

PRIORITY GUIDELINES OF THE SERVICE SPHERE DEVELOPMENT IN UZBEKISTAN

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ABSTRACT

The present research article is devoted to study the priorities of service sphere development in Uzbekistan. The comparative analysis of service sphere development during 1996-2009 were presented, survey of disperse territories, analysis and generalization methods used to identify trends in services sphere. Disperse markets were grouped into markets with high, medium and low development level. Retail trade is identified one of the most important components of service sphere in Uzbekistan. Retail turnover figures were predicted until 2013 used retrospective data for forecasting. Linear trend - trends of increase or decrease of index, visual analysis of time series dynamics (graphic presentation) were used to solve the studied problem. Main priorities and targets in service sphere in Uzbekistan and its role in economy were determined.

JEL CLASSIFICATION & KEYWORDS

■ M14 ■ M38 ■ Services ■ Government ■ Dispersed Markets ■ Compact Market ■ Service Complex ■

INTRODUCTION

One of main strategies of economic reforms in Uzbekistan is development of new economic relations in all segments of economy, formation of flexible and adaptive system of management as well as creating conditions necessary for effective entrepreneurial activity.

The recent developments in service sphere are characterized with changes in ownership and as result reduction of state financing, increasing volume of services rendered to population, increasing competition between enterprises of service sphere.

LEGISLATIVE REFORMS

In 2006-2009 normative-legal documents for main guidelines of service sphere development in the Republic of Uzbekistan were accepted, which were aimed at creation of up-to-date, highly effective and competitive service

industry in our country. It includes: sector programs implementation in public health, education, junior sport development, information-communication technologies implementation, residential housing, rural infrastructure development, regional employment programs, small business development, banking sphere reforming during 1992-2009;

- measures aimed creation of legal and institutional base for new market institutions, such as deposit, audit, leasing, advertising, advocacy, consulting and insurance activity, micro-financing institutions and credit unions establishing;
- foreign investment attraction, to transport infrastructure and telephone communication development, hotel network development, water supply of the rural settlements, etc.

In the Republic of Uzbekistan, program of service sphere development for 2006-2010 is being implemented. Program goal is to create conditions for further intensive development of service sphere, increasing sector's share in economy, employment and population income increase.

As comparative analysis of service sphere development trends in our country with the developed countries shows the difference between levels and types of services is small. This situation can be seen in growth rates of paid services being rendered to the population in the Republic of Uzbekistan (fig. 1).

From figure 1 we can see stable growth in service sphere beginning from 2004.

In 2007 the share in gross domestic product of the Republic of Uzbekistan was 42,5% and 47,0 % in 2009. It is foreseen to reach share of 49,0 % in 2010 (fig.2).

RESEARCH METHODS

The territorial researches of service sphere in Uzbekistan covers five disperse territories (fig.3). Territories included into disperse markets, i.e. districts were considered as

Figure 1. The rates of paid services in Uzbekistan for 1996-2009 [100 + %]; Source: State statistical committee, annual reports

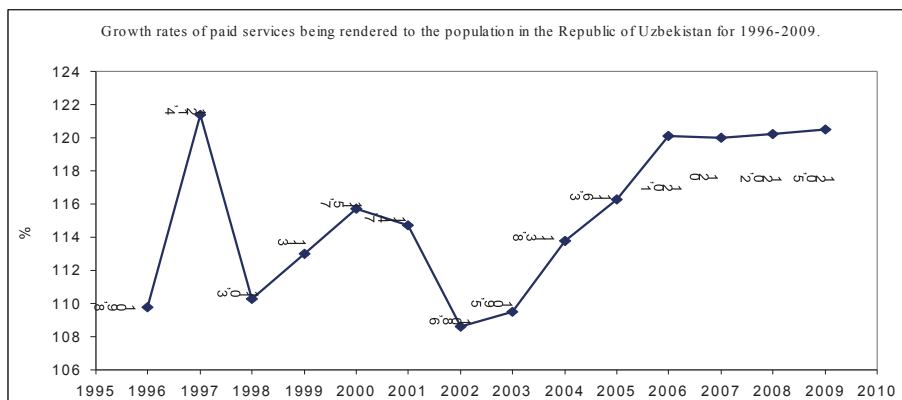
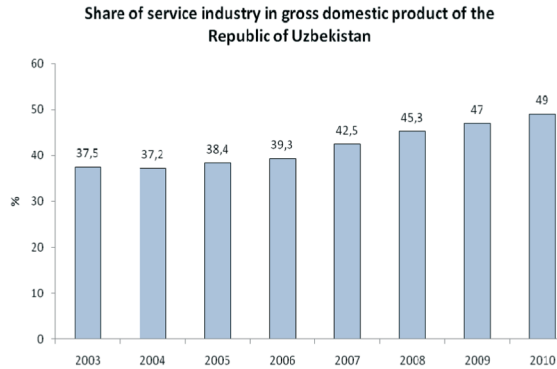


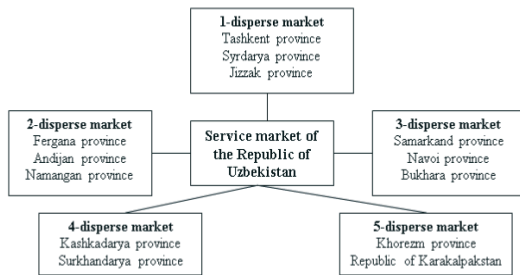
Figure 2. Share of service sphere in gross domestic product in Uzbekistan [%]



Source: State statistical committee, annual reports

compact markets. At the level of compact markets questionnaire surveys were carried out. Results of questionnaires were analyzed and generalized. By results of questionnaire surveys disperse markets were grouped into markets with high, medium and low development level. In these questionnaires we studied each market's advantages, disadvantages, opportunities and the existing obstacles hindering service market development in these

Figure 3. Territorial division of service market of the Republic of



Source: Author

territories. Results of researches show that all disperse markets such services like transport, trade and catering services are developing very fast.

Besides, retail trade, one of the most important components of service sphere in Uzbekistan was studied. Based on services trends analysis at macro-level, retail turnover figures were predicted until 2013. The retrospective data were used for forecasting. Also, we used linear trend, trends of increase or decrease of index. Visual analysis of time series dynamics - graphic presentation gave us possibility to solve the task much faster and on correct way.

Within 1996-2009 retail turnover volume (together with catering enterprises) in Uzbekistan increased by 18958,1 billion soum (1700soum equals around \$1), quantity of people involved in trade and catering increased is 27,4 persons for each 1000. In the studied period profitability level is increased by 195,8 % in regard to cost of goods in trade and catering, and stores floor space decreased by 0,984 m²

$$Y = 18958,18 + 27,4 x_1 + 195,8 x_2 - 0,984 x_3$$

Linear function showed the authenticity of economic progress (F=356,12), also correlation coefficient (R=0,98) showed the absence of autocorrelation. Determination coefficient was equal (R²=0,97) and partial correlation coefficients are positive, i.e. (r_{yx1}=0,98, r_{yx2}=0,47, r_{yx3}=0,64, r_{x1x2}=0,59, r_{x1x3}=0,61, r_{x2x3}=0,45), quadratic average deviation was S=298,11.

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Coefficients comparison in the studied model with table indices of student criteria showed the authenticity of linear function. In the studied linear model autocorrelation is absent because Durbin Watson coefficient is positive (DW=1,8).

At the present stage of economic development in Uzbekistan, priority objective is to provide further rapid development of service sphere as the most important factor of providing population employment and living standard improvement.

Great attention is being paid to the further rapid development of service sphere with revising territorial programs of service sphere development in rural area. Special attention is being paid to creation of conditions required to private sector for widening variety of services provided in rural area.

MAIN PRIORITIES

Main objectives regarding renewal of priorities and targets in service sphere in Uzbekistan are:

- further improvement of legislation (to increase facilitation modern service development, competitive environment);
- service sphere development on basis of new service classification (which worked out in accordance to international practice and service accounting methodology);
- priority development and strengthening of material-technical base of service enterprises in rural area (in the area of agricultural production provision, water supply, machinery parks, veterinary services, residential housing and repair, public facilities);
- development of traditional and new prospective sectors of service sphere including banking, financial services, insurance, legal, consulting, leasing, realtor (at state and regional level);
- increasing tourism sector, formation of tourist services network all over the country;
- creating competitive environment in service sphere, elimination of bureaucratic barriers preventing service sphere dynamic development (at regional level);
- increasing competitiveness of national services enterprises in international market and increase services export;
- training and retraining personnel for service sphere.

Maintaining of growing level of service sphere in Uzbekistan is very important during post-crisis development to increase income level of population and unemployment reduction. Creation of new service business entities and keeping the existing ones is very important because the competitive environment will be created at the service's market.

To create effective and well-diverse market economy in Uzbekistan needs to have large-scale service sphere with developed transport, communication, trade, finance-credit and insurance sector, business services complex's, education and public health sphere meeting modern requirements.

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