importance of cost-effective methods lies in the mobility of the work team in achieving the desired end results. Socio-psychological tips are used to increase the socio-economic activity of staff, any changes and strategic innovations in the enterprise are met with resistance by them. Such methods have the appearance of a motivational effect and are known as “persuasion” methods (Potapova, 2016). Therefore, it is necessary to actively use socio-psychological methods of management in the implementation of resource-saving strategies in the enterprise. Such methods lead to the system of interaction in the community and the social needs of its members working together. In particular, if social methods are used that focus on the interaction of people in the process of labor activity, psychological methods that affect a specific person can also be used.

It should be noted that the methodological support of the resource conservation process is relevant in the overall system with the effective functioning of the following subsystems: organizational culture, personnel management subsystem, innovation development management subsystem, quality management subsystem. Finally, all subsystems should be aimed at increasing the motivation of staff to work, in particular, resource-saving motivation.

Another peculiarity of resource conservation is that there is an opportunity to create a high quality product through the efficient use of resources, because improving product quality is one of the resources saving reserves (Mantulin, 2012). Therefore, in order for a quality product to reach the customer, appropriate changes in the enterprise management system that take into account the interests of all stakeholders are needed. Such an approach can lead to the implementation without discussion of the changes associated with the creation of a quality system for the entire integrated chain of production and product delivery.

CONCLUSIONS AND IMPLICATIONS.

In the implementation of resource management, it is advisable to carry out the following work step by step:

- Operational management of production and technological processes;
- Addressing the issues of maintaining their integrity at each stage of the material flow movement until the start of the production cycle;
- Reduction of unreasonable losses and retention;
- Obtaining operational data at all levels in a unit of time;

Thus, such an approach to resource management is related to the formation and further development of a quality management system. First of all, it is the stage of formulation and formalization of quality policy by the company's management, which reflects the goals and objectives of the company in this area, the main activities and informs customers about how the manufacturer takes into account its interests and needs. Therefore, it is important that the planning, management, procurement and quality improvement processes are mutually compatible to create an effective quality system.

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DEVELOPMENT TRENDS OF THE HOTEL INDUSTRY IN THE BUKHARA REGION

Tadjieva Sayyora Uralovna[1]

ABSTRACT

The purpose of this study is to analyze the development of the hotel industry of the Bukhara region in the period from 2000 to 2019, in terms of room stock and types of accommodation facilities. Attention is paid to the analysis of state support for this sector, both before the Covid-19 pandemic and to mitigate the impact of the pandemic.

Collective and individual accommodation facilities presented in the hotel services market of Bukhara region in 2000- 2019 were considered as objects of study. During the study, general scientific methods were used: observation, comparison, analysis and synthesis.

As a result of the study, it can be concluded that the main means of accommodating tourists in the Bukhara region are mini hotels with a number of up to 15 rooms. And according to the organizational status, 44% of all accommodation funds come from family guest houses. In the period from 2000 to 2019, there was an increase in the number of tourist accommodation facilities, especially since 2018, the structure of the supply of accommodation facilities begins to expand and such types of accommodation as: boutique hotels, apartments, hostels and family guest houses appear and increase in the market. In our opinion, this is the result of state support for the hotel industry in Uzbekistan. During the pandemic, the hotel industry was most affected. At the same time, the state, through legislation, is trying to mitigate the negative impact of the pandemic on the sector.

Key words: *tourism, hotel industry, small hotels, family guest house, Bukhara region, state support measures.*

For the development of tourism, one of the main areas of socio-economic development of any region, tourism infrastructure is important, by which it is customary to mean a set of facilities and organizations that are involved in the provision of tourism services. An integral part of the tourist infrastructure is collective and individual accommodation: hotels, country hotels, motels, hostels. A significant role among which are played by small forms of accommodation.

Experience shows that small business plays an important role in the development of the economy. It affects economic growth, accelerates scientific and technological progress, saturates the market with goods of the necessary quality, creates new additional places, that is, solves many pressing economic, social and other problems.

A significant share of small enterprises is represented in the field of hotel service. The hotel business attracts the attention of not only large corporations, but also quite small companies and even private entrepreneurs. At the same time, not multimillion-dollar projects of large hotel complexes, but the so-called small hotels, are increasingly popular. The development of small hotel business is aimed at solving such national economic problems as the effective use of material, labor and financial resources unclaimed in large-scale production; building innovative capacity for

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technological innovation; the formation of a competitive environment; rapid response to demand and filling market niches; reducing unemployment; alleviating social tensions; training for large hotel facilities; partial transformation of the shadow economy into a legal small business.

Before the start of the global pandemic, Uzbekistan could see a rapid growth of small hotel businesses, which was due both to global trends and the lack of hotels with acceptable services for little money, and the support of the state. It was hotels of this type that were in great demand among foreign tourists.

To date, there are no certain international rules classifying accommodation funds by their volume. On the recommendation of the UN World Tourism Organization (UNWTO), a small hotel is considered an enterprise with a room stock of 30 rooms. In the United States, hotels with a number of up to 150 units are considered small hotels. In Europe, a small hotel, as a rule, has no more than 50 rooms. In addition, in Europe, small hotels are one of the main elements of the hotel industry. They account for about 40% of the tourist flow and 80% of the total number of hotel enterprises.

One of the main tasks in the hospitality industry is the state classification of accommodation facilities. It is carried out in order to standardize, improve the quality and safety of services provided to guests. These standards are provided not only by international requirements, but also by domestic regulatory legal acts, such as the State Standard of the Republic of Uzbekistan O'zDSt 3220 2017 "Tourism services. Accommodation facilities. General requirements." According to which, depending on the number fund, the placement funds are divided into:

- Large (over 200 rooms);
- Medium (51 to 200 rooms);
- Small (16 to 50 rooms);
- And mini (up to 15 rooms).

At the beginning of 2020, the allocation funds of Bukhara region, depending on the placement fund, could be classified as follows (table 1). The main share (79%) falls on the segment of mini-hotels, with a number pool of up to 15 rooms.

Table 1 : **Classification of hotels and similar accommodation facilities in Bukhara region by number**[1]

Hotels and similar accommodation facilities	**Quantity**	**Share, %**
Large (over 200 rooms)	1	0,3
Medium (51 to 200 rooms)	4	1,2
Small (16 to 50 rooms)	64	19,5
Mini (up to 15 rooms)	261	79
In total	**330**	**100**

From the world experience of the development of the hotel industry, it is known that small hotels are more easily adapted to each client, have personalized services, which does not exclude the introduction of

[1]Calculated by the author based on the data of the Department for Tourism Development of Bukhara region

national color into everyday life. In addition, prices in these hotels are cheaper, due to a flexible discount system. The advantages of these hotels are the affordable price, the availability of good repairs, as the owners try to monitor the condition of the hotel, as well as a calm home environment.

Small hotels are most often called "family hotels" because they are maintained and maintained by families using a minimum number of hired staff. Large hotels do not always offer a home atmosphere and an individual approach to the guest that a small hotel can provide. Family business is a very cost-effective component of small business.

Taking into account all these factors, as well as long-standing professional traditions, the President of the Republic of Uzbekistan initiated the State program "Every family is an entrepreneur" to promote family entrepreneurship, craftsmanship, home-based work and other types of entrepreneurial activity. Under this program, a number of benefits are provided for involving the population in entrepreneurial activities, including in the accommodation industry.

In addition, in order to support the development of tourism actors, increase the efficiency of using the tourism potential of the regions, improve conditions for recreation and tourism, as well as create new jobs in the provision of tourism services and increase the employment and well-being of the population, on August 7, 2018, the Cabinet of Ministers adopted a resolution "On the organization of family guest houses." According to which:

- The family guest house is a private household that provides temporary accommodation and/or food services to up to 10 visitors (tourists) at the same time on the principle of their joint residence in this family guest house together with the owner of the house and his family members, as well as having the necessary living space of 3 m2 per resident;
- Services of family guest houses are provided by individual entrepreneurs or subjects of family entrepreneurship who have a residential premises suitable for the organization of the family guest house and live in it.

The document also provides for a number of benefits and preferences for family guest houses. As a result of the targeted measures of the government to develop tourism and in particular the hotel industry, in Bukhara region there was a rapid growth of family guest houses. If in June 2019 there were 75, then in December of the same year their number reached 146, of which 21 are located in rural areas.

In terms of location, businessmen have built and commissioned 107 new hotels in Bukhara, 13 in Kagan district, 2 in Gijduvan district and 1 in Vobkent, Karakul and Alat districts.

Table 2 shows the proportion of family guest houses in Bukhara's accommodation facilities

Table 2

Family Guest houses in Bukhara region [1]

	Total throughout the region (numbers)	Guest houses	
		number	percentage, %
Numbers of accommodation facilities	330	146	44
numbers of rooms	2925	406	14
numbers of beds	7577	1327	17,7

As the table shows, today the hotel industry has a significant share of family guest luggage. The proportion of hotels and similar types of hotels (facilities) operating in the region is 44%.

Another advantage of a family guest house is that even though a hotel may not offer anything special in terms of comfort, technical equipment or design, the interpersonal relationship is at the forefront. The ability to talk to a visitor about his or her dreams and surround them with the family environment is the key to commercial success.

Family business is a very profitable component of small business development, which can also be inherited. From an early age, children learn responsibly and conscientiously to work and gradually gain experience, become professionals in hospitality.

As already noted, the family guest houses of the fastest growing sector of housing facilities in Bukhara region, as can be seen from the table, only during 2018-2019, their number increased 9 times (Table 3). If we consider the trend of forming a regional offer of placement funds in the Bukhara region in the period from 2000 to 2019, then the progressive development of this sector can be traced. As the study showed, the main share of the hotel services market in Bukhara is represented by small hotels. In December 2019, according to the State Department for Tourism Development of the Bukhara region, more than 330 accommodation facilities for 7577 beds operated in Bukhara. It is also worth noting that the reforms carried out in this sector have had a positive impact on the number and structure of the housing sector of the region.

[1] Created by the author according to the data of Tourism department of Bukhara region

Table 3 :Dynamics of development of Bukhara accommodation sector[1]

Placement Type	2000 y	2005 y	2010 y	2015 y	2018 y	2019 y	
							share%
family guest house	-	-	-	3	16	146	44
boutique hotel	-	-	-	-	3	5	2
hotel	5	23	38	67	110	123	37
apartment	-	-	-	-	-	2	1
hostel	1	2	3	3	12	26	8
guest house	1	1	1	4	22	28	8
in total	7	26	42	77	163	330	100

Along with the concept of "guest house" a concept such as "boutique hotel" also arises. The state standard of the Republic of Uzbekistan O'zDSt_3220_2017 "Tourist services. Accommodation facilities. General requirements, "it is determined that a boutique hotel is a small hotel with a unique design of each room.

Currently, of the 230 accommodation facilities of the city of Bukhara presented on the booking.com website, 16 accommodation facilities have the abbreviation "Boutique Hotel" i.e. a boutique hotel. The main feature of these hotels is their bright, creative interior design. As a rule, in all boutique hotels in Bukhara it is designed in the national style: the walls are decorated with ornate paintings, carvings in alabaster and wood, each room is distinguished by its individuality. Usually boutique hotels are located in the very center of old Bukhara.

It should be noted that in order to expand the activities of guest houses and hostels in Uzbekistan, an Association of owners of guest houses and hostels of Uzbekistan has been created. The main objectives of this new structure are: the implementation of projects and programs aimed at improving the financial, legal and information technology literacy of family guest houses and hostels in the country; participation in the development of regulatory documents and programs for the settlement of the activities of guest houses and hostels; Improving the skills of the population, especially young people, to organize and manage guest houses and hostels, as well as promoting private and family entrepreneurship, which will contribute to the rapid growth of youth employment and income, among others.

The study, initiated by CERR with the support of UNDP, conducted interviews with entrepreneurs about the impact of the spread of COVID-19, and the preventive measures introduced by the Government on small and medium-sized businesses.

The aim of the study was to analyze the impact of the spread of COVID-19 and related preventive measures on enterprises as well as the assessment of the needs of enterprises in further external support.

[1]Calculated by the author based on the data of the Department for Tourism Development of Bukhara region

The survey involved **887 business managers** from 14 regions of the republic aged 18 to 79, of whom the vast majority (79%) were men. As a result of the study, it was determined that the largest drop in demand was observed in the housing and food services sector (47%).

It should be noted that on May 28, President of Uzbekistan Shavkat Mirziyoyev signed a decree "On urgent measures to support the tourism sector to reduce the negative impact of the coronavirus pandemic." According to which, for tour operators, travel agents, as well as accommodation facilities:

- Between June 1 and December 31, 2020, income tax rates are reduced by 50% of the established rates;
- The right to transfer losses according to the results of 2020 and 2021 is provided without limitation of their size provided by the Tax Code;
- Until January 1, 2021, the accrual and payment of the tourist (hotel) fee are suspended.

According to the results of the study, it can be concluded that at present the regional market for accommodation is represented mainly by mini-hotels, most of which have the status of family guest houses. In turn, it follows that in order to further increase the attractiveness of the regional offering of accommodation facilities, it is necessary to pay attention to such aspects as: the organization of a system of training and advanced training of owners and employees of small hotels. Most owners of this business do not have education in this area, in small hotels there are no specialists engaged in professional marketing activities.

- Ensuring compliance with modern service standards and stability of the quality of services provided.

At the same time, the construction and commissioning of four and five-star hotels in the city of Bukhara, managed by international hotel chains and applying modern achievements and standards of hospitality service, will have a noticeable impact on the development and quality of hotel services provided by the region's accommodation facilities in the future. All this will increase competition in the hotel services market of the Bukhara region and will contribute to the development of the entire hospitality industry of the region.

Discussion and conclusions. The hotel industry of the Bukhara region developed quite dynamically until the beginning of 2020, there was an expansion in the structure of accommodation facilities. Quite a large part of which were mini hotels. The negative impact of the global pandemic Covid-19 on the hotel industry of the Bukhara region was expressed in the reduction of hotel load, dismissal of employees and as a result of bankruptcy. The state, in turn, provides all possible assistance to the hotel business in the form of temporary benefits and preferences.

Thus, it can be concluded that the pandemic of coronavirus Covid-19 affecting almost all areas of business, dealt a significant economic blow to the hotel, the rehabilitation of which can take a long time.

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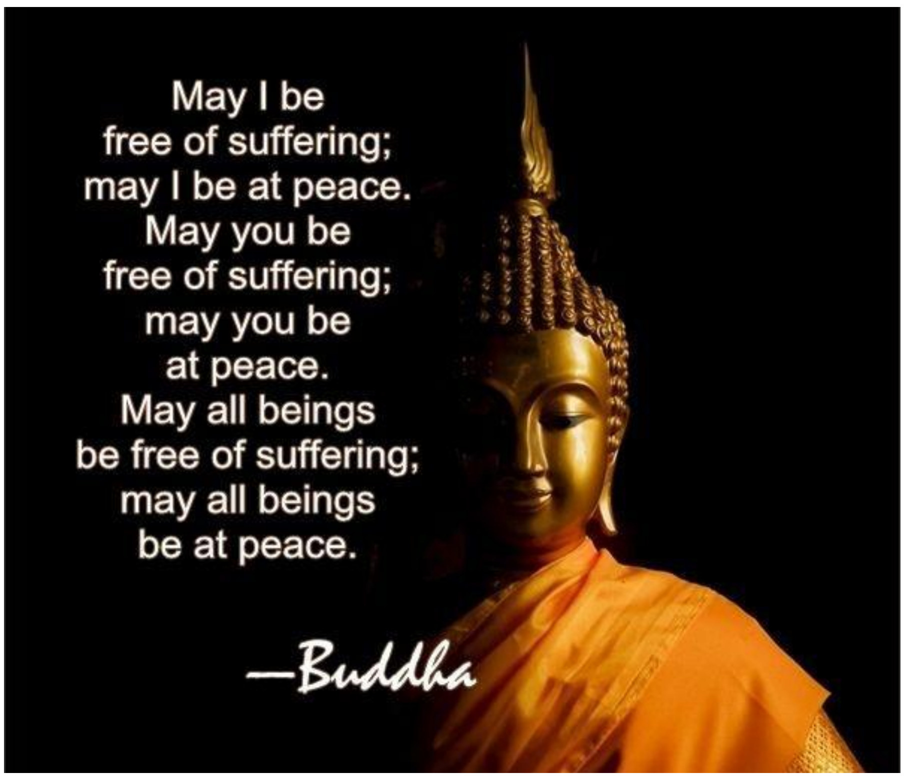

MANAGEMENT MECHANISM OF PRESCHOOL EDUCATION SYSTEM

Salikhov Nodir Djamolovich[1]

ABSTRACT

Preschool education, which is the main and primary link of the education system, is an urgent process of effective management and regulation of the preschool education system in order to bring up a person as a full-fledged member of society and ensure social development and sustainable socio-economic development considered as an actual theme.

The process of reforming the pre-school education system in the Republic of Uzbekistan, as an independent country, has been carried out consistently since 1991. The Law of the Republic of Uzbekistan "On Education" adopted in 1997 that defines the principles and methods of system management as part of the system of continuing education in the country, the state bodies responsible for managing the education system in the country and their functions (Law, 1997).

In 2017, a radical change took place in the management of the preschool education system in the Republic of Uzbekistan. It was determined that pre-school education is an important stage in the formation of a person, providing the necessary education and upbringing. The President and the government of the country have adopted a number of laws on the management of the preschool education system for 2017-2020. The Law of the Republic of Uzbekistan "On Preschool Education and Upbringing" adopted on 16 December 2019 clearly defines the components of the pre-school education system, the organization and management of the pre-school education organization, the functions of state bodies responsible for system management (Law, 2019).

Education management, unlike pedagogical and didactic management, means the effective management of the education system and the organizations operating in it, as well as the educational process.

The head of the preschool organization must know the subtleties of management, functions, principles and methods of management, along with the educational process and issues of pedagogy and didactics.

The article describes in detail the features of the management of the preschool education system and the existing preschool organization, the theoretical similarities and differences of the concepts of education, pedagogical and didactic management, management functions, principles and methods used in the management of preschool education.

Keywords : *Education management, pedagogical management, didactic management, preschool education, management of the preschool education system, management of the preschool education organization, management functions, management principles, management methods.*

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Introduction

The formation of the process of pre-school education is associated with ancient times, the emergence of statehood. The education and upbringing of young children began with the teaching of secular and religious knowledge, the secrets of governing the state, to the young children of palace officials.

The first state kindergartens in Turkestan were established in the second half of 1918. On October 20, 1918, the Department of Preschool Education was established under the Turkestan People's Commissariat of Education as an administrative body for the implementation of all activities in the field of preschool education in the Republic. In the same year, sub-departments of pre-school education were established under the regional departments of public education. The Regulation "On the Department of Preschool Education" was adopted, which states that "the department manages the educational institutions for children of preschool age from 3 to 8 years, monitors the work of existing institutions, general for new kindergartens, nurseries, orphanages, preschool children, dormitories, children's summer colonies, targeted training courses for kindergarten principals, nurses and staff" has been said.

The struggle for the involvement of indigenous children of Uzbekistan in preschool education was carried out in a very complex and difficult environment. In 1918, 4 kindergartens for Uzbek children were opened in the old part of Tashkent.

The formation of the first pre-school educational institutions in Uzbekistan, and later in the former Soviet Union, the management of the pre-school education system was carried out by the command-and-control method, using various administrative means of government.

During this period, the United States and a number of European countries began to introduce more effective management tools. It is important to note that the accelerated process of industrialization in the sectors of the economy has led to the beginning of scientific approaches to the management of organizations, as well as the activities of their employees.

Researcher Safarov O.A. said the main reason why the idea of education management has changed over the years from the 2000s to the idea of "leadership" is that today the requirements of the higher governing body are not from the command-and-control method to the lower level of management, but from mentoring (support, training, assistance, etc.) requires the performance of tasks. Such a management approach leads to a slight increase in management efficiency (Safarov, 2018).

Although the government has taken the lead in the management of the primary education system in the Republic of Uzbekistan, it continues to influence the system in the organization and management of pre-school education institutions, in order to control and direct the activities of education and upbringing. From the first period of independence to the present day, the system of pre-school education has been focused on the development of the young child's personality, based on the principles of humanity, democracy.

The legislation of Uzbekistan on education provides sufficient information on the content of preschool education, the direction of the management of the country's preschool education system.

Article 11 of the Law of the Republic of Uzbekistan "On Education" defines the content of preschool education as follows: "Preschool education aims to form a child's personality in a healthy and mature, ready for school. This education is provided in families, kindergartens and other educational institutions, regardless of the form of ownership, until the age of six or seven" (Law, 1997). This means that preschool education is the first stage of the child's learning process, the main goal of which is to shape the child into a healthy and mature as well as ready for school.

The Law of the Republic of Uzbekistan "On Preschool Education and Upbringing" defines the concept of "pre-school education and upbringing" in more detail: "Preschool education and upbringing of children, their intellectual, spiritual, moral, ethical, aesthetic and physical development, as well as , a type of continuing education aimed at preparing children for general secondary education" (Law, 2019). This interpretation states that pre-school education and upbringing is the first stage of the process of bringing up a child as a competent person, and is defined as the first type of education that performs the task of preparing for general secondary education.

Although many laws on preschool education have been adopted and scientists are conducting research on the activities of preschool education, effective management of the preschool education system, the formation of a competitive environment among preschool education and, as a result, the provision of quality preschool education as a result of leaders 'in-depth knowledge of management science, there are many shortcomings and deficiencies in the education and upbringing of the younger generation.

In our article, with a deep understanding of the nature of education management, we try to identify the similarities and differences between the concepts of education management, pedagogical management and didactic management, to show the main aspects of effective management of preschool education and management functions, principles and methods.

Materials

The laws of the Republic of Uzbekistan on preschool education, decrees of the Republic of Uzbekistan, resolutions of the Cabinet of Ministers of the Republic of Uzbekistan, as well as scientific, methodological work of scientists on management and pedagogy, education management and pedagogical management, management of preschool education were used as research materials.

Methods

Comparative analysis, generalization of scientific and scientific-methodological works (ideas), induction and deduction, methods of scientific knowledge were used as theoretical research methods.

Results

In the 1980s, a new term "education management" was formed in the science of management, and the need to manage the education system as an area that has a profound impact on economic development was realized. In the 1980s, almost synonymous concepts such as "management in education", "pedagogical management", "education management", "education system management", "education management" and "leadership in education" began to be used in conjunction with this concept. The gradual application of the concepts has shown that the concept of "education management" has a broader meaning than other terms. At the same time, in the new theoretical direction, the object of research has been identified as the activities of the education system, educational organizations and the management of the educational process. The main aspect of this period was that the main activity carried out within the education management education system was limited to the management education process as a management activity aimed at effective management of teaching and development of the younger generation (Petryakov, 2013).

The 1990s can be described as a period of expanding the use of the concept of "education management". The meaning of the term goes beyond the scope of management in the education system and has risen to the level of managing the activities of various organizations whose main function is to make a profit, including the learning process in commercial organizations or beneficial relationships between organizations in education. The boundaries of the concept of education management have been expanded, the importance of the human factor in overcoming competition between educational institutions, and the issue of human resources in the active use of educational resources has risen to a higher level. The goal of education management was to provide market-oriented educational services capable of solving non-standard tasks and meeting the requirements of the external environment.

The first decades of the 21st century are focused on the process of deep penetration into the scientific community as a result of the generalization of scientific knowledge as a stage of stabilization, stratification and clarification of the term "education management". Education management is considered as the management of corporate education and the main goal is to create organizational and pedagogical conditions for the student, the development of educational activities. Undertook to develop innovative activities of various types of enterprises and organizations through the activation of educational resources and effective management of the educational process. Education management has become so widely used that it is now necessary to use the term in a broad and narrow sense. In a broad sense, educational management refers to the personal, industrial, socio-cultural and organizational management of management.

In the narrow sense, education management refers only to the field and began to be used as a synonym for the concept of "management of the education system." This definition lowers the concept to the network level and refers to the management of a specific area of education or educational institution, such as a pre-school education system and a pre-school education organization.

Russian scientists S.A. Belyakov, A.T.Glazunov, V.A. Simonov et al., Endorsing the use of the term “pedagogical management” in theory, interpreting this concept as a set of technological methods and organizational forms, methods and principles in the management of the educational process aimed at increasing the effectiveness of teaching and educational processes.

The multifaceted nature of education management has led scholars who have conducted research in this area to apply the concept in a variety of senses. Foreign scientists J. Murphy, K.S. Luis, J. Donald, R. Donmoyer, K. Deisvuud, M .; Fullan, E.A. Knyazev and other scholars use education management as an activity to manage the education system and institutions.

Russian scientist A.B. Vifleemsky and his colleagues consider educational management as the activity of the subjects of management of educational institutions to ensure the formation, operation and development of the educational institution.

Russian scientist I.F. Filchenkova emphasizes that education management is a field of interdisciplinary knowledge, takes a comprehensive approach to education management, and considers pedagogical management as an integral part of it, and now the innovative activity of teachers in the educational process as the main research object of education management (Filchenkova, 2019). The scholar also highlights three categories of management applied in the field of education:

1. Education management;

2. Pedagogical management;

3. Didactic management.

Education management is widely recognized as a concept that allows to solve problems in the field of education in a short time through the modernization of the country's education system, to train the necessary personnel for the economy. Pedagogical and didactic management is considered as an integral part of it, and while pedagogical management reflects the management of the process of teaching and learning, didactic management represents the management of the process of educating, forming a person as a learner and a member of society.

Russian scientist S.A. Mikheeva explains that the views of most scholars are incomprehensible with her views on the concept of education management. Scholar A.I. Baranovskiy, P.S. Krasnov, P.A. Petryakov, V.E. Tsibulnikova, M.N. Pevzner and V.I. Rejecting the views of scholars such as Jigir that "education management is a separate area of management that incorporates elements of pedagogy, psychology, sociology, management and marketing", education management is a school, higher education institution, postgraduate, professional development, additional emphasizes the expediency of using educational institutions as management and is part of the science of management, which has nothing to do with pedagogy, psychology and sociology. It is explained that management does not lose its content by interfering with the sciences when applied in various fields of activity, for example, when management is applied in the field of health, medical sciences, when applied in the light industry, light industry sciences, when applied in the hotel industry. The concept of pedagogical management fully reflects and encompasses the management of the educational process and the activities of employees engaged in education (Mikheeva, 2018). S.A. Without agreeing with Mikheeva, each field of management is unique, education management together with management science uses the concepts, laws and research methods of pedagogy, psychology, sociology and marketing, and pedagogical management is an integral part of educational management as a direct management of the educational process. we emphasize.

In this regard, our compatriots R.H. Djuraev, S.T. We can cite the opinion of Turgunov: "The management activities of the heads of educational institutions can be considered as the interrelated activities of the two subjects, ie the head and the education system. In this case, the object of management is the education system, which has the necessary characteristics, such as management and self-management. (Djuraev R.X., Turgunov S.T., 2006). These scholars also argue that the concepts of education management and pedagogical management cannot be used synonymously, that education management is more in line with the concept of educational institution management. However, the management of educational institutions is different from the management of education, because in an educational institution not only the tasks of organizing and managing the educational process are performed.

The organization of the educational process on a scientific basis is the fulfillment of a number of tasks, ie the creation of the necessary conditions for participants in the educational process, the organization, coordination, control, analysis and evaluation, as well as the material and technical base for this process. creation and strengthening, equipping with new pedagogical and information technologies, providing a number of other highly qualified specialists. Managers who organize management activities in an educational institution should have not only pedagogical experience, but also a number of concepts such as management functions and their tasks, management methods and their use, management algorithm and its essence, management decisions and ways of making them and management methods and their application.

The object of preschool education management covers the whole system of preschool education of the country, which includes state and non-state preschool education institutions and institutions implementing various programs for preschool children covered and not enrolled in preschool education (Figure 1). It will be necessary to assess the role of the preschool education system in society and to develop this stage of education, to master management and sociology in order to effectively manage it.

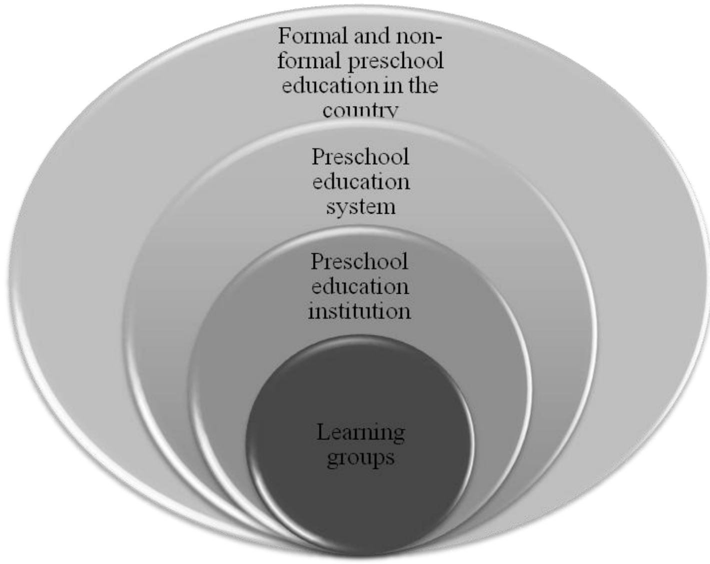

Figure 1. The object of management of the preschool education system.

The Ministry of Preschool Education of the Republic of Uzbekistan is the body responsible for the activities of the state and non-state education system, including all preschool educational institutions operating in the country, regardless of the form of ownership, as well as governmental and non-governmental organizations regulating or servicing their activities.

The next component of the object of preschool education management is the management of preschool education, and many scholars have identified this component as a pedagogical system and educational groups or a didactic system of direct education and upbringing (Gamayunov VG, Shemyakov AD, 2017). The management of preschool education differs from the management of various enterprises and organizations, the management of preschool education requires an in-depth study of the interests and talents of young children, the secrets of their healthy and harmonious development, pedagogy in general. It is also necessary to work directly in the groups of preschool education, to study the worldview of each child in the group, to study psychology in depth in order to make the lessons interesting.

Governance is a goal-oriented, conscious activity to achieve a concrete result, an object, a process and a process of influencing the people involved in it.

The legislation of the country defines the bodies implementing the state policy in the field of preschool education and upbringing as follows:

- Cabinet of Ministers of the Republic of Uzbekistan;
- State Inspectorate for Quality Control in Education under the Cabinet of Ministers of the Republic of Uzbekistan;
- Ministry of Preschool Education of the Republic of Uzbekistan;
- Ministry of Health of the Republic of Uzbekistan;

- Other state and economic management bodies at their disposal, which are preschool educational organizations;
- Local public authorities.

In addition to the above, other public authorities may, within their competence, implement public policy in the field of pre-school education and upbringing (Law, 2019). Considering that the pre-school education system carries out important activities such as education and upbringing of the younger generation, as a result of studying the powers of the above-mentioned state organizations in the management of the system, the Ministry of Preschool Education of the Republic of Uzbekistan we can say that it is a responsible state body.

The management of the country's preschool education system begins with the establishment of a pre-school educational institution, and the obligation of the state to establish pre-school educational institutions is stated in our education legislation as follows:

- Public preschool education organizations:
- when cities, towns and other settlements are established;
- when building residential complexes;
- when the limited number of preschool children in the relevant area exceeds the statutory limit.

Presence of a pre-school educational institution in the design and construction of new residential complexes consisting of several apartment houses or groups of individual houses on the first floors of apartment houses or as a separate building for at least fifty places for every two hundred apartments or detached houses conditional (Law, 2019). Preschool educational institutions are organized in the form of state and non-state ownership, in some cases non-governmental preschool educational institutions can be established and operate on the basis of public-private partnership. It should also be noted that according to our legislation, the organization and operation of political parties and religious organizations in preschool education is not allowed.

The management of preschool education is defined in our legislation as follows: “Management of the state preschool education organization is carried out by:

- Pedagogical council;
- Supervisory board;
- Head of the state preschool education organization.

The procedure for managing a non-governmental preschool education organization is determined by its constituent documents ”(Law, 2019). Article 49 of this Law stipulates that the pedagogical council of a state preschool educational organization is a collegial governing body of a state preschool educational organization consisting of pedagogical staff, which carries out the powers to discuss issues related to its pedagogical activity. consideration of issues, study of the workload of pedagogical staff, their activities, best practices in the field of education and upbringing, hearing of reports of leaders and teachers (Law, 2019).

The director is the head of the state preschool organization and carries out the current management of the state preschool organization and the rights and responsibilities of the director of the state preschool organization are determined by normative legal acts, the charter of the state preschool organization, as well as the employment contract. This is stated in Article 51 of the Law.

The head of the preschool organization, along with pedagogical knowledge, needs to master the secrets of management, especially in the current rapidly developing market economy, enterprises and organizations pay great attention to their innovative activities, effective management of preschool education, its further development is done.

The management of a pre-school education institution arises from a number of functions of the institution (Figure 2). Defining the goals and objectives of the institution is the main and primary function, the main goal is to bring up the younger generation in a healthy way, to provide quality education and upbringing.

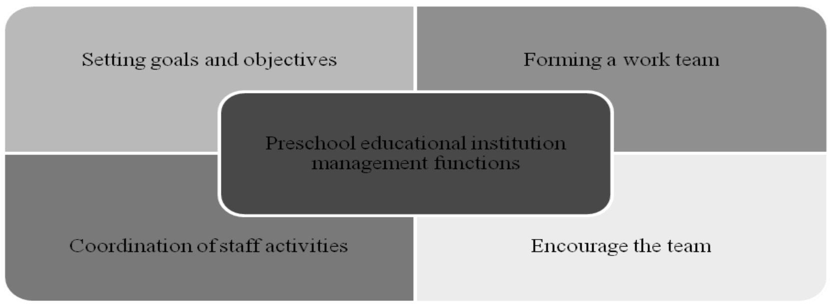

Figure 2. Preschool educational institution management functions.

It is important to manage the preschool educational institution, to achieve the set goals, to form a labor team in the sustainable development of the institution, this process is associated with personnel policy, the organization of labor on a scientific basis.

In order to achieve this goal, it is necessary to effectively influence the work team, encourage the work of employees, correctly explain to each employee the goals and objectives of the organization, the role and importance of the employee in the organization, to harmonize his actions with the goals of the team.

The principles of management applied in the management of preschool educational institutions are divided into general and specific forms. The general principles of management are responsibility, hierarchy, discipline, competence, motivation, goal-orientation, centralized and decentralized management, and each principle applies to different levels in different organizations and institutions (Figure 3).

Figure 3. General principles of management.

A sense of responsibility in enterprises and organizations, following the hierarchy of management positions, encouraging the activities of highly competent employees who work in a disciplined manner, directing their activities to the goals of the organization and operating on the principles of centralized and decentralized management.

In addition to the general principles of management in organizations, there are also special principles, which are formed on the basis of the relationship between the leader and the workforce in each institution (Figure 4).

The preservation of a clear sequence of tasks in the preschool institution and the principle of their implementation, the unity of words and deeds of the leader and staff, a sense of responsibility, respect and consideration of each employee, especially educators, the leader's demands on himself and staff ensures efficient operation.

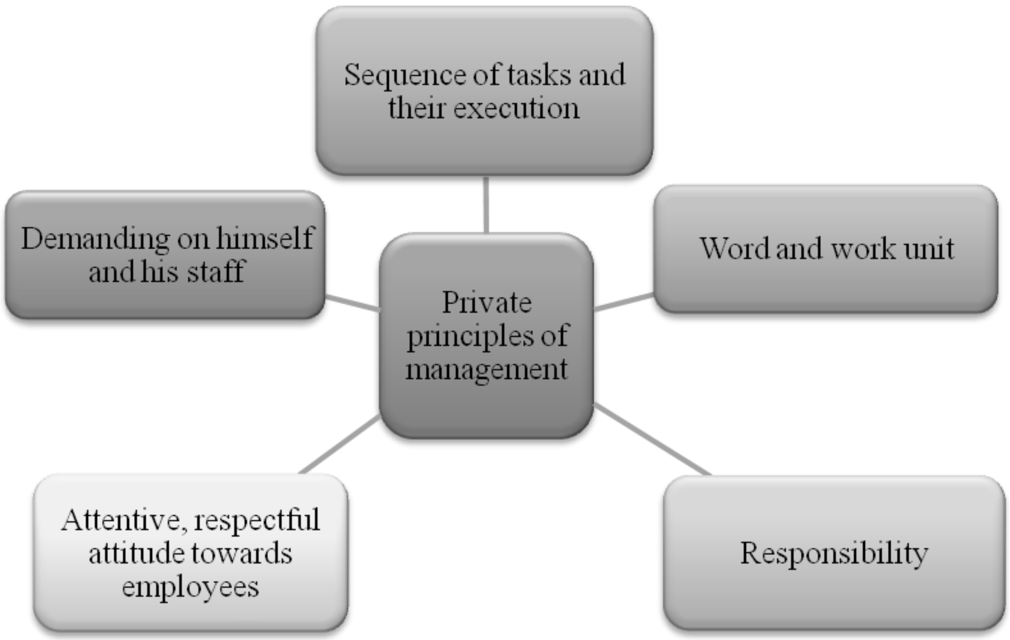

Figure 4. Private principles of management.

Management methods play an important role in management and are a means of motivating the leader's team to move towards the set goal. Management methods are methods and ways of influencing the head of the organization to coordinate the activities of employees in the pursuit of the set goal. Four methods of management are used in preschool education institutions, and the activities of the staff of the institution are coordinated and regulated using organizational, administrative, economic and socio-psychological methods (Figure 5).

Figure 5. Management methods in preschool education.

Some economic literature also mentions the fifth, legal methods of management, and we did not pay attention to this method of management, given that labor and management activities in preschool education institutions of the country are regulated by the legislation of our government. The legislation of the country on preschool education, in particular, the Law of the Republic of Uzbekistan "On Preschool Education" describes in detail the organization, management and operation of preschool education, funding, as well as the rights and obligations of participants in the educational process.

Organizational methods of management consist of three groups: the formation of management, the formation of a work team and the organization and conduct of events (Figure 6).

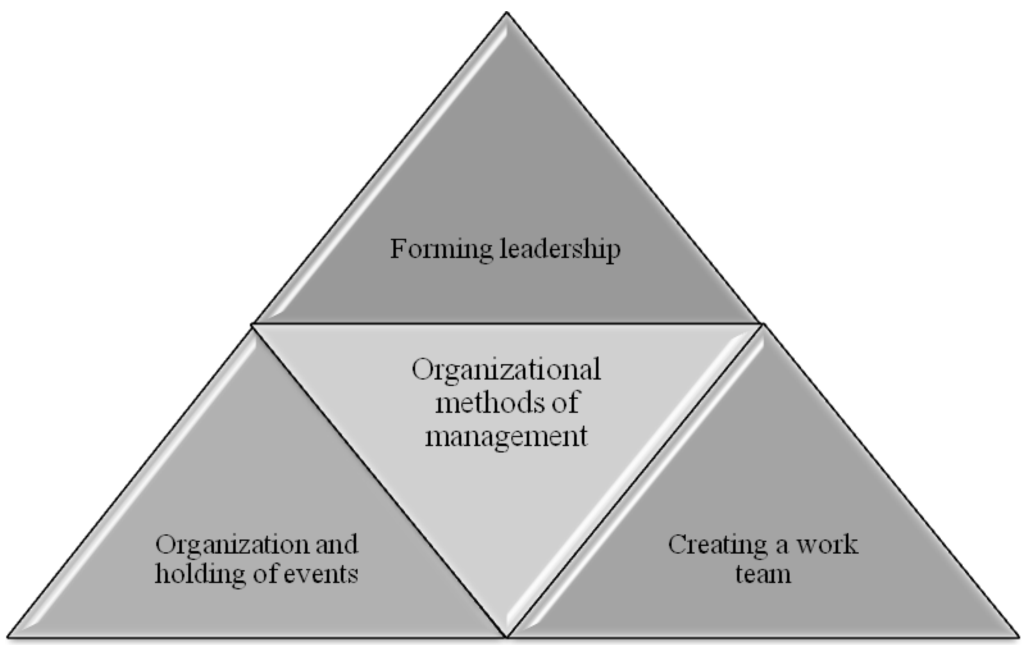

Figure 6. Basic views of organizational methods of management.

The state preschool educational organization is organized in the form of the legal entity on the basis of founders of the state and economic management bodies and local public authorities and carries out the activity on the basis of the charter. Non-governmental preschool education organization is established in the form of a legal entity on the basis of the establishment of legal entities and individuals and carries out its activities on the basis of the charter and a license in the field of preschool education and upbringing.

The first organizational method of management is to determine the head of the preschool and the composition of the management. In this case, the head appointed by the city and district preschool education department to the preschool educational institution determines the staff worthy of the leadership, appoints them to positions, taking into account the education, professional skills and experience of the staff.

The leader forms the labor collective, analyzes their labor activity, updates the composition of the labor collective in accordance with the labor norms on the basis of the legislation. The organization organizes and conducts activities within the activities of the staff, the manager introduces the tasks appropriate to the position of each employee, gives instructions and monitors the timely implementation of tasks.

The administrative method of management in a preschool institution is to create an environment in which the manager forces or compels an employee to perform a task, to create an environment in which the superiority of certain employees and others to limit career opportunities, and to ensure that employees are promoted on this basis. conditional instructions, assignments, are manifested in the form of the predominance of subjective factors rather than objective in the activities of the institution, requiring employees to take initiative rather than initiative (Figure 7).

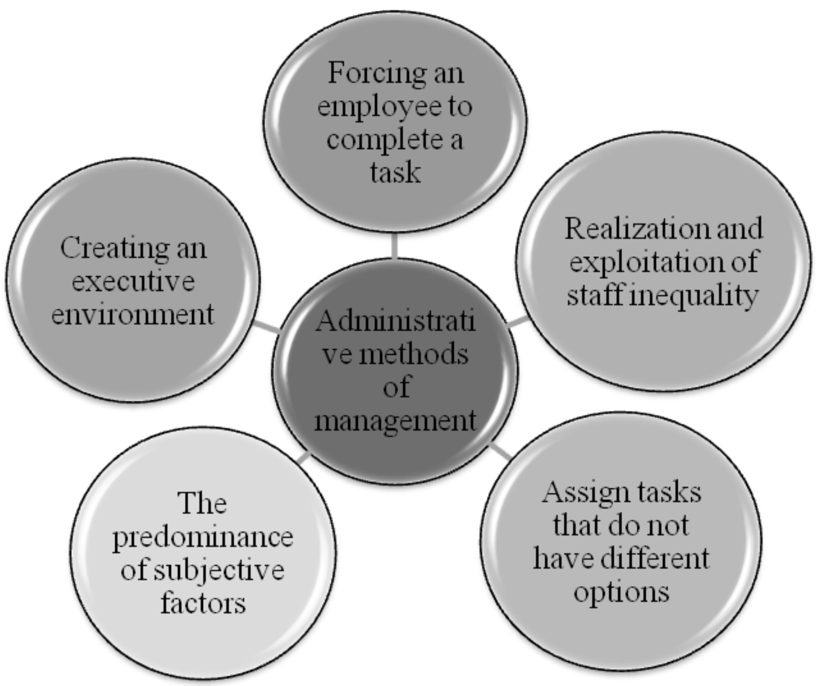

Figure 7. Administrative methods of management used in preschool education.

It is well known that administrative methods in management can have a positive effect in the short term, while long-term administrative methods can lead to a negative attitude of employees to work, distance from the labor process, and, consequently, a negative situation such as staff dissatisfaction. Lack of staff leads to the dismissal of high-potential, educated and experienced employees of preschool education institutions and their replacement by young, inexperienced employees, resulting in a deterioration in the quality of work in the institution. The leader must use the administrative methods of management without exceeding the norm.

Extensive use of economic methods of management in preschool education, mainly the use of bonuses, bonuses, modern methods of remuneration of employees, resulting in the formation of an incentive environment in the labor process.

Economic methods of management in preschool education are manifested in the form of indirect influence on employees, explaining the purpose only, setting monetary rewards for timely and quality work, supporting employees with high knowledge and experience (Figure 8).

Encouraging employees financially and morally with fairness in accordance with their work shows initiative and high activity as a result of the warm love they receive from the organizations they work for, the work teams, as well as their professions and the work they do.

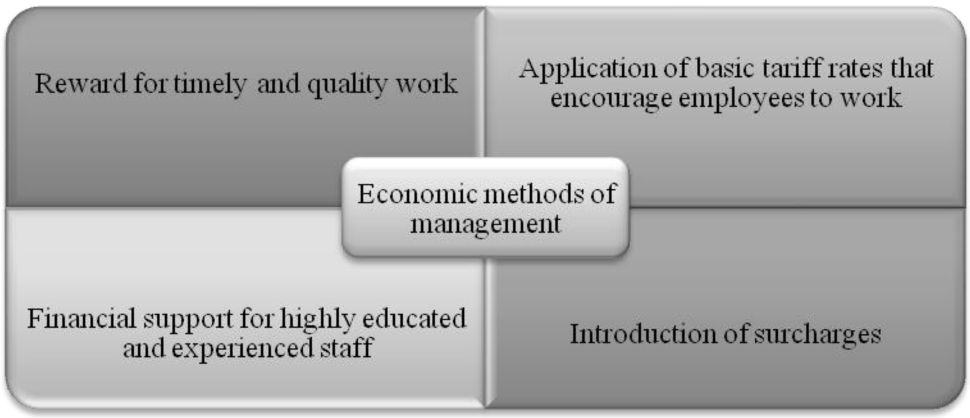

Figure 8. Economic methods of management used in preschool education.

Socio-psychological methods of preschool education management are divided into two groups: measures to create a favorable positive psychological environment in the workforce and the realization of the potential of each employee (Figure 9).

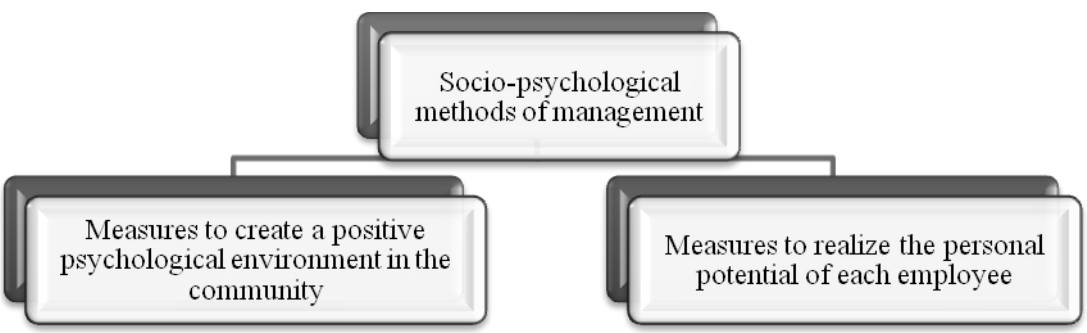

Figure 9. Socio-psychological methods of management in preschool education.

The high mood of employees is important for the stable and efficient operation of the institution, which depends on the socio-psychological situation in the workforce.

Discussion (Discussion)

Education management as a new interdisciplinary field of knowledge includes management and pedagogy, major areas, crossing the boundaries of psychology, sociology, economics, philosophy and other similar disciplines, defining a new direction in which specific theoretical and practical research. In the pedagogical field, in contrast to management, the main focus will be on improving the organization of individual and collective educational process, education in educational institutions, enterprises and public organizations.

The economic aspect of education management is related to the economic feasibility of the process, the rational management, organization, marketing activities of the educational process. Education management as a field of interdisciplinary knowledge is a set of scientific theories, laws, principles, functions and methods based on the synthesis of management and pedagogical-psychological theories. In this definition, educational management represents a separate field that includes pedagogy, psychology, sociology, management and marketing.

From the above considerations, it is clear that education management fully covers the process of managing and regulating the activities of educational institutions. Also, when we use the concept of education management at the national level, the management of the education system at the national level includes all its components and measures to organize, manage, control the processes taking place in them and ensure the positive development of education.

Primary education, which is the main and primary link of the education system, is an urgent process of shaping a person, educating him as a full-fledged member of society and, as a result, effective management and regulation of this system as a force for social development and sustainable socio-economic development.

Primary education management as an important field of management that combines many aspects of pedagogy, psychology and sociology, the main goal is to effectively implement the process of upbringing as a perfect person from the earliest years to school age.

The head of the preschool organization, along with pedagogical knowledge in the management process, must know the functions and methods of management, the means of influencing employees. The coordination function of management means that while the manager controls the activities of the employee, the institution coordinates the actions of the employee to the labor standards. Coordination of employee activities is controlled and harmonized with labor standards in accordance with the labor legislation, collective and labor agreement, every order and decree issued by the head of the institution. The in-depth study, analysis and monitoring of the activities of each employee by the manager is a guarantee for the growth of staff performance, the effective and sustainable operation of the organization.

In the literature on management of some economists, the control function of management is highlighted, and the activity of controlling the process of labor and production is highlighted. Since the main activity in a preschool is different from that in a manufacturing enterprise, we have expressed the control function as part of the function of coordinating the activities of employees, as it is directly related to the activities of employees.

There are also special innovative, pedagogical, personnel, financial and information functions of management used in the management of preschool education, which management functions vary in the region and time, depending on the nature of the institution. In our next research, we will explore the functions of innovation, human resources and financial management in institutions in order to study the management of preschool education on the basis of modern management approaches.

Over time, there are separate management functions that are sometimes used in the management of preschools in the regions, depending on the relationship between the manager and the staff, in order to ensure the sustainable operation of the institution.

The head of the pre-school educational institution performs management functions on the basis of well-developed management principles, based on the community environment. The principles of management are a set of laws, norms, rules that are reflected in the relationship in the management process, depending on the level of development of society and the productive forces, have a high impact on the goal and short-term performance. The head of the preschool institution tries to selectively apply the principle of management in the management of the institution, based on its potential and the development of society, the community environment. Management principles are considered as guidelines that determine the management system, organizational structure and organizational structure.

Remuneration of employees of the state preschool education system is regulated by the legislation of the country. At present, the "Basic rates of remuneration of employees of the state preschool education system" approved by the Cabinet of Ministers of the Republic of Uzbekistan dated March 9, 2020 No 135 "On measures to further improve the procedure for remuneration of employees of the state preschool education system" .

Remuneration of pre-school staff is differentiated based on the knowledge, skills and experience of the staff, which encourages the staff of the institution to have higher education and work skills.

Also, the Regulation "On the procedure for remuneration and financial incentives for employees of the state preschool education system" approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated January 5, 2018 No 10 "On improving the procedure for remuneration of employees of the state preschool education system" Chapter 8 states that "financial incentives for conscientious, enterprising and highly qualified employees of public preschool educational institutions shall be provided at the expense of the special fund for financial incentives for employees of budgetary institutions and organizations established in public preschool educational institutions." This is a sign of respect and consideration for employees who work in the institution in good faith, honestly, with high discipline, and the manager is required to implement these instructions in the activities of the institution, which he leads, without any shortcomings.

The head of the preschool organization will need to effectively manage the organization, using the correct organizational, administrative, economic and socio-psychological methods of management. All of these management methods need to be used effectively where needed. While in the former Soviet Union, the predominance of administrative methods in the management of most preschools is evident, in the last five years, economic methods have been used more in the management of preschools.

When the organizational, administrative and economic methods of management are fully implemented, conflicts between employees in the team, various disagreements, disputes over positions and positions lead to a negative attitude to labor. In such a situation, the leader uses socio-psychological methods, an individual approach to each employee, taking into account their interests and needs, team vacations, organizing various events, trips to places of entertainment improve the socio-psychological situation in the institution.

Conclusion

Although the concept of education management has been used in many literatures in recent years, there are misunderstandings in the opinions of many scholars.

In our view, a very appropriate concept to the management process in education is education management, which is richer in content than other concepts. From a scientific point of view, educational management is a new direction of science that has emerged as a result of the combination of pedagogy, psychology, economics and sociology. In practice, education management should be viewed as a specific area of management that causes a dramatic change in the socio-economic life of a society by influencing the education system in the country. The main purpose of education management is to increase the performance of education in the country, to increase the economic potential of the organization by providing quality education and training in preschool education.

Pedagogical management means the management of individual and collective educational process, the main goal is considered to be the quality of education, the level of knowledge of students, trainees and listeners, the level of mastery.

Didactic management is the activity of managing the process of educating the younger generation to become a full-fledged human being, and the main goal is to provide quality educational services.

It is important to understand a number of management functions in the management of a preschool organization. These include setting goals and objectives, forming a work team, motivating the team towards the goal, and coordinating the activities of employees.

The management of a preschool organization has principles that apply based on the situation in the community, and the head of the organization applies these principles in order to effectively manage the organization. The positive effects of management principles help the manager to easily manage the organization and strive for the goal.

Effective use of management methods is required in influencing the work team of the head of the organization. The proper use of each of the organizational, administrative, economic and socio-psychological methods of management in the organization of preschool education, depending on the situation in the work community, increases the labor activity of employees. Violation of the norm in the application of management methods can lead to disciplinary violations of employees or staff dissatisfaction.

The heads of most of the lower organizations of the preschool education system of the Republic of Uzbekistan have a pedagogical specialty, and their ignorance of the secrets of the science of management is evident in two ways:

1. Lack of competitive environment in preschool education institutions, the presence of a dependent mood;

2. The lack of interest of the head and employees of the organization in improving the quality of services provided in the preschool education organization, the quality of preschool education in accordance with government requirements is stabilized under the supervision of higher authorities.

In creating a competitive environment among preschool organizations, it is necessary to evaluate the performance of each preschool organization, resulting in appropriate incentives for the head of a high-ranking organization, and in our next study we will develop criteria for evaluating preschool organizations.

In order to acquire the necessary knowledge of management, it is necessary to publish a special manual for heads of preschool organizations and to organize a short seminar for heads of preschool organizations on the basis of this manual and require them to pass an examination on the results of the seminar. In the future, we will prepare a recommendation to the Ministry of Preschool Education of the Republic of Uzbekistan to prepare a textbook on management for heads of preschool education institutions and to organize a seminar on the basis of this manual. This activity increases the management knowledge of the leaders of the preschool organization and leads to the effective management of the organization they manage.

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HOW TO USE LOCAL BUDGET?

Sanobarkhon Yakubovna Ismoilova[1]

ABSTRACT

The article analyzes how local budget funds are spent based on the results of financial control measures carried out in the Ferghana region in 2010, 2014-2019. Based on the conclusions, four directions of ensuring effective spending of local budgets and related problems are considered.

Keywords: *local budget, control measures, financial mistakes, deficit of monetary and material welfare, illegal expenditures and overpayment*

Introduction

It has also been more than a quarter of a century since the market economy and the relationship with it have entered the socio-economic life of our Country rapidly. This economy and the economic relations associated with it, first of all, are subject to the effective spending of any funds. Therefore, working in the opposite way is considered completely contrary to its economic nature. This expressed opinion does not depend on who the funds belong to or on what form of activity they operate.

Issues such as the stabilization of the structure of the revenues of local budgets, compliance with the discipline of payment, the improvement of the distribution of taxes between the segments of the budget system, the elimination of tax irregularities and their prevention as a result of today's coronavirus pandemic, the coverage of the main directions of effective management of the process of formation. It seems from practice that the majority of representatives of the private sector in Uzbekistan have already formed their own views on the issue of how to spend funds. In the event that other conditions are equal, the business entities that are managing the effective spending of their respective funds will achieve success. Nevertheless, those who are on the contrary of that, although with slow pace, suffer from degradation. In this situation, it is important to clarify the question of how we use budget and especially local budget funds in practice.

Literature Review

Foreign scientists such as S.Fisher, P.Samuelson, Stanley L.Bryo, A.Laffer, V.Romanovsky, Bezdenejnix A.V., Malysheva V.I, Agoyan S. A., Novojilova T., Morozov I.A and others have learned effective management of revenues and costs of local budgets. For instance P.Samuelson made an opinion in his book “Economics” about the distribution of local budgets expenses, subsidies from the high budget, the problems of taxation. At the same time, scientists from Uzbekistan M.Sharifkhodjaev, A.Vahobov, T.Malikov, O.Olimjonov, H. Sobirov, K. Yahyoev, E.Gadoev, N.Haydarov studied the issues of formation of local budget revenues and cost optimization. Problems associated with the formation of local budget revenues on local budgets and improvement of legislative base in the process of its formational proposals have been developed by V.Romanovsky, Bezdenejnix A.V., Malysheva V.I. Agoyan S. A. , Novojilova T.N,

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Morozov I. A have suggested mechanism of budgeting in financial security issues in the formation and development of local income which could give opportunity to improve the system.

METHODOLOGY

In the process of research, a method of analysis and synthesis of general principles of budgetary financing, which serves to ensure the effective use of funds of local budgets, was used in the requirements of the modern market economy.

Main Part

No one has the right to be indifferent to the issue of how budgetary funds are spent. In fact, in this place, this is about how the funds formed in the budget from the accounts of taxpayers are spent. Therefore, it is necessary to be in a similar relationship to the issue of expenditure of these funds, in what way each member of the society is concerned with how their funds are being spent. This is due to the fact that in this place, first of all, it is not about millions (Uzb. soums), but about how billions (Uzb. soums), and even trillions of funds are spent.

Analysis and Results

This can be determined by conducting appropriate control measures in practice. In turn, such control measures can be carried out at the levels of each region, city or district. In this regard, we will try to consider this issue on the example of Fergana region. Therefore, the data of Table 1 (see the next page) below provide the results of control measures conducted in the Fergana region, which is considered one of the most advanced regions of the Republic in the period of 2010, 2014-2019. The analysis of each of the indicators presented in it makes it possible to clarify, in our opinion, on the example of the Fergana region, the question of how the funds of local budgets are used in practice. While analyzing Table 1 data, we can draw a few conclusions that serve to determine how local budgets funds are being used in practice. Shortly, in brief, the most important of them are the followings:

1. Even by looking superficially at the number of control measures carried out on the scale of the Fergana region, the issuance of indicates illustrate that the situation with the use of local budget funds is not healthy. This is evidenced by the fact that in some years (for example, in 2014-2015 years), about two thousand, and in other years (for instance, in 2016 year), more control events were held. Even during the 2018 year, when a policy of sharp reduction of control measures was implemented, the holding of nearly 250 control measures would serve to confirm this conclusion. On top of that, the implementation of control measures, which differ sharply from each other in number in different years (for example, 1176 units in 2010 and 2339 units in 2016, almost twice as much), also testifies to the presence of problems here that are still waiting for their solution. After all, it is already known in advance that when the issue of effective use of funds of local budgets is fully resolved, there is no need to conduct such control measures;

Table1. Results of financial control measures held in Fergana region in 2014-2019 years[1]

№	Indicators	years					
		2014	**2015**	**2016**	**2017**	**2018**	**2019**
1.	Number of control measures conducted	1844	1 798	2 339	1 161	249	775
2.	Number of control objects for which a financial error is not detected	260	125	281	262	48	40
	Their share in the number of control measures conducted	14,10	6,95	12,01	22,57	19,28	5,16
3.	Number of control objects to which a financial error is detected	1584	1673	2058	899	201	535
	Their share in the number of control measures conducted	85,90	93,05	87,99	79,43	80,72	94,84
4.	Amount of financial error detected, million sum	6379,3	10811,1	13144,1	14113,3	3305,4	8382,7
5.	Shortages and disbursements of funds and material assets, million sums	2802,1	4786,7	3284,6	4083,9	1245,7	1550,1
	Their percentage in the amount of identified financial errors	43,92	44,28	24,99	28,94	37,69	18,5
6.	Illegal costs and overpayments, million. sum	3577,2	6024,4	9859,5	10029,3	2059,7	6832,6
	Their percentage in the amount of identified financial errors	56,08	55,72	75,01	71,06	62,31	81,5

[1] It was prepared by the researcher on the basis of data from the Fergana region finance department. [2]

7.	Recovered funds, million. sum	5084,4	9498,5	12026,6	11106,4	2631,5	7550,0
	Recovered funds, million. Sum	79,70	87,86	91,50	78,69	79,61	90,1

2. The second indicator, which is presented in the table and characterizes the results of financial control measures conducted in order to determine how the funds of local budgets are used in the Fergana region, that is, the number of control objects for which financial mistakes are not determined, as well as the results expressed through their share in the number of control measures conducted, has, in our opinion, a double character;
   a) control measures were carried out-it is gratifying that the number of control objects, but not detected financial mistakes, amounted from 40 (2019 year) to 281 (2016 year) in Fergana region, or their share in the number of control measures conducted reached from 5,16% (2019 year) to 22,57% (2017 year). Because these figures show, in this case, that the funds from the local budgets are effectively spent, although in the most general way. These figures also suggest that in practice it is possible to get out of the udder of the effective use of budgetary funds. It is worthwhile to recognize all this as a positive state.
   b) on the second hand, the figures expressed through the same 2-th indicator also shows that control measures on the share of so much stock and so on in Fergana region were conducted ineffectively. Because, proceeding from the above figures, the contribution of financial control events, which in the following years, for example, financial control events up to 281, ended without result or ended with the same result, constitutes about 3/1 of the contribution to the total financial control events. In this situation, if a certain part of the financial control measures being carried out ends without result, then the question of whether it is worthwhile to carry out such control at these facilities is put on the agenda so that it has its own objective answer. It can be seen that there are problems or need for improvement in the financial control issues that are being carried out or planned to be carried out at the facilities in order to ensure the effective use of local budgets funds. In our opinion, there is no economic (financial) sense to conduct financial control activities in subjects that have been consistently adhering to the budgetary discipline for the past few years and have achieved the achievement of effective expenditure of budgetary funds;
3. In order to determine how the funds of the local budgets are used in practice, in expressing the specific meaning of the financial control measures carried out in Fergana region, the 3-th indicator, which is presented in Table 1, that is, the number of control objects in which financial mistakes are detected and their share in the number of control measures. It is seen from them that during these years, a financial mistake was detected in part from 78,83% (2010) to 94,84% (2019) of the financial control measures taken per year. Although the fact that this is the case is not enough to draw a final conclusion on how the funds of the local budgets are being used, the fact that this level of performance is such, in assessing the situation in this direction, in our opinion, has its place. If it is determined that any of the 10 financial control measures taken are being made to prevent financial mistakes in 7 or 9 theses, this is sufficient to confirm that the funds of the local budgets of the Fergana region are being used inefficient;

4. In practice, one of the facts confirming that the funds from the local budgets are spent to a certain extent inappropriately and inefficiently is the amount of financial mistake identified as a result of the conducted financial control measures. During the years of analysis, its level reached from 1 470.0 million soums (2010) to 14 113.3 million soums in Fergana region. It is worth noting that in this place only one regional scale goes about the fact that billions or tens of billions of funds are spent on making financial mistakes, the relevance of the problem will be further manifested;
5. The first part of the structure of the identified financial mistakes has the appearance of shortages and disbursements of funds and material assets, and their level is 4 786,7 million soums (2015 year) from 346.1 million soums (2010 Year) in the range of the analyzed period. And their share in the amount of identified financial mistakes during this period reaches from 23.54% (2010 year) to 44.28% (2015 year). On top of that, it is considered alarming that this figure has increased from 24,99% in the last 4 years (2016 year) to 39,92% (2019 year). Also, it is impossible to explain with anything that the deficit of funds of local budgets is allowed and their appropriation is contrary to the law;
6. The second part of the financial mistake identified within the budget of Fergana region is due to illegal expenditure and excessive payments. Their scope fluctuated from 1 124.0 million soums (2010) to 10 029.3 million soums (2017) during the years of analysis. Illegal expenditure and overpayments, as can be seen from data (Table 1), constitute the main part of the identified financial mistakes, and their impact in the same period accounted from 55,72% of these mistakes (2015 year) to 76,46% (2010 Year). Although the share of illegal expenditure and excessive payments in the total amount of fixed financial error over the last 4 years has a tendency to decline year after year (from 75,01% in 2016 year to 60,08% in 2019 year), nevertheless, the high level of this impact is evident from the fact that first focus should be considered on this issue;
7. As can be seen from the table data, a significant proportion of the financial errors identified as a result of the financial control measures carried out within the Fergana region in order to determine how the budgetary funds were used have been recovered. The amount of restored funds in the same period amounted to 1 351.6 million soums (2010 Year)12 026.6 million. reached the sum (2016 year). In general, during the period when the analysis was carried out, the impact of the restored budget funds on the amount of identified financial errors was 78,69% (2017 year) 91,95% (2010 Year). Despite the fact that it is so, in our opinion, there is no point in being calmer. Because, apparently, even in this situation, it is not possible to completely restore the budget funds. After all, it was not possible to restore even a fraction of the financial errors identified as a result of financial control measures, ranging from almost 10,0% in some years (for example, in 2010, 2015, 2016 and 2019 years) to 20,0% (for instance, in 2014, 2017 and 2018 years).

Conclusion and Suggestions

In our opinion, as a result of the analysis of the data of Table 1 above, the most important of the conclusions that should be drawn, without a doubt, is this. So, now, relying on them “how do we use the funds of local budgets? how to give a general answer to the question?” In our opinion, summarizing the answers, we can briefly describe the following:

1. In practice, it is not possible to make full effective use of local budgets funds;
2. Financial mistakes are made in the use of budgetary funds;

3. Financial mistakes are manifested in the form of shortages and disbursements of funds and material assets, as well as illegal expenditure and excessive payments;
4. In practice, as a result of a financial mistakes in the use of budgetary funds, it is not possible to completely restore the budget funds that have been illegally spent, etc.

So, from this it can be seen that while the issue is put on the agenda in the direction of ensuring effective spending of local budgets, it is not possible to make it, at least, without solving the problems related to these four areas. In turn, each of them is obliged to carry out research works individually and in depth, as well as in detail.

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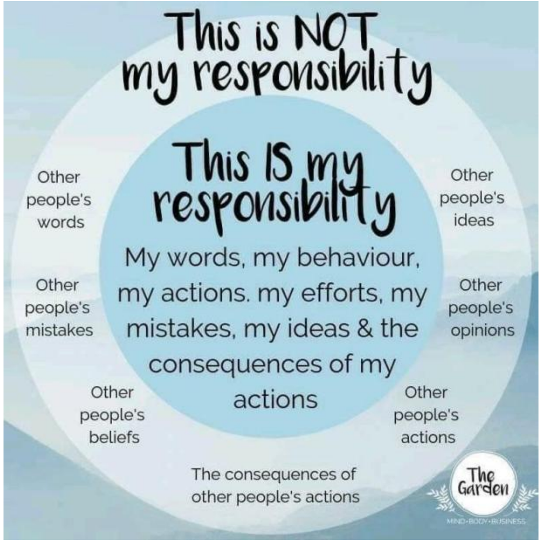

DEVELOPMENT OF THE SERVICESPHERE IN UZBEKISTAN AND FEATURES OF MODELING ITS MANAGEMENT PROCESSES

Oripov Abdumalik Abdusalomovich[1]

ABSTRACT

The article discusses the development of certain types of services based on scientific considerations. Based on the researches of foreign and national researchers, clarified the conditions of service and classified characteristics of services. Based on the dynamic range of services in the Republic of Uzbekistan for 2010-2019,a determined model of patterns of change in indicators and, based on a certain model, predicted the level of change in indicators until 2023. Based on the forecast indicators, developed recommendations onthe development of the service spherefor the medium period.

Keywords: *servicesphere, service, globalization, investment, consulting services, financial services, correlation, regression, models.*

Introduction

Today, the service sphere has become one of the leading sectors of the world economy. In this regard, special attention is paid in Uzbekistan to the modernization of this sphere, improving the regulatory framework for sustainable development, the provision of services in accordance with international standards. The role of the service sector, which is one of the most important sectors of the economy today, is very large and important. This is due to the complexity of production, the saturation of the consumer market with goods based on daily and personal needs, the rapid growth of scientific and technological progress that renews the life of society. All this is impossible without information, finance, transport, consulting and other services. In the context of modernization of the economy, the ongoing reforms in the country to build a stable and efficient economy are showing positive results. In particular, the rapid development of the service sphere provides an opportunity to ensure the well-being of the population and address employment issues. In this regard, special attention is paid to the service sphere, which can have a significant impact on future development and GDP.

In the theoretical researchof the service sphere, it is advisable to focus primarily on the meaning of terms such as *"services"*, *"servicessphere"*. The term *“services”* is interpreted differently by scientists in economic literature from different perspectives. Many foreign and local scientists have conducted theoretical research on these terms. F.Kotler describes the field of services as follows: "Service is any activity that one party can offer to another" [1].

According to O.R.Yefimova explains service as follows: "Service is an action or activity, the result of a beneficial effect on another form of consumer satisfaction" [2]. According to S.N.Korobkova "Service is an action, work or performance of work" [3].

The dictionary-reference book "Tourism, hospitality, service" compiled by G.A.Avanesova, L.P.Voronkova, V.I.Maslov, A.I.Frolov describes the service as follows: "Services - the direct result of a

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collaboration between the executor and the consumer, as well as the personal activity of the executor aimed at satisfying the needs of customers" [4].

I.S.Tukhliyev interpreted services: "Services are a unique type of invisible commodity" [5], and in this approach, he expressed the goods features of the service, that is, the labour relations in the production of services, material production processes, but emphasizes that the result of the production process will have an intangible form. In our view, the concept of service is "the conscious activity of individuals, businesses, the state and society in relation to the process of service that benefits them".

In this research, the term "service sphere" refers to a specific part of the economy. The concept of "services" has been widely discussed by economists and researchers.

S.N.Korobkova describes the services sector as follows: "The services sector is the sphere of the economy in which goods are created, which have a beneficial effect on the process of creation. In the service sector, labour is not represented as goods" [3]. According to the definition given by G.A.Avanesova, L.P.Voronkova, V.I.Maslov, A.I.Frolov: "It is the sphere of industrial economic practice and social interaction of the organizers of useful activities, producers of goods and products with the value of goods" [4].

Irrespective of the economic system in each country, international economic changes affect the country's economy. It also requires a radical overhaul of the country's economy to mitigate the effects of changes in the global economy. Economist Ye.A.Kameneva also said: "With the development of globalization, the service sphere, which is the main sector of the economy, is changing. In this case, the service sphere will not look the same, and the types of services will develop at different levels, depending on the socio-economic conditions" [6]. This means that the modernization of the service sphere will lead to the further development of services, the formation of new types of services. Therefore, the service sphere must be developed comprehensively, in different ways, in a step-by-step manner.

Discussion and analysis

Development of the service sector is one of the priorities of the economy of Uzbekistan. By the Decree of the President of the Republic of Uzbekistan dated February 7, 2017, the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 was adopted. The document has become a "road map" for structural reforms in all spheres of society.

The analysis shows that the service sphere in Uzbekistan is developing faster than the real sector of the economy. This is due to the structural changes in the national economy, taking into account the trends of globalization in the world economy, which in turn will increase the welfare of the population, as well as fill the market with services. The main factors of rapid growth are the creation of new enterprises in the service sector and the expansion of existing enterprises based on the analysis of market dynamics and the needs of the population, especially in the region.

One of the distinctive features of the ongoing reforms in the Republic of Uzbekistan is its integrity, a systematic approach, in which the components of a process are the individual, the state and society, continuing education, science and production.

The importance of the service sphere in the formation of a socially-oriented market economy in Uzbekistan and the need to increase its share in GDP is determined by several conditions, including:

- the expansion and development of the service sector will contribute to sustainable economic growth and increase the competitiveness of the national economy. D.Bellpointed out, in the economic sphere, the production consists mainly of the transition from the development of the industry to the production of services that lead to the structural restructuring of the economy in many countries around the world [7]. The share of the service sector in the GDP of developed countries, shown by the development trends of the world economy, exceeds 50.0% (for January 1, 2016, the World Bank estimates that service revenues are about the same as the world GDP 70 percent). Leading countries in the service sphere are Luxembourg (88.3%), Cyprus (87.4%), Malta (85.5%), Denmark (76.3%), Spain (74.8%), Greater Britain (79.6 per cent) and the United States (77.6 per cent) have a special place;

- there will be a market change in the service sector, the concept of "service economy" (internet technologies, social networks, telecommunications services, etc.), the content and importance of the service sphere will change (in the labour market there is a growing demand for technologists, professional marketers, IT specialists, who are becoming increasingly popular in the business community);
- a modern economy that reproduces services is an important condition for ensuring the quality of life of the population. But consumer behaviour is changing in the services market. Through creative marketing, the consumer creates services by providing specific requirements for the services provided. A person becomes not only an object of services but also a subject, establishing direct contacts with manufacturers and intermediaries in this area. Modern services build and develop the human capital needed to make the transition to innovative development.

The most important obstacle to improving the quality of services provided is the lack of competition in the market and the limitation of tariff growth and the reduction of administrative barriers for new organizational structures. The service sector is one of the most promising sectors of the regional economy, and its development will primarily affect the increase in employment in the non-manufacturing sector, improving the quality of human capital and the introduction of modern technologies in production.

It should be noted that the service sphere is undergoing a process of diversification, in which different services are integrated into individual enterprises. The tendency to merge services within some organizations or enterprises helps to increase their efficiency and competitiveness, while transport services are integrated with insurance and leasing services, tourism and other services. At the same time, the innovative activity of economic entities is an important factor influencing the development of the economy in modern market conditions [8].

In our opinion, the following innovation groups are typical for the services sector:

- innovations in the field of technology for the provision of services, the introduction of new technological equipment that significantly expands the range of provided services (telecommunications, mobile communications, e-commerce, etc.);
- increasing the consumer value of services, improving the quality of services provided (innovative services in education, health care and services that serve the social infrastructure, characterized by the mass demand of the population);
- improving business processes (strategic planning, outsourcing, coworking, etc.), the introduction of new management methods based on the use of new information and communication resources in

the service sector (ISO-quality management, CRM-customer management, ERP-resource management, etc.);

- improving the institutional conditions of the service sector (creation of the legal and regulatory framework, development of infrastructure in the service sphere, implementation of targeted programs, etc.);
- improving the competitiveness of enterprises aimed at improving the business environment and quality of life (diversification of business processes, increasing the level of service to foreign markets, staff training, etc.);
- introduction of mechanisms to increase the investment attractiveness of the service sector (improvement of investment and tax legislation, creation of special zones, infrastructure development, etc.), creation of new financial instruments and financing technologies (creation of public-private partnership mechanisms, corporate social responsibility, leasing).

Given the main trends in the dynamics of the service sphere in the national economy, it should be noted that the main condition for their formation and implementation is the need for sustainable development of the country's economy, which is reflected in the dynamics of key macroeconomic indicators. Global generalizations and local practices in the field of services serve as the basis for shaping the main trends in the development of the service sector at the current stage of economic development [9].

Modelling the dynamics of key indicators in the field of services in the Republic of Uzbekistan can be done using models such as trends, tendencies and time series. We have analyzed the trends of some service sphere indicators over the years (tab.1).

Table 1. Indicators of the development of the service sector of the Republic of Uzbekistan for 2010-2019[1] (billion soums)

Years	Total services	Investment to fixed capital
2010	27126,8	16463,7
2011	35196,3	19500,0
2012	44386,0	24455,3
2013	55872,8	30490,1
2014	68032,1	37646,2
2015	78530,4	44810,4
2016	97050,0	51232,0
2017	118811,0	72155,2
2018	150889,8	124231,3
2019	190356,0	189924,3

[1] Developed on the basis of data from the State Statistics Committee of the Republic of Uzbekistan.

On the basis of trend models, a list of prospects for the development of the service sphere in the Republic of Uzbekistan in 2020-2023 and the most convenient functions for their calculation is given (tab. 2).

Table 2. Forecast for the development of the service sphere in the Republic of Uzbekistan in 2020-2023[1]

№	Indicatorname	Model	Years			
			2020	2021	2022	2023
1.	Services(billionsoum)	$y = 0,8885 \cdot x_1 + 34546,48$	173043,9	189006,4	204968,9	220931,4
2.	Investment to fixed capital (billion soum)	$x = 17965,68 \cdot t - 41744,69$	155877,8	173843,5	191809,2	209774,8

We have determined the development of the services sector in Uzbekistan by the volume of investment to fixed assets. We defined that the changes in the volume of services (y) depend on the factor that has the highest impact, and as this factor fixed capital investment - x_1 was selected. By using the identified data, developed a multi-factor econometric model of changes in the volume of services on the base of factors influencing to the endogen factor.

In the model of volume change of services $a_0 = -41744,69$; $a_1 = 17965,68$. According to these parameters, the trend

$$y = 0,8885 \cdot x_1 + 34546,48 \qquad (1)$$

(1) representing this process is constructed. The reliability and adequacy of the constructed model should be checked based on several criteria to ensure the accuracy of the results. Due to the lack of autocorrelation in the trend and the fact that it meets the requirements for other criteria, the above-defined model (1) was found to be reliable and adequate.

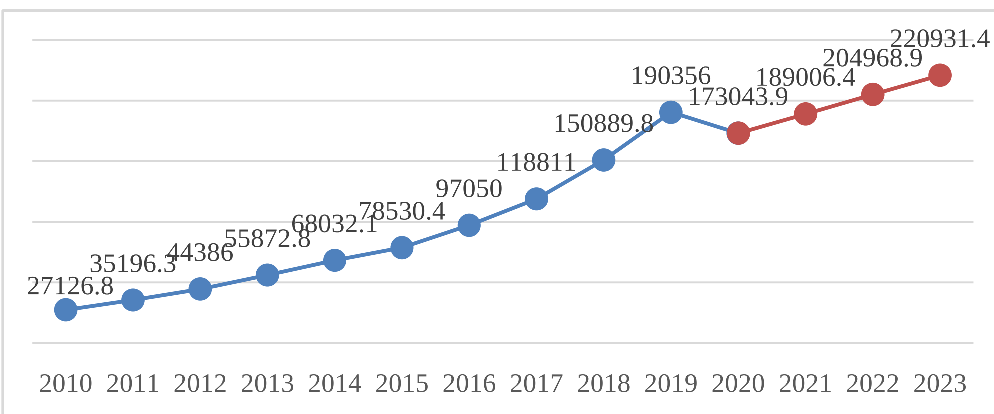

Figure 1. Forecast of the volume of services (billion soums).

[1] Developed by the author based on the results of the research.

The prediction of the change in the volume of services was determined by substituting the models representing the change in the indicators determined by the influence of the time factor instead of the corresponding variables in the (1) - model (Fig. 1).

The above analysis allows us to assess and predict the overall effectiveness of the volume of services provided by the main types of economic activity. In assessing the prospects for the volume of services provided by the main types of economic activity, the analysis of the factors influencing the key indicators in order of importance can clearly show the prospects of the industry.

Conclusions and suggestions

Based on the above-mentioned considerations, discussion of ideas, theoretical views, observations, research, developed the following conclusions and recommendations:

1. In the context of economic liberalization and macroeconomic stability in the Republic of Uzbekistan, it has been identified that the services sector has the potential to develop rapidly in a short period of time. Based on the Action Strategy for the Development of the Republic of Uzbekistan for 2017-2021, the process of developing the activities of existing service enterprises in the country is underway.

2. Studying the experience of foreign countries in the use of services, identified areas and opportunities for the use of services in the regions of our country.

3. Based on the analysis of the dynamic series identified and evaluated quantitative and qualitative indicators of service activities in the territories of the Republic of Uzbekistan, the following:

- service activity has been growing steadily over the years analyzed, and the supply of services available does not fully meet real demand;
- based on the dynamic range of services in 2010-2019, identified the trends of change of indicators and forecasted level of change of indicators until 2023 based on the identified laws.

A structural study of the current state of the services market shows that most enterprises in this system are not organized in clusters, or more precisely, the services formed around basic services are formed independently and spontaneously, largely on demand and unorganized. This is because the infrastructure systems formed around the service enterprises are formed in the form of separate, unconnected and unorganized structures. The fact that the capacity of these structures is not linked to the main service capacity, on the one hand, leads to their operation in a partially uncertain market, on the other hand, there is a high risk of unexpected interruptions in meeting customer demand for these products and services. Such cases lead to a decrease in the level of "attractiveness" of enterprises offering various services.

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LABOR PRODUCTIVITY AS THE MAIN FACTOR OF ECONOMIC GROWTH

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Mullayeva Mehrangiz Ahtam qizi[3]

ABSTRACT

This article is devoted to the problems of achieving high productivity of factors of production, in particular labor productivity, which will ensure sustainable economic growth, will lead to a decrease in production costs, an increase in the competitiveness of goods, and, as a result, an increase in the incomes of the population of Uzbekistan. Dialectical, microeconomic and statistical analysis of the results achieved by increasing productivity, internal and external factors influencing it, as well as the different views of economists on labor productivity, focusing on the factor of human resource development in increasing labor productivity methods of scientific knowledge of economic processes such as analysis were used.

Key words: *labor productivity, labor efficiency, cost of goods, economic growth, labor costs, competitiveness, human potential, human resources, incomes of the population.*

Introduction

At a time of global crisis, one of the most important socio-economic and political tasks for each country is to develop measures to reduce the negative impact of the crisis on all sectors and industries, the development of production and services. stabilization is the creation of conditions for the growth of labor productivity as a key factor in economic development. The crisis caused by the COVID-19 pandemic has affected countries all over the world, and unlike other crises, this crisis has affected not only the economic but also the social sphere. The sharp decline in incomes of the population of the countries, the temporary cessation of production and services have led to an increase in the number of unemployed. As a solution to such problems, reorganization of activities in all areas, ensuring that employees are engaged in their activities remotely, the widespread introduction of modern ICT and digital technologies, special attention to the human resource factor to increase labor productivity is one of the most optimal solutions.

Also in the 21st century it became obvious that the level of development of the scientific and technical sphere determines the divide between rich and poor countries, is the basis for dynamic economic growth, the main factor in the formation of centers of power in the modern world. At the same time, this level is critically determined by the social component, quality and degree of implementation of the innovative potential of human resources.

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It is possible to single out the fundamental categories that characterize innovation processes in economic freedom, forecasting, etc.

There is an opinion that innovative activity is associated only with a revolutionary technology for the production of any complex product. But among scientists and business executives, a broader understanding is widespread, including, in addition to purely technical innovations, organizational, managerial and marketing innovations, new markets and sources of supply, financial transformations, new combinations of resources.

In our opinion, innovation is a targeted change in the reproduction process of the economic system, as a result of which products are updating and the material and technical base are improving. Innovation is the leading element of industrial relations in both a reformed and a stable innovation economy. The circulation of resources of innovation potential in monetary and in-kind forms means an innovation process. The creation and implementation of scientific knowledge in the course of economic reproduction is an innovative activity. It is the use of scientific knowledge in all phases of reproduction (output, distribution, exchange and consumption) that fundamentally distinguishes it from purely scientific activity.

Analysis of the literatures

Scientists, such as Q.X. Abdurahmanov, Sh.R. Kholmuminov, A.B. Hayitov, A.M. Akbarov, are conducting their own research on labor productivity and its increase in Uzbekistan. In the article, we have analyzed these methods and tried to consider the current state and prospects of increasing labor productivity in enterprises and organizations. We have also analyzed the views of Western scholars on the subject and considered commonalities and differences.

In Western economic science, the problem of measuring the productivity of production factors has been studied most extensively. The works of such scientists as R. Lllen, M. Brown, J. Grison, E. Denison, D.W. Kepdrick, D.B. Clarke, V.V. Leontiev, J. Mark, T. Peter, I.E. Reuss, D.S. Sink, R. Solow, Watsrman R., S. Fabrikant, D. R. Hicks, G. Emerson and others.

There is a widespread point of view among economists, according to which, in the conditions of market relations, there is no special need to study the problems of increasing productivity, because the market itself coordinates everything, and what does not manage, the managers of each particular firm or company will regulate and decide eventually there will be an automatic increase in labor productivity.

Thus, a kind of microeconomic approach has become established, in which the solution of important problems of increasing productivity is left to the mercy of individual enterprises, while the state supposedly should not intervene, analyze and take active measures of economic influence aimed at increasing productivity. Some scholars even defend the opinion that in a labor-surplus economy, the study of increasing labor productivity is not relevant. The fallacy of such ideas in relation to the conditions of Uzbekistan, where a huge human potential, is explained by the fact that the presence of an unclaimed labor force in itself cannot yet serve as a factor of economic growth. For the latter, it is necessary that the labor force be involved in production, as a result of the correct organization of which, other things being equal, the real volumes of the gross domestic product will increase.

Reaserch methodology

Labor productivity not only reflects the effective functioning of production and services in the activities of enterprises and organizations, but also has a significant impact on economic growth, which is one of the most important indicators of economic development of the country. Taking into account similar factors and in the analysis of the human resource factor of increasing labor productivity in the conditions of modern market economy, we used a number of methods of scientific knowledge of economic processes. Examples of these include dialectical, microeconomic, and statistical analysis methods. Specific features of labor productivity, factors of its increase, negative and positive aspects of results, dialectical approach to the study of internal and external relations, microeconomic and statistical analysis in the analysis of labor productivity growth in enterprises and organizations through human resource development in terms of methods.

Discussion and results

In a market economy, the main direction and condition of innovative ideas are the search and implementation in overcoming resource constraints. This gives particular urgency to solve the problem of achieving high productivity of resources used for the development and production of products, since this indicator is the main objective criterion of economic stability. Only high productivity can ensure an increase in the volume of gross domestic product and the achievement of sustainable economic growth, a decrease in the allocated costs and production costs, reliable competitiveness of goods in the domestic and foreign markets, and a constant increase in the average per capita income of the population. The scale and urgency of solving many problems of economic reform has led to the fact that, without sufficient grounds, little attention has been paid to some traditional, but at the same time very important issues of economic science, in particular productivity, as a decisive factor in economic growth. The emphasis has been unjustifiably shifted from the analysis of the development of the real economy to the consideration of financial instruments, and the social problems are sharply narrowed down and reduced mainly to the issues of employment and social protection of the poor. In recent years, the indicator of labor productivity has disappeared from official statistics, and the work on planning its increase at all levels of government has ceased.

The solution of this problem, in turn, predetermines the need to create new jobs, which is impossible without additional costs for the acquisition of equipment, machinery, inventory and other means of production. If we take into account the current level of capital-labor ratio in industrially developed countries, it is not difficult to understand what huge financial resources Uzbekistan needs to involve free labor in production. The problem lies in finding the material means for the effective development of the economy through the creation of new jobs in order to involve human resources not employed in socially useful labor in production. In other words, in a country with a labor-surplus economy, on the way to achieving the desired rates of economic growth, the main obstacle is the lack of finance for commissioning new capacities.

Labor productivity in a market economy is the main source of economic growth and one of the factors for improving the quality of life of the population. The task of increasing labor productivity is a necessary condition for the growth of the economy of Uzbekistan. Currently, there is a lag in labor productivity in Uzbekistan from the developed countries of the world. For this purpose, a Resolution was adopted The President of the Republic of Uzbekistan "Concept of the integrated socio-economic development of the Republic of Uzbekistan until 2030", which says about low labor productivity, high energy and resource intensity, the task is to increase the efficiency of the use of production factors.

Consequently, in these conditions, the role of the rational use of production and technical potential increases. With a lot of stress in the field of finance and a lack of investment resources in this regard, the efficient use of fixed assets is a reliable factor in increasing the gross domestic product. The increase in the efficiency of the functioning of fixed assets, other things being equal, means an increase in the productivity of both materialized and living labor. Our studies have shown that a significant increase in productivity could be achieved due to more efficient use of working time (intensification of labor, reduction of losses of working time due to unjustified downtime, reduction of absenteeism, staff turnover, etc.) and improvement in the quality of products. Calculations show that at the industrial enterprises of the South-West region of the republic we surveyed, only due to the rational use of working time and the improvement of the quality of products is it possible to increase labor productivity by about 30-35%. Due to this factor, it is possible to increase the volume of gross domestic product by the same amount. The significance of such GDP growth for the economy of Uzbekistan is especially important given that, according to the IMF, in 2018, in terms of per capita GDP production, Uzbekistan ranked 159th out of 193 countries in the world. labor-surplus economy. Another thing is when it comes to increasing it on the basis of replacing obsolete equipment with a modern, more productive and, naturally, more expensive generation of machines. Such a replacement leads to the displacement of a certain part of the workers and the replenishment of the army of the unemployed, therefore, it is not desirable for countries with a labor-surplus economy, in contrast to countries where there is a shortage of labor resources.

Note, that it would not be entirely logical to raise the issue of new investments in the development of the material and technical base, without ensuring a sufficiently effective use of the available production and technical potential. Where is the guarantee that with the current economic environment and imperfect organization of labor, extremely weak interest of workers in improving its quality, the acquired means of production will be used better and with greater benefit?

Overall, the problem of growth in labor productivity occupies the most important place in any country, in any socio-economic system. Its research is associated with understanding the essence and significance of socio-economic progress, assessing the effectiveness and prospects of economic development. The level and dynamics of labor productivity clearly show the increased possibilities of society for the realization of socio-economic goals both in the near future and in the distant future.

The developed countries of the West have achieved a sharp economic recovery primarily due to a significant increase in labor productivity.

In the conditions of market relations, there are wide opportunities for the growth of labor productivity. It is here that a direct and immediate connection is established between productivity growth and socio-economic progress of society. However, it would be wrong to believe that with the transition of the economy to market relations, labor productivity growth will occur by itself, automatically. This, in particular, is evidenced by the results of the studies, which show a relatively low level of labor productivity. In this regard, studies of labor productivity, ways, factors, economic and social consequences of its growth become even more relevant. It is no coincidence that in countries with developed market relations, serious attention is paid to these problems. The results of these studies are being actively implemented in management practice both at the micro level and at the level of the entire national economy, and often without fail. In our practice, pre-reform, traditional views on labor productivity have been preserved. There is a need to search for qualitatively new methods of measuring and evaluating productivity, corresponding to the content of the new economic mechanism.

In this regard, a very positive role could be played by studying the experience of foreign countries with developed market relations, in which the very concept of "productivity" is more capacious in its content. Hence the difference in the approach and methods of measuring and evaluating this most important indicator. Modern approaches are based on an integrated concept of productivity, in which the concept of "input" covers not only labor costs, but also the quantity and quality of all resources, including natural, organizational, etc. If the costs of living labor are determined by the amount of the paid basis and additional wages, including the cost of payment in kind, the cost of materialized labor includes the cost of purchasing raw materials, materials, components, etc., i.e. all material costs and depreciation of fixed assets. This approach significantly expands the content of the category "performance". At the same time, a constant and direct connection between the final results of production and the total costs of achieving them is ensured, which is the most important principle of business in conditions of market competition.

Suggestions and conclusion

In the modern sense, productivity is a situation where more is created than is consumed. The emphasis is on value creation rather than the conventional reduction in labor costs as with traditional approaches. At the same time, the meaningful growth of labor productivity means:

- An increase in the mass of products created per unit of time while maintaining its quality;
- Improving the quality of products with a constant mass, created per unit of time;
- Reduction of labor costs per unit of production;
- A change in the ratio of the costs of living and materialized labor towards an increase in the share of costs of materialized labor with a general reduction in labor costs;
- Reduction in the time of production and circulation of goods, in economic development largely due to the low level of productivity.

As a result of the acceleration of globalization and integration processes, the demand for skilled labor is growing, first of all, on the one hand, traditional resources are needed to develop all industries and sectors, increase labor productivity, production and service efficiency. In the first place, the use of human resources, ie the maximum use of knowledge and skills of employees, the creation of innovative ideas, the production of innovative products, the use of digital technologies, etc., saves time, reduces costs and increases revenue. On the other hand, the modernization of technology from year to year, the many changes, the automation of production and services require the human factor to acquire new knowledge based on modern requirements, and thirdly, The spread of concepts such as the suspended economy, the information society, the digital economy is now increasingly increasing the role of human resources in any field, all of which are the most effective way to increase the quality and quantity of labor productivity. shows that the knowledge, skills and abilities of employees are constantly improving.

In our opinion, at the level of enterprises and organizations, it is expedient to implement the factor of human resource development to increase labor productivity in the following ways:

1. Development of the level of use of modern information technologies by employees, ie increase of information literacy.

2. Formation of knowledge, skills and competencies in the use of digital technologies (blockchain technology, Big Data technology, 3D technology, etc.) and the development of digital literacy.

3. Focus on increasing the share of technology in the operation and training of qualified personnel who can work with them to prevent the loss of working time and to ensure the smooth operation of production and services.

4. Development of innovative activity in employees of enterprises and organizations. To this end, to establish cooperation with foreign countries in order to equip employees with new knowledge and experience.

5. Linking production and service processes with new knowledge, ie the introduction of modern technologies and the development of innovative methods.

6. Cultural and financial incentives to motivate employees to develop their knowledge and become more active.

7. Introduce links that allow for interconnection between existing pieces of knowledge in enterprises and organizations. For example, if we look at the scale of a manufacturing enterprise, it is possible to establish effective communication between the departments of the enterprise through ICT. This, firstly, speeds up the exchange of information, secondly saves time, and thirdly prevents the loss of working time.

Nationwide:

1. Formation of necessary elements of innovative and digital infrastructure in the country. Establishment of research centers in higher education institutions through the integration of science, industry and education in the formation of innovative infrastructure, the use of digital technologies in all activities, including digital infrastructure approaching from the point of view of personnel with modern knowledge, ie to equip specialists with new knowledge and make maximum use of their knowledge, skills and abilities.

2. Implement institutional changes in all areas. In particular, in order to restructure the activities of enterprises and organizations operating in economic systems, to conduct operations efficiently and quickly, to reduce subjective impacts, to increase productivity, to digitize all activities, to form a corruption-free and efficient administration, to improve credit, banking and tax systems, bringing the education system to a qualitatively new level and, as a result, overcoming the problems of training and retraining of specialists.

3. Given the current requirements for increasing labor productivity (the development of a knowledge-based economy, the need to digitize all sectors and industries, the lack of skilled workers is becoming a global problem and is considered a key factor in increasing labor productivity to focus on attracting domestic and foreign investment in order to further develop human resources.

4. Use of scientific and technical achievements in the production and service process, not only to improve the skills of staff and automate production and service processes, but also to find energy-efficient types of energy, raw materials and materials, to conduct scientific research in conjunction with practical activities in motion.

5. Review and analysis of indicators such as capital productivity, labor capacity, material capacity, energy capacity, which are the main indicators of efficiency in production and service processes, and include new indicators: including indicators that assess the level of application of intellectual potential in activities, such as the index of innovative activity, the index of knowledge.

6. Development of special programs to increase labor productivity and analyze the results achieved. Measurement and evaluation of the results achieved in this program, planning of labor cost productivity based on the provided statistical data, development of measures to increase productivity, etc.

The growth of labor productivity contributes to the successful development of the economy of any country. For Uzbekistan, which is successfully striving to strengthen its economic independence in difficult conditions of transition to market relations, the theory of reproduction is of particular importance. There is a need to focus on the factors providing expanded reproduction, primarily based on the full use of internal resources and accumulated potential. A prerequisite for economic recovery is an increase in the return on all components of production, including labor.

The stimulus of production is the economic interests of workers as incentives to work. The impact of distribution processes becomes most effective when it is possible to combine the interests of the state, enterprises and employees. Therefore, the organization of remuneration should be based on a motivational mechanism that sets in motion the distribution processes within the enterprise. Ultimately, its effectiveness depends on the specific general economic situation.

Improving economic relations is achievable on the basis of competition, the formation of such an economic mechanism when enterprises are interested in investing, in the long-term development of production while maintaining the stimulating effect of wages on workers.

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CHANGE MANAGEMENT AT BHUTAN NATIONAL BANK LIMITED AS BNBL SECURITIES (SUBSIDIARY COMPANY) MERGED WITH THE PARENT COMPANY

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ABSTRACT

Bhutan National bank Limited managed change management due to merging of its own subsidiary company i.e., BNBL securities with parent company. It was operated with separate certificate of incorporation before. BNBL Securities engages in buying and selling of securities and investment of all kinds and acts as an agent for the third-party clients. The main aim of this study is to see the change management due to merging of own subsidiary and how the bank evaluate the changes for the best practice.

The interview questions were collected to know the change management in the BNBL organization. The interview was conducted in such a way that we could come to know about the change has been effective or not in the organization.

The assessment of change in BNBL was done with a preview from Kurt Lewin's 3 step model of change. This model show the change in Unfreeze-Change-Refreeze manner. This method was perfect because in the last the employees had to actually work for the profits of company and look after the company's new vision.

Introduction

Background of the Topic

This study is conducted on how Bhutan National bank Limited managed change management due to merging of its own subsidiary company i.e., BNBL securities with parent company. It was operated with separate certificate of incorporation before. BNBL Securities engages in buying and selling of securities and investment of all kinds and acts as an agent for the third-party clients. BNB Securities has been thriving for excellence in service and efficiency in its operations, which has resulted in providing better services to its customers. (Bhutan national bank Limited, 2020)

Short Profile of the Organization and Changes

Bhutan National Bank started on July 25th 1980 as Unit Trust of Bhutan (UTB) with an initial funding of Nu. 2.5 million By Royal Insurance Corporation of Bhutan. The trust functioned as a subsidiary of RICB with the purpose set to inculcate saving habits among the general public and to channel resources into productive sectors. On the 1st of January 1992, the royal government conferred the trust with the status of independent financial institution. In its first year the trust declared a profit of mere Nu. 9618.86.

Till 2016, the BNBL Securities was a subsidiary of Bhutan National Bank. In 2016, with the instruction of the central bank and the approval from the Registrar of Companies and Department of Trade, the BNB Securities was merged with the parent company.

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Purpose and Objectives of the Study

Key Purpose

The main aim of this study is to see the change management due to merging of own subsidiary and how the bank evaluate the changes for the best practice. There are various specific objectives for achieving the main objective.

Specific Objectives

For achieving the overall aim of the study, the following specific objectives need to be achieved:

i. To evaluate that the change done has been successful or not.

ii. Monitor cost, dis benefits, risks for the parent company.

iii. Perspective of the employees and their expectations.

iv. Alignment of the employees for the strategic direction of the bank.

v. To see how the stakeholders are communicated and their view point.

vi. To know how the change could have been better for the organisation and recommend the same.

Literature Review

Mergers and acquisitions have long been a well known component of corporate strategy and vital development through inorganic development. Merger could be a combination of two or more firms in which as one firm would survive and the other would cease to exist. Mergers and acquisitions are the foremost popular means of corporate rebuilding. (Kansal, S., and Chandani, A. 2014) advocated that proper change management system must be in place before implementing the change management in the organization. Companies involved in the change because of the merger must understand each other culture and the system before going for the change. Likewise, Venema, W. H. (2015) concluded that any change will bring betterment if the purchaser effectively integrates with the target. Normally, most of the purchasers are unable to integrate well with the target or the process of integration is very slow. Better the integration more effective would be the change management. The modern organization frequently battled to bring the significant and feasible changes (Neelam Rani , Surendra S. Yadav and P. K. Jain (2012).

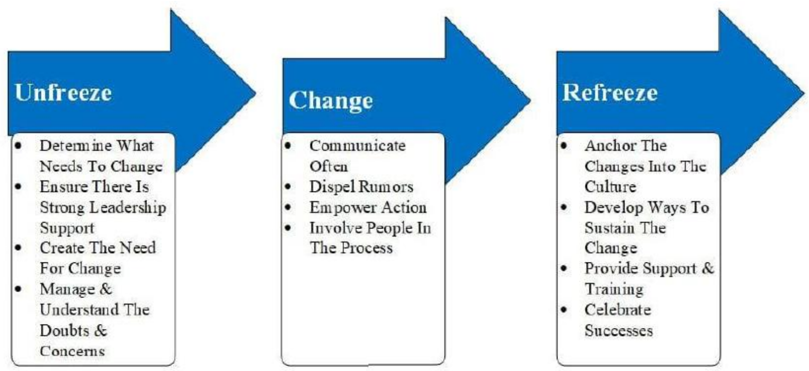
Modern organizations frequently battle to form significant, feasible changes. At the same time, pertinent organizational inquire about needs an effortlessly available agreement on fundamental alter administration forms and standards. One result is specialist dependence on prevalent change models that more frequently cite expert opinion as their establishment instead of logical prove. (Jeroen According to the study of (Choi, S., Holmberg, I., Löwstedt, J., and Brommels, M. 2011) most of the companies use merger as a tool to bring the radical change in the organization and this brings failures. Although management plays a vital role in initiating the changes but sometimes management plays the role of scapegoat. Bringing change in the organization is a difficult process and it looks for commitment from both management and the employees. (Rafferty, A. E., and Restubog, S. L. D. 2010) acknowledged that high quality change information is negatively associated with the anxiety and positively related to effective commitment to change. This implies employees will feel relaxed and happy if the changes are going to impact them positively.

The study conducted by (Pillania, R. K., and Kumar, R. 2009) explained that there is a common belief and perceptions that mergers will lead to the improvement in the acquirer's performance. But, in reality things may not happen as expected. The changes due to merger sometime hardly have any impact in the performance of the acquirer. (Zagelmeyer, S., Sinkovics, R. R., Sinkovics, N., and Kusstatscher, V. 2018) concluded in their study that merger brings enthusiasm among the business communities but it brings a lots of uncertainty and anxiety for the employees in the organization. This is because after the merger there are lots of changes in the organization working culture. Sometimes, the working environments of the organization drastically get changed because of the merger. The employees are directed to follow new working rules and regulations which at times breed the anxiety and uncertainty between the employees. (Giessner, Steffen R., Kate E. Horton, and Sut I. Wong Humborstad 2016) concluded in their study that a merger sometimes brings losses of the employee talent, absenteeism and reduced work rate. (Heinick, R.2010) explained that mergers increases risk, including overpayment and strategic incompatibility. But companies can increase the success margin by assessing the level of risk, keeping the integration process flexible, and focusing on the value drivers. (Cording, M., Harrison, J. S., Hoskisson, R. E., and Jonsen, K. 2014) acknowledged that one of the reason behind unsuccessfulness of any merger is because of the under promising and over promising to both the employees and the customers. This factor affects the productivity of the organization which in turn impacts the long run merger performance and has negative impact on the stakeholders. (Harada, K., and Ito, T. 2011) concluded in his study that mergers of most of the Japanese bank failed either because of their inability to implement intended economies of scale or were assumed that it can never fail because of its too big size. Simply, taking the merger as a guarantee for success can pave the way for failure.

There are different models to guide the change in the organization because of the mergers and acquisition. The understanding of these models is useful for the management because it helps in managing the changes effectively. The ultimate objective of the change management in the context of the merger is to bring the positive aspects of the merger and to increase the organisation productivity as well as the employee productivity. In other words, once followed, the organization can accept the changes relating to the merger with minimal negative implications on the business with the condition that change will bring the growth and prosperity of the business. The merger has an impact both in the organisation as well as on its employees. The study of (Zagelmeyer, S., Sinkovics, R. R., Sinkovics, N., and Kusstatscher, V. 2018) concluded that changes due to mergers brings lot of anxiety and stress to the employee. Employees feel that they will face difficulty in coping up with the new work environment after the merger and as a result of which it impacts employee as well as organization productivity. Out of the various models prescribed for the change management the Kurt Lewin model seem to be more appropriate to build theory of my research. Any change because of the merger has direct impact on the employees. To handle the change effectively it is essential to bring these set of information in front of the employees. Since the employees are the people who are going to implement the change in the organization. The can only rethink the strategies, bring the change and use it efficiently in the organization. Kurt Lewin is widely considered the founding father of change management, with his unfreeze–change–refreeze or 'changing as three steps' (CATS).

unfreeze → change → refreeze

It may be a principal approach to manage the change. Lewin has been criticized by researchers for over-simplifying the change and has been protected by others against such charges. Be that as it may, what has remained unchallenged is the model's foundational importance. We examine how and why 'changing as three steps' came to be caught on as the establishment of the foundational subfield of change administration and to impact change theory and practice to this day, and how addressing this assumed establishment can empower development. CATS has come to be respected both as an objective self-evident truth and an thought with a respectable provenance. (Cummings, S., Bridgman, T., & Brown, K. G, 2016)



CATS Model by Kurt Lewin

Methodology Statement

Research Design

It is the overall strategy one can choose to link the different components of the study in a logical way to ensure that the effective result is generated from the research problem. It intends to provide a framework for a study (Kassu Jilcha Sileyew, 2019). The research design act as a glue that hold together the different components of the project. It should tell the clear research problem, procedures and techniques, methods and data analysis process. (Akhtar, Inaam, 2016). This research is qualitative research design as we have to see the changes in the organization due to the merging. It attacks issue in a different way as it defines that the "reality" is subjective.

The information that we will collect in order to gain the necessary insights is largely obtained by means of *narratives* in which the people being studied and they communicate the way they understand the change management. This involves most obviously speaking or writing and even result from close and systematic observation of people working in the organization (Cropley, Arthur, 2015). These qualitative methods are often time consuming as they require more contact with respondents who should be ready to sacrifice their useful time for the study. These methods involve data collection and writing transcripts that require good record keeping which are very much time consuming, and tiring.

Although there are number of other ways of collecting qualitative data but it is estimated that 90% of all social science investigations make use of interviews. There are two basic tasks for carrying out the interviewer i.e. to carry out it in the required atmosphere and develop the questions in such a way that respondents give answers that is not distorted as the interview is the exchange of information between two people with mutual consent.

Research Strategy

The strategy for research is making the highly structured question-and-answer exchange in which we asked the respondent to respond with concrete answers are desired. These questions are designed from existing theory in the area, from earlier research findings. The questions are read loudly so that we can record and make transcript and are asked from all respondents in the same wording and in a set order.

Data Collection

Population

The population included the employees working in the BNBL, Bhutan. The employees chosen for the interview are the employees working from before 2015 as the mergers happened in 2016 since they have the inside information about the change happened in the organisation. The sample of the employees is taken as it is not possible to interview the entire human resource.

Sample Size and Sampling

A sample of 5 respondents was selected to engage in the process of data collection. Non-probability sampling method was used but strictly to ensure that the objectives were actually achieved but not based on prejudicial basis. In this case, the researcher ensured that employees that had served in the organization for a longer time were given priority during the selection process. This was to ensure that they had some grasp about the change process as it has happened over a considerably long period of time.

Procedures and Tools

Data was collected using in-depth questionnaire which mainly included open questions as opposed to closed ones. These questions ensured that the respondents could give as much information as possible.

Findings

Obtained Data

The interview questions were collected to know the change management in the BNBL organization. The interview was conducted in such a way that we could come to know about the change has been effective or not in the organization. In the questions, it was also asked about the implementation and proficiency of management. The study also asked about the resistance to change and limitations incurred at that time.

Experiences and Impact on the Participants

Need or Rationale for Change

The data collection method was in depth interviews. Looking at the encounter that the BNBL employees had within, it was prove that alter has either been required by outside or inside components. While interviewing the respondents, it was discovered that ‘Change was done with the instructions of Central Bank and approval by the Registrar of the company’. The customers were the primary concern of the company when making the mergers. The respondents also stated that ‘the change was made as most of the securities was of the parent company itself’. The idea of making the mergers was also for the growth of the company.’ The BNBL organization keeps on making new strategies for the benefit of the country.’ The above stated were the response of the various participants who have been working with the organization before 2010. So the know the company very well. Two of these respondents were working with the BNBL securities before mergers. All of them told that the merger was done for the benefit of the organization and to increase the efficiency of BNBL securities.

Assessing the Effectiveness of the Change Process

The evaluation of the change was made by the various questions asked. One of the question asked about the change resistance by the employees of the company. For what the participants responded that ‘they were happy with the merger with the parent company’. Another question was asked about the strategy and credit worthiness. For that answer the respondents told about ‘the process with the Registrar of company and Central bank of Bhutan’. The respondents were also asked about the communication to the stakeholders and their view point at that time for which the participants told that the ‘change was communicated efficiently to all the stakeholders’. In the end the questions about cost, dis benefits and risk taken, increased work load and responsibility were asked from the participants. For which they concluded that the ‘change was for the better of organization and the economy as it the largest bank in Bhutan’.

Benefits and Limitations of the Change

This was important as to know the real benefits of the change from the employees of the organization but the respondents have different answer as per their perspective and knowledge. The ‘respondents1’ indicated that the change was necessary for the growth of BNBL securities. This respond shows that the change was made to save the subsidiary company from the future loss. The ‘respondent 2’ indicated that the merger was done because the maximum share was of the parent company only. The ‘respondent 3’ indicated that the mergers was done with the instructions from Central bank as it was made mandatory for the organization. Therefore it indicated that the merger was enforced by central bank so the organization had to follow. The respondent 4 and 5 told that the merger was done to save the BNBL securities from drowning due to loss.

Now comes the limitations of the Change. In the study, the respondents stated that there was very less resistance on the part of employees of the company. This low resistance was on the part of those employees whose jobs were endangered due to this process which is completely understood. Although the organization ensured that there will be no job loss but many employees lost their job. The next limitation was about the work load of the administrative employees which was increased due to this process. Other than this, the employees stated that they were happy about the merger of BNBL securities with the parent company and it increased the possibility of their growth

Discussion

Main Takeaways of Research

From the study it was clear that the change in BNBL was a good business strategy. It was effective and sustainable plan to merge the securities subsidiary with it. It was the successful strategy of the organization. The organization also included the important stakeholders while making the decision about the change. All the stakeholders were well communicated about the change and the organization also ensured that nobody face the loss by the decision made. The administration of the company took care about the employees working in the BNBL securities. There's have to be consolidate distinctive communication roads extending from formally composed emails, fast phone calls to bargain with different circumstances, and face-to-face arrangements which empower point by point and comprehensive trade of data. In conclusion, the management adopted a gradual process of change to enhance effectiveness. This is often based on the truth that there’s have to be guarantee that everyone within the organization is on board. When we see the working for change in BNBL, we were ensured that the organization used shared value approach and all the individuals in the organization were included for the decision. They unfreeze-change-refreeze effectively with well effective communication in the organization for change management. If the organization has not taken care of all the individual's interest, then it won't have been successful.

Comparison of Findings to Theories of Change Management

The assessment of change in BNBL was done with a preview from Kurt Lewin's 3 step model of change. This model show the change in Unfreeze-Change-Refreeze manner. This method was perfect because in the last the employees had to actually work for the profits of company and look after the company's new vision. BNBL is the biggest bank in Bhutan and also important for the country's economy. Thus merging of its own subsidiary was an important decision. The people working in the bank implemented the change very efficiently which was profitable to the organization only in one year.

Conclusion

Research Summary and Key Outcomes

This research set out to create key assurance with respect to change administration looking for to get it the thought processes of change, the factors that characterize it, the finest practices for the method, and the communication needs. This information was at that point examined utilizing qualitative means to set up the subjects that risen within the handle of information collection. The data was at that point examined from the domain of the Kurt Lewin's 3-step demonstrate to discover its viability. Having done so, different results were realized as follows.

- BNBL had the good leadership that had a vision to change the organisation's future.
- The stakeholders also supported the organization which led to the smooth change management.
- BNBL securities had a good strategy to merge with the parent company BNBL which increased the profits within one year

Lessons from the Study

Lessons for the organization

The lesson to learn from the organization is that they couldn't take the responsibility of the job loss due to mergers and on the other hand they hired new employees whereas they could have trained the old staff.

Lessons for Managers

The managers learned that the business strategy should aligned in such a way which leads to the growth of the profits. The business needs to be sustainable and profitable for which the organization should work as a team effectively. Communication is very important part in any organization which is dealing with public interests, therefore, all the stakeholders must be informed about their organization in an effective way.

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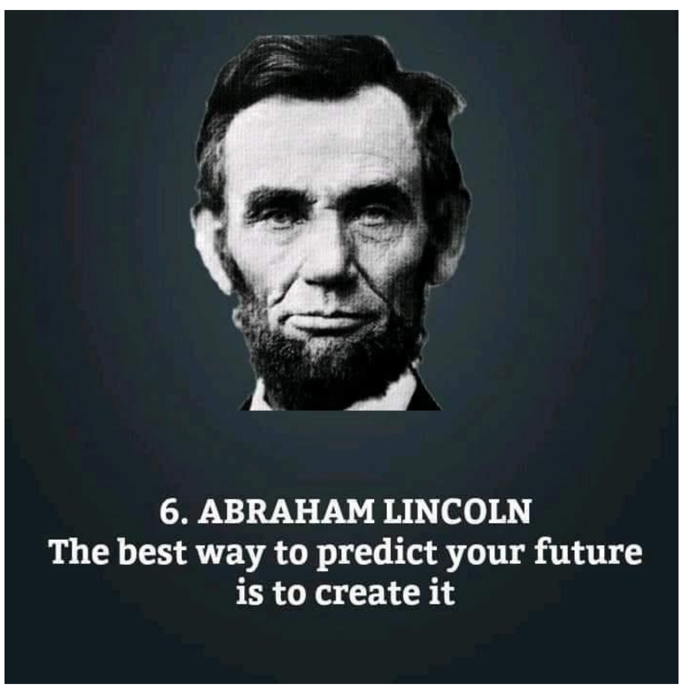

DEVELOPMENT AND SUPPORTING OF PUBLIC-PRIVATE PARTNERSHIP IN IMPROVING THE QUALITY OF EDUCATIONAL SERVICES

Tokhirov Javlon Rakhimovich[1]

ABSTRACT

This article is devoted to the status and development of the use of public-private partnerships in improving the quality of educational services. In writing this article, the rating indicators of the quality of educational services in higher education institutions of Brazil, Russia, India, China and South Africa are analyzed. Based on the characteristics of public-private partnerships, the conclusions on improving the quality of educational services are summarized.

Keywords: *Public and private partnership, public sector, private sector, education, quality of education, BRICS, QS, education service.*

Nowadays, the market economy is typical for most countries and it is manifested as an economic system consisting of different forms of ownership. This, in turn, creates the activities of business entities that compete with each other. It is no secret that cooperation by joining forces to achieve high efficiency is becoming a requirement of today. In particular, the interaction of government and business is an important basis for the development of a modern market economy. This is because in countries with public-private partnerships (PPP), this mechanism is achieving high positive results.

In particular, at the beginning of the XXI century in the group of developing countries in the economic literature appeared a group of BRIC countries, consisting of the initials of the English pronunciation of Brazil, Russia, India and China (Brazil, Russia, India, China). The term BRIC was coined in 2001 by Jim O'Neill, an economist at Goldman Sachs. Since January 2011, the Republic of South Africa has been included in this group of countries and is now called the BRICS. [1].

By 2050, experts predict that the BRICS will become the world's largest economic center and can produce 40-45% of the world's gross domestic product. The economic literature notes that the steady economic growth rates achieved by the BRICS countries over the last decade have ensured that these countries receive large amounts of investment.

It is known that the short-term global spread of coronavirus infection is currently leading to a deterioration of the socio-economic situation in almost all countries. The World Bank predicts a slowdown in the global economy by 2020, which is leading to a further decline in global production due to longer quarantine periods. As a result, GDP growth in the BRICS countries is projected as follows (Table 1).

[1] Basic doctoral student, Bukhara State University, Uzbekistan

Table 1: Forecasts of the global economic outlook in the BRICS countries[1]

№	States	2017 year	2018 year	2019 year	2020 year	2021 year
1	Brazil	1,3	1,3	1,1	-8	2,2
2	Russian Federation	1,8	2,5	1,3	-6	2,7
3	India	7	6,1	4,2	-3,2	3,1
4	China	6,8	6,6	6,1	1	6,9
5	Republic of South Africa	1,4	0,8	0,2	-7,1	2,9

Note: in GDP growth (%)

The data in this table show that the decline in gross domestic product (GDP) during the coronavirus pandemic and a significant decline in economic activity during this period threaten the stability of the state budget. In particular, the state budget will not be able to allocate sufficient funds to address all social issues. This will require the financial support of the business. It is clear that by 2021, GDP growth will be observed. Because Brazil has a developed agricultural base, Russia has a huge amount of natural resources, India has a relatively cheap intellectual resource market, China has a cheap labor force, and the Republic of South Africa has a manufacturing and mining industry. Thus, the BRICS countries complement each other in the world economy.

Admittedly, the growth of the BRICS countries' position in the world economy is based on high economic growth, large inflows of foreign investment, education and entrepreneurship.

The international experience gained over the last 15-20 years shows that one of the main mechanisms for expanding the resource base for economic development, attracting unused resources, improving the efficiency of state and municipal property management is the PPP. This collaboration is a relatively new phenomenon in the global economy, reflecting the expansion and complication of forms of interaction between government and business. It should be noted that in the BRICS countries, high rates of investment in PPPs remain (Table 2).

Table 2: Total investments directed to PPPs in BRICS countries[2]

№	States	Total number of projects *	General investments size *	Number of ongoing projects **	Current investments size **
1.	Brazil	951	361,224	917	356,763
2.	Russian Federation	91	36,924	87	36,886

1 Created by the author based on data from www.worldbank.org.

2 Created by the author based on information from www.pppknowledgelab.org

3.	India	1,031	252,897	989	238,571
4.	China	1,655	193,701	1,614	188,681
5.	Republic of South Africa	110	25,566	102	25,566

Note: * per unit, ** million USD

The analysis shows that in the BRICS countries, the bulk of total investment in PPPs was made in the following sectors and industries:

• Power supply;

• Construction of railways;

• Construction of airports;

• Road construction;

• Water supply and sewerage;

• Natural gas supply;

• Construction of ports.

The development of PPP is determined by the main factors that lead to the expansion of the scope and forms of interaction between government and business. These are:

First, PPP is one of the mechanisms of a mixed economy that allows the development of the relationship between business and government.

Second, the PPP provides an opportunity to use the private entrepreneurship initiative to increase the efficiency of budget spending by attracting private sector resources to public and local governments in related sectors and industries.

Third, combining the efforts and resources of business and the state within specific projects will create their additional competitive advantages. It is true that businesses strive for more mobility, faster decision-making, innovation and technical and technological improvement to ensure competitiveness than government agencies. The government, in turn, must create a stable regulatory framework, organize activities, interact with civil society, use financial and economic means: subsidies, guarantees, tax incentives, etc. to ensure the more successful implementation of PPP projects.

The above factors are of great importance for the development and diversification of the scope of PPP. However, the dynamics of this process in each country depends on the state policy, economic and social processes, organizational and legal mechanisms of business cooperation.

The independence of production, freedom of entrepreneurship, free exchange of resources in the country's economy testify to the effective functioning of the market economy. The more independent the producer of goods and services, the better the market will develop. Achieving economic independence in education means, on the one hand, the freedom of educational institutions to use both their own funds and resources from educational, scientific and economic activities, and, on the other hand, full economic responsibility for the results of their activities.

Changing the organizational and managerial framework of the educational institution goes hand in hand with the restructuring of the economy. The study of the functioning of the financial and credit mechanism plays an important role in assessing the quality of financial management in the educational institution. This means that the practical satisfaction of the country's demand for highly educated professionals depends directly on the amount of funding for the system, which, in turn, is determined by the economic situation of the state and education policy.

In today's fast-paced world, the need for human capital and its development remains one of the main goals. Human capital is based on a competitive and flexible education system that includes world-class universities. Employees of all higher education institutions (HEIs) around the world are fighting for the prestige of their universities and for their educational institutions to occupy high places in the global rankings.

Launched in 2013, QS BRICS University Rankings evaluates the performance of the best universities in five countries and compiles an annual ranking. This ranking system tracks the achievements of BRICS countries in the field of higher education and helps to compare some universities in countries with significant socio-economic dynamics. It should be noted that the main purpose of the rating is to assess the best universities in a particular field of knowledge, the quality of their teaching, research and teaching activities. With these objectives in mind, eight indicators were selected for use in the methodology after extensive consultation with experts from each country. The eight indicators used to create the BRICS ranking are:

- Academic reputation (30%);
- Employer reputation (20%);
- Faculty/student ratio (20%);
- Staff with a PhD (10%);
- Papers per faculty (10%);
- Citations per paper (5%);
- International faculty (2.5%);
- International students (2.5%).

Quacquarelli Symonds (QS) is designed to help prospective students choose which university is best for them and gather information. The fact that each university is rated “Star” in several categories means that they can quickly identify the strengths of an educational institution and search for universities with high rankings in the most important areas. When analyzing the list of universities in the BRICS countries in the QS BRICS University Rankings over the years, we obtained the following data (Table 3).

Table 3: Number of universities in the QS BRICS University Rankings[1]

№	States	2016 year			2017 year			2018 year			2019 year		
		Number of HEI	Public HEI	Private HEI	Number of HEI	Public HEI	Private HEI	Number of HEI	Public HEI	Private HEI	Number of HEI	Public HEI	Private HEI
1	**Brazil**	40	34	6	54	46	8	61	52	9	90	70	20
2	**Russian Federation**	52	52	0	55	55	0	68	68	0	100	98	2
3	**India**	31	26	5	44	37	7	65	53	12	84	70	14
4	**China**	68	66	2	87	85	2	94	92	2	112	109	3
5	**Republic of South Africa**	11	11	0	11	11	0	12	12	0	13	13	0
Жами:		**202**	**189**	**13**	**251**	**234**	**17**	**300**	**277**	**23**	**400**	**361**	**39**

Note: Number of universities per unit

Our research shows that the number of universities participating in the ranking has increased over the years. In particular, the number of public universities has almost doubled in 2019 from 2016. Similarly, we can see that private universities have tripled from 2019 to 2019. This is reflected in the following figure (Figure 1).

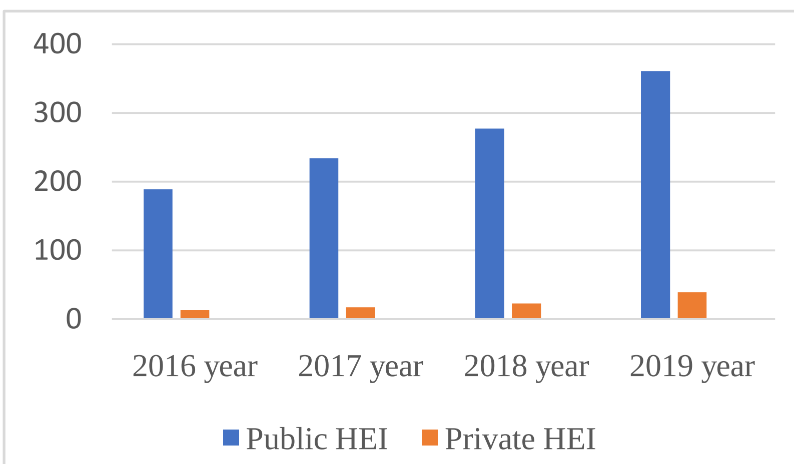

Figure 1: Growth rates of public and private universities over the years in the QS BRICS University Rankings [1]

[1]Created by the author based on information from www.topuniversities.com/university-rankings/brics-rankings/.

It is very difficult to differentiate and clearly define the activities of the public and private sectors in the field of education. This is because both sectors will be interconnected in the provision of educational services. One of the priorities of such cooperation is its widespread use in the education system, aimed at improving the quality and efficiency of education.

The results of our research show that in the QS BRICS University Rankings, the number of public universities is high, while private universities are in the minority. However, universities in the form of PPP do not appear in the ranking at all. This in itself allows universities to become a monopoly in BRICS countries. The number of universities that received a star in the ranking is a minority (Figure 2).

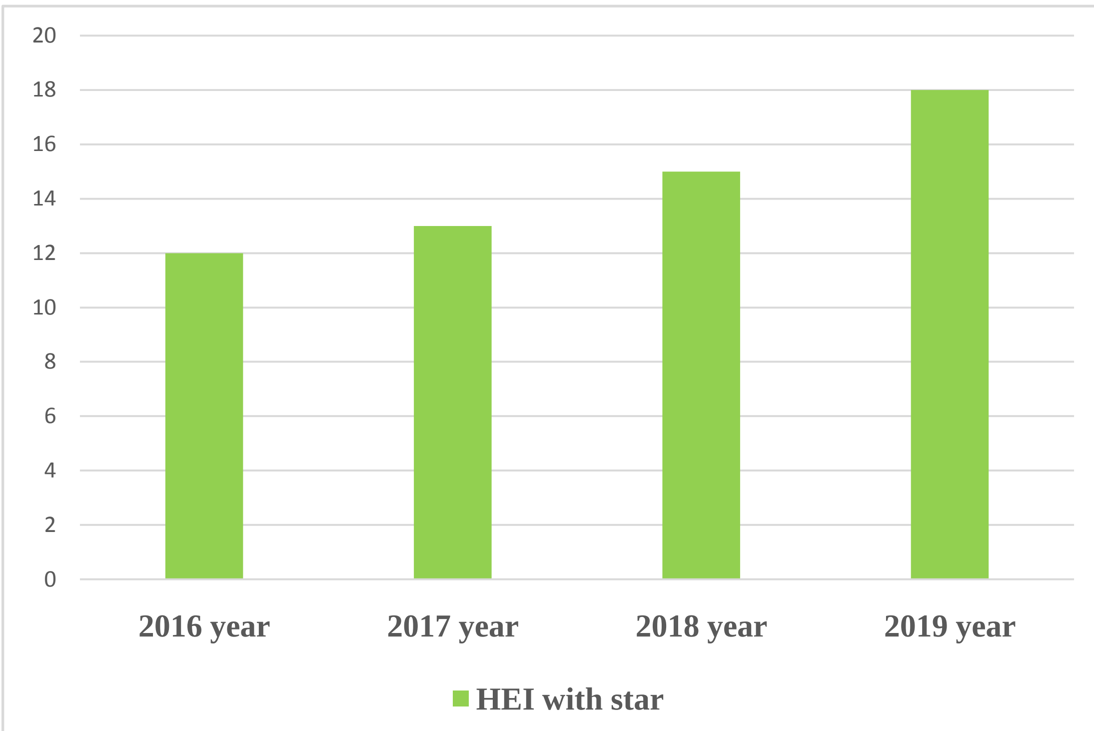

Figure 2: Number of universities with different levels of stars in QS BRICS University Rankings (in units)

It should be noted that one of the strategic tasks of the country is to end the monopoly of state property by creating a multi-sectoral and stimulating competitive environment in the economy, the establishment of enterprises of various forms of private ownership. From this point of view, it is important to create a competitive environment among universities in the country. In our opinion, the creation of universities of different forms of ownership can be as follows:

- establishment of public universities;
- establishment of private universities;
- establishment of PPP universities.

[1] Compiled by the author as a result of research.

However, it should be noted that the majority of universities with different levels of stars in the rankings are state universities. As a result of our research in this area, it can be said that the organization of public universities with low scores on the basis of private universities or private universities is a practical activity.

The PPP in the field of education involves co-financing the costs and risks of education in the public and private sectors. The contract of the quality assurance model of education includes the exact time, fixed price, quantity and mechanism used to purchase a particular service under the contract [2].

In the field of education, the systems of PPPs are targeted at the interests of the country. This conceptual system helps to determine the degree of relevance of PPP in the country's education sector (Figure 2).

Lower PPP					**High PPP**
Lacks	Nascent	Emerging	Moderate	Engaged	Integral
100 percent public					**100 percent private**
Strictly public systems (regulation, finance, provision)	Private schools exist	Subsidies to inputs in private schools	Contracts with private schools to provide a portion of education	Private management of public schools	Vouchers; Funding follows students

Figure 3: The PPP continuum[1]

It should be noted that at the lower level of the PPP, the state is fully responsible for the relevant services in the field of education, assuming regulation, funding and provision. At the initial stage, countries that allow private education to operate in a centralized manner do not receive funding from the state budget. In the developing period of PPP, the state will provide subsidies for private education. In the process of PPP in a stable state, a part of private education is provided on a contractual basis. In PPP-dependent countries, the public and private sectors are independently responsible for providing education-related services. Consumers will be able to choose between public and private education services in the context of high PPP. However, their choices can be influenced by their ability to pay and geographical location.

[1] Felipe Barrera-Osorio, Juliana Guaquet, и Harry Anthony Patrinos, The role and impact of public private partnerships in education, Public Private Partnerships in Education: New Actors and Modes of Governance in a Globalizing World, 2012. p.16

		Provision	
		Private	**Public**
Finance	**Private**	Private schools Private universities Home schooling Tutoring	User fees Student loans
	Public	Vouchers Contract schools Charter schools Contracting out	Public schools Public universities

Figure 4. Financing and provision of services in PPPs [1]

The private sector and the public sector are classified as sources and executors of PPP services. The peculiarity of the state PPP in the field of education is that such an agreement is also of a social nature, which means that in the implementation of such a project must be based on the provision of social services to the consumer and legal and regulatory basis.

Thus, in the field of education, PPP solves the following tasks:

- Strengthens the rights and freedoms of the parties in the legal and regulatory framework;
- The scope of business benefits will be expanded;
- Guarantees of cooperation with the state will be legally strengthened;
- Sanctions are imposed in case of non-fulfillment of obligations under cooperation with the state;
- Property and financial opportunities for education will be further expanded through the attraction of extra-budgetary funds;
- Increases the competitiveness of the educational institution through fundamental and applied research;
- Innovative infrastructure of educational process will be created.
- Energy efficiency will be increased, given the joint efforts of the parties.

The implementation of the above tasks will serve as a significant factor in improving the quality of education in the country. PPP in the education system increases the effective use of funds, allows the state to use special skills that civil servants do not have, allows the introduction of innovative ideas in the educational process, meets the new requirements of the time and market in the use of PPP in improving the quality of educational services.

[1] Felipe Barrera-Osorio, Juliana Guaquet, и Harry Anthony Patrinos, The role and impact of public private partnerships in education, Public Private Partnerships in Education: New Actors and Modes of Governance in a Globalizing World, 2012. p.3

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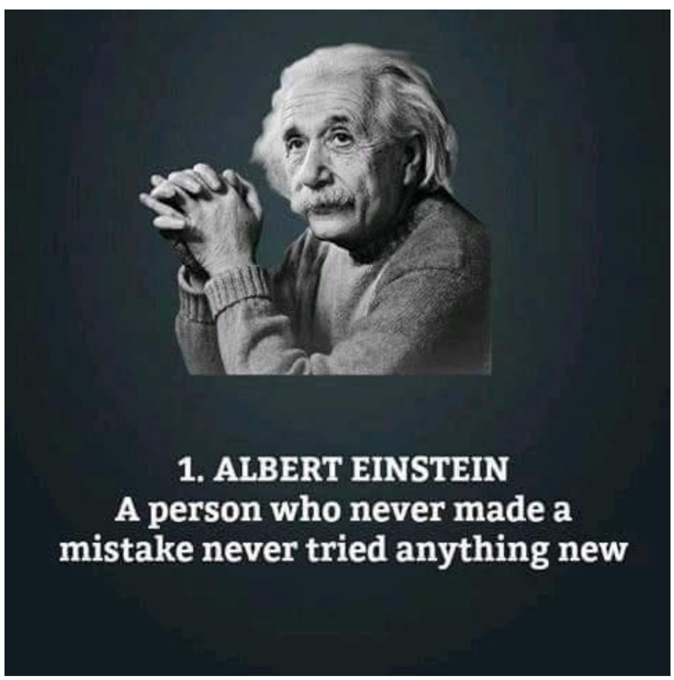

THREE-LEVEL SMART MODEL OF TOURIST DESTINATION

Navruz-zoda Zebiniso Bakhtiyorovna [1]

ABSTRACT

The scientific article considers the essence of the concept of "tourist destination" as an important element of the tourism system. It describes the systematic, geographical, socio-cultural, competitiveness, supply and smart models of tourist destination. The process of formation of "Smart tourist destination" due to the development of digital technologies in the tourist area will be considered. Differences between the concepts of traditional and smart tourist destination were identified on the basis of a comparative analysis of 8 parameters. In order to develop the tourism industry in a cluster way, the author proposed a "Three-level smart model of tourist destination". The first level of this model is attractive tourist and pilgrimage sites; at the second level the travel business of tourist destination objects and at the third level ICT opportunities in tourist destination are expressed.

Keywords: *tourism, tourist destination, smart tourist destination, traditional tourist destination, ICT, digital tourism.*

The peculiarity of the tourism industry and its difference from industry, agriculture and other sectors is that consumers of tourism products and services have the opportunity to enjoy these tourist benefits by visiting the tourist area, leaving the area of their permanent residence. That is, if the delivery of industrial and agricultural products to the destinations of their consumers is organized, the tourist services will move not to the destinations of tourists, but, on the contrary, to the regions where they provide tourist services. This peculiarity of the tourism industry requires the study of the attractiveness of the areas visited by tourists from the point of view of tourists, and this issue is the main research subject of our article.

An important element of tourism as a system is the territory that attracts tourists, in which tourists make their visit and spend a certain amount of time here is a tourist destination[2]. In this case, the territory is recognized as a tourist destination, if it has a small tourist profile and infrastructure, the main part of which can be traveled by a maximum of 10 days[3].

Scientists from the University of Melbourne in Australia, Brent Ritchl and Geoffrey Lrouch, argue that destination is recognized as a key element of tourism and a factor in ensuring its competitive advantage[4]. Tourist destination is an important element of the tourist system. The concept of "destination" is derived from the Latin word "destino", which is translated as destination, tourism destination, tourist destination. There are different models of tourist destination. Let's look at 6 of them in the following models:

[1] Senior Lecturer, Bukhara State University, Uzbekistan

[2] Rassokhina T.V. Management of tourist destinations: textbook and workshop for universities / T.V. Rassokhina. - 2nd ed. - Moscow: Yurayt Publishing House, 2019 .-- 210 p.

[3] Safaryan A.A. Territory as a destination // Modern problems of science and education. - 2015. - No. 2-2.

[4] Ritchie B.J.R., Crouch J.I. The competitive destination: a sustainable tourism perspective. UK, CABI Publishing. 2003.272 p.

1. *Systematic model of tourist destination*. New Zealand scientist N. Leiper in his tourist destination model identifies the following four types of regions that interact with tourism[1].

1) areas that send tourists and create tourist flows associated with their places of residence;

2) transit areas related to the delivery and return of tourists to the territory;

3) the area where tourists travel;

4) the environment that influences the choice of a tourist destination.

Tourist destination is the core, an important element of the tourism system. Based on the conceptual model of tourism, the tourism industry as a system includes a system of tourist subjects and objects. Within the framework of this system, tourists are the sellers of tourist goods and services, if they are the representatives of demand or buyers.

2. *Geographical model of the tourist destination*. Russian scientist Morozov M. A. defines a tourist destination as a geographical area with a certain attractiveness for tourists. Attraction is the main detail in this definition, it can be different for different groups of tourists[2]. This model is based on the “Cartographic Taxonomy” approach, which depends on the area where the clusters are located[3]. "Taxonomy" (from the Greek "taxis" - location and "nomos" - law) - a theory of classification and systematization of complex areas of reality, usually with a hierarchical structure (objects of geography). In this case, "cartographic taxonomy" is understood by the authors as a way of presenting information about tourist resources, characteristics and development factors of tourist areas using cartographic taxonomy. "Cartographic taxon" is interpreted as a set of territorial units that contain a single resource (indicator) of the object under study. "Territorial unit" means a plot of land on a map corresponding to a 1x1 kilometer horizontal plane with a given serial number (coordinates). For example, the tourist destination "Krasnaya Polyana" is depicted in cartographic taxa on the territorial unit "A24V30". The practice of clustering based on cartographic taxonomy allows the collection, storage, use and exchange of data necessary for the geographical modeling of tourist destinations. The geographical description of the tourist destination model is presented as an array of tourist clusters by consumption segments, where the clusters are formed according to the needs of consumer resources and infrastructure, depending on the motives of travel. The authors refer to a cluster as a destination (region). assume that In order to study the various interacting processes in each place, region and to turn these areas into tourist destinations, a cluster model has been developed to provide information using a cartographic taxonomy tool.

3. *Socio-cultural model of tourist destination*. Socio-cultural (or marketing or demand) model of tourist area. According to this model, a tourist destination is not only a place where tourist demand is manifested,

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[1]Leiper N.Tourism system: an interdisciplinary perspective. Palmerston North, New Zealand: Department of Management Systems, Business Studies Faculty, Massey University, 1990, 289 p.

[2] Morozov M.A. Destination is the most important element of tourism / M.A. Morozov, O. Kol. Tourism: practice, problems, prospects. - 1998. - N. 1. - P. 9.

[3] Morozov M.A., Lvova T.V. Cluster approach in modeling tourist destinations (on the example of Krasnaya Polyana). Bulletin of the Russian State University of Trade and Economics. Science Magazine. N. 9 (57). Moscow. 2011. P: 93-105.

but also a place where locals live in constant contact with tourists. This model also considers the marketing side of tourism areas[1].

4. *Competitive model of tourist destination*. According to foreign experts, the competitiveness of destinations at the macro-, meso- and micro-levels is based on certain parameters and is reflected in the “6A” model. D. Bukhalis comprehensively studied the components of the tourist destination and developed its concept "6A". This model is derived from the capital letters of the 6 competitive categories in English, which are reflected in the following[2]:

1. Attractions - places to visit that tourists like;
2. Accessibility - all transport systems consisting of routes, terminals and vehicles;
3. Amenities - services (accommodation and food, retail, other tourist services);
4. Available packages - pre-existing travel packages through intermediaries;
5. Activities - all types of activities in the designated places of visit and the work performed by consumers during the visit;
6. Ancillary services - additional services (services used by tourists in banking, telecommunications, post, hospitals, etc.).
7. *Offer model of tourist destination*. Tourism in the country is based on the supply system, the processes that occur between consumers and producers in the following three areas:
   a. A place that creates a tourist - includes tourism intermediaries and goods and services consumed before the trip.
   b. Information space - includes sources of information and marketing tools that create the tourist and the places where the trip takes place, reflecting the attractiveness of the country.
   c. Travel space - a set of products and services provided by all organizations involved in the process of meeting travel needs[3].

6. *SMART model of tourist destination*. The term “Smart” was coined by Peter F. Drucker in his Practice of Management (1954). The abbreviation "SMART" is used to define the characteristics of the target, which means: ***S****pecific*-***M****easurable*-***A****chievable*-***R****ealistic*-***T****ime*[4]. Thus, the scientist believed that the goal would be achieved if it was “smart,” that is, if it could meet the set criteria.

The ideas on the problem of “Smart” tourist destinations can be divided into two approaches: research that focuses on the role of “Smart” technologies in the consumption and marketing of tourism services, and a group of studies that consider “Smart” destinations as a special case of “Smart city”. These studies differ in theoretical and methodological directions: if, in the first case, the analysis is carried out in terms of business organization, the second, on a larger scale, includes aspects of energy-saving and sustainable

[1] Nikolaev S.S. Strategy for the formation of a single tourist space in the region: (For example. St. Petersburg and Leningrad region.): Author. dis. ... Cand. econom. Sciences: 08.00.05 / St. Petersburg. state University of Economics and Finance. - SPb., 2000 .-- 16 p.

[2] Buhalis D. Marketing the competitive destination of the future // Tourism Management. 2000. № 21 (1). P. 97–116.

[3] Ibragimov N.S. Scientific basis for achieving sustainable competitiveness of the tourist area. Abstract doc. diss.Samarkand.2020. P. 22.

[4] Peter F. Drucker.The Practice of Management by . Published October 3rd 2006 by Harper Business. 416 pages.

development, the existence of a barrier-free environment, historical marginal from the point of view of subcultural support[1].

The “Smart” predicate (cut) reflects the unparalleled importance of automated control and information systems for our daily lives when applied to objects, objects, processes, and the human activity environment in general, and expects the first forms of artificial intelligence to emerge in the near future. The problem of the "Smart zone" is specific to the tourism economy, which reflects the problem primarily in terms of consumer demand[2]. “Smart Zones” allows customers to provide such services in order to attract more tourists and increase the comfort of their accommodation. The main distinguishing feature of Smart Zone is that it is customer-oriented and creates new value-added chains using 2.0 Internet capabilities.

A study of the 40-year (1980 to 2020) evolutionary period of different approaches to the theory of tourist destination shows that the term "tourist destination" was transformed from a traditional form and content to a new form or content - "Smart" or "Smart tourist destination". under the influence of the following three factors:

1. Due to the development of ICT and the Internet and their widespread use in the field of tourism, there is a tendency for traditional tourist destinations to become smart tourist destinations, first due to the formation of electronic and then digital tourism.

2. The establishment of "Smart Cities" in countries with developed tourism has a strong impact on the development of Smart tourist destinations in these areas.

3. As a result of the introduction of cluster technologies in tourism, the organization of tourist clusters has changed the content of tourist destinations, their tourist product content, marketing and management functions tend to shift to clusters. As a result, the structure and objectives of smart tourist destinations are changing. They are becoming an element of the tourism system, forming the basis of tourist clusters. As a superstructure of this foundation, tourist clusters are emerging.

How does Smart Tourist Destiny differ from traditional tourist destinations? In order to find the answer to the question, we identified the differences between these two concepts on 8 parameters (Table 1).

As can be seen from Table 1, smart tourism destination, resulting from the widespread use of digital technologies in tourism, plays an important role in organizing the tourism business in a cluster manner and allows for virtual attraction of tourists to attractions. can be urban, district, rural. The difference between them is also reflected in the development of innovative services and the satisfaction of the need for existing goods through innovative means. If a cluster from a traditional tourist destination serves as a clustering factor, a smart traditional tourist destination serves as a foundation for the organization of tourist clusters. A new business as a result of the development of the virtual tourism business seats will be created, logistics will be improved and access to modern transport will be available.

[1] Boes, K., Buhalis, D., Inversini, A. (2015). Conceptualising smart tourism destination dimensions. In I. Tussyadiah and A. Inversini (Eds.), Information and communication technologies in tourism 2015 (pp. 391-403). Heidelberg, Germany: Springer.

[2] Molchanova, V.A. Tendencies of innovative development of tourist destinations: “smart destination” / M.A. Molchanova // Economics and Entrepreneurship. - 2017. —No. 9-3 (86-3). - P. 715-720.

Table 1. Differences between traditional and smart tourist destinations [1]

N	Types of differences	Traditional tourist destination	Smart tourist destination
1	Geographically	For visiting selectable attractions with tourist profile and infrastructure by tourists	For visiting selectable "Mental" attractions by tourists
2	Motivational	The real tourist attraction of the region serves as a motivation to attract tourists to the region	The virtual tourist attraction of the region serves as a motivation to attract tourists to the region
3	Innovative	Typical tourism products and services	Innovative tourism products and services
4	Economic	The value chain is created in a narrow range through the usual collaboration	The value chain will be significantly expanded within the cluster due to the Internet and ICT capabilities
5	Marketing	It promotes tourist areas and their products using regional marketing tools	Using digital marketing tools to promote tourist areas and their products to target customers
6	Management	Using destination management methods, tourist destination is managed by traditional offline offices.	Using smart management method, tourist destination is more managed through websites and electronic platforms
7	Social	Tourists share their impressions of their travels with a narrow circle of acquaintances.	Tourists spread and share information about their travels on a wide range of social networks
8	Mobility	Tourists travel to the tourist destination by various means of transport.	In addition to tourist vehicles, they take part in excursions from their permanent residence using virtual vehicles.

[1] Source: Table 1 Author's development.

It is recommended to include the following in the components of a smart tourist destination[1]:

- Smart-people;
- Smart mobility;
- Smart-life;
- Smart-environment.

In order to develop the tourism industry in a cluster way, we recommend a “Three-level smart model of tourist destination” (Figure 1). As can be seen from the figure, our recommended tourist destination model consists of the following three levels:

Level I - *attractive travel and visiting destinations*. This level represents the demand situation in the tourism market. It reflects the real and virtual charm of the sights and sacred places from the point of view of tourists and pilgrims.

Level II - *travel business of tourist destination facilities*. This level reflects the state of the supply system in the tourism market. It reflects the opportunities for the development of tourism business in places of interest and sanctuary.

Level III - *tourist destination reflects the opportunities of ICT and the use of ICT by tourists and visitors*. This level reflects the demand and supply situation in the market of ICT services. The formation of smart tourism and the development of digital technologies are reflected.

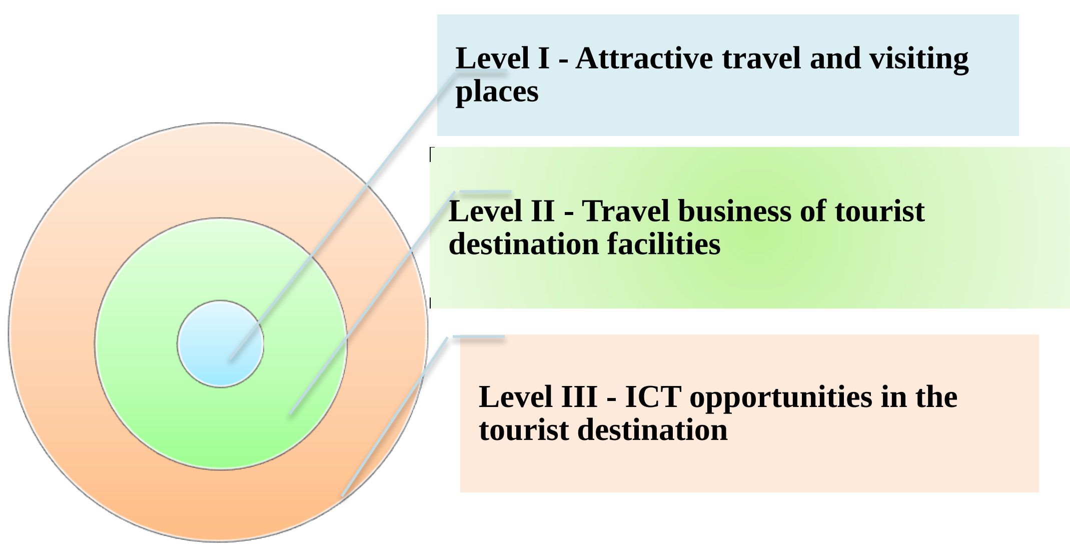

Figure 2. A three-level smart model of tourist destination [2]

Digital technologies for the formation of "SMART tourist zone" are:

1. Mobile internet access technology for wireless data transmission such as Bluetooth, Wi-Fi.

[1]Buhalis D., Amaranggana A. Smart Tourism Destinations Enhancing Tourism Experience through Personalisation of Services // Information and Communication Technologies in Tourism 2015 ENTER 2015 Proceedings of the International Conference in Lugano. Switzerland : Springer International Publishing, 2015 P. 377–390.
[2] Source: Figure 1 Author's development.

2. Necessary information materials and applications such as mini-atlases for mobile phones, tourist guides, navigation programs, route indicators, content.

3. Information on museums, concert halls, and travel agency websites, as well as cultural and entertainment events for the season, will be translated into foreign languages and included in a single program format and advertised on the websites of tour operators, international airlines, and hotel associations.

4. End-user cloud computing, internet of things and internet service system technologies. This cloud computing technology is used in applications such as “Tourist Guide” for smartphones and allows to automatically serve the information needs of thousands of tourists at the same time.

With the formation and development of digital tourism, radical changes are taking place in the structure of the tourism system. Now, tourists will be able to use digital technologies to get rid of tourist services without having to leave their permanent residence. Such efforts of tourists became apparent during the coronavirus pandemic. Prospective tourists, tired of staying at home for a long time, began to use various virtual tourist tours using the Internet. , tourists enter the global Internet without having to come to the tourist area, in exchange for the active use of digital technologies in tourist services. So that a potential tourist can access the Internet and use these services. In this case, the concept of "tourist destination" will have a new interpretation. A new model of tourist destination - "SMART" tourist destination is emerging.

Thus, due to the widespread use of ICT in tourism, tourist destinations are transforming from traditional tourist areas to smart tourist areas and creating tourism clusters with ample opportunities to meet different tourism needs. In the process of clustering tourist areas, if a traditional tourist destination is the foundation that forms a tourist cluster, a smart tourist destination serves as the *foundation* that forms its core.

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SOME ASPECTS OF STATE SUPPORT OF NON-PROFIT ORGANIZATIONS IN UZBEKISTAN: ORGANIZATIONAL-LEGAL AND FINANCIAL SUPPORT

Shukhratbek B.Kamalov[1]

ABSTRACT

During the years of independence, Uzbekistan had to form the social sector of the economy almost from scratch. Over the past three decades, an enormous scale of work has been carried out in the country to democratize and liberalize the activities of various civil society institutions, to develop diverse dynamically developing NGOs as an essential component and one of the conditions for democratic renewal and modernization of the country, and building a strong civil society.

In addition to these successes, many unsolved problems have accumulated in this area. Among the many negatively influencing factors on the development of the non-profit sector in Uzbekistan, the main problems are associated with deficiencies in public policy in the sphere.

This article is considered an attempt to study the current real state of the "third sector" in Uzbekistan, assess the interaction of NGOs with public authorities, critically analyze the impact of state policy on the activities of NGOs, develop proposals and recommendations for the further development of the sector.

Key words. *The "third" sector, NGOs state support, Nonprofit organizations, NGOs financing, nonprofit management, Uzbekistan.*

Introduction

In the first priority direction of the Development Strategy of Uzbekistan for 2017-2021, which is called "Priority Directions for Improving the System of State and Social Construction" to ensure the improvement of the public administration system, tasks are identified, such as the development of modern forms of public control, improving the effectiveness of social partnership; supporting civil society institutions, increasing their social and political activity; increasing the importance and effectiveness of the activities of the mahalla (local neighbourhood institution) in public administration, etc.[1]. Moreover, the relevance of this study can be argued by the fact that at the time in Uzbekistan, civil society is an integral part of the development of public relations and the most important guarantee of democracy, the rule of law and individual freedom in the state. Over the past four years, on the initiative of the President of the Republic of Uzbekistan Sh. Mirziyoyev, practical reforms have been carried out to further improve the activities of NGOs, and civil society is being built in stages and gradually in the country. In connection with the relevance of the issue, it is advisable to analyze some problems of the development of civil society.

Literature review

Government – nonprofit relations have in recent decades become a prominent theme in research on public administration. There are a variety of concepts and theories in public administration focusing on complex voluntary coalitions between different levels of government and third sector organizations. The conceptual approach currently belongs to the mainstream analysis of government–nonprofit interaction in the delivery of public goods and to the mainstream of academic discussions of the broad variety of

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mechanisms and tools channelling government funding to NPOs employed in many countries of the modern world.

Salamon (2002) draws mainly on the experience of the USA to systematise the main forms and programs of government funding available to NPOs which provide social services [2]. The analysis of the European government tools employed to outsource social services to nonprofit organizations is provided in Ascoli and Ranci (2002) [3]. Benevolenski (2014) consider the tools of government approach as fully applicable for analysis of the set of measures of support for social-oriented NPOs introduced by the government.

Weisbrod (1977) argues that when preferences are heterogeneous, the government responding to the “median voter” is not able to fulfil the needs of all citizens [4]. Provision of public goods is therefore left unsatisfied and the field is therefore open for the nonprofit sector to fill the gap. Dennis R. Young (2000) asserts that citizen preferences can vary widely across governmental areas or domains. He also uses the theory to explain cross-country differences based on the assumption that there is a correlation between societies’ hetero-/homogeneity and the importance and size of the nonprofit sector [5].

Innovative new models for financing social objectives in other countries increasingly include market sector partners and tools patterned from the realm of corporate finance, e.g. private equity, barter arrangements, social stock exchanges, bonds, social secondary markets, and investment funds etc. (Salamon 2014) [6].

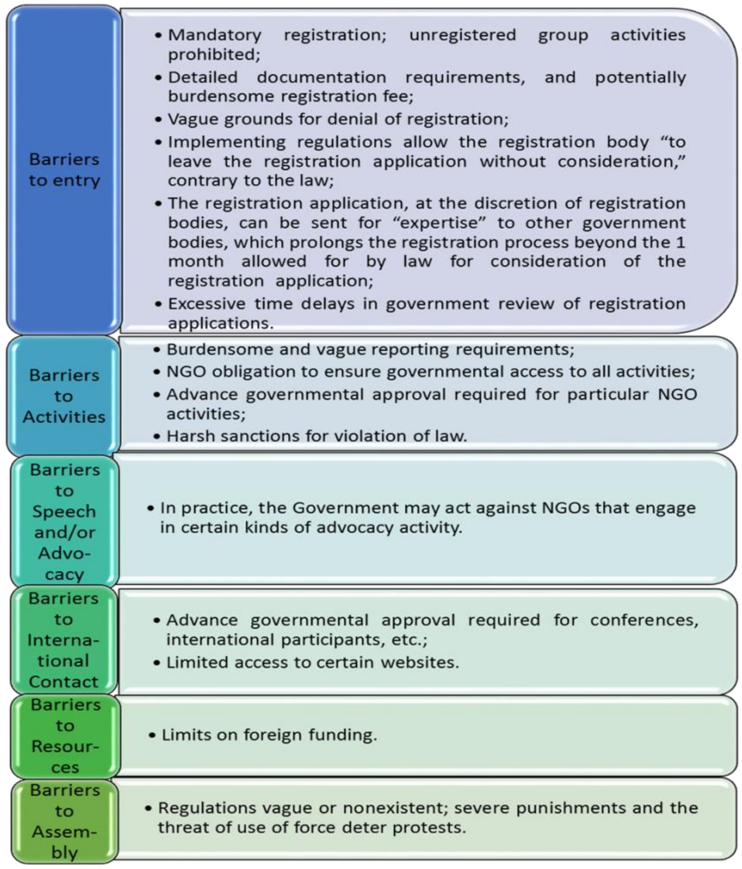
Analysis and results

Unfortunately, both the press and scientific papers write a lot about the "achievements" of the modern social sector, but a small number of authors manage to "touch" the problems that exist in the field. It is true that there are many problems, but our country has great potential for improving the activities of subjects of non-profit organizations not with the help of “state guardianship”, but with the help of the effective use of free-market levers, which, in our opinion, are not used at the proper level.

Is the organizational and legal situation in the “third sector” ideal, as it seems?

The International Center for Non-Commercial Law (ICNL) has classified the main groups of barriers to entry of initiative groups into the third sector of Uzbekistan, which is shown below in Figure 1 [7].

Figure 1. Classification of the main barriers to entry of initiative groups into the third sector of Uzbekistan.*



*** *Constructed by the author based on data from the International Center for Non-Commercial Law (ICNL).***

The bodies of justice are creating artificial barriers when registering NGOs. As Saidov (2018) notes, state registration and licensing of NGOs, the media or a political party are still strictly regulated not by seemingly liberal laws, but by-laws. For example, the state registration of NGOs, political parties, social movements and trade unions in the country is still regulated by the "Rules for the consideration of applications for registration of the charters of public associations operating in the territory of the Republic of Uzbekistan." According to these rules, the Ministry of Justice and its regional divisions can endlessly return constituent documents of NGOs, parties, etc., submitted for state registration, referring to errors identified in them [8].

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to implement the Decree of the President of the Republic of Uzbekistan dated December 12, 2013, No. PP-2085" On additional measures to assist the development of civil society institutions "No. 57 dated March 10, 2014, the justice authorities consider documents, submitted for state registration of NGOs within a month. Based on the results of consideration by the registering body, a decision is made on state registration or on refusing registration. In case of refusal in state registration, the NGO is notified to the applicant in writing within three days after such a decision is made.

But, sometimes, in practice, the situation is different. At the end of the one-month period, the registering authority informs the applicant about the presence of errors in the submitted documents and explains his right to reapply after the errors have been eliminated. Often, initiative groups express their dissatisfaction with the fact that the justice authorities do not inform them in due time to eliminate errors but deliberately delay until the end of the period for considering the application. In general, legal conflicts, imperfect legislation and the presence of some artificial barriers create certain obstacles to the effective development of the NGO sector in Uzbekistan.

According to the report of the Independent Institute for Monitoring the Formation of Civil Society (NIMFOGO), in the national legislation regulating the activities of NGOs, there are a number of legal conflicts and gaps that require revision. First of all, it is an unclear formulation of the concept of NGOs (NPOs) and an unclear classification of forms of NGOs (NPOs) [9]. According to Article 10 of the Law “On Non-State Non-Commercial Organizations”, non-state non-commercial organizations can be created in the form of a public association, public fund, institution, as well as in any other form stipulated by legislative acts. It should be emphasized that the words “as well as in a different form provided for by legislative acts” allow creating an almost unlimited variety of forms of NGOs (associations, unions, clubs, etc.). All these forms should differ from each other at least in the internal structure and features of property management. In turn, this leads to an insufficiently clear understanding of the term “NGOs” by state bodies, specialists and society as a whole. The term "NNT" (Nodavlat Notijorat Tashkiloti), which is used in Uzbek, means "non-governmental non-commercial organization" (NGNCO), but it is always translated into English as NGO.

Moreover, the Constitution of the Republic of Uzbekistan lacks concepts such as "non-governmental organizations", "non-profit organizations", which requires a revision of the basic law of the country. Certain conflicts can be traced in the Civil Code of the Republic of Uzbekistan. In Art. 73-78 of the Civil Code lists the organizational and legal forms of NGOs (consumer cooperative, public associations, public funds, associations of legal entities (associations and unions) and citizens' self-government bodies). However, not all of them are NGOs, since these articles of the code do not contain the word “non-governmental”, with the exception of public funds. For example, local citizens' self-government bodies are not NGOs, since the procedure for their creation, functioning, powers, etc. do not correspond to NGOs.

In this regard, it is necessary to take separate measures to solve the specified legal problems, to conduct an inventory of legislation, and to amend some legislative acts.

Are the conditions for funding NGOs sufficiently created, and what is the role of the state in this situation?

In general, the sources of funds (resources) in NGOs can be divided into the following 6 main groups: from the sale of goods and services; from the budget; from state targeted and special off-budget funds; membership fees, admission fees and donations, grants, other gratuitous receipts; from operating leases; finance lease interest. But when it talks to financing NGOs in Uzbekistan, always being said only about state financial support. This is due to the fact that in many situations, other levers, for example, self-financing factors, do not work (or the necessary conditions for their implementation in society are not created).

Table 1. List of NGOs by region of the country (as of January 1, 2020).

.	At state registration	At account registration	Total
Republic of Qaraqalpaq	508	213	721
Andijan region	491	182	673
Xorezm region	511	159	670
Qashqadarya region	520	229	749
Bukhara region	477	232	709
Jizzakh region	509	183	692
Navoi region	326	170	496
Namangan region	463	201	664
Samarqand region	537	293	830
Sirdarya region	383	179	562
Surhandarya region	252	208	460
Tashkent region	600	331	931
Fegrhana region	603	300	903
Total	6180	2880	9060
Tashkent city			483
International and foreign NGOs			25
Total in Uzbekistan			9568

According to the "Yuksalish" movement (which is a voluntary association of citizens, compatriots living abroad, non-governmental non-profit organizations, representatives of the business community, and academia to assist in reform implementation), by January 1, 2020, in Uzbekistan, there are more than 9500 NGOs [10].

The total number of NGOs includes all divisions of political parties, movements, trade unions and other regional branches of republican NGOs. For example, the Women's Committee of Uzbekistan has over 200 regional, city and district branches, and each of them is considered a separate NGO. The same situation is associated with the Mahalla Fund, the Youth Union of Uzbekistan, the Red Crescent Society of Uzbekistan, the Society of Disabled People of Uzbekistan, the number of regional divisions of which exceeds 800. throughout the republic. Such registration and counting of NGOs are often criticized by foreign non-governmental and international organizations. Since NGOs with all their regional branches are, in fact, considered one organization.

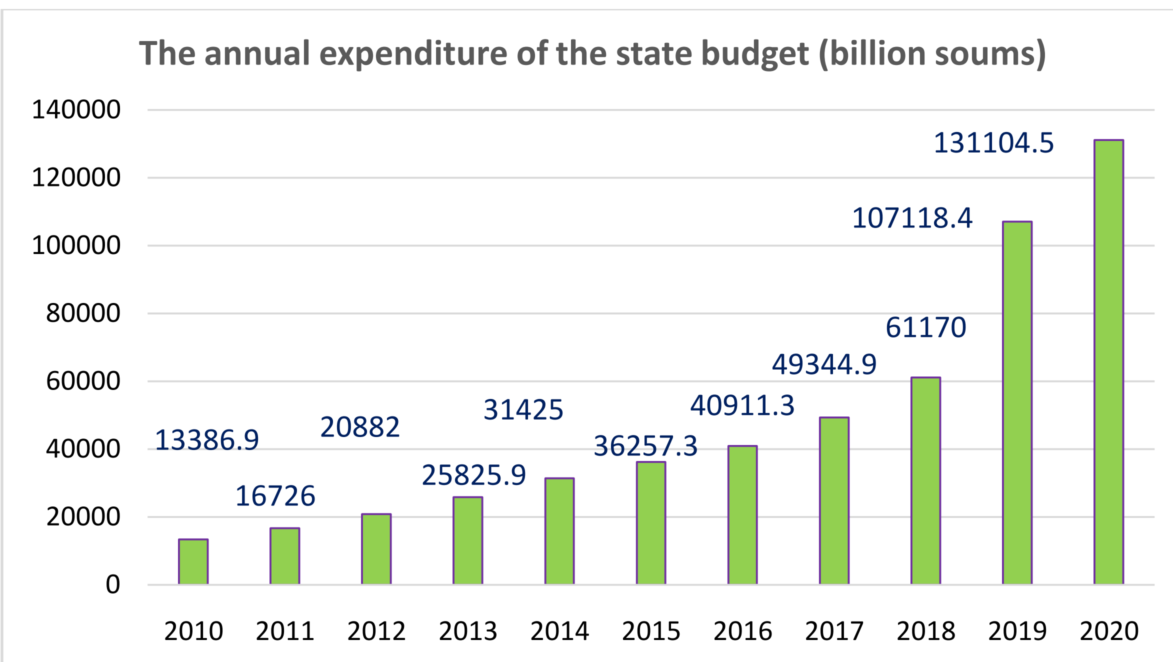
From the table below, which is structured with the help of data from the State Statistics Committee of the Republic of Uzbekistan, we can see that state funding from the national budget has been growing over the past decade. But, given the growth in the number of subjects of the "third sector" over this period, it can be assumed that relying only on state support, it is impossible to make significant changes in the sector [11].

Table 2. Structure of expenditures of the state budget of the Republic of Uzbekistan (2010-2020)

	The annual expenditure of the state budget (billion soums)	Funds and grants for the development of NGOs, NPOs and civil society institutions (billion soums)	As a percentage of the total (%)
2010	13386,9	4,5	0,03
2011	16726,0	5,0	0,03
2012	20882,0	6,0	0,03
2013	25825,9	7,0	0,03
2014	31425,0	8,2	0,03
2015	36257,3	10,0	0,03
2016	40911,3	11,0	0,03
2017	49344,9	12,0	0,03
2018	61170,0	15,0	0,02
2019	107118,4	747,9	0,70
2020	131104,5	870,9	0,66

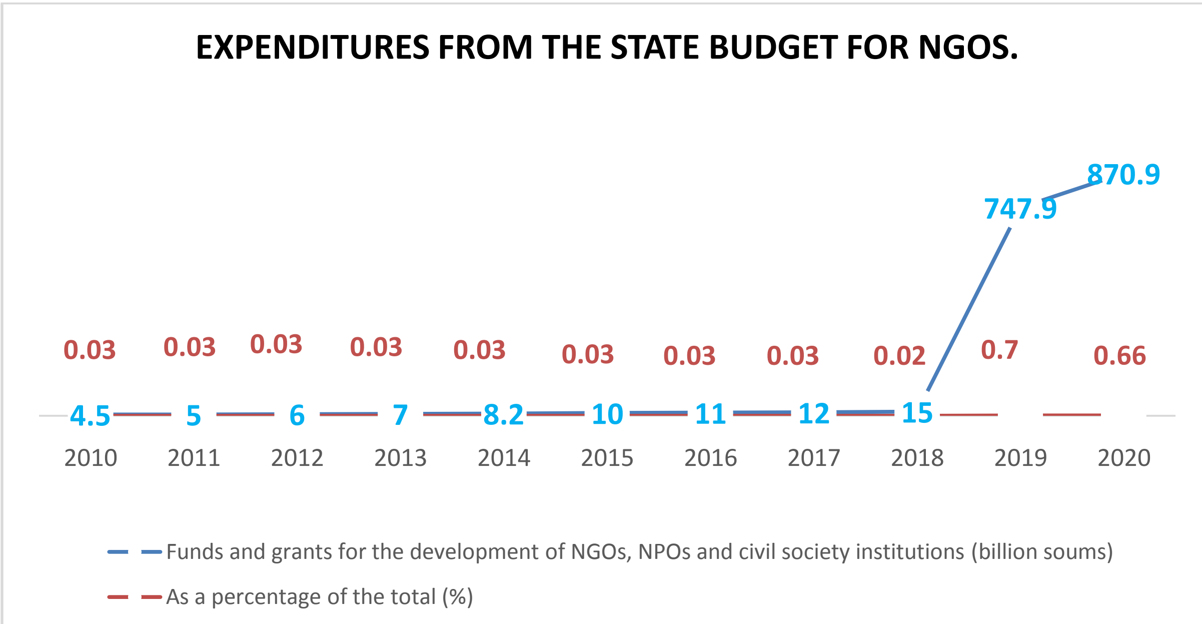
In Figure 2, you can see that from 2010 to 2020, the amount of total government spending has increased by almost 10 times. In Figure 2, we can see that from 2010 to 2020, the amount of total government spending has increased by almost 10 times. Fro 2010 to 2017, the growth was stable, and from 2018 to 2020 a sharp jump can be traced.

Figure 2. The annual expenditures of the state budjed (2010-2020).



The expenditures on funds and grants for the development of NGOs, NGOs and civil society institutions from the State budget do not even reach 1% of the total amount of expenditures.

Figure 3. Expenditures from the State budjet for NGOs (2010-2020).



The presence of such problems, listed below, does not allow NGOs to grow effectively from an economic perspective: the imperfect legal regulation of NGOs in the field of taxation is also an obstacle to the development of the "third sector"; the mechanism of the practical application of sources of formation of funds of NGOs has not been worked out; there are certain legal gaps in the development of charity; an undeveloped mechanism for creating public funds to support local NGOs, that is, local authorities are cut off from the problems of NGOs; there is no clear regional policy in the regions

on the economic development of the "third sector"; rather a low level of professional knowledge and skills in the preparation of project applications, in fundraising, crowdfunding and crowdsourcing; there is no mechanism for individuals to provide direct financial support to NGOs, etc.

Conclusion

As noted by Yusupov and Isakov (2020), in May 2018, under the President of Uzbekistan, an Advisory Council for the Development of Civil Society was created, whose tasks include making proposals on improving the organizational, legal and economic foundations of NGOs [12]. The Ministry of Justice, together with an expert group from among the representatives of NGOs, is working on the development of the Code "On non-governmental non-profit organizations." According to experts, according to the preliminary draft of the Code on NGOs, nothing has changed in terms of simplifying the registration of NGOs, with the exception of reducing the state fee and introducing electronic registration of NGOs.

In conclusion, we present our conclusions and recommendations for improving the non-profit sector in our country:

The legislation on NGOs contains a number of contradictions and gaps, which were mentioned above. That is why the current legislation regulating the activities of NGOs requires a complete revision.

The professionalism of managers and specialists of NGOs often does not meet modern work requirements, therefore the results of work are not "tangible" for the population.

Definition of “non-governmental non-profit organization” evokes negative associations among a certain part of the population (for example, non-governmental means anti-governmental).

Despite this, NGOs managed to establish a dialogue with state bodies and influence decision-making, using various tools, there is no clear state strategy for interaction with the "third" sector.

It should be noted that the mechanisms of social order are currently represented only at the republican level and only through the Parliamentary Fund. There are almost no programs on social order for NGOs from local budgets in Uzbekistan. This may be due to the lack of documents, both legislative and subordinate, regulating the procedure for providing three forms of support to NGOs - grants, social orders and subsidies. Thus, in order to ensure the functioning of these mechanisms at both the republican and local levels, as well as to ensure that various government bodies have the opportunity to involve NGOs in the implementation of projects under the social order, it is necessary to develop an appropriate regulatory and legal framework.

It is necessary to raise questions that non-governmental non-profit organizations and other institutions of civil society are obliged to ensure: openness and transparency of their activities; targeted use of state order funds and other property provided within the framework of social partnership. Support can be provided in the format of online consultations through an open group in all regions of the country "NNTlar maktabi" ("School of NGOs"), master classes, social networks.

The economic necessity of the existence of NGOs lies in the fact that non-profit organizations provide those services and bring into public relations such values that are not profitable enough from the point of view of entrepreneurs or commercial structures and which are not fully amenable to management by the executive bodies of the state. All funds earned in the course of their activities are directed by non-profit organizations to expand and finance their own programs, helping the state to solve social problems, to support health care, education, science, culture and art, without burdening the state budget.

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THE IMPACT OF INNOVATIVE DEVELOPMENT ON ECONOMIC GROWTH

Sirojiddin Makhatov[1]

ABSTRACT

The purpose of this paper is to analyze if the long term economic growth is influenced by the innovation potential of an economy. The analysis was performed by using regression models estimated for 44 world countries. In this case, seven variables were used to perform the empirical analysis based on the selected model. In order to quantify the innovation various variables were used , such as gross fixed capital formation, research and development (R&D) expenditure, researchers in R&D, high-technology exports and patent applications (residents/nonresidents). The results of the analysis revealed a positive correlation between the quantitative growth of a number of innovation indicators and economic growth.

***Keywords**: Cobb-Douglas function, Endogenous growth theory, Research and development, Regression analysis, Hausman test. JEL Classification: O47, O30.*

Introduction

Currently, innovation has continuous and growing interest in both economic theory and practice. This derives from the view that innovation increases economic efficiency and is a tool enterprises can use to achieve competitive advantage. Until the 1990s, economists did not give great attention in the issue of innovation. While it was perceived and defined in various ways, economists seemed to underestimate its impact on economic growth. In the 1990s, the paradigm of the knowledge-based economy was put forth to draw attention to the characteristics of the modern economy, increasingly benefiting from knowledge capital, and such knowledge being the source of all novelties in the market. An important step in the development of the theory of innovation was the OECD programme (the Technology/Economy Programme – TEP) introduced in 1988, which resulted in publications drawing attention to the significant impact of research and innovation on the economy and society.

According to today's world experience, there is no more alternative and more efficient choice for the economy of a modern country than the path of innovative development. The creation and widespread introduction of new products, services, technological processes are becoming a key factor in the growth of production, employment, investment, foreign trade turnover. The constant development of the innovation process has a serious impact on the transformation of humanity and social life. Innovation is emerging as a driving force for economic processes and competitiveness. That is why countries are using innovation as a leading force in mutual competition.

The purpose of this article is to study the impact of innovation factors on economic growth on the basis of economic and mathematical models, taking into account the attention paid to innovative development by countries around the world.

Literature review

Can economic growth be sustained in the long run? If so, what determines the long-run rate of growth? Which economies will grow the fastest? What is the impact of innovation on economic growth? These

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questions were central for those who studied growth at the end of the last century, and remain so in the recent revival of interest in long-run economic performance.

Originally, the concepts of innovation, invention and novelty occasionally appeared in different economic theories, but generally speaking, the importance of innovation for the economy was marginalized. The development of the economic theory of innovation dates back to the 1950s and is associated with the economic growth research and theories Schumpeter had previously put forth.

Adherents of classical economics did not regard innovation as an important factor contributing to economic processes. In comparison with other factors, such as land, capital or labor, innovation was marginalized. Adam Smith believed that the division of labor in the economy was one of the forces determining a country's wealth.

The inability of neoclassical growth model in explaining long run economic growth is due to the existence of diminishing returns in capital. Therefore, endogenous growth theory that models long run economic growth through technological transfers is necessitated. Among the first endogenous growth models, we want to highlight (Grossman, Helpman, 1990, 1991, 1994; Gancia, Zilibotti, 2005; Chen, 2010; Acs, Varga, 2002; Colino et al., 2014; Acemoglu et al., 2018).

Research method

To study the impact of innovation on economic growth, it will be necessary to incorporate innovation into the production function based on an endogenous growth model. The Cobb-Douglas production function (Cobb, Douglas, 1928) was used to incorporate innovation into the production function, and the endogenous economic growth model (Barro, 1989, 1990, 1991; Barro, Sala-i-Martin, 2004).

(Barro, 1989, 1990, 1991; Barro, Sala-i-Martin, 2004) was modified and written as follows:

$$\Delta y_{it} = \alpha + \rho y_{it-1} + \beta \Delta k_{it} + \sum_{j=1}^{n} X_{jit} + \varepsilon_{it} \qquad (1)$$

where, Δy_{it} – GDP per capita growth rate of country *i* in period *t*, y_{it} – real GDP per capita growth rate of country *i* in period *t* (constant 2010 prices), Δk_{it} – capital growth of country *i* in period *t*, X_{jit} – set of variables used as a proxy of country *i* for *j* type innovation in period *t*, ε_{it} – statistical error.

Results

Thus, the purpose of this research is to examine the hypothesis of the impact of innovation on economic growth of world countries.

The data source for the empirical analysis of the above model is the World Bank data (World Development Indicators database) during 1989-2018 years (annual growth rate) for 44 economies (a list of countries is given in Appendix).

Gross fixed capital formation, research and development (R&D) expenditure, researchers in R&D, high-technology exports and patent applications (residents/nonresidents) are selected, as innovative variables. The following table provides descriptive statistics of these variables.

Table 1. Descriptive statistics of variables

Variables	Observation	Median	Std. deviation	Min.	Max.
Δy_{it}	1,277	2.47	3.63	-14.57	23.99
y_{it}	1,289	27,137.72	19,022.04	421.17	92,077.58
Δk_{it}	1,262	4.16	11.96	-61.30	75.20
Δrd_{it}	783	7	14	-56	55
Δrdr_{it}	693	3	8	-38	58
$\Delta hitech_{it}$	471	3	18	-79	113
Δnp_{it}	1,183	-2	46	-197	601
Δrp_{it}	1,184	3	20	-130	219

According to the table, the average economic growth per capita over the last 30 years in the countries selected for analysis is 2.47%. The highest economic growth per capita during this period was 23.99%, while the lowest per capita economic growth was 14.57%.

While capital growth averages 4.16%, it is clear from its high standard deviation that there are large differences in countries' investments in fixed assets. While the maximum growth rate of capital investment was more than 75%, the lowest growth rate was less than 61%.

One of the indicators of the innovation system, the annual growth of expenditures on research and development, on average, exceeded 7% per annum, while the maximum growth rate was 55%. The minimum growth rate was 56%.

The average annual growth of the population engaged in scientific research was 3%. It can be seen that the variation of this variable is smaller than that of other variables of innovation activity. While the average annual growth of high-tech exports as a result of innovative activities was 3%, this figure was higher than the GDP growth per capita in the countries under analysis. According to the analysis of the increase in the number of patents, it can be seen that this indicator has a higher degree of variation than other indicators. This is due to the diversity of the knowledge base and qualifications of scientists in different countries. Also, the creation of new knowledge (skills) depends not only on the knowledge base and the skills of scientists and the costs incurred on them, but also to some extent on success (Romer, 2019).

Returning to the patent growth analysis, the growth of patent applications by residents and nonresidents was different, with the annual growth of patent applications from nonresidents being negative, which was 2%. The annual growth of patent applications filed by residents was 3%. However, it is noteworthy that the variation of patent applications filed by nonresidents was the highest. This is due to the creation of conditions for innovative activities in different countries.

It is important to study the relationships of the variables for analysis. The following table shows the correlation of the variables.

Table 2. Correlation matrix

	Δy_{it}	y_{it}	Δk_{it}	Δrd_{it}	Δrdr_{it}	$\Delta hitech_{it}$	Δnp_{it}	Δrp_{it}
Δy_{it}	*1.00*							
y_{it}	*-0.21*	*1.00*						
Δk_{it}	*0.79*	*-0.04*	*1.00*					
Δrd_{it}	*0.47*	*-0.09*	*0.46*	*1.00*				
Δrdr_{it}	*0.08*	*-0.03*	*0.07*	*0.30*	*1.00*			
$\Delta hitech_{it}$	*0.46*	*-0.19*	*0.43*	*0.47*	*0.10*	*1.00*		
Δnp_{it}	*0.08*	*-0.02*	*0.04*	*0.07*	*0.00*	*-0.06*	*1.00*	
Δrp_{it}	*0.01*	*-0.08*	*-0.04*	*0.08*	*0.02*	*0.03*	*-0.03*	*1.00*

According to the correlation results, almost all variables have a positive correlation with GDP per capita growth rate. However, the increase in the number of people engaged in scientific research and the growth of patents have a weak correlation with GDP per capita growth. This is due to the fact that among the 44 countries selected, there are countries with a low level of innovation activity, and their economic growth is more influenced by low-tech production and trade in natural resources.

As can be seen from the table, economic growth and R&D expenditure growth have a positive correlation. A similar situation is characterized by the growth of high-tech exports, which have a positive correlation. However, the increase in the number of researchers and other variables have a very weak correlation. It means that expenditures on R&D and the production of innovative goods and services are more important for economic growth than the number of researchers. Quantity change does not always lead to quality change. In other words, an increase in the number of researchers does not always mean that their skills have also increased.

The increase in R&D expenditure and the increase in the number of researchers have a positive correlation, and this correlation is more logical. This is because an increase in the number of researchers also leads to an increase in the costs associated with them. There is also a high level of positive correlation between the growth of R&D expenditure and the growth of high-tech exports. This in turn means that the commercialization of innovations is well established.

The following table provides an analysis of the factors influencing economic growth. Regression was performed on 2 specifications based on Equation (1). The regression model was evaluated in 3 methods: generalized least squares (GLS), fixed effects (FE) and random effects (RE).

Table 3. Regression results

	GLS(1)	FE(2)	RE(3)	GLS(4)	FE(5)	RE(6)
$\Delta \mathrm{rd}_{\mathrm{it}}$	0.090*** (-0.019)	0.072*** (-0.017)	0.078*** (-0.017)	0.021* (-0.012)	0.013 (-0.013)	0.015 (-0.013)

Δrdr_{it}	-0.026 (-0.029)	-0.027 (-0.02)	-0.025 (-0.019)	0.000 (-0.018)	0.003 (-0.017)	0.002 (-0.014)
$\Delta hitech_{it}$	0.060*** (-0.014)	0.067*** (-0.016)	0.064*** (-0.015)	0.018* (-0.009)	0.027*** (-0.009)	0.023*** (-0.009)
Δp_{it}	0.005 (-0.014)	-0.013 (-0.013)	-0.008 (-0.014)			
Δnp_{it}				0.004 (-0.003)	0.006 (-0.004)	0.005 (-0.004)
Δrp_{it}				0.004 (-0.008)	-0.004 (-0.006)	-0.004 (-0.007)
Δk_{it}				0.214*** (-0.019)	0.207*** (-0.02)	0.207*** (-0.019)
y_{it-1}				-0.00*** (0.000)	0.000 (0.000)	0.000 (0.000)
Observation	327	327	327	327	327	327
Country	44	44	44	44	44	44
R^2	0.296	0.307	0.306	0.681	0.700	0.699

***, ** and * denote significance at the 1, 5 and 10 percent level, respectively. Robust standard errors are reported in parentheses.

In the GLS(1), FE(2), RE(3) columns, regression was performed only with innovative system variables. Columns GLS(4), FE(5) and RE(6) included innovative system variables in the economic growth model. According to the regression results, high-tech export growth and economic growth are statistically and economically high in all model specifications. According to empirical results, a 1% increase in high-tech exports will increase GDP per capita growth from 0.02% to 0.07%.

While the impact of research spending growth on economic growth is positive, the result is not statistically significant in all indicators. According to the results, on average, a 1% increase in research expenditures will increase GDP per capita from 0.01% to 0.09%. Growth in investment in fixed assets and economic growth have a positive correlation and statistical significance. A 1% increase in investment in fixed assets will increase GDP per capita growth by 0.215 on average.

Among these methods, the Hausman test was performed to select which of the fixed and random effects, with a focus on their R^2 in finding the most appropriate one for the statistical data. According to the Hausman test performed on which of FE(2) and RE(3) to choose, the fixed effect method was found to be appropriate. A Hausman test was also performed to select which of FE(5) and RE(6). As a result, the results evaluated by the fixed effect method give correct conclusions.

Conclusions

Casual observation and more systematic empirical research suggest that almost all selected indicators of the innovation system have a positive impact on the economic growth of countries. In this, high-tech exports, R&D expenditure and fixed investments are of high importance.

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IMPROVING THE QUALITY OF PERSONNEL AS AN IMPERATIVE FOR THE DEVELOPMENT OF COMPANIES (OVERVIEW OF IN-HOUSE TRAINING)

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ABSTRACT

The article presents the results of a study of the problems of in-house training for personnel of companies in developed countries and the experience of organizing corporate training at automobile enterprises in Uzbekistan. Personnel training are considered as a strategy, potential and the most important direction of enterprise development. Recommendations are given on the development of educational processes in organizations and improving the effectiveness of in-house training.

Keywords: *enterprise development potential, human factor, human capital, human resources, in-house training, efficiency.*

“People come first ...”

Lee Iacocca (Outstanding American Manager,)

“The whole art of management is to prevent its cadres becoming obsolete”

N. Bonaparte (French commander and politician)

Introduction

The processes of globalization of economic life, liberalization of economic relations, the increasing openness of national economies and the forthcoming entry of our countries - Russia and Uzbekistan into the World Trade Organization (WTO), suggest intensification of competition, especially its fierce industrial production, since it has to compete with the best manufacturers of industrial products.

Along with this, the increase in the cost of most types of resources, the acceleration of the scientific and technological process, the shortening of the life cycle of most types of products, and, accordingly, the decrease in profitability in most industries require improving production efficiency, primarily due to increased productivity and better use of all reserves of enterprises.

Under these conditions, the human factor is becoming increasingly important, both for survival and for the long-term success of enterprises. Personnel work aimed at the development of human potential, the development of intellectual potential and knowledge management, primarily the development of knowledge and their dissemination, are becoming vital and one of the priorities in company management.

A person, as a carrier of knowledge and skills, becomes an essential element of the production process in any enterprise, and managing people is an essential function of company management. First of all, this

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concerns the search, hiring, placement and development of workers, without the right people, no organization will be able to achieve its goals, survive and develop.

The company is interested in improving competitiveness, which requires the selection, acquisition and use of both highly efficient technologies and equipment, as well as competent and capable workers. Ensuring the competence of their employees in an era of rapid change becomes the most important condition for the company to develop and for the company employees their strength, which allows them to maintain work that ensures career growth, etc.

Leading corporations are now offering employees instead of job guarantees and remuneration, the creation of conditions for expanding knowledge, advanced training, continuous self-improvement, and empowering employees in making business decisions.

In these conditions, education becomes a factor determining the quality of personnel and a priority area for the activities of managers, both large and small and medium-sized businesses in all countries, but primarily in the United States, as the country with the most developed and leading economies.

The importance of education for the economy

As the rector of Moscow Humanitarian University I.M.Ilinsky reasonably believes, “the quality of any kind of human activity depends, first of all, on the quality of human material”. Statistics on the socio-economic development of the countries of Southeast Asia are proof of this statement, where it was through the quality of education that these new industrial countries were able to improve the quality of human material, the quality of the nation. For example, the importance of education for the economic development of South Korea, Singapore, and Hong Kong is widely known, in which the status of a teacher, even a school teacher, is very high, where the selection of teachers for schools is controlled by the government and 15% of the best university graduates are successful.

The importance of education is also seen in the fact that an additional year of education in the OECD countries gives 3-6% of the long-term economic effect, people with better education are more actively involved in economic life, work longer and longer, and have better health[1].

In the new economic conditions, a prerequisite for long-term and sustainable development is the increasing role of human capital as the main factor in economic development. The level of competitiveness of the modern economy is determined by the quality of professional personnel, the level of their socialization and motivation.

The importance of education for the modern economy can also be seen in the example of the average cost of education in US colleges, where the cost of studying at a college grew 8 times faster than the wages of employees[2].

According to the National Center for Education Statistics, from 1967 to 2018, tuition at state-owned 4-year colleges increased from $ 7,990 to $ 20,050 (adjusted for inflation). Tuition has increased from $ 2,500 to $ 10,000, accommodation from $ 2,500 to $ 5,200 and student meals from $ 3,200 to $ 4,800. For private

[1] http://slideplayer.com/slide/8492372/

[2] Maldonaldo C. Price Of College Increasing Almost 8 Times Faster Than Wages. http://www.forbes.com/sites/camilomaldonado/2018/07/24/price-of-college-increasing-almost-8-times-faster-than-wages/

4-year colleges, tuition has increased from $ 16046 to $ 43139, including tuition from $ 9900 to $ 30,000, for accommodation from $ 2,500 to $ 6,100, for student meals from $ 3,646 to $ 7,039.

Over the same period, tuition at public 2-year colleges increased from $ 5,352 to $ 10,281 and in private 2-year colleges from $ 12,656 to $ 25,596[1].

The willingness to pay for an increasingly expensive education only confirms the importance of education in modern society and the guarantee of the return of financial resources for education through higher incomes and the prestige of intellectual work.

The Importance of Corporate Learning

The present era of large and systemic changes in all spheres of human activity, primarily the development and acceleration of information and communication technologies, the explosive growth of information volumes and the exponential accumulation of knowledge, an increasingly shorter life span of goods and technologies, is also characterized by the rapid obsolescence of knowledge and skills of workers. It should be noted that the methods of personnel development, its socialization and motivation should be developed on their own on the basis of the experience of leading domestic enterprises, since the culture of interpersonal relations, the culture of production relations, and the general production culture are intolerable. This is very important, since it is believed that in developing countries, the potential of employees due to the underdeveloped methods of personnel work is used an order of magnitude lower than in developed countries[2].

The development and achievement of competence of the enterprise personnel is possible in two main ways. Firstly, the involvement of professionally trained employees from outside and motivation for effective and productive work by appropriate methods and means. The second way is to train our own employees, create a holistic system of personnel development for the professional and general cultural growth of employees.

The first way allows you to quickly and at low cost provide the company with employees with the necessary knowledge and skills, which can be effective in the early stages of enterprise development. However, it should be borne in mind that highly qualified workers of the necessary specialties are always in demand and not always available. In addition, the amount of knowledge in all areas of society is growing at an increasing rate, knowledge is rapidly becoming obsolete, in order to remain advanced in your field you need to work with special literature for at least 2 hours a day and read at least 1 book on your specialty per month.

Today, by analogy with nuclear physics, we are talking about the half-life of knowledge, also the time when half of the specialist's professional knowledge becomes obsolete, and this is a rather short time - for a mechanical engineer in industrial equipment - about 4 years, for an electrical engineer less than 4 years, etc. At such a rate of updating knowledge, the constant maintenance of competence by attracting more and more new workers is not realistic even for very advanced enterprises with large resources. Moreover, based on the example of the Republic of Korea, where the national training program is developing successfully, we can say that vocational training is becoming a determining factor in national competitiveness[3].

[1] Yau Natan. Cost of College. http://flowingdata.com/2019/05/22/cost-of-college/
[2] Human Resource Management in Developing Countries. Ed. by R.S.Budhwar and Y.A. Debrah, London-NY, Routledge, 2001, p.264.
[3] New Paradigm of Human Resources Development. Government Initiatives for Economic Growth and Social Integration in Korea. Ed.by Jang-Ho Kim. KRIVET, Seoul, 2005, p.51.

In these conditions, production training, mainly at the workplace, as well as corporate training, allows forming new strategic vision and thinking, motivates new thinking and a creative attitude to work, reduces the routine in the work of employees and is therefore always effective, especially in the field of new industrial technologies[1].

LinkedIn's third annual global report on the status of training in the workplace for 2019 showed that this year was a breakthrough in the development of employees, in the development and management of talents. With the development of production and information and communication technologies, with the advent of the so-called Z - generation of workers, and accordingly, the requirements for employees, the focus, value and influence of the professionals responsible for the training and development of personnel change.

Researcher M.Q.Siddiqui, based on the study of a large volume of publications and speeches, believes that:

1. Business needs to know the training needs and increase funds for training and educational programs
2. Employees love to learn new things and it is necessary to make training, at least, not boring
3. Make greater use of online products and combine different teaching methods
4. Focus on increasing the applicability of knowledge in practice and increase the effectiveness of training[2].

At the beginning of the new 21st century, to the question "What are you doing to improve your company's performance?" 486 of the first leaders of the largest companies and organizations in the United States, which each managed more than 50 thousand employees, replied that:

1. The whole company will take initiatives to improve ongoing processes (27%)
2. Concentrate on key strategies, partnerships and growth opportunities (17%)
3. Train their employees to work in new conditions and use other educational resources (13%)
4. Concentrate on the motivation and implementation of employee resources (11%)
5. Bring new products to the market (7%)
6. Concentrate on the placement and search for new employees (7%)
7. Other (17%)

About 2/3 of the managers see a way out in the best use of the potential of their employees, and 17% directly recognized that the way out is in training employees[3].

That is, even then, employee training became not just a part of the development strategy of companies, but also one of its most important parts and its main direction. Almost fifty years ago, T. Peters and R. Waterman formulated the idea that the best companies are learning companies. Following them, other

[1] Jason M. Effectiveness of Corporate Learning and Development Programs. http://youtrainingedge.com/effectiveness-of-corporate-learning-and-development-programs/

[2] Siddiqui M.Q. 10 Astonishing Corporate Training Statistics and What You Can Learn From Each. http://youtrainingedge.com/10-astonishing-corporate-training-statistics-and-what-you-can-learn-from-each/

[3] The Top Training Priorities for 2005. The Leadership and Management Development. Training. February, 2005, p.13.

researchers began to actively address this topic, which is confirmed by a large number of special studies of the problems of industrial training and personnel development in US companies[1].

Training and development of their employees are considered in the United States as the main development strategy that will help maintain the leading position of American enterprises in labor productivity. Much attention to the problems of personnel training and development is also evident in the fact that for several years the USA has been conducting national selection of enterprises that have achieved the best results in training their employees and where the most developed personnel training systems are. According to the specialized magazine Training, the list also includes the largest companies, such as IBM, General Electric, where tens of thousands of people work, and small ones with only a few dozen employees.

For example, for 100 companies included in the list of the top 100, the following statistics are given:

1. Total investments in the education and development of workers amounted to 4,7 billion dollars.
2. The cost of education of employees amounted to an average of 3,7% of the cost of salaries to employees.
3. In the field of personnel training and development, 17,635 professional training employees worked in companies.
4. The average number of employees engaged in training and professional development of staff was about 176 people in company.
5. The ratio of employees professionally involved in training and development of personnel to the total number of employees in companies was 1:248.
6. The average number of training per employee in companies was 53,5 working hours.
7. 84 of the top 100 companies had their own corporate universities and educational institutions.
8. The maximum amount of compensation for training for their employees averaged $ 5667[2].

Training costs

A survey of more than 1,200 human resources employees of industrial companies responsible for training and development and more than 2,100 employees of educational organizations showed that 82% of company executives actively support the educational processes in their companies, including financial resources, only 27% of specialists showed a budget constraint as a significant factor (in 2017, budget constraints indicated 49% of specialists, in 2018 - 32%)[3].

It is indicated that the growth of companies' budgets for training and development was indicated in 2017 by 27% of specialists, in 2018 - 35%, and in the 2019 survey - 43%, 87% of organizations either increase or keep training costs at the same level. Only 13% of companies reduced the cost of in-house training programs for their employees[4].

Corporate training is a big business for hundreds of educational companies. There are many companies that assist in organizing the in-company training process, including in terms of optimizing financial costs.

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[4] Bersin J. New Research Shows Explosive Growth in Corporate Learning: Our Biggest Challenge? Time. http://www.linkedin.com./pulse/new-research-shows-explosive-growth-corporate-learning/

Statistics of educational services show that the North American market (US and Canada) of training services in the workplace totals 161,1 billion US dollars.

In the United States, annual training costs at workplaces amount to 87.6 billion US dollars, the share of American companies that partially or fully use outsourcing of in-house education is 54%, 82% of US companies use the Learning Management System (LSM) structure. That is, corporate training is a significant business even for the United States, since the annual cost of maintaining staff for in-house training is $ 47 billion, and the annual cost of outsourcing training for company employees is $ 11 billion[1].

At the same time, it is noted that the share of American companies providing training for workers with duration of one week or less per year is 52%, and the number of US companies training costs per employee per year is $ 200 or less is 31%.

One of the main factors that determine the need and, accordingly, the cost of resources and time for training, is the size of the companies, and one of the main indicators is the training time of one employee. Easy learning is learning for 1 hour a week, hard learning - more than 5 hours a week. So, for small industrial companies with the number of employees from 100 to 999 employees, the training time for one employee was 36.6 hours in 2016, 43.2 hours in 2017, 61.2 hours in 2018, for medium-sized industrial companies with a staff of 1,000 to 9,999 employees, the training time for one employee was 37.3 hours in 2016, 54.3 hours in 2017, 32.0 hours a year in 2018, for large industrial companies with more than 10,000 employees, the training time for one employee was 49.5 hours in 2016, 42.2 hours in 2017, and 2 018 - 49.3 hours per year[2].

That is, small companies have consistently increased the cost of training their employees for all three years - from 36.6 hours of training in 2016 to 61.2 hours of training in 2018, while for medium-sized enterprises, time costs have even decreased, and for large enterprises remained the same. It is difficult to explain the reasons for this; obviously, a lot of factors, specifically determined by the state of individual enterprises, affect the indicators of in-house training.

For example, for companies in the field of information and communication technologies, the average cost of training for one employee was 1252 dollars and 33.5 paid working hours[3].

The annual training budget for one employee in the United States in 2018 was up to $ 200 for 31% of companies, $ 200-400 for 21% of companies, $ 400-600 for 21% of companies, $ 600-800 for 7% of companies, 800-1000 US dollars for 7% of companies, more than 1000 US dollars for 13% of companies[4].

The cost items of the educational budget averaged approximately:

1. 50% - salaries of staff and teaching staff

2. 25% - the cost of educational technologies and tools

3. 20% - the cost of educational content

4. 5% - other expenses[5].

[1] www.statista.com/topics/4896/training-industry-in-the-us/
[2] www.statista.com/statistics795813/hours-of-training-per-employee-by-company-size-us/
[3] http://www.patriotsoftware.com/payroll/training/blog/cost-training-employees-average/
[4] http://www.statista.com/statistic/917931/learning-and-development-us-budget-per-emploee/
[5] http://blog/capterra.com/training-budget-calculator

At the same time, it is pointed out that, according to corporate education managers, sometimes up to 90% of acquired knowledge is lost without use, and therefore the practical orientation of training and teaching methods aimed at the formation and development of new skills are important[1].

However, according to experts, not providing training is also expensive[2]. Le Boeuf M. Professor of Management (University of New Orleans) and author of many books on doing business in his book The Great Principles of Management, warned of the danger of ignoring in-house training: “if you believe that training is an expense, it’s because you don’t know the price of ignoring it. Companies seeking the loyalty of their employees should invest in their ongoing training and promotion system”[3].

Indeed, studies show that the loss of companies for the replacement of one employee amounts to an average of 6-9 monthly salaries of the replaced employee, replacing an ordinary manager with a salary of 40 thousand dollars a year will cost the company in the amount of 20 to 30 thousand dollars, in the case of highly paid managers losses can be up to two years of their annual salary[4].

Confirmation of this can serve as an example of Starbucks - a global network of coffee establishments. In connection with the incident on discrimination of 2 clients, the company was forced on May 29, 2018 to conduct urgent hourly trainings in all 8,000 of its establishments in the United States, which cost the company $ 17 million in losses, not including the cost of attracting teachers and organizing training[5].

That is, the problem is that sometimes companies look at in-house training as an expense rather than an investment. Untrained workers, lack of knowledge, skills and mastery lead to losses, losses of all types of resources, do not allow to fully and fully using all available opportunities for growth and development.

Learning Priorities

Surveys showed that in 2019 the most required skills were:

1. Soft skills:

1.1. Creativity (creative approach)

1.2. Conviction

1.3. Analytical thinking

1.4. Willingness to cooperate

1.5. Adaptability (flexible approach).

2. Solid skills:

2.1. Computer skills

2.2. People management

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1 Lenhart T. How Do You Know If Training Effective. http://chieflearningofficer.com/2016/01/08/how-do-you-know-if-training-effective

2 The-true-cost-of-not-providing-employee-training. http://www.shiftlearning.com/blog/ the-true-cost-of-not-providing-employee-training

3 Le Boeuf M. The greatest management principle in the world. Berkley Books, Berkley, 1989, p.159.

4 http://www.peoplekeep.com//blog/big/312123/employee-retenton-the-realcost-of-losing-an-employee

5 Belch D. Employee “Training” in Corporate America Doesn’t Work. Here’s Why. http://medium.com/@STRIVR/employee-training-in-corporate-america-doesn’t-work-here’s-why-497739f05e0e

2.3. Computer design

2.4. Work with mobile applications

2.5. Salesmanship

2.6. Language skills[1].

Priority personnel development (talent management) in 2019 were 7 focus areas:

1. Identify and evaluate the gap between the required and the current level of skills
2. Increase curriculum coverage
3. Develop a career structure
4. Provide consistent and useful (valuable) training on a global scale
5. Training in soft skills
6. Provide special programs to bridge the gap in organizational skills
7. Understanding the impact of technology and automation on skills development[2].

Learning Effectiveness

In-house training is effective in any case, according to personnel development practices. According to HR Magazine, companies that invested an average of $ 1,500 or more on each employee's training can expect an average of 24% more profit compared to companies that didn't invest so much in their employees.

One of the indicators of the effectiveness of in-house training is that it increases the loyalty and loyalty of employees to their organization - 94 percent of the employees who completed the training expected to continue working in the company longer, their job satisfaction and work efficiency improved, not always quantified.

For a qualitative and quantitative assessment of the effectiveness of educational programs, the Donald Kirkpatrick's model for assessing the training of the 4-level approach to assessing the success of training is widely used:

1. According to the reaction of students to training (the opinion of students before and after training on the relevance of the curriculum to problems being solved and usefulness for students) - for all training programs

2. On changes in students' skills (results of tests before and after training, certification on the results of training, completeness of the program) - for programs for the development of "hard skills"

3. On changes in the behavior and attitude towards the work of students (changes in the behavior of students and their performance indicators) - for strategic development programs for the company and employees

[1] 3[Rd] LinkedIn' Annual 2019 Workforce Learning Report. P.20. https://learning.linkedin.com/contentdam/me/business/en-us/amp/learning-solution/images/workplace-learning-report-2019/pdf/

[2] 3[Rd] LinkedIn' Annual 2019 Workforce Learning Report. P.19. https://learning.linkedin.com/contentdam/me/business/en-us/amp/learning-solution/images/workplace-learning-report-2019/pdf.

4. final results (increase in productivity and quality of work, improvement of business indicators) - for large educational initiatives worth over 50 thousand dollars[1].

The success of educational programs was determined by interviewed specialists as:

1. 67% - elimination (closing) of already known skills gaps in the company
2. 65% - assistance to employees in obtaining the skills necessary to remain competitive
3. 63% - receiving quantitative feedback from departments showing positive changes in them
4. 61% - receiving a fee from the organization and inviting the organization to continue training
5. 60% - receiving quantitative feedback from trained workers on the application of acquired skills and educational resources[2].

To increase the effectiveness of corporate training, experts recommend understanding current trends in in-house training, increasing staff involvement in educational processes and, most importantly, inspiring and motivating employees for effective development and growth[3].

At the same time, according to Michael Beer, a professor at Harvard Business School, only 10% of corporate training is highly effective and the millions of dollars spent on corporate training in the United States is a “great educational heist”. The costs of developing leadership and managerial skills do not give the expected results in improving the effectiveness of organizations and their indicators, which is shown to them as an example of maintaining indicators of accidents and industrial accidents in the oil industry. According to Professor Michael Beer and his colleagues, the training of company managers should be carried out in the context of large processes of changes in companies, which should be motivated by top managers of the company[4].

Teaching methods

The choice of teaching methods is also largely determined by economic factors, the cost of training, the time spent on training, since time is the main obstacle to learning and material resources.

For example, it’s natural that digital learning is working and growing, including because of the convenience to consumers of educational resources, and currently 43% of employees would like to study under self-managed programs, although at the same time 71% of workers would like to study in groups, even though online programs, and 60% of people in the learning process share their experience, the importance of socialization in companies is growing[5].

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[1] Kamath A. How To Measure The Effectiveness of Corporate Training. http://www.simplilearn.com/how-to-measure-the-effectiveness-of-corporate-training-article/

[2] 3Rd LinkedIn’ Annual 2019 Workforce Learning Report.p.22. https://learning.linkedin.com/contentdam/me/business/en-us/amp/learning-solution/images/workplace-learning-report-2019/pdf/

[3] Manganello K. How to Run More Effective Training. http://thomasnet.com/insights/how-to-run-more-effective-training/

[4] Holland R. Companies Waste Billions of Dollars on the Ineffective Corporate Training. http://www.forbes.com/sites/hbsworkingknowledge/2016/07/25/companies-waste-billons—of-dollars-on-ineffective-corporate-training/

[5] Bersin J. New Research Shows Explosive Growth in Corporate Learning: Our Biggest Challenge? Time. http://www.linkedin.com./pulse/new-research-shows-explosive-growth-corporate-learning/

Benefits of e-learning courses:

1. Low cost, high return
2. Fewer formal study days
3. Education everywhere and always (independence from place and time)
4. Almost unlimited number of training courses
5. High individuality of courses[1].

Video content (clips) increases the viewing of training materials by 2 minutes, with 60% of content consumers watching the video first. Training in electronic training courses is based on the transition from data to knowledge:

1. Data (raw facts and figures)
2. Information (data in a specific context, understanding of the relationships between them)
3. Knowledge (information in accordance with experience and assessment, understanding of phenomena and processes)
4. Decision making (planning and action).

At the same time, leadership training (leadership skills) is not possible in online programs and remains a challenge even in 2019.

The content of educational materials is of great importance for the effectiveness of training, 73% of specialists indicated the use of materials prepared in the organization itself, 85% indicated the use of materials created outside the organization[2].

In the educational process, a wide variety of teaching methods are widely used, the frequency of application of the methods is given in table. 1.

Table 1. Frequency of application of training methods in US companies (in%)

Methods	Never used	Rarely used	Used often	Always used
Case study	17	40	39	4
Traditional classroom teaching with teacher	3	13	67	18
Classroom teaching with a teacher, virtual	40	41	17	2
Fiction, using computer simulation	50	41	9	1
Gaming without computer simulation	35	44	19	2

[1] 2018 Training Industry Report
[2] 3[Rd] LinkedIn' Annual 2019 Workforce Learning Report. https://learning.linkedin.com/contentdam/ me/business/en-us/amp/learning-solution/images/workplace-learning-report-2019/pdf/

Experimental programs	34	46	18	2
Performance reinforcement	20	40	38	2
Workshops	8	40	48	4
Role-playing games	19	47	31	3
Network self-learning	16	42	37	6
Self-study without a computer	29	48	20	3
Virtual reality programs	81	16	2	0

The development of information technologies has aroused great interest in the use of new opportunities in the educational process, which allows not only to save money, but also to qualitatively improve the performance indicators of educational processes by applying both new technologies and expanding the access of the best specialists to educational processes, a more flexible training regime in time, etc.

An increase in the budget for online forms of education showed 59% and a decrease of only 9%, a decrease in costs of traditional teaching methods showed 39% and an increase of only 24%[1].

Corporate Training Examples

What gives training to these companies, and why do they incur such costs?

Let us consider this as an example of IBM, one of the leaders in the American industry, in which the importance of training is already evident from the fact that one of the vice-presidents of the company manages the training and development of personnel.

On-demand training is an IBM term that not only reflects a learning strategy, but is also a practice that has broken the traditional barriers between work and learning. IBM is trying to create a new personalized, participatory environment for learners and educators. Instead of delivering the learner to the place of training, delivering the training to the workplace of everyone who needs it, this is a proprietary strategy for the development of training and staff development. On-the-job training, 80% related to learning new things, for example, by distributing new training materials and articles from special publications to workplaces, is the best way to disseminate best practices throughout the company.

This is not only a new learning technology, IBM believes that it's important that you create a more suitable, personalized, participatory learning environment.

To do this, IBM revised its values when the company's top management determined what would move the company forward in the 21st century:

• Dedication to every customer success

• Innovation in the company and the world

• Trust and personal responsibility in all respects.

[1] 3[Rd] LinkedIn' Annual 2019 Workforce Learning Report. https://learning.linkedin.com/ contentdam/ /me/business/en-us/amp/learning-solution/images/workplace-learning-report-2019/pdf/

What relied on a proprietary 3-day global online dialogue (any issue should be resolved no later than 3 days anywhere in the world where the company operates), wide feedback from performers, and other training initiatives?

In IBM training programs, the dissemination of company values and attitudes is critical, and training programs such as Core Competencies are widespread, in which employees develop behavior and skills that support a culture of company values, help transfer fundamental principles from the realm of desires and reality.

Training, as considered by IBM, is the first step in work - it helps everyone to be in their place, to be in the workplace and in the work process. It is integrated into work processes, which requires not only the highest skill of employees engaged in staff training, but also a large, direct interest of company leaders in the training and development of employees.

Particular importance is attached to training in “new” industries, where the importance of the human factor is increasing even more, for example, in the semiconductor equipment manufacturing company KLA-Tencor Corp. they also consider training as part of their production activities and support training processes, both by allocating the necessary funding and direct attention of top management, training processes for 5330 people who are involved in 64 professional employees, and 2 managers in the rank of senior director manage the training organization.

American companies are distinguished by education and professional training.

Training is the process of using the knowledge gained in specific production situations. Education - obtaining knowledge, skills. Preparation is associated with practical training at a specific economic object and the application of knowledge in real production conditions.

Further education, combined with training, makes it possible to perform more complex and responsible work, to occupy a higher position. The need to make changes in their activities, professional development develops a sense of responsibility for the work performed.

Corporate universities

In practice, leading American companies are widely used training centers for managers, working as a kind of business school and called corporate colleges, institutes or universities. These are, for example, Disney University, the Federal Express Leadership Institute, the Crotonville training center at General Electric, the AT&T business school, Motorola University and others. Their main task is to strengthen and develop the competitiveness of their companies.

This became especially important with the expansion of companies and their transfer to other countries, especially developing ones, which required the management of the companies to provide an equal understanding of the company’s values, understanding and sharing of its policies, compliance with company-wide requirements for the behavior and level of training of employees.

Internal training centers are available not only in the largest companies, such as, for example, Coca-Cola, IBM, Rank Xerox, Ericsson, etc., but also in medium and small companies. Training in them is aimed at employees of the organization or its partners, for example, dealers or customers.

The objective of the corporate training center is focused training of employees, adjusting their qualifications to the requirements of the organization. In some cases, training centers provide opportunities for extensive training.

For example, Ericsson's training center provides training according to the "technician - systems engineer - expert" scheme. After the end of the first training cycle, an employee works in the company as a technician. In a year, he can go through the next cycle and go into the category of system engineers. Another year of work in the company, and the next training cycle helps the employee to become a qualified specialist expert.

Corporate training centers rarely focus on technical training, teaching primary customer service skills. Some centers conduct an introductory course for new employees, who helps a person integrate into the organization, find out its history, corporate culture, especially the terminology used, equipment characteristics, etc.

Internal training centers focus on the most typical, repetitive training courses, such as customer service skills, sales techniques, and basic managerial skills. Management development programs, especially for middle and senior managers, usually go beyond internal centers.

Executive training

An important place in training is occupied by the issues of improving the managerial skills of company leaders and their divisions. In face-to-face interviews with one of the authors of this article, former and current vice presidents for organizational and technological development of US global industrial corporations, such as Ford, Caterpillar and several other large and local corporations and organizations, indicated that from 30 to they spent 50% of their time in class with middle and senior managers. These classes aimed at identifying real problems and solving urgent problems and forming private development strategies, as well as preparing a reserve for senior company executives, including working with understudies to replace a leader.

Sue Wingston believes that leadership training programs have a positive effect on company profits for the following reasons:

1. Reduce staff turnover
2. To build activities in accordance with the objectives of management
3. Improve collaboration and employee complicity
4. Increase efficiency[1].

At the heart of this, the fact that research conducted by Hagberg Consulting Group in 1998, successful managers spend less time on execution control compared to unsuccessful ones (25% versus 53%), are more involved in team development and coordination of work (34% against 18 %) and the maximum effort is concentrated on the formation of the strategy (41% against 29%).

[1] Wingston S. 4 Ways Management Training Programs Impact Company Profits. February 26, 2016. http://www.eagleesflight.com/ /blog/4-ways-management-training-programs-impact-company-profits

This determines the training needs of managers, and the top managers of 150 US organizations identified areas of skills that they consider necessary to develop primarily among the top management of their organizations:

1. The ability to motivate employees
2. Leadership
3. Strategic thinking
4. Team building

The American Society for Training and Continuing Education, the most significant areas of basic managerial skills are (in descending order):

1. Listening and speaking skills
2. Problem solving
3. Teamwork
4. Speed reading and technical text comprehension
5. Interpersonal interaction[1].

Personnel specialists attribute education and training to the main factors affecting career advancement in American companies. Companies often change their direction of activity, reorganization processes take place in firms, new technologies are developed or innovations are implemented. All this makes workers learn to adapt to changing working conditions. Each new situation forces the employee or manager to do self-training in order to competently fulfill their duties. In any company, training and continuing education activities are included in the development plan.

This happens not only because the company feels a lack of qualified labor and the need for more efficient use of labor. Personnel development is beneficial both to the company and to the employees themselves. Further training of employees positively affects the productivity and profitability of the enterprise. Industrial training, i.e. professional development of a specialist or manager. Widely used type of training, as the rotation of personnel. This is a very common way of educating and forming a specialist or general manager.

He carries out the management of the company by moving the employee for a short time from one type of work to another. A variation of this form of advanced training is the internship of a company employee in another department at a higher post than he occupies.

An important element in personnel work is the preparation and training of managers and personnel reserve - persons who can be appointed in the future to higher position (managers, specialists of a high category, etc.). The share of expenses for advanced training of senior employees and training of personnel reserve amounts to 34% of the total educational budget[2].

[1] Nowak K., and Wimer S. Coaching for Human Performance.Training & Development, October, 1997 p. 28-32
[2] www.statista.com/topics/4896/training-industry-in-the-us/

Work with the personnel reserve is usually very effective, and is carried out either with the active participation of the first leaders of the company, or by themselves, if we are talking about preparing the company's managers for the future and require constant training.

Priorities in training, i.e. according to the results of the survey, more than 500 managers of large business, state and non-profit organizations need to be trained in the following order (in%):

• Business strategies (15.3%)

• Quality training (15.9%)

• Art of sales (10%)

• Development of leadership skills (7.8%)

• Customer service (6.6%)

• Professional growth (5.8%)

• Work with staff (5.6%)

• Technical training (5%)

• Management (general management) (4.2%)

• Work with consumers (3%)

• Labor protection and safety (3%)

• Training in computers and information technology (2.8%)

• Training and orientation of new employees (2.2%)

• Creation and teamwork (1.4%)

• Quality training and 6 Sigma (1%), etc.

Compared to last year, there has been an increase in interest in leadership training and management skills, which is associated with increased competition and the need to educate a new generation of leaders.

Due to the fact that staff training is widespread (more than 90% of all employees), the organization of training is important [15].

In order to plan training in a company, order a course, make a list of trainings, you need to have a set of training types, their classification. Company management and personnel managers usually share training in a way that is more convenient for their work, and there is no strict generally accepted classification, but the following types of training are distinguished in companies:

• Introductory (orientation) training

• Sales technique, negotiation

• Presentation skills

• Work with clients

• Management decisions, etc.

A typical separation of participants is according to their position in the organization: ordinary employees, line managers (supervisors), middle managers, senior management and, accordingly, trainings are also divided.

Highlighting the level of problems needs to be solved by the company, which this training responds to:

1. A situational (individual) level refers to those needs that are associated with the skills of specific employees or managers of the organization.

2. The system level refers to those needs that are not limited to the training of individual employees and are associated with interaction within the company.

3. The strategic level refers to those needs that are not limited to either the training of individual employees or interaction in the company, but relate to the organization's development strategy, its position in the socio-economic environment.

A comparison of the American experience in organizing training in organizations with the experience of domestic enterprises of the recent past allows us to talk about a new phenomenon for us in production training and the development of personnel in general.

Attention to issues of industrial training and personnel development for US companies, given as company leaders, attention on a national scale, as evidenced by the number of studies and publications, indicates the importance of employee training as the main factor in the development of personnel and companies. The experience of organizing educational processes in production must be carefully studied and adopted for our enterprises.

Conclusion

Based on the results of our own production experience in organizing educational activities at the most advanced industrial enterprise in Uzbekistan - General Motors Uzbekistan JSC and the results of foreign studies, we can formulate the following conclusions and suggestions:

1. In-house education, in order to be effective, must be proactive, strategically aimed at the development of the company, departments and divisions and employees

2. Know (define and evaluate) and understand the gap between the available and the required level of skills

3. To develop new methods of training and assessing the level of skills of employees and staff potential

4. Develop your own (in-house) training materials and adopt advanced external developments

5. Motivate managers to develop training for their employees

6. Assess the feasibility of large companies creating their own branch Corporate Universities as scientific and educational centers for technological development and personnel training, the formation of a corporate culture and a unified personnel, technical and technological policy.

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FOSTERING REGIONAL TOURISM: EXPLORING THE POTENTIAL OF AGRITOURISM

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ABSTRACT

The purpose of this article is to show the importance of tourism industry, indicate the current situation of tourism in Uzbekistan. This article examines the concept of regional tourism, includes analysis of problems of development of agritourism potential as a factor of development of the region, identifies its impact on the development of rural areas. This paper discusses the need to develop agritourism in Bukhara region, which is one of the main directions of tourism.

Keywords: *tourism, regional tourism, development of agritourism, regional development, agritourism activities.*

Introduction

Tourism is one of the most important socio-economic activities related to development at local, regional, national and global level, which can trigger growth and prosperity. Tourism as a relatively new and global social-economic phenomenon, which achieved its boom during the last century, has a significant influence on economies of many countries. This industry became one of the main income sources for many countries where natural, cultural, economic, social and environmental recourses are identified as potentials that may contribute to national economy through tourism development.

Tourism has been consolidating in recent decades as a key sector for economic and social development, job creation and the welfare of nations, a driver of integration and development in the region. Tourism takes an important part in almost every country, thus, every country pays certain attention to conditions that contribute to tourism development and its benefits.

Tourism in Uzbekistan is a major component for regional and overall economic development, which can trigger growth and prosperity. The purpose of this article is to show the importance of tourism industry, indicate the current situation of tourism in Uzbekistan, discuss current stage of agritourism development in Bukhara region, and in the conclusion to give proposals for future development of agritourism.

Research methodology

The research method is applied based on the research content while based on the nature of the research, descriptive – analytical methods are used. To collect data, the following ways have been used.

A. Library studies such as using: books, journals, statistics, documents
B. Using networks and the internet
C. Examining the information from the relevant offices

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Analysis and results:

In recent years, the tourism sector in Uzbekistan has been showing a notable dynamism that is reflected in the growth of domestic tourism and an increase in international tourist arrivals. Before 2016, the growth rate of the number of foreign visitors averaged 8 % per year, in 2017 it was 7 % and exceeded 2.84 million people. For the Republic of Uzbekistan as well 2019 was a record year – it received over 6.748 million international tourists up from 5.346 million the year before. (Figure 1.)

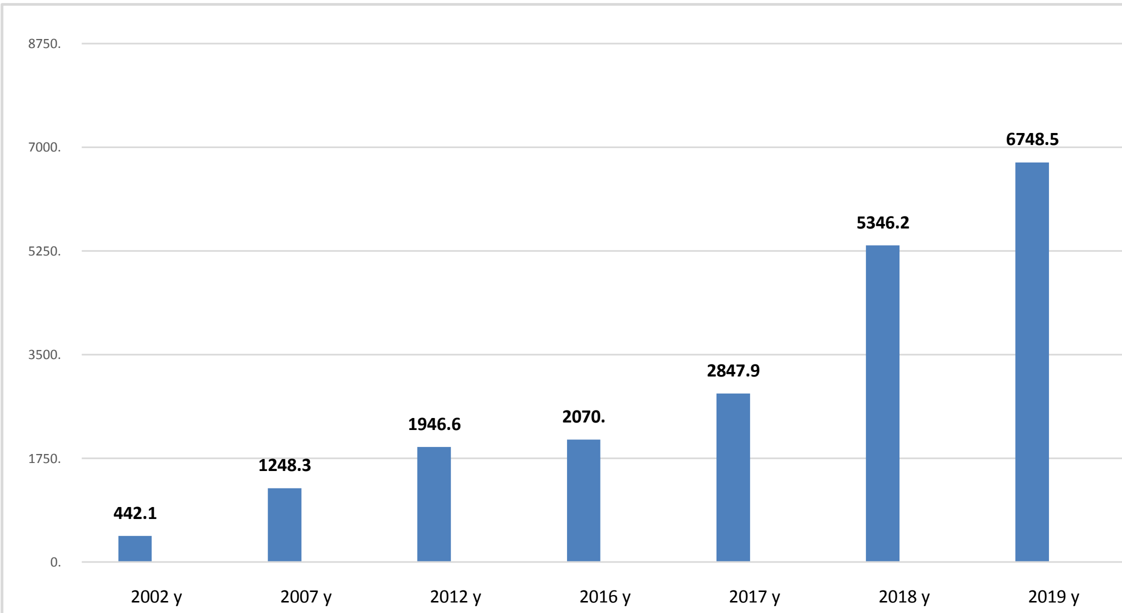

Figure 1. International tourist arrivals in Uzbekistan, (thousand people) 2002-2019 yy.

Source: https://stat.uz

In 2017-2019, the volume of tourism services exports doubled, amounting to 546.9 million US dollars in 2017, 1 billion 041 million US dollars in 2018, and 1 billion 313 million US dollars in 2019.

Many scientists consider regional tourism as a development tool at regional and local level, and have underlined the importance of tourism for the development of the country and its regions. The development of tourism in regions is the part of country's socio-economic development and is based on local and country wide resources.

According to Professor Alirzayev, tourism increases the employment in regions, uses the regional resources in placement of production and service facilities, develops them, and forms the budgets and increases the profits of the regions by meeting the demand of local and foreign tourists[1]

The development of tourism in regions is based on several regional characteristics. The regions' geographical position, their resources, financial situation, the marketing activities are the main factors in defining the role of tourism for the regions[2]. World experience shows that successful promotion of the country in the world market is achieved by successful promotion of its specific destinations. It is very

[1] Alirzayev Ali, Turizmin iqtisadiyyati və idarəedilməsi, Iqtisadiyyat Universiteti, Baki, 2011. P.165.
[2] Alp Timur and Hasan Olali, Turizm ekonomisi, Izmir, 1988. -P.245.

important to intensify the work to promote specific regions of the country on the international tourism market, that is, it is necessary to advertise not the country, but its individual territories.

According to V. A. Kvartalny and I. V. Zorin, regional tourism is the tourism activity typical for a particular region, a set of countries or territories with the same conditions of tourism development and a similar level of tourist adoption[1].

The region from positions of interests of regional tourism is considered, in-the first, as spatially-defined territory on which objects of tourist interest and the tourists serving infrastructure are settled down. Secondly, it is considered as a socio-economic complex that ensures the sustainable development of tourism in the region through the provision of skilled workers, the formation and management of tourist destination.

Regional tourism is a rather complex and organized system, which is formed from a variety of interconnected elements (recreational resources, tourist infrastructure, environmental and personal security, etc.), which perform the functions of meeting the tourist needs within the boundaries of a certain territory and are the necessary conditions for its development. Therefore, it is advisable to consider it further as a:

- System of tourism attractors and infrastructure in the region;
- Large, independent, intersectional complex of the regional economy, that provides employment and receiption of additional income to the region;
- Socio-economic resource that requires the organizational and economic mechanism of management;
- As a target resource for the restoration of the vitality of the local population and visiting tourists;
- Object of management, which is the basis for the formation of sustainable tourism development strategy in the region.

In addition, the specificity of tourism as a segment of the regional economy lies in the special nature of the interaction between tourism and the region.

Uzbekistan, thanks to the variety of its culture and its history, its natural and architectural attractions, and the hospitality of its people, has great potential for tourism development. In Uzbekistan there are regions with a huge potential of tourism development and the tourism industry is considered to develop at a rapid pace. The tourism potential of the regions is determined by the available resources in them, and the tourism resources serve as the foundation for the development of the tourism sector in the region.

Each region has its own unique character. The unique is hidden in its culture, namely in its folk traditions, traditional craft products, folklore, through which it can offer unique products specific to individual regions and present itself by means of them. The cultural product of the region can be extended by cultural and historical monuments, museums, galleries. Also tourism as a sphere is dependent on natural potential of the certain region. That is why it is important to use this potential to develop activities that could be interesting and attractive for tourism participants[2].

Tourism is one of the priority directions of socio-economic development in the Bukhara region. The tourism potential of the region is huge and diverse. There are 660 objects of material and spiritual heritage.

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[1] Zorin I.V. Management of tourism: Tourism and sectoral systems. – M.: Finance and statistics, 2002. – P.31-34

[2] Gburova J., Matusikova D. Tourism as important regional development factor. ЕКОНОМІЧНИЙ ЧАСОПИС-XXI. 9-10(1)'2014. - P.102-105.

The Resolution of the President of the Republic of Uzbekistan of May 19, 2017, "On Immediate Measures to Develop the Tourism Potential of the City of Bukhara and the Bukhara Region in 2017-2019", and the Decree of August 16, 2017, "On the Development of Tourism in the Years 2018- 2019" are important steps towards the realization of this sphere. Bukhara region has great opportunities for the development of agritourism, ecotourism, mountainous tourism, religious tourism, sport tourism, medical tourism, recreational tourism and etc.

The need for restructuring the existing aspects and development of new aspects of tourism is one of the preferential requirements for tourism development in Bukhara region. It should be noted that the static factors of tourism development in the region, namely the combination of natural-geographical and cultural-historical factors, have permanent, unchanged values. While the dynamic factors-demographic, socio-economic, logistical and political conditions are modified.

A great role in the development of the tourism industry has the development of agritourism, or in other words, rural tourism, which can provide regional economic development while preserving and improving the quality of natural environment. Agritourism is suggested to produce many benefits for farms, their operators, the surrounding communities, and society overall.

In realization of agritourism activities first of all take part farmers, so agritourism gives a chance to them to gain important sources of additional income or it can become alternative activity in the region. Farmers can offer different tourism services while maintaining their agricultural character, like for example continuing agricultural production. Agritourism production and offering a variety of tourist activities contribute to the revitalization of traditional crafts and products.

Agritourism in Bukhara region has further chances for organization in the future. It is possible because Bukhara region is characterized by dispersion of farms, considerable surplus of labor in the village, unique nature and culture values and heritage.

Factors contributing to the development of agritourism in Bukhara region:

- Availability of agricultural services and goods that attract foreign tourists and even local residents;
- Formation of a specific rural culture;
- Geographical location of Bukhara region, consisting of desert and semi-desert areas, which indicates the uniqueness of animals and plants growing on this territory;
- Cultural heritage. There are 660 historical monuments in Bukhara region, about 200 of which are located in rural areas. This allows organizing several types of tourism together.

Tourists' goals of visiting agricultural enterprises and farms can be very different: experience of participation in agricultural activities (harvesting grapes, milking cows, participating in the preparation of dairy products), educational goals, tasting natural local products, and others. Based on these goals, it is possible to offer various services.

It is very important that the statistics say that 7659 farms operate in Bukhara region at present. In addition, 171 historical monuments of Bukhara region are located in rural districts: 43 in Bukhara district, 11 in Vobkent district, 32 in Gijduvan district, 14 in Zhondor district, 2 in Karaulbazar district, 16 in Peshku district, 9 in Romitan district, 5 in Shofirkon district, 34 in Kagan district, 5 in Karakul district. This, in turn, makes possible to organize additional services for agro-tourists - various excursions to attractions that tell about the history of this village

Conclusions

Research of the region's tourism development resources, determination of the tourism potential of individual administrative districts and scientific justification of tourism development directions will improve the accuracy and effectiveness of management decisions in the field of regional tourism development, enhance the investment attractiveness of the region and will contribute to obtaining a multiplier effect from the implementation of tourism activities in the region.

The analysis of the problem of development of agritourism in Bukhara region gives the following major conclusions:

- Agritourism is the form of non agricultural entrepreneurship and represents additional or alternative source of income for agricultural families;
- Agritourism encourages action to protect and care for the landscape heritage;
- To meet agritourism demand and to increase the number of tourists visiting farms cooperation between farmers should be developed;
- Agritourism is a convenient diversification strategy because it does not necessarily require excessive investments in farm infrastructure, labor or equipment;
- Farmers offer activities similar to their existing farm procedures, utilize their existing resources;
- Engagement of farms owners with tourism associations should be encouraged, which play important role in the process of agritourism management, by supporting different activities;
- Agritourism in Bukhara region is believed to develop very fast in the future, in a consequence of what it is recognized as one of strategic industries of economy of the region.

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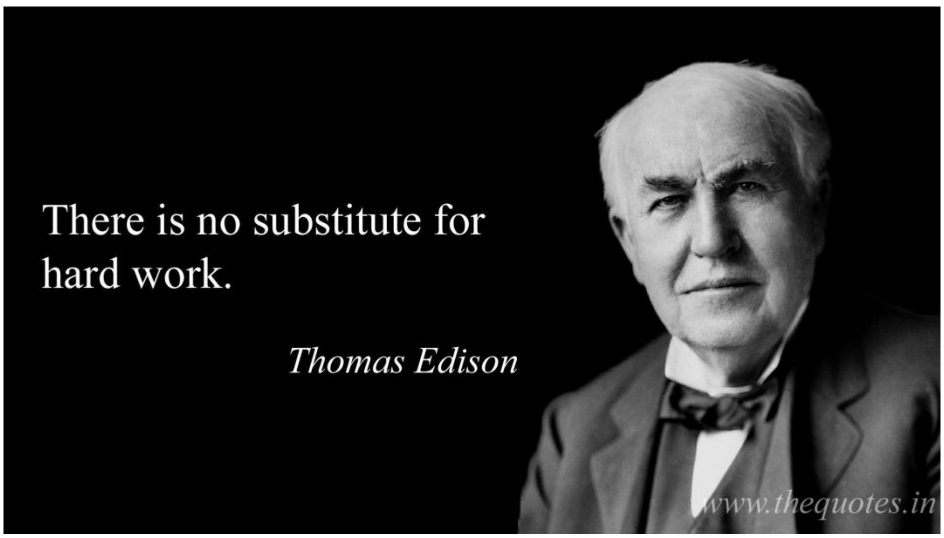

CONTEMPORARY ISSUES OF LABOR MIGRATION FROM UZBEKITAN

Kadirova Zulaykho Abdukhalimovna[1]

ABSTRACT

Today Uzbekistan is an active participant of international labor market. Opening up the country after gaining independence meant exposure to increase in the mobility of its human capital. As a result, Uzbekistan has witnessed labor migration in and out of the country in the past couple of decades, driven by various causes, which is having inevitable social and economic implications for the country.

Migration has particular implications for Uzbekistan mainly due to its state of demographic development. Three vital characteristics create a favorable condition for migration of labor from Uzbekistan:

- *Population growth rate of 1,6% per annum*
- *Young population with 30% aged under 15*
- *Low level of urbanization with 50% of population living in rural areas*[2].

International Organization of Migration predicted that under globalization and economic liberalization, international trade and improved investment climate would lead to increased migration flows. Highly developed countries would have a shortage of and less developed countries would have a surplus of labor force, which would lead to formation of global migrant labor force.

Intensifying processes in contemporary international labor market make migration as a mechanism, which has a back-to-back impact onto and from economic development of a country. From developing countries' perspective, international labor migration is an instrument for reducing tension in national labor markets, decreasing high rates of unemployment and expanding sources of income. From developed countries' perspective, international labor migration helps solve demographic problems like decreasing number of population, aging of population and shortage of labor force. Thus, this processes turned into a mechanism or a system, which is not possible to ignore. Uzbekistan, in particular, is increasing its participation in the international labor market due to its high rates of population growth and young population.

Keywords: labor migration, Uzbekistan, Korean Republic, Russian Federation, ethnic Koreans, international labor market, population growth, migrant, agreement, unemployment.

INTRODUCTION

Decentralization and transition to free market economy caused significant changes in Uzbekistan like in other Central Asian markets, like the development of competition among participants of labor market and the increase in the number of unemployed people in labor market. The resulting conditions in the labor market were offset, initially, by internal migration, and later, by international migration.

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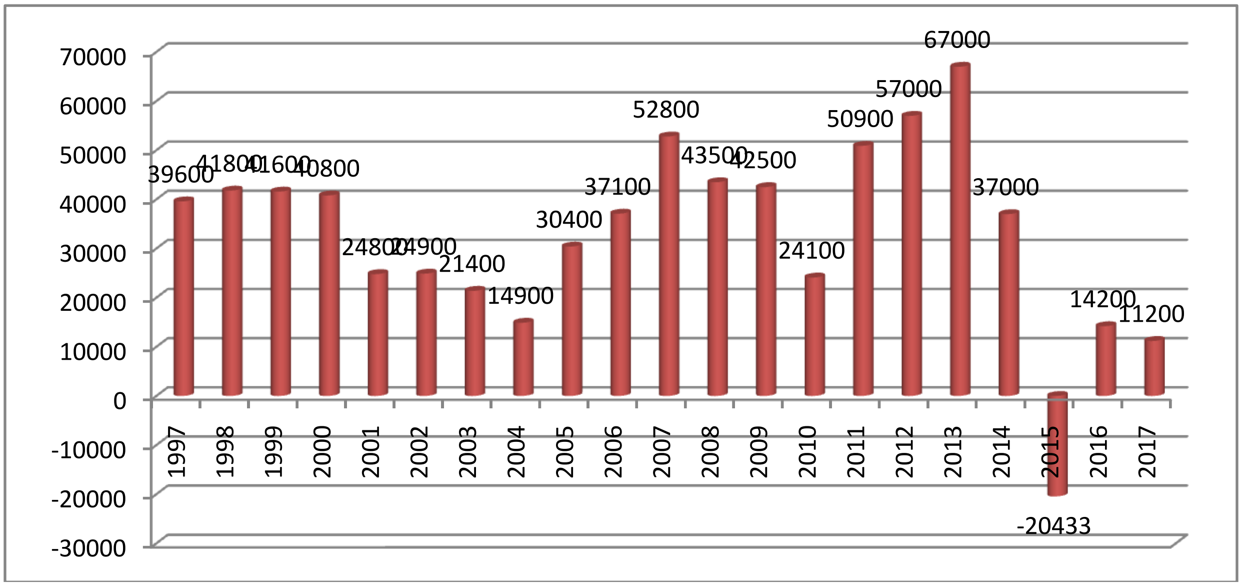
The governmental labor migration agreements signed between the governments of Uzbekistan and other foreign countries opened many opportunities for citizens who want to work abroad. Today there are many Uzbek labor migrants in Russia, Kazakhstan, Republic of Korea, and USA.

RESEARCH MODEL AND HYPOTHESIS

During the first decade of independence, migration was characterized by ethnic migration, as Russians, Belorussians, Tatars and Ukrainians returned to their homeland. Particularly, ethnic migration of Russians and Belarussians accounted for 45-48%, Tatars 16-17%, Ukrainians 5-6%, Jews 5-9%, Germans 2-3%, and Uzbeks 7-8%.However, by 2000s ethnic migration turned into labor migration of predominantly ethnic Uzbeks searching for jobsto Russian Federation[1].

The statistics show that a big number of labor emigrants from Uzbekistan are sent to Russian Federation. In turn, Uzbek citizens constitute the largest share of the migrants in Russia.



Graph-1. Net migration from Uzbekistan to Russian Federation, people (2001-2017)

Absence of strict restrictions for migrants coming to Russian Federation, non-visa entrance for Uzbek citizens, their ability to speak and understand Russian language and culture paved the way to increase the number of migrants from Uzbekistan to Russia. In 2018 about 1.5 million labor migrants left Uzbekistan to work in Russia. Uzbek migrants usually work in light and food industry, engineering, construction and service sector. In fact, 45.2% of them work in construction, 12.9% in services, 8.6% in processing, and 8.2% in agriculture[2]. These numbers show that almost half of the migrants from Uzbekistan are construction workers where the chance of accidents is high which makes the tasks of preventing such accidents and to countering consequences very important.

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[1] Максакова Л., Мамадалиева Х. Узбекистан: современные демографические тенденции.//ДемоскопWeekly.№ 617-618. 3-6 ноября. 2014. С.14.

[2].Зайончковская Ж.А. Миграция населения из стран Центральной Азии. Трудовая миграция в Республике Узбекистан:Социальные, правовые и гендерные аспекты.Т.2008. стр33.

Moreover, analyses and observations in recent years show that migrants from Uzbekistan to Russia experience some problems and difficulties in: registration of the license,full payroll calculation with employer, creation of decent working conditions by employers,attraction to heavy work overtime, as well as social protection in manufacturing. Under such circumstances, the importance of establishing inter-state relations, setting up legal bases for such relations, as well as protecting the social rights of Uzbekistan citizens abroad increases.

Enacting the Intergovernmental agreement dated 21st Dec 2017 “About centralized involvement of the citizens of the Republic of Uzbekistan for carrying out a temporary work in the territory of the Russian Federation” creates a mutually beneficial opportunity to determine the number of migrant workers, their qualifications and the actual needs in the recipient country, as well as establish the legally guaranteed mechanism for providing minimum wage, decent living conditions, medical and social insurance, and pension payments for citizens of the Republic of Uzbekistan. According to the information of the Russian Ministry of Internal Affairs, the number of citizens of Uzbekistan has approximately reached 3,4 million people, 1,5 million of them labor migrants and accounts for 10% of the total number of migrant workers in the country. Moreover, half of the labor patents registered in Russia during 2017 were issued to workers from Uzbekistan and numbered 800 thousand. If the number of Uzbekistan citizens sent by the Foreign Employment Migration Agency (FEMA)in a centralized way stood at 922 in 2017, in 2018 this number reached 50 thousands[1].

In conclusion, some factors like high demographic pressure in Russia, reduction in oil reserves and the subsequent decline in oil exploration, development of new sectors, higher living standards leading to decreased desire of ethnic population to perform low-level jobs will all lead to continued dependency on foreign labor. Subsequently, this situation will stimulate and intensify labor migration from Central Asian countries, and Uzbekistan in particular, where population growth rates are high and population is young, leading to the development of cooperation on migration issues.

The other major destination of labor migration from Uzbekistan is oriented towards far abroad, specifically to Korean Republic.

Developed and newly industrialized developing countries with the high demographic pressure due to declining birth rates, shrinking population and labor resources, attract cheap labor resources in order to cover the shortage of labor force for jobs that are least demanded by own population, require low skill, and have hard working conditions. At the same time, developing countries experiencing high pressure in the labor market caused by high birth rates, young population, and specifically working age population will seek to reduce the unemployment rate, enhance the sources of income, and gain the knowledge and experience by ways of stimulating labor exports.

In particular, according to the population analyses of the United Nations, the Republic of Korea during 1995-2050 will need 6.4 million labor migrants in order to maintain the number of working age population aged 15 to 64[2].Today there are two types of labor migrants in Republic of Korea. First group consists of

[1]Зайончковская Ж.А. Миграция населения из стран Центральной Азии. Трудовая миграция в Республике Узбекистан:Социальные, правовые и гендерные аспекты.Т.2008. стр33.

[2] Bum Jung Kim, Growing needs for the immigrant workers in the fast aging nation of South Korea: Lessons from the U.S.-Korean Studies. Series №47. Advancing social welfare of Korea: challenges and approaches. Edited by Kyu-tajk Sung. Seol, 2011.499 pp.

investors and professionals from countries like USA, Japan or Germany. The second group consists of labor migrants with low incomes and without professional training from developing countries like China, Vietnam, Indonesia and CIS countries. The Republic of Korea was experiencing high rates of economic growth and low unemployment by early 1990s when it began attracting low skilled foreign labor force for jobs which local population did not want to perform. Liberalization of immigration processes initiated by the government gave a chance of returning home for ethnic Koreans displaced during Japanese colonial period and living in China and CIS countries. Along with them, ethnic population from those countries like Russians, Tajiks, Kazakhs, and Uzbeks in particular, began to immigrate to Korea. This trend, however, led to the growing number of illegal labor migrants working at Korean companies. As result, the Korean government began to sign international agreements on employment of foreign labor force with countries supplying labor. Signing the first agreement in labor migration with Uzbekistan in 1995 led to dispatch of Uzbek citizens to Korea under the Program of Industrial Training.

Impact of the Asian crisis in 1997 on the economy of Korean Republic demonstrated that some sectors of economy could not sustain without the help of foreign labor migrants. The latter, along with the growing demand for foreign labor force in Korea, caused the supply of labor migrants from Uzbekistan to one thousand people annually.

According to the Industrial Training Program, migrants work as a trainee in the first year and as a worker during the next two years. The labor migrants who work under this program receive “D-3” visa, as an “industrial trainee” .There is a special professional training center in Tashkent, which is built at a cost of USD 4 million, provided by the government of Korea. This center is seeks to adapt and prepare migrants for work. During 1995-2007, 19,000 Uzbek citizens were sent as labor migrants under the Industrial Training Program from Uzbekistan to Korean Republic[1]. However, some shortcomings of the Industrial Training Program caused inconveniences for labor migrants, because of which the number of illegal migrants grew sharply. In particular, the requirement to work as a trainee during the first year became a reason to receive less salary than usual workers get in the labor market.

This situation forced trainees to look for another work illegally.This was the reason for adopting a new law about employment of foreigners in Korea.

In 2003, Korean Republic began to employ foreign labor force based on “Employment Permit System” (EPS) or “Free Hire System” programs and created new types of special visas for labor migrants[2].Thus, the Korean government began to renew agreements in labor migration with foreign countries. As a result, like with other countries, the Ministry of Labor of Korean Republic signed a memorandum in 2006 with the Ministry of Employment and Labor Relations of Uzbekistan in order to send labor migrants to Korean Republic through Employment Permit System (EPS) or Free Hire System (FHS). In March 2007, two new agreements were signed following this Memorandum. First was about tests of Korean language for labor migrants who want to work in Korea. Next was about responsibilities of The Foreign Employment Migration Agencyand Korean Human Resources Development Service.

There is a differnce between different types of visas of EPS and FHS.Under EPS, visa E-9 was issued for foreign labor migrants and visa H-2 for returning ethnic Koreans[3]. According to the Memorandum, ethnic

[1]www.mehnat.uz
[2] Young-bum Park, South Korea: Balancing Labor Demand with strict controls// www.migrationinformation.com
[3] Jung-EunOh,Don Kwan Kang and Julia JiwonShing, *op.cit*.

Koreans in Uzbekistan older than 25 years can get H-2 visa for a period of 5 years. Labor migrants aged 18 to 39 years from Uzbekistan could get E-9 visa, which entitles to work in Korea for 5 years. It helped employers to cut down their retaining expenses and to engage labor migrants with skills and experiences for a longer period. In turn, it gives a chance to migrants to work and earn more during the additional two years.

Labor migrants, who worked for 5 years in Korea, can again apply for work permit in Korea after spending a year outside.According to the agreement, Uzbek citizens who want to work in Korea should pass tests of Korean language. The dates of test are announced a month in advance in mass media. Migrants, which successfully pass language test and medical examination, can apply for work permit in Korea. FEMA sends the list of candidates, with the encoded names to Korean Human Resources Development Service.

Korean Human Resources Development Service provides Korean Small and Medium Business Federation or Regional center supporting employment with the list of candidates. Employers should have announced their vacancies in their companies at least 14 days ago. Candidates are chosen for the vacancies according to their scores, experiences, sexes, age, and other parameters. Human Resources Development provides labor contract to a labor migrant, which would be signed with a Korean employer. After signing the labor contracts, the migrants study at the special professional center in Tashkent. Migrants who receive their visas arrive at the Korean Republic under control of The Foreign Employment Migration Agency. Memorandum signed between Uzbekistan and Korean Republic is important for social protection of Uzbekistan labor migrants in Korea.

Employment Permit system gives an opportunity for Uzbekistan labor migrants to participate in social protection programs which government holds. Labor migrants in Korea get “insurance right of worker” which protects them from illness and injuries.Migrant workers who are injured during the working hours are entitled to compensation payments as local workers. Injured migrant worker is paid “temporary payment for disablement” which makes 70% of average salary for every missed day. Injured labor migrant, who does not recover after treatment, receives “permanent payment for disabled”.

In 2008, during the global financial crises to alleviate the problem of unemployment among the local population, quota of import of foreign labor force was reduced from 100,000 to 34,000 and quota of employment overseas Koreans was reduced twice to 17,000 people. During that year, the number of foreign labor force in Korea made 680,000 people. During the global crisis years, engineering sectors began to face the shortage of labor force. In 2009 shortage of labor force was estimated at 2.7%, but in engineering it was 4.3%. Shortage of labor force in Korea from 2.7% in 2009 reached 3.1% in 2010. Though 563,341 working places were created in 2010, 271,009 of them were vacantin 2010.

Table-1 :Following sectors in Korean Republic are faced with shortage of labor force[1]

Sectors	**Shortage of labor force (%)**	**Shortage of labor force (thousand people)**
Wood work	7.6%	1,957
Production of metal	6.1%	17,732
Plastics	5.4%	11,900

[1] Ministry of Employment and Labor, 2010 Report on the labor Demand Survey.

Textiles	5.0%	11,794
Food sector	4.6%	6,750

Today 76.3% of E-9 visa holders work in production, 5.8% in construction, 5.4% in agriculture, and 2% in fishing sectors[1].At present, there is a special training center in Tashkent, which trains Uzbekistan migrants willing to work in Korea. They are trained in machinery building, electricity, electronics, information technology, and transportation services.

During the last years 30% of E-9 visa holders were Vietnamese, 12% Indonesians, 12% Filipinos, and 11% Thais. Uzbekistan is the leader among CIS countries in terms of the number of E-9 visa holders, accounting for 6.2% of all migrants in Korea. Today Uzbekistan labor migrants in Korea are estimated at 17.000 people[2]. In 2011, number of all H-2 visa holders in Korea estimated 302,000 people and 7,888 of them were Koreans from Uzbekistan[3]. Thus, Uzbekistan is a leader among CIS countries in terms of number of holders visa H-2.

Table-2 Number of H-2 visa holders by nationality[4]

Countries	China	Uzbekistan	Russia	Kazakhstan	Others	All
number	291,300	7,888	2000	506	242	302,042
%	96.4	2.6	0.68	0.17	0.08	100

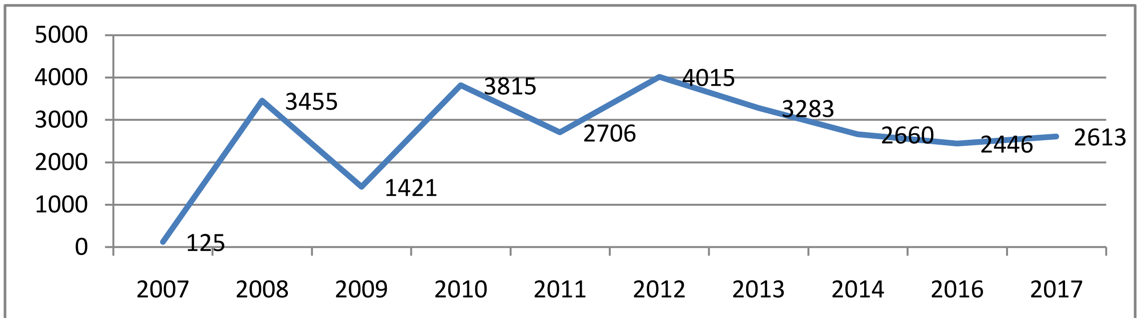
On 13 December 2012 during the visit of the members of the Ministry of Employment and Labor of Korean Republic to Uzbekistan, the memorandum between two countries was renewed. The new Memorandum included such issues like ensuring transparency to sending and receiving migrant workers by social agencies, reducing fees for money remittances and preventing illegal migration of Uzbek labor migrants in Korean Republic. Percentage of foreign workers staying illegally in Republic of Korea after entering under the Employment Permit System has been 15.8% (average) and 6.3% for Uzbekistan[5].

For reducing the number of illegal migrants, the Government of Uzbekistan, while signing the Memorandum, reiterated its support for the returning labor migrants who were working illegally.

DATA ANALYSIS

During 2007-2017 48 thousand migrants from Uzbekistan were sent to Korean Republic under Employment Permit System –EPS.

[1] Jung-Eun Oh, Don Kwan Kang and Julia JiwonShing, *op.cit*
[2] Uzbekistan's Test For Wannabe Labor Migrants Sparks Controversy// https://www.rferl.org/a/uzbekistans-test-wannabe-labor-migrants-/28443067.html
[3] Jung-Eun Oh, Don Kwan Kang and Julia JiwonShing, *op.cit*
[4] Korea Immigration Service www.immigration.go.kr
[5]Korea and Uzbekistan renew their MOU. 18 December 2012.www.korea.net



Graph-2. Number of migrants sent to Korean Republic by FEMA, people (2007-2017) [1]

International labor migration processes will continue to evolve, particularly exports of labor force from Uzbekistan to Korean Republic, as alleviating demographic misbalance in national labor markets and achieving the self-sufficiency of people remain among the most important tasks nowadays. The resolution adopted by the Cabinet of Ministers about employment of Uzbekistan citizens abroad and increasingly extensive international relations in this field demonstrate the high level of efforts towards regulating the labor migration.

Today the government of Uzbekistan pays close attention to the problems of employment of population. The government is taking measures such as creating new jobs and retraining personnel. The 13th clause of the law “About the employment of population” which was adopted in 1992, guarantees the right of citizens of Uzbekistan to work abroad and search for job independently. This gives the chance to decrease the rate of unemployment, activate and legalize migration processes and develop the cooperation relations in the field.

Moreover, as per the Agreement signed between Foreign Labor Migration and “Chuo Sangyo Shinko” agency on 26th June 2015 under the “Program for preparing technic interns”, 17 citizens of Uzbekistan were sent to Japan for undertaking technic internship.Currently, migration cooperation is being setup with countries like Germany, Kazakhstan, Turkey, Sultanate of Oman, Czech Republic, Poland, and UAE.Signing agreements on labor migration with receiving countries creates opportunities for migrants to work legally in destination countries, to ensure their social and legal security, to prevent human trafficking, and to create the legal basis for achieving positive results in this field.

CONCLUSION

In conclusion, one would state the following:

1. Firstly, following the integration of Uzbekistan into the world economy, the labor market of Uzbekistan has become an inevitable participant in the international labor migration trends.
2. Secondly, developing or developed countries, which have shortage of labor, will continue attracting migrant workers from countries like Uzbekistan, which have excess of labor.
3. Thirdly, export of labor generates vital source of foreign exchange into the country and increases the skills for migrants working in industrial or high-tech areas.
4. Fourthly, migrant workers normally work in inferior conditions for less pay and hence require protection.

[1] Information resource of FEMA (Foreign employment migration agency)//www.migration.uz

5. Finally, by signing intra-governmental agreements on labor security with key importers of labor, Uzbekistan is providing protection to its citizens and ensuring adequate medical treatment and compensation.

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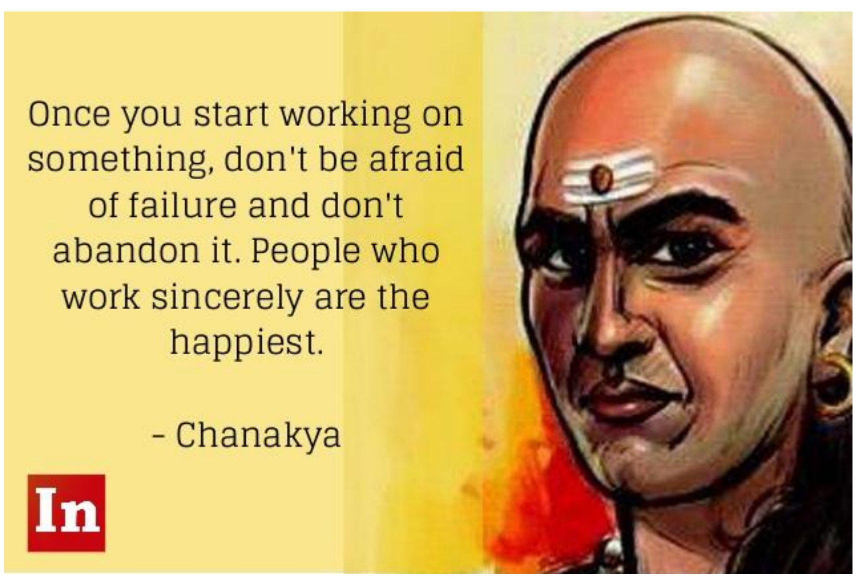

DIRECTIONS FOR THE DEVELOPMENT OF CROSS-BORDER TRADE IN UZBEKISTAN

Vokhidova Mehri Khasanovna[1]

ABSTRACT

This article will cover a wide range of key issues in the economies of the Central Asian countries, the extent of their development and opportunities for trade and economic relations.

The aim of the study is to analyze trends and opportunities for improving trade and economic relations between the countries of Central Asia.

The objectives of the study are:

- To analyze the volume and tendency of GDP of Central Asian countries for 2000-2018;
- Analysis of the GDP per capita in the countries of Central Asia;
- Comparative analysis of export and import volume, structure of export and import of Central Asian countries;
- To study the relations of Central Asian countries with international organizations and to find mutual interests;
- Identification of political, economic and social problems that impede the development of trade and economic relations in Central Asian countries.

The results are as follows:

- the main focus of improving trade and economic relations between the countries of Central Asia on the border of two or more countries is the Free Economic Zone;
- Diversification of the economies of Uzbekistan and Kazakhstan in relation to other countries in the region can be a key factor in the development of trade and economic relations;
- Expanding the role of regional organizations and integration in improving trade and economic relations between Central Asian countries.
- The practical result of the establishment of transboundary free economic zones in Central Asia.

Keywords: Central Asia, Uzbekistan, Kazakhstan, Tajikistan, Turkmenistan, Kyrgyzstan, Cross-border Free Economic Zone (FEZ), export, trade.

INTRODUCTION

In the context of globalization, trade and economic cooperation between countries is an important factor in enhancing competitiveness.

Central Asia is a region of economic and resource potential on the Asian continent, which includes Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan, which emerged as independent states on the world political map after 1991.

Development of trade and economic relations between countries with different economic development, although these countries are historically close to each other, but are not well-established trade and

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economic relations, and economically unrelated, the high share of non-CIS countries in the economies of the region. the second part of the problem.

RESEARCH METHODOLOGY

Research methods were used effectively in comparative analysis, observation, analysis and synthesis.

The comparative analysis was used to analyze the per capita GDP, GDP and the volume and structure of exports and imports of Central Asian countries.

The comparative analysis shows the relative importance of Kazakhstan and Uzbekistan in economic growth through the above-mentioned macroeconomic indicators.

Through monitoring, the trends in political, trade and economic relations between Central Asian countries were studied.

The method of analysis and synthesis has been used to study and re-summarize the indicators that represent the economies of Central Asia.

LEVEL OF STUDY

The trade and economic cooperation of Central Asian countries has been well studied by the region's scientists and other major foreign scientists.

The research by Uuriintuya Batsaikhan and Marek Dombrowski analyzes the history, geography and politics of Central Asian countries, their trade and economic integration, the country's reforms and socio-economic indicators.

The analysis shows that, despite the fact that Central Asian countries are rich in natural resources, they still represent the remnants of the socialist regime in economic and political terms.

The article is comprehensive and shows the political and economic situation in Central Asia. Analyzes the relationship of the countries of the region with international organizations and other countries, but does not focus on the trade and economic cooperation between Central Asian countries and their prospects. (Uuriintuya Batsaikhan, Marek Dabrowski, 2017)

In a study by Liu Jiangsu (Liu, 2019). It is about energy diplomacy in Central Asia. The use of external energy markets through international investment has become an important strategy to address energy risks and optimize energy distribution. With its significant geographical location and diverse resources, Central Asia has attracted the attention of the international community and has become a place for foreign investment. However, the risk of corruption is a major concern for foreign investors, especially in the energy sector. As a respondent, the share of corruption in international investment arbitration with five Central Asian countries is up to 75% in the energy sector. In these situations, choosing Central Asia as a place to invest is a decision made after considering both opportunities and risks for resource-intensive investments. Against this background, the document is intended to exert political influence on governments, policy makers and foreign investors. It is proposed to amend the bilateral investment agreements, establish a legal framework for the countries of Central Asia, take measures to encourage investment, strengthen the system of self-defense and self-defense of investors, and strengthen the system of investment guarantees. .

This conclusion drawn by Chinese scientists can be seen in the work of many other scholars. Cooperation of the countries of the region, not only in the energy sector, but also in many other areas, including trade, economic, transit, customs and border taxes, is one of the major challenges facing Central Asian countries in the 21st century.

The volatility of exchange rates is closely linked to capital market prices and also affects the volume of import-export and foreign investments in the real economy. Research by Xuping Ma, Jun Wang, Xiaolei Sun (Ma, Wang, Sun, 2018) Risk of changes in exchange rates between multiple cross-country countries using a VAR index-based approach learned.

It is argued that domestic interactions in the Central Asian foreign exchange markets are weak, and that the currency of Kyrgyzstan plays an important role throughout the region. Kyrgyzstan also has a World Trade Organization. But regional countries such as Kazakhstan and Uzbekistan do not take into consideration the role played by foreign trade.

ANALYSIS AND RESULTS

GDP of Central Asia, GDP per capita, geography and structure of exports and imports, and trends of change are important indicators of the economies of developing countries and allow analyzing the dynamics of foreign trade.

Table 1. GDP of Central Asia for 2000-2019, billion dollars (at constant prices) (World Bank, 2019)

	2000 y.	2005 y.	Growth compared to 2000	2010 y.	Growth compared to 2000	2015 y.	Growth compared to 2000	2018 y.	Growth compared to 2000
Uzbekistan	24,1	31,3	130	46,7	194	66,9	277,6	78	323,6
Kazakhstan	66,8	109,5	164	148	221,5	186,3	278,9	204,1	305,5
Kyrgyzstan	3,2	3,8	118,7	4,8	150	6	187,5	6,9	215,6
Tajikistan	2,6	4,1	157,7	5,6	215,4	6,1	234,6	9,8	377
Turkmenistan	10,7	13,8	129	26,2	245	37,2	347,6	44,7	417,7

Although Kazakhstan has the highest GDP in Central Asia (Table 1), growth rates in comparison with 2000 are high in Turkmenistan, Tajikistan, and Uzbekistan in 2018, with relatively slower growth rates in Kazakhstan and Kyrgyzstan.

One of the main factors of economic growth was the increase in the share of foreign investment in the economy of Turkmenistan and Uzbekistan and the significant expansion of strategic goals and objectives.

The GDP per capita is one of the key indicators of the HDI and is one of the most important indicators of living standards, welfare and living standards.

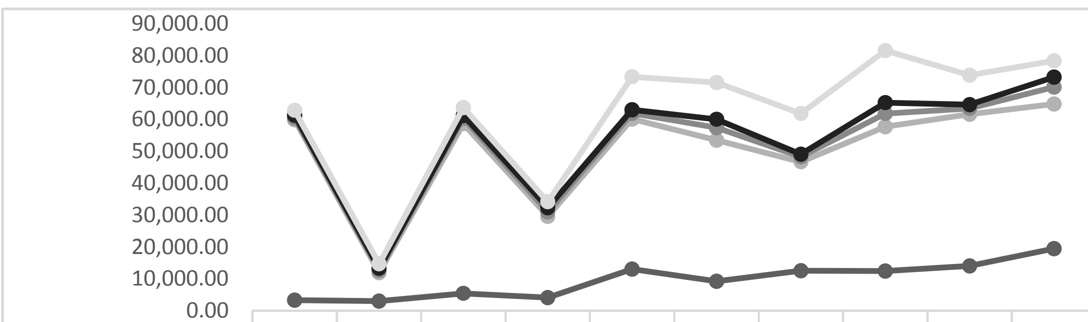
In terms of GDP per capita in Central Asia (Table 2), Kazakhstan was the leader in both 2000 and 2018, at $ 9,812. In Turkmenistan this figure was US $ 6,967, while Uzbekistan's GDP per capita in 2018 was US $ 1,532.

Although Kyrgyzstan and Tajikistan have a tendency for growth, they are less than other countries in the region.

Table 2. GDP per capita, in current prices, dollars (World Bank, 2019)

	2000 y.	2005 y.	2010 y.	2015 y.	2018 y.
Uzbekistan	558,2	546,7	1 634	2 615	1 532
Kazakhstan	1 229	3 771	9 070	10 510	9 812
Kyrgyzstan	279	476	880	1 121	1 281
Tajikistan	138	340	749	929	826
Turkmenistan	643	1 704	4 439	6 432	6 967

Like other macroeconomic indicators, Kazakhstan is the leader in the region in terms of exports and imports (Figure 1), but the foreign trade balance remains uneven. For example, we can see the positive in 2000-2010 and the negative balance in 2015-2018. This testifies to the growing share of foreign investments in the country's economy.



	2000 й.		2005 й.		2010 й.		2015 й.		2018 й.	
	ekspor t	import	ekspor t	import	ekspor t	import	ekspor t	import	ekspor t	import
Turkmenistan	1,604	1,404	2,487	1,887	10,367	11,508	12,772	16,333	9,236	5,094
Tajikistan	784	675	909	1,330	1,195	2,657	890.6	3,435.	1,173	3,151
Kyrgyzstan	573	652	1,673	1,397	1755.9	3,916	1482.9	4153.9	1836.8	5291.9
Kazakhstan	56,602	8,981	53,194	25,459	47031.	44,257	34168.	45,236	47567.	45,357
Uzbekistan	3,264.	2,947.	5,408.	4,091.	13023.	9175.8	12507.	12416.	13990.	19439.

Figure 1. Export and Import Volume in Central Asia (World Bank, 2019)

Turkmenistan had a negative foreign trade surplus in 2005-2015, and a positive trend in 2018. But in 2018, there was a decline in foreign trade.

Kyrgyzstan has a negative balance in 2010-2018, which can be seen as the impact of WTO accession to foreign trade.

Tajikistan's foreign trade since 2005 has a negative balance, which may be explained by the fact that oil and gas, as well as other resources, flour and wheat have a significant share in the country's imports.

After 2016, the foreign trade balance of Uzbekistan will show a negative balance. The main reason for this is liberalization of foreign economic relations of the country.

Despite the fact that the Central Asian countries have the same export and import structure, in the post-2016 period we can see the increase in trade between the countries of Central Asia and their share in the total turnover. This is a positive trend, of course, and will increase integration opportunities during globalization.

Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan are among the top 20 trade partners of Uzbekistan and exported goods worth $ 10 billion 800 million in January-July 2019 (Aniq.uz, 2019). Tajikistan exported 1.6% of its products.

Uzbekistan is one of the 10 largest partners of Kazakhstan, with wheat, fruit and vegetables, gas and semi-factories dominating the trade turnover between the two countries. If Uzbekistan prevails in the trade with Kyrgyzstan and Tajikistan, the statistics with Kazakhstan and Turkmenistan will show. Uzbekistan imports oil and semi-oil products from Kazakhstan and Turkmenistan, and exports its gas to Kyrgyzstan and Tajikistan.

Kazakhstan, Uzbekistan and Tajikistan are among the 10 largest trade partners of Kyrgyzstan.

Two of Tajikistan's five major partners are Central Asian countries - Kazakhstan and Uzbekistan, while Kazakhstan exports flour and wheat to Tajikistan, while Uzbekistan and Tajikistan occupy a high share of automobiles and aluminum.

Table 3. Cooperation of Central Asian countries with international organizations

	Uzbekistan	**Kazakhstan**	**Kyrgyzstan**	**Tajikistan**	**Turkmenistan**
UN (UN, 2019)	member	member	member	member	member
UNCTAD (UNCTAD, 2019)	member	member	member	member	member
WTO (WTO, 2019)	observer	member	member	member	not a member
CIS	member	member	member	member	Associate Member
Shanghai Cooperation Organization (Albert,2019).	member	member	member	member	not a member
Eurasian Economic Cooperation (Centon,2018)	not a member	member	member	not a member	not a member

* As of December 2019

All five countries in the region are members or participants of international organizations and integration, with an open policy for foreign trade and economic relations.

All five countries are also members of the United Nations and a member of UNCTAD, which conducts advisory conferences on trade and economic relations.

The World Trade Organization is the legal and institutional basis of the multilateral trade system. It sets out the principles of contractual obligation to governments to determine how to develop and implement domestic trade laws and regulations (DR. GEORGE).

In Central Asia, Kazakhstan, Kyrgyzstan and Tajikistan are equal members of this organization and have an open trade relationship with 164 countries. However, Turkmenistan is not a member of the organization, but Uzbekistan has observer status and is investigating the possibility of joining the WTO.

Membership in the WTO not only enables trade relations with the WTO member countries, but also requires that the domestic market comply with international standards and WTO standards. Some countries meet the requirements of agriculture, industry, trade and customs policies within 1-5 years with WTO requirements, and some others are less than 10-25 years. Compliance with WTO requirements depends on the country's participation in the international division of labor, internal and external competitiveness of the economy.

The Commonwealth of Independent States is a comprehensive organization that combines economic, social and political cooperation. There are 2 economic integration activities within the organization. One of them is the CIS Free Trade Zone, established in 2011. Kazakhstan, Kyrgyzstan and Tajikistan are equal members of this integration, while Uzbekistan is a member state and Turkmenistan is not a member of this integration.

The Eurasian Economic Community is a regional economic integration established in 2014 and will operate from January 1, 2018, according to the Customs Union. Kazakhstan and Kyrgyzstan are equal members of this integration.

Trade turnover between Uzbekistan and Kazakhstan is the largest among Central Asian countries and amounts to almost US $ 2 billion.

Overall, trade between the two countries in 2018 was $ 2.5 billion, or 25.3 percent higher than 2017, including $ 1.6 billion in exports, 31.6 percent and imports 0.8 percent. billion and increased by 14.8%.

The bulk of exports (38.7%) was for animal and vegetable products, food products ($ 635.4 million in 2018, $ 473.9 million in 2017). The increase was 34.1%.

The second most important (30.8%) are metal and metal products ($ 505.5 million in 2018, $ 364.3 million in 2017). The increase was 38.8%.

The exports also accounted for 22.5% of the mineral products, which amounted to $ 369.1 million in 2018 ($ 335.7 million in 2017), an increase of 10%.

The volume of trade between Uzbekistan and Kyrgyzstan is also US $ 75 million (2018).

However, the trade volume between Kazakhstan and Kyrgyzstan and Tajikistan also exceeds $ 750 million, which indicates the development of trade and economic relations between the countries of Central Asia.

These positive indicators were the establishment of joint ventures in Central Asia with the participation of Central Asian countries.

In 2017, 50 companies with Uzbek capital and 16 enterprises with Tajik capital were operating in Kyrgyzstan, and 49 companies with Kyrgyz capital in Uzbekistan (Sultanova, 2019). Cooperation between industrial enterprises of Uzbekistan and Kyrgyzstan is mainly concentrated in the field of textile and construction materials production. Specifically, in April 2018, Signature Uzbek-Kyrgyz JV was launched in Osh to produce metal windows and doors. The business circles of the two countries plan to establish industrial cooperation in the textile and clothing industry, including joint production and export of finished products to the markets of third countries. Given the status of Kyrgyzstan's VSP + universal system of privileges, it gives Kyrgyz producers the right to export up to 6,000 goods to Europe at zero rates, while the joint production and export of finished products through Kyrgyzstan facilitates Uzbek producers' access to European markets.

In 2017, Uzbek investors invested $ 5.4 million into the Tajik economy. The investments are directed at the development of agriculture, poultry and horticulture. There are 9 enterprises with Uzbek capital in Tajikistan, and 25 enterprises with Tajik capital in Uzbekistan (Vokhidova and others, 2019), which deal with light industry, food, construction materials, fruit and vegetable processing. Six trading houses of Uzbekistan were opened in Tajikistan in 2017, and from February 2018 Tajikistan Trade House started operating in Tashkent. The Uzbek-Tajik Business Council was established to promote the development of relations between economic entities of Uzbekistan and Tajikistan.

In early 2019, two more Uzbek-Tajik joint ventures were established. In particular, in Dushanbe Artel founded a joint venture Artel Avesto Electronics, whose main activity is the production of home appliances under the Artel brand. Uzagrotechsanoatholding and Orien Invest have established a joint venture for the production of agricultural machinery in Tajikistan, Orien Uzagro. The company produces a variety of tractors, including loading and transportation equipment, special equipment. Currently, the Tajik Aluminum Company (TALCO) operates an Uzbek-Tajik enterprise, TALCO-CRANTAS, which specializes in joint construction and installation of special utility and construction vehicles.

The region has political problems that impede the development of economic and trade relations, and without it the countries of the region cannot improve trade and economic relations. Including:

1. Unresolved problems of enclave territories in Central Asia

One of the central problems in Central Asian countries is the transhumance of the enclaves and the inhabitants.

The Sarvan-Sarwak enclave, legally subordinated to Tajikistan: Originally, these lands were Uzbeks, which were leased to Tajikistan, where Uzbeks lived. The Tajik Soh enclave has been handed over to them by Sarvan and will be decided on its own.

The enclaves of Soh and Vorukh are home to about 100,000 Tajiks living in Kyrgyzstan.

Tajikistan and Tajikistan and Tajikistan can carry out population exchange. Half of Tajikistan's mountainous Badakhshan province, Karagul, is home to Kyrgyzs, the same as the number of Tajiks living in Tajikistan.

In this way, the problems of the enclave between Kyrgyzstan and Tajikistan will be solved.

On August 14, 2018, it was decided that the Barak enclave of Kyrgyzstan will be located on the territory of Uzbekistan and given to the government of Uzbekistan.

In return, Kyrgyzstan will receive a section of Uzbekistan's border area. In other words, the border will be slightly altered, but the land belonging to another country will be lost within Uzbekistan. However, the final solution to the problem of the Central Asian enclaves is long overdue. The presence of enclaves is one of the main reasons for the ongoing difficulties of border demarcation and local border conflicts.

There are four enclaves in Uzbekistan: two small, one large and one non-category - Sarvak. The smaller enclaves Arnasai and Barak belong to Kazakhstan and Kyrgyzstan, respectively. The problem with Arnassay has long been resolved, and the authorities have announced that the Barak problem will be resolved soon.

The final, fourth enclave in Uzbekistan belongs to Tajikistan. It is the territory of Sarvak or Sarvan and was transferred to Tashkent in 1935 by the neighboring republic. The lease was then extended on a regular basis. The last lease was extended until 1990. Nevertheless, in 1991 the land was given to Tajikistan. It is interesting that some of Sarvak's population are ethnic Uzbeks and some of them have Tajik citizenship.

There are four enclaves in Uzbekistan, all located in Kyrgyzstan. The largest of them is Soh, with a population of about 74,000. Administratively, the enclave is Soh district of Fergana region.

Relations between Soh residents and border guards remain tense, and open conflicts sometimes occur. The possibility of creating a special corridor from Soha to Uzbekistan in 2001 was discussed, but these plans were never implemented. However, because of the large enclave, his life cannot be extinguished. On the contrary, the population of the enclave is increasing. And this creates a new problem: people are crowded in a limited area.

The second largest Uzbek enclave in Kyrgyzstan is Shahimar, which, according to various estimates, has between five and ten thousand people.

The other two Uzbek enclaves are classified as small. The Chon-Gara enclave, the Northern Soh, is part of the Rishtan region of the Ferghana region of Uzbekistan.

The solution of the problem of regional enclaves plays an important role in the development of cross-border trade.

2. Transboundary rivers

The two transboundary rivers of Central Asia - the Amu Darya and the Syr Darya - have long since served the hydrological, social and economic development of the peoples of the region. Therefore, effective and rational approach, responsible attitude and joint efforts are required in the context of regional cooperation in water resource management and conservation.

According to the information provided by Uzbekistan, one of the main strategic goals is to achieve the regional agreement. There are upstream and downstream states, and rivers are only two - the Amudarya and the Syrdarya. In the use of transboundary rivers, each state must have specific rights and obligations.

International dispute resolution and compensation mechanisms can be used to resolve problems. In particular, the UN Regional Center for Preventive Diplomacy in Central Asia presented two conventions on Syrdarya and Amudarya to all countries in the region, including the US, Russia, the European Union and the World Bank. The project must also be delivered to China.

The initial familiarization with these conventions suggests that there are sufficiently reasonable approaches to address these complex issues. We hope our neighbors will also pay attention to the UN proposal and we will be able to initiate a constructive dialogue (Kamilov, 2017).

3. Divergence of Central Asian Countries.

The level of development of the Central Asian countries varies widely. The main reason for this is the economic policy the Central Asian countries have chosen over the first years of independence.

The level of development of countries influences their trade and economic relations. In particular, in Kazakhstan and Kyrgyzstan, WTO member countries have a wide range of consumer goods and lower consumer prices than other Central Asian countries, the diversification of the economy in Uzbekistan, and the consumption of national products by the majority of the population. the low standard of living in comparison to other countries in the region reduces regional trade opportunities. Such factors may lead to contradictory interests in the conduct of mutual trade. In particular, the import of consumer goods from Kazakhstan and Kyrgyzstan, in the example of Uzbekistan, contrary to the interests of national producers, etc.

4. Unity of membership and interrelationships in international organizations and integration

Central Asia's policy of one-sided abolition has developed over the last 3-4 years, but it is difficult to overcome the 20-year consequences in this short period.

In the early years of independence, the Central Asian countries' foreign policy and cooperation principles and principles differ from each other in the principle of "trust only in themselves." That is why Kazakhstan and Kyrgyzstan, which have been making good use of economic support from Russia and China, are members of international organizations such as the WTO, the Eurasian Economic Community, and in Turkmenistan, which has protected itself from various foreign political forces. causing serious problems in foreign economic activity. Uzbekistan, which has launched a new foreign policy trend in the past three years, is considering joining organizations and integration such as the WTO and the Eurasian Economic Community.

TRANSBOUNDARY FEZ

Despite its independence in 1991, the relationship between Central Asian countries has not been established. In other words, regional trade norms are not uniform. Establishment of cross-border territories among countries that have not yet integrated but would like to develop trade relations is one of the key decisions in the global trade and economic relations.

It is also possible to create such zones in the border areas of two or more countries in Central Asia.

For example, the Chirchik-Sariagash Transboundary Free Economic Zone

An important factor in the growth of investment attractiveness of Uzbekistan. Taking into account the fact that Kazakhstan is a member of the Eurasian Economic Community, it provides a great opportunity for us to get cheap imported raw materials and to export our national products abroad.

Both cross-border and cross-border FEZs play an important role in regional and integration formation.

In addition, the creation of a “transit” logistics center in Uzbekistan, which will create a transit and transit zone, will allow safe and fast transportation of goods through the transit area, and the establishment of warehouses and wholesale stores will work in these free trade zones. It allows you to organize

Given the fact that Kazakhstan produces 1.82% of world oil, the possibility of increasing oil exports to Uzbekistan within the FEZ will also increase.

Another important aspect of the FEZ is the fact that consumer goods prices in Uzbekistan are lower than those of Kazakhstan and China, including food differences, suggesting that imports of foodstuffs (rice, eggs, meat) from Uzbekistan to Kazakhstan are cheaper than Chinese products.

It is desirable to establish one of such regions in Samarkand region of Uzbekistan and Soghd region of Tajikistan. In other words, Urgut and Panjakent districts are selected as transboundary. The positive side of the issue is the fact that Uzbekistan's FEZ "Urgut" is located in the region and has experience in creating a free economic zone, which is a problematic aspect of the fact that these adjacent territories are located in the mountainous area and the main vehicle is the vehicle. If Urgut-Panjakent cross-border FEZ is to be established, it is advisable to conclude agreements after developing transport and production infrastructure in the region.

Another important alternative is the establishment of a transboundary EEU in the border areas of Uzbekistan in Andijan and in the Osh region of the Kyrgyz Republic. Andijan region has the following transport infrastructure:

- The length of automobile roads is almost 2.5 thousand km;
- Flights from Andijan region to all CIS countries;
- Availability of railways running through the region to the Andijan-Tashkumir, Andijan-Jalalabad / Osh and other local areas.

The presence of large heavy and light industries in the Uzbek province of Andijan also facilitates the establishment of a transboundary FEZ in the region (Vokhidova and others, 2019).

However, a transboundary FEZ cannot be established until a single decision is made on the enclaves of Uzbekistan and Kyrgyzstan.

One of the border areas of Uzbekistan with Central Asian countries is the Khorezm region of Uzbekistan and Dashaguz provinces of Turkmenistan. During the visit of the President of the Republic of Uzbekistan Shavkat Mirziyoev to Turkmenistan, the governments of the border areas of the two countries, including Khorezm region and Dashoguz province of Turkmenistan, agreed on cooperation in trade, economic, cultural and humanitarian spheres. In particular, a system of participation in international fairs, exhibitions, seminars and conferences was planned to facilitate the mutually beneficial cooperation between enterprises and organizations, the establishment of joint ventures and the joint use of the tourism potential of both regions (Vokhidova, and others. 2019). In addition, Turkmenistan is a seaside country, and the establishment of a trans-border FEZ at the time of the opening of the Uzbekistan-Turkmenistan-Iran-Oman transport corridor will improve trade and economic relations between Uzbekistan and not only Turkmenistan, but also Iran and the Persian Gulf. The major partners of Uzbekistan such as China and Russia are also interested in this agreement.

CONCLUSIONS AND SUGGESTIONS

Analysts at the Canadian Center for Globalization Studies say that given the geostrategic location of Uzbekistan and its huge potential in the labor market, the reforms will make the country a locomotive of the region.

Changes in Uzbekistan's foreign policy indicate a comprehensive approach to addressing the problems that the country's president has accumulated.

Reforms in foreign policy of Uzbekistan have become an important indicator of strengthening the cooperation of Central Asian countries. The region is increasingly seeking cooperation from the divide. In the future, we can witness more radical processes. Consequently, the region is united by common values, culture, religion and history. In this regard, the region has the opportunity to present itself in the international arena in a new way, to improve its image and to attract more foreign investment. These will serve the interests of all countries (Aitov, 2018).

Based on the study the author came to the following conclusion:

1) Transboundary free economic zones are important for Central Asian countries, where trade and economic relations are developing. In particular, for Uzbekistan, which has limited access to the sea, such zones provide the following opportunities:

- Transboundary zone established on the border of Uzbekistan with Khorezm and Dashaguz provinces of Turkmenistan Uzbekistan will increase access to sea, improve trade and economic relations with Persian Gulf countries through the Uzbekistan-Turkmenistan-Iran-Oman corridor and export consumer goods produced in Uzbekistan to the Turkmen market. capacity increases;
- The establishment of cross-border FEZ in the border areas of Andijan and Osh regions of the Kyrgyz Republic is an alternative option for the joint textile and knitwear companies and their infrastructure, taking into account the entry of Kyrgyz goods into the European market for more than 6,000 commodity items is considered
- Creation of the Chirchik-Sariagash Transboundary Free Economic Zone of Uzbekistan and Kazakhstan will allow the development of trade and economic relations with China and Russia along with the effective use of four transport corridors of Uzbekistan.

2) However, the economic policy of the countries is also important in establishing such free economic zones. For example, given that Kyrgyzstan and Kazakhstan are members of the WTO and the Eurasian Economic Community, there is a risk that Uzbekistan's high-cost commodities will be less competitive and that food and machine industries in Uzbekistan will be at risk.

3) The creation of a transboundary free economic zone in Central Asia is relevant until the economic integration of Central Asian countries is established.

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IMPLEMENTATION STRATEGY OF THE BELT AND ROAD INITIATIVE AND PARTICIPATION OF UZBEKISTAN AND OTHER SCO MEMBER STATES

Isamukhamedova Gulchekhra Salikhovna[1]

ABSTRACT

The authors reveal the prospects of participation of Uzbekistan in Chinese projects the "One Belt One Road" - Chinese initiative to create a global transport and infrastructure investment, which unites two projects - the "Silk Road Economic Belt" and "21st Century Maritime Silk Road. The subject of the study is the balanced position of the Republic of Uzbekistan regarding the implementation of the "Belt and Road" initiative. The great importance of the "Belt and Road" initiative for the development of the transport infrastructure of Uzbekistan is revealed, which meets the objectives of Uzbekistan's Development Strategy for 2017-2021. The analysis shows that the "One Belt One Road" Initiative, despite various estimates, has firmly entered into the everyday life of politicians, diplomats and experts in the field of international economic relations. Attractive and strong point of this giant scale initiative is China's willingness to bear the burden of financing the multibillion-dollar projects in the Eurasian space. The analysis showed Uzbekistan's interest in participation and implementation of the OBOR project, provided the initiative is filled with specific projects, which will meet the interests of both sides and contribute to the deepening of economic integration, liberalization of international economic relations, more full use of factors of globalization and openness of the world economy. Such cooperation will promote the formation of a qualitatively new model of international economic relations and allow attracting sizable investments into infrastructure and high-tech projects of the republic and ensure the growth of its economy and international trade. The article also discusses the possibilities of ensuring constructive trade, economic and political cooperation with neighbouring Central Asian states within the framework of the Belt and Road Initiative. Authors gave the risk analysis of the implementation of the BRI project and possible recommendations.

Keywords: *Uzbekistan, China, Shanghai Cooperation Organization - international cooperation - transport - Silk Road-China - OBOR-SREB.*

Introduction

Today, powerful new economic initiatives are unfolding in the modern world, and states and entire regions are actively involved in their implementation. In these processes, one of the important places belongs to Central Asia, which, due to its geographical location, is an ideal bridge for creating an integrated continental transport, economic and energy space and a continental security system. Located in the very center of Central Asia, Uzbekistan has always considered China as a friendly neighboring state that has achieved tremendous economic success over the past four decades and is now promoting a number of initiatives in the Eurasian space.

As Chinese sources emphasize: "Since the start of the "Belt and Road" Initiative, China has strengthened friendly relations and cooperation with all countries participating in this initiative, taking the Five Principles of Peaceful Coexistence as a basis. China continues to share development methods with other countries, but it does not intend to interfere in the internal affairs of countries, export its social system and development model, or impose the Chinese will on others. In the process of implementing the "Belt and Road" Initiative, China does not intend to resort to outdated geopolitical manoeuvres, infringe on someone's

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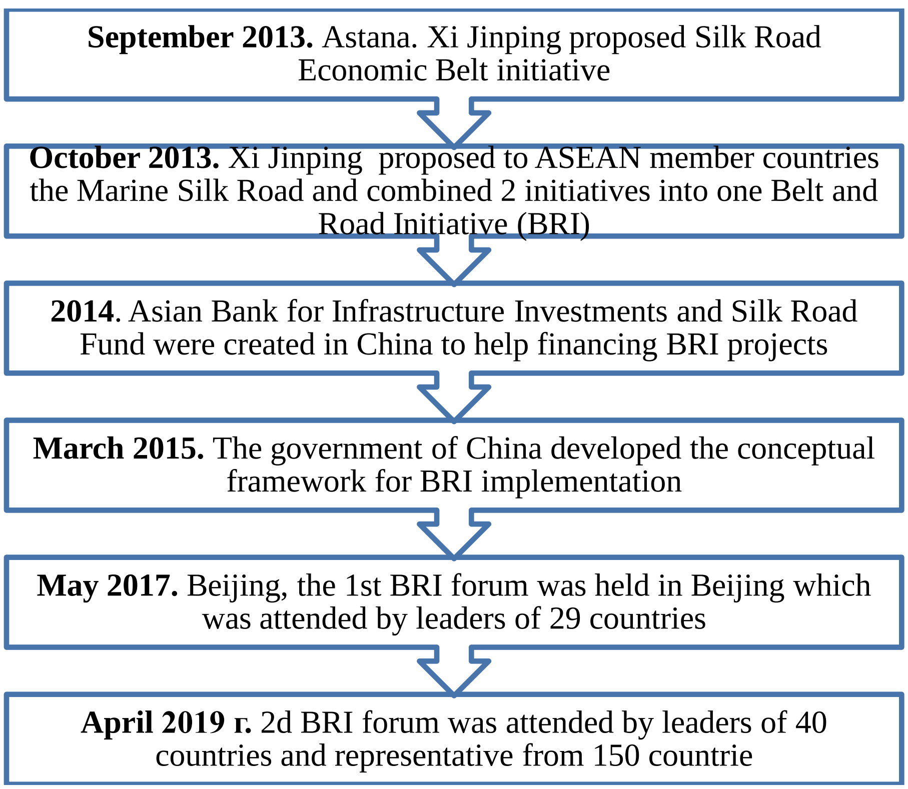
rights and undermine stability. This position of China removes many concerns about the dependence on China of countries participating in the implementation of the BRI, which is occasionally exaggerated in separate sources. At the same time, this position gives the initiative an attractive appearance, since China does not put forward any political or other conditions for the project participants.[1]

Concept and development of Belt and Road Initiative

President of China Xi Jinping, during his visit to the Republic of Kazakhstan in September 2013, presented his initiative of creating the Silk Road Economic Belt and revitalizing the historic trade routes of the ancient Silk Road which played a vital role in developing the trade in Eurasian continent in the past. In October of the same year Xi Jinping, when giving a speech at the Parliament of Indonesia, proposed the initiative of creating the Marine Silk Road of XX1 Century, which would enhance trade and economic connectivity of China with ASEAN member countries. Later these two initiatives were combined into "One Belt One Road" initiative. One Belt One Road initiative (often referred to as "Belt and Road Initiative" or BRI) soon turned into one of the main goals of the foreign policy of China.

Pic 1. BRI development stages

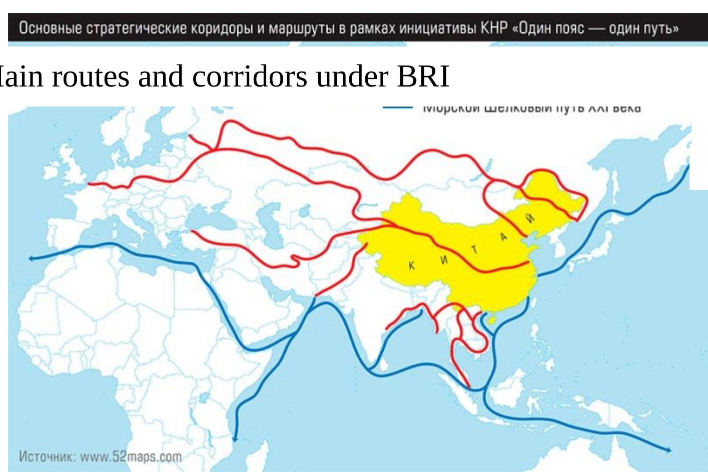


[1] New Beginning of Cooperation, New Dynamism for Development// The Belt and Road initiative, Xi Jinping, ISBN 978-7-119-11996-0, Foreign Language Press Co. Ltd, Beijing, China, 2019.

BRI initiative aims at contributing to the free flow of economic factors, efficient allocation of resources, as well as deep integration of markets and countries by enhancing the connectivity between Asia, Europe and Africa[1]. China pursues various interests and strategic goals by promoting BRI initiative. First, China aspires to expand the market for its products. Developing countries in the Eurasian continent have a high growth potential and are an alternative to the existing markets in North America and Europe. While trade wars in recent years have significantly constrained the growth potential of the US market, China began to look for ways to expand trade in alternative markets. Second, to support the growth of its economy, China needs to have reliable sources and routes of delivering resources into the country. By building pipelines to transport oil and gas, participating in exploration of mineral resources, as well as constructing ports and logistics allow China enhance access to vital natural resources. Third, investments into BRI projects create jobs and demand for Chinese companies which directly participate (as a mandatory condition when Chinese institutions provide financing) either as a supplier of construction materials or as a contractor of services for construction. In addition to pure economic reasons, successful implementation of BRI projects also serves geopolitical goals of China, such as strengthening the role and participation of China in the world economy and politics, increasing the usage of the Chinese currency in international payments and others.

As of October 2019, BRI encompassed 138 countries of the world with the combined gross domestic product totaling 29 trillion US dollars and the population of 4.6 billion people[2]. According to the estimates of the World Bank, if BRI is fully and successfully implemented, this could add 6.2 percent to the world trade and 9.7 percent to the trade between participant countries, as well as increase foreign direct investments to low income countries by 7.6 percent[3]. In terms of its scope, the BRI is sometimes compared to the Marshall Plan, which was designed to rebuild Europe after the 2d World War.

Pic 2. – BRI route map



Silk Road Economic Belt
Maritime Silk Road of XXI Century

[1] China unveils action plan on Belt and Road Initiative. Xinhua. 28 Mar 2015. //http://english.www.gov.cn/news/top_news/2015/03/28/content_281475079055789.htm

[2] How will the Belt and Road Initiative advance China's interests?. Center for Strategic and International Studies. Washington. 8 May 2017. //https://chinapower.csis.org/china-belt-and-road-initiative/

[3] Millions Could Be Lifted Out of Poverty, But Countries Face Significant Risk. Press release No.201. World Bank. 18 Jun 2019. **//https://www.worldbank.org/en/news/press-release/2019/06/18/success-of-chinas-belt-road-initiative-depends-on-deep-policy-reforms-study-finds**

The BRI is comprise of 2 projects –Silk Road Economic Belt (land based) and Marine Silk Road of XXI century (sea based)

Silk Road Economic Belt (SREB):

SREB is a land based project which covers 6 transit corridors in the Eurasian continent which connect China:

1. China – Mongolia – Russia
2. New Eurasian continental bridge
3. China – Central Asia – West Asia
4. China - Pakistan
5. Bangladesh – China – India - Myanmar
6. China – Indochinese peninsular

The project is built on six principles: strengthening political contacts; creating the network of railways and highways; pipelines and communication; free trade and export expansion; increasing payments in national currencies; connecting the people of the region[1]. Thus SREB is not a mere transit-transportation project, instead it is a complex plan for economic growth for the range of countries in the region which aims at forming close connectivity in economic, political and humanitarian areas.

Marine Silk Road of XXI century (MSR)

MSR project envisages creation of two marine routes: first connects the eastern cost of China with Southern Pacific region via South-China Sea; second connects Chinese shores to Europe via South China Sea and Indian Ocean. At present 50 percent of the world trade is carried out over the marine routes connecting Eastern Asia with Europe. The world's largest sea ports as well are located on this route and include the ports in Shanghai, Singapore, Shenzhen. Ningbo – Zhou Shan, Busan and Hong Kong. China had already invested in 80 port companies in the world and aims to expand its presence within BRI.

Implementation of the BRI

According to the estimates of the Asian Development Bank, implementation of BRI will require investments into infrastructure projects for a total of USD 26 trillion US dollars until 2030[2]. Despites its economic potential, China alone will find it difficult to provide the full financing. For that purpose, financial capabilities of international financial institutions as well as resources of Chinese state banks will be utilized.

In November of 2017 the Silk Road Fund (SRF) was founded in Beijing with the total assets under management valued at 40 billion US Dollars. SRF is a state investment fund of the government of China. In June of 2015 the Asian Bank for Infrastructure Investments (ABII) – an international development bank was founded by shareholders from around 70 countries (44 of which represent the Asian region) with the total share capital of 100 billion US dollars. These financial institutions were setup with the specific goal of providing loans and investments to infrastructure projects within BRI. Additionally, China's Development Bank, China's Export-Import Bank, and other state banks of China participate in financing BRI projects.

[1] А.Идрисов. Экономический пояс Шелкового пути и евразийская интеграция: конкуренция или новые возможности?. 21.03.2016 //https://www.ictsd.org

[2] Asia Infrastructure Needs Exceed $1.7 Trillion Per Year, Double Previous Estimates. Asian Development Bank, Press Release. 28.02.2017 // https://www.adb.org/news/asia-infrastructure-needs-exceed-17-trillion-year-double-previous-estimates

Particularly, China's Development Bank announced its plans to invest 890 billion US dollars in projects within BRI.

Since the start of implementation of BRI trade between China and participating countries began to grow. Representative of the China's Ministry of Commerce Gao Fen stated[1], that during the time period between 2013 through 2018, total trade between China and countries which participate in the integration initiative reached 6 trillion US dollars and accounts for 27.4 percent of the total foreign trade of China, whereas the foreign direct investments of Chinese entities made towards BRI projects exceeded 90 billion US dollars.

Investments under BRI in Central Asia and Uzbekistan

Central Asian route as a one of the transit corridors under the land based BRI has a particular interest for Chine due to the following reasons:

- **Natural resources.** The region is rich in mineral resources which are vital for the economy of China. Of particular importance are oil and gas fields in Kazakhstan, Turkmenistan, and Uzbekistan. Implementation of BRI allows to increase exploration, refinery and subsequent transportation of energy from Central Asia to China, which in turn will help to ensure its energy security.
- **Transport corridor - as a means of developing new markets.** Terrestrial trade routes run through the countries of Central Asia, connecting the western provinces and the whole of China with foreign markets on the Eurasian continent. The expansion of trade between the western and central provinces of China with the countries of Central and West Asia, as well as the countries of Europe, can be achieved by improving the transport infrastructure and reducing barriers to the transport of goods through Central Asia and the development of new markets in these regions for exporting their goods and technologies..

Ensuring constructive trade, economic and political cooperation with neighboring Central Asian states. It seems that the expansion of trade, economic and political cooperation with Central Asian states will allow China not only to develop the economy of its western provinces, improve the living standards of the population of these provinces, in particular the Xinjiang Uygur Autonomous Region, which will reduce the level of interethnic problems and separatist sentiments, but also contribute to enhancing security in the neighboring countries of Central Asia through economic cooperation. Security in the region is a prerequisite for boosting economic cooperation and promoting the Chinese OBOR initiative.By 2019 China has implemented 261 projects in Central Asia under BRI for a total of 136 billion US dollars. Largest of share of investments (67 percent in monetary terms) were made into projects in Kazakhstan.

[1] **Китай за 5 лет вложил $90 млрд в страны проекта "Один пояс, один путь". //РИА «Новости». 19.04.2019.**
//https://ria.ru/20190419/1552839636.html

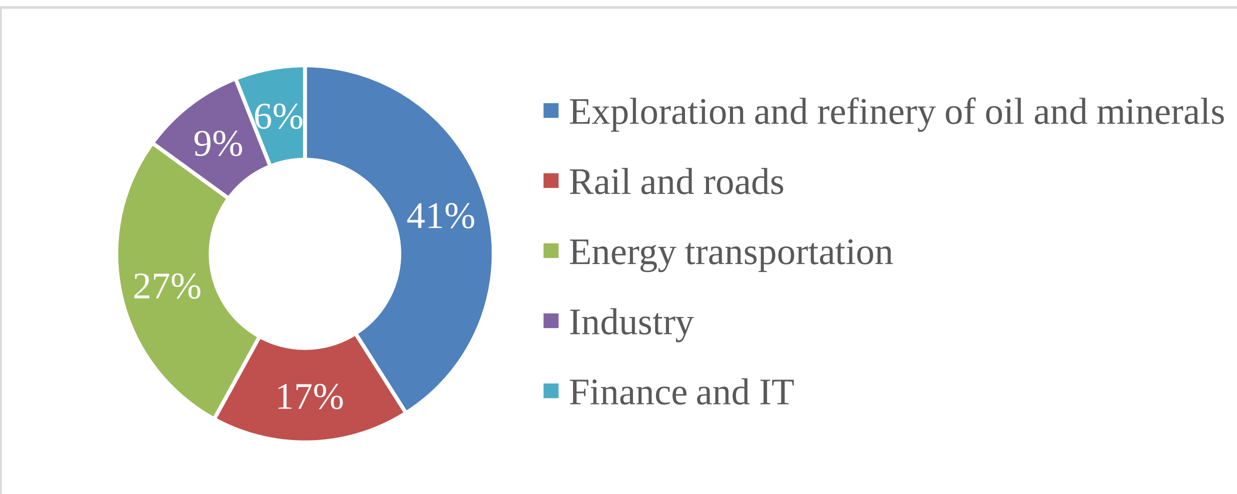
Table 1. Investments in Central Asia under the BRI by 2019[1]

	Total invested (in billions of US dollars)	Number of projects
Kazakhstan	90,9	102
Turkmenistan	24,8	26
Tajikistan	10,5	44
Kyrgyzstan	5,4	46
Uzbekistan	4,6	43
TOTAL	**136,3**	**261**

In 2014 the government of Kazakhstan initiated an ambitious economic stimulus plan called "Nurli Zhol" to develop infrastructure, education, and civil services in the country. Implementation of Nurli Zhol projects were carrierd out along with BRI projects which provided synergy between them and led to significant investments into Kazakhstan. Additionally, being the largest economy in Central Asia, Kazakhstan is rich in mineral resources including oil and ore, which makes the country quite attractive for Chinese investments. Mostly steep landscape and sheer size of the country also makes Kazakhstan a favourable place for building rail, road, and pipelines compared to largely mountainous areas which prevail in Kyrgyzstan and Tadjikistan.

Investments in Central Asia under BRI were predominantly directed towards exploration of natural resources (41 percent) and creating or improving infrastructure for goods and cargo transportation (44 percent).

Table 2. Industry wise distribution of investments in Central Asia under the BRI initiative.[2]



[1] F.Aminjonov, A.Abylkasymova, A.Aimée, B.Eshchanov, D. Moldokanov, I.Overland, R.Vakulchuk. BRI in Central Asia: Overview of Chinese Projects. 2019. //Central Asia Regional Data Review 20 (2019). P.3 //http://www.osce-academy.net/upload/file/20_BRI_in_Central_Asia.pdf

[2] F.Aminjonov, A.Abylkasymova, A.Aimée, B.Eshchanov, D. Moldokanov, I.Overland, R.Vakulchuk. BRI in Central Asia: Overview of Chinese Projects. 2019. //Central Asia Regional Data Review 20 (2019). P.4 //http://www.osce-academy.net/upload/file/20_BRI_in_Central_Asia.pdf

One of the important projects under BRI was the launch of the largest land based port Khorgos Gateway in 2015 which is located in the border and connects Kazakhstan with China by railway. It is an entrance point for the goods transit to Europe. This port can process up to 1 million containers per annum. If delivery of goods from China to Europe from western sea ports takes 45 days, railway delivery from Khorgos Gateway to China will take only 10 days.

Another key project of China in Central Asia is building the natural gas pipeline connecting Turkmenistan, Uzbekistan, and Kazakhstan with China. Having the annual capacity of is 40 billion m3 the pipeline covers 1900 km in Central Asia and another 4500 km in Chinese territory. This pipeline provided an alternative route for exporting natural gas from Turkmenistan and Uzbekistan.

Of the existing projects which are of high interest in Uzbekistan is the highway construction on the route Uzbekistan-Kyrgyzstan-China and Mazari Sharif-Kabul-Peshawar, which will be constructed parallel to the already existing auto corridor Tashkent-Andijan-Osh-Irkeshtam-Kashgar, as well as the prospects of goods transit from China to West Asia via Uzbekistan.

However, the BRI initiative is not a cooperation in economy alone. China is expanding connectivity with Central Asian countries in humanitarian areas as well. According to the information of the Ministry of Education of China, in 2017 the number of Kazakh students in China reached 13.2 thousands, Kyrgyz students 11 thousand, Uzbek students 5 thousands, and several hundred of Tadjik students. Confucius institutes operate in every country of Central Asia, the number of students studying Chinese is increasing at a fast pace. Chine is trying to establishing friendly relationship and create a positive image of China among Central Asian nations.

Risks of the implementation of the BRI project and possible recommendations. BRI initiative is an ambitious mission; countries involved in its implementation vary in terms of their level of development and interests, substantial financial spending is required, and the expected time of implementation covers several decades. Obviously, the primary risk in implementing BRI initiatives is the operational one, or in other words, a possibility of a partial or full disruption of projects in scope due to temporary barriers. For example, if one part of a highway or a pipeline connecting several countries cannot be completed due to the refusal or lack of desire in one of the countries, this may disrupt the launch or usage of the entire network. Risks of political changes in each of the countries, natural disasters, security threats, and many other factors can create a significant obstacle in implementation of the projects under BRI initiatives. The United States of America are increasingly wary of the increasing economic and political influence of China and consider it as a potential threat to American interests in Eurasian continent. On 28th of March 2019, during the Ideas Summit-2019 held in the National Observations Society of the USA, the Secretary of State Michael Pompeo named BRI initiatives as a threat to the USA and the entire world. In this context, the US can undertake measures to enhance its participation in the region and propose alternative initiatives, especially to ASEAN member states.

One of the other major risks, as it has been stressed by many researchers and experts, is the increasing external debts of countries participating in BRI. Infrastructure projects of BRI, which are mostly financed by loans, are typically long term and expensive for many countries in the region. Although the terms of financing the projects under BRI vary, they are predominantly quite attractive. For example, China's Development Bank provided 40 years loan with 10 years grace period to finance 75 percent of the cost of the high speed Jakarta-Bandung railroad in Indonesia worth 5.29 billion US dollars without government guarantee. 60 percent of financing was made in US dollars at the interest rate of 2 percent per annum and

40 percent in Chinese Yuan at 3.4 percent per annum[1]. Loans under BRI provided to Kyrgyzstan and Tajikistan are usually provided for 20 years at 2 percent annual interest rate with the grace period of 5-12 years[2].

However, financing the projects using the loans of Chinese financial institutions can create a risk of geopolitical vulnerability of borrowing countries. The Centre for Global Development in Washington published a special report in March 2018 titled "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective" [3] where it named 8 countries under BRI which are most vulnerable to this risk; Djibouti, the Maldives, Laos, Tajikistan, Kyrgyzstan, Mongolia, and Pakistan. These countries have a high ratio of external debt to GDP, whereby the debt owed to China has a significant share, and which run a high default risk on existing or expected borrowings under BRI.

Table 3. External borrowing in some of Central Asian countries in 2019 [4]

	External debt , billions of US dollars	*Debt to China, billions of US dollars*	*Debt to China as % of external debt*	*Nominal GDP, billions US dollars*
Kazakhstan	140,2	12,5	8,9%	170,5
Kyrgyzstan	37,8	17,1	45,3%	8,4
Tajikistan	22,8	11,6	51,1%	7,5

Among the Central Asian countries, Kyrgyzstan and Tajikistan carry the largest debt burden. External debt and the debt to China exceed their nominal gross domestic product. Moreover, over half of the state debt of these countries is provided by China.

As a result, although BRI provided massive investments into the infrastructure projects, nevertheless, some countries got into the "debt trap" which could significantly constrain their borrowing capacity in the international market for future needs. Uzbekistan has traditionally been cautious when it comes to external borrowing. Such approach helps maintain economic independence and take the balanced decisions in the future.

Conclusion

China and countries of Central Asia participate in several integration initiatives, which envisage economic cooperation, such as Shanghai Cooperation Organization, BRI and Eurasian Economic Union (only Kazakhstan and Kyrgyzstan are currently members of all three initiatives for the moment). This creates questions as to harmonic coexistence and cooperation among the countries. To address this issue, an Agreement about trade-economic cooperation was signed between EEU and China on 17th May 2018.

[1] Shu Zhang, Matthew Miller. Behind China's Silk Road vision: cheap funds, heavy debt, growing risk. Reuters, 17 May 2017. //https://www.reuters.com/article/us-china-silkroad-finance-idUSKCN18B0YS

[2] Chris Devonshire-Ellis. Typical China Loan Deals To Belt & Road Countries Revealed. 02 Jan 2020 // https://www.silkroadbriefing.com/news/2020/01/02/typical-china-loan-deals-belt-road-countries-revealed/

[3] John Hurley, Scott Morris, Gailyn Portelance. Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective. Center for Global Development. Washington DC. Mar 2018. P.16

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Additionally, a special commission is planned to be created which will address the coexistence of EEU and BRI[1].

Despite the abovementioned risks, the BRI initiative is highly important for Uzbekistan. Firstly, projects within the BRI initiative allow attracting sizable investments into infrastructure and high-tech projects of the republic and ensure the growth of its economy and international trade. Secondly, implementation of large projects that will research and explore in oil and gas industry may help new potential fields which is strategic objective given the depleting existing fields (especially oil). Thirdly, the implementation of projects that are an integral part of the BRI and initiated by the Republic of Uzbekistan on the basis of its national interests will contribute to the modernization of its industrial potential, as well as the BRI will create new jobs reduce unemployment.

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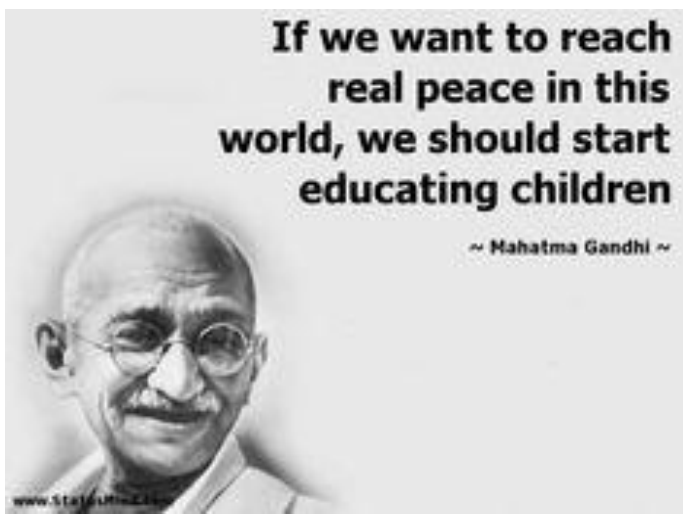

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