

SAJMMR

ISSN (online) : 2249-877X

South Asian Journal of Marketing & Management Research



Published by

South Asian Academic Research Journals
A Publication of CDL College of Education, Jagadhri
(Affiliated to Kurukshetra University, Kurukshetra, India)

SAJMMR

ISSN (online) : 2249 -877X

Editor-in-Chief : Dr. Dalbir Singh

Impact Factor : SJIF 2020 = 7.11

Frequency : Monthly

Country : India

Language : English

Start Year : 2011

Indexed/ Abstracted : Scientific Journal Impact Factor(SJIF 2020 - 7.11), Google Scholar, CNKI Scholar, EBSCO Discovery, Summon(ProQuest), ISC IRAN, Primo and Primo Central, I2OR, ESJI, IJIF, DRJI, Indian Science and ISRA-JIF.

E-mail id: saarjournal@gmail.com

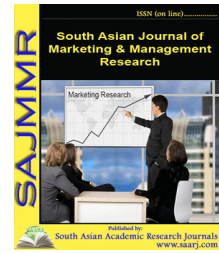
VISION

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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



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(Double Blind Refereed & Peer Reviewed International Journal)



DOI: **10.5958/2249-877X.2020.00093.4**

A REVIEW ON THE RELATIONSHIP BETWEEN STOCK PRICES AND TRADING VOLUMES

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ABSTRACT

This review article reflects the studies in the area of stock prices and trading volume in a national and international context. In addition, this review has given the emphasis on the relationship between different dimensions of stock prices and trading volume. The review of several studies has revealed that there is no unanimity about the relationship between trading volume and stock prices. EMH developed by Fama (1960) argued the causality of volume on price is not possible in the efficient market framework. In an inefficient market framework, both stock prices and trading volume change with the arrival of new information. As the arrival of new information is not observed, the trading volume is the source of information to investors. Some theoretical studies have opined that there exists a positive contemporaneous and causal relationship between price volatility and trading volume. Thus, higher price volatility leads to higher trading volume. Some other studies have viewed that lagged trading volume has predictive power of future stock price and lagged stock price has predictive power of future trading volume. Similarly, the review of some studies has shown a bidirectional causal relationship between trading volume and stock returns and some other studies have shown unidirectional causality either from trading volume to stock price or stock price to trading volume. Most of the empirical studies have found that there is a positive and causal relationship between trading volume and stock prices. Since a small number of studies have been performed in this area in the Nepalese context, it is still difficult to confirm the relationship between trading volume and stock prices in the Nepalese financial market. However, some studies conducted in

Nepalese financial markets have also revealed a positive relationship between these two variables.

KEYWORDS: *Trading Volume, Stock Price, Stock Return, Stock Exchange*

INTRODUCTION

1.1 Theoretical Framework

By definitions, stock exchange markets are markets where the buying and selling of second-hand corporate stocks, corporate and government bonds; municipal bonds, and other securities are carried out. They are essentially secondary markets in that only existing securities as opposed to new issues could be traded on. They, however, have a very strong connection with the primary markets in that they facilitate and provide the assurance for primary holders of securities to re-sell them later when the need arises.

In recent days, stock prices and trading volume have generated heated debates and interests among academicians, investors, stock market analysts, economists, government regulators, and policymakers.

Traditionally, empirical research on capital markets focuses mainly on stock prices and their behavior over time. On the basis of the information available about a company, its stock price reflects investors' expectations of the future performance of those firms. The arrival of new information is the key source of information which allows investors to change their expectations. However, because investors are heterogeneous in their understanding of new information, even if new information is released to the market, prices can remain unchanged. This would be the case if some investors view it as good news, and others find it as bad news. Therefore; differences in price reactions of investors are usually lost by averaging of prices (Mestel, Gurgul and Majdosz, 2005).

On the other hand, an important condition for price movement is positive trading volume. As with prices, trading volume and volume changes mainly reflect the available set of relevant information to the market. Trading volume represents the sum of investors' reactions due to the arrival of new information. Prices and trading volumes collectively produce aggregate market information from each new piece of information. Therefore, studying the joint dynamics of stock prices and trading volume improves the understanding of stock market behavior.

Several theoretical models have been developed to explain the relationship between stock returns and trading volume. Figure 2.1 shows the major contributions by various authors, both empirically and theoretically, over the years.

Figure 1.1 Theoretical Models on Price - Volume Relationships

Price-Volume Relationship

A. MDH

- Clark (1973)
- Epps & Epps (1976)
- Tauchen & Pitts (1990)
- Anderson (1996)
- Karpoff (1987)

B. SIAH

- Copeland (1976)
- Jennings, Starks & Fellingham (1981)
- Hemestra & Jones (1994)

C. EMH

- Fama (1970)

D. Securities Price Model

- Osborne (1959)

E. Noise Traders Model

- De Long, Shlifer, Summers & Walfmann (1990)

The MDH was first developed by Clark (1973) and it was later generalized by Epps and Epps (1976), Tauchen and Pitts (1983), Lamoureux and Lastrapes (1990), and Andersen (1996). This hypothesis argues that stock returns are generated by a mixture of distributions and information arrival is the mixing variable. Clark states that stock returns and trading volume are related due to common dependence on a latent information flow variable. This implies that price and volume change simultaneously in response to new information. According to Clark, the more information arrives on the market within a given time interval, the more strongly stock prices tend to change. As information arrival is unobserved, the author advises using the volume data as a proxy of information flow into the market.

Epps and Epps (1976) derived a model, which implies stochastic dependence between transaction volume and the change in the logarithm of security price from one transaction to the next since the variance of the price change on a single transaction is conditional upon the volume of that transaction.

Andersen (1996) developed a model of the daily price-volume relationship by integrating the market microstructure setting of Glosten and Milgrom (1985) with the stochastic volatility and information flow perspective of the MDH.

On the other hand, the SIAH was first developed by Copeland (1976), and it was later extended and generalized by Jennings, Starks, and Fellingham (1981) and Hiemstra and Jones (1994). It implies that news is revealed to investors sequentially rather than simultaneously to all investors. This pattern of information arrival produces a sequence of monetary equilibriums consisting of

various stock price-volume combinations before a final equilibrium is achieved. The most important conclusion from this model is that there exists a positive contemporaneous and causal relationship between price volatility and trading volume.

The sequential information arrival model of Copeland was expanded by Jennings, Starks, and Fellingham (1981) and integrated real-world margin constraints and short selling. This new alternative hypothesis has found that short positions are feasible but that they are more expensive than long positions. Their argument is that when the new information is pessimistically viewed by a previously uninformed investor, the resulting trading volume is less than when the trader is an optimist.

Hiemstra and Jones (1994) viewed that a sequential information flow results in lagged trading volume having predictive power for current absolute price changes, and lagged absolute price changes having predictive power for the current volume.

The price-volume relation can also be explained in terms of the noise-trader model of De Long (1990). This model postulates that the noise traders' activities are not based on economic fundamentals, but rather to cause temporary mispricing of stock prices in the short run. In this model, the positive causal relationship running from stock returns to trading volume is consistent with the positive feedback trading strategy of noise traders who based their decisions on past price movements. A positive causal relationship from volume to price changes is consistent with the hypothesis that price changes are caused by the action of noise traders.

Fama (1960) developed the concept of an efficient market hypothesis, which assumes that the information is systematically distributed in the market. Since in an efficient market the prices adjust to new information quickly, any current information cannot be used to predict the future prices. The causality of volume on price is not possible in the efficient market framework.

Karpoff (1986) developed a model that provides three reasons: first, the relationship between stock returns and the trading volume provides insight into the structure of financial markets, second, the relationship between stock return and trading volume is important for event studies that use a combination of stock returns and trading volume data to draw inferences and third, the return - volume relation is critical to the debate over the empirical distribution of speculative prices, depends on asymmetries in the costs of going long or short

Campbell et al. (1993) developed a model in which one implication is that price changes followed by high volume will appear to be reversed and that this reversal will be less true of price changes on days with low volume where such a link is related to non-informational trading. Based on this model, there are two types of investors. The first type of investors assumes that they have a constant risk aversion parameter, while the second type of investors assume that their risk aversion changes over time. Trading is induced by and is positively related to the changes (in absolute value) in the risk aversion of the type 2 investors, which leads to an increase in the expected return rewarding the type 1 investors for accommodating the buying/selling pressure. The implications of this model are that the serial correlation of the stock returns is negatively related to the trading volume.

Harris and Raviv (1993) assumed that traders receive common information. However, traders differ in the way in which they interpret this information, and each trader believes absolutely in the validity of his interpretation. The researchers have referred to this as the assumption that traders have differences of opinion, and assume that traders start with common prior beliefs about

the returns to a particular asset. As information about the asset becomes available, each trader uses his own model of the relation between the news and the asset's returns to update his beliefs about returns. They assume that there are two types of traders who they term responsive and unresponsive. The two types agree on whether a given piece of information is favorable or unfavorable, but they disagree on the extent to which the information is important. When they receive favorable (unfavorable) information, speculators in the responsive group greatly increase (decrease) their probability expectation of high returns. Speculators in the unresponsive group do not. Therefore, when the cumulative impact of the past information is favorable, the responsive speculators value the asset more highly and will own all of it. But when the cumulative impact of the past information is unfavorable, the unresponsive speculators value the asset more highly and will own all of it. Trading will occur when, and only when, cumulative information switches from favorable to unfavorable, or vice versa. Thus, this model predicts that absolute price changes and trading volume are positively correlated.

Wang (1994) developed an equilibrium model of stock trading in which investors are heterogeneous in their information and private investment opportunities, and trade rationally for both informational and non-informational reasons. In his model, trading volume is always accompanied by price changes, since investors are risk-averse. For example, when a group of investors sells their shares to rebalance their portfolios, to induce other investors to buy, the price of the stock must drop. As information asymmetry increases, the uninformed investors demand higher discounts in price when they buy the stock from the informed investors. The study showed that investors trade informational and non-informational reasons will also lead to the different dynamic between trading volume and stock returns using (VAR) Granger Causality between the two series using different samples and estimated techniques. Thus, these investors are able to cover the risk of trading against private information. Therefore, trading volume is always positively correlated with absolute price changes, and the correlation increases with information asymmetry.

Odean (1998) concluded that overconfidence increases expected trading volume, increases the market depth, and decreases the expected utility of overconfident traders. Its effect on volatility and price-quality depends on who is overconfident. Overconfident traders can cause markets to under-react to the information of rational traders.

Gervais, Kaniel, and Mingelgrin (2001) suggested that the existence of such a link can be attributed to the so-called "visibility" hypothesis. They argue that an unusually high volume makes the stock more "visible" to investors and, thus, attracts new traders. In the presence of short-selling constraints, an additional buying pressure will dominate, thus, leading to higher returns in the following periods.

Baker and Stein (2003) proposed an alternative view by interpreting liquidity indicators (and among them trading volume/share turnover) as a measure of investors' sentiment. In their model the study assumed the existence of irrational investors who under react to the information contained in the order flow, thus, boosting liquidity. In the presence of short-selling constraints, this class of investors is active in the market only when their sentiment is positive. Therefore, a high trading volume is an indicator that the market is overvalued, leading to subsequent lower returns.

Thus, several models and theories have been developed to explain the relationship between trading volume and stock prices in stock markets.

1.2 Review Empirical Studies

There continues to be an analytical interest in the relationship between stock prices and trading volume in financial markets. In established financial markets, there have been a number of empirical studies that provide evidence of the relationship between trade volume and stock prices. Some significant empirical studies on the complex relationship between stock prices and trading volumes have been discussed in this section.

The table 2.1 provides summary of the major empirical studies relating to stock prices and trading volume.

TABLE 1.1 SUMMARY OF MAJOR STUDIES

Study (Year)	Major Findings
Osborne (1959)	A positive relationship between return and volume is widely acknowledged
Granger and Morgenstern (1963)	Could not find any relation between movements in securities and exchange commission composite price index and the aggregate level of volume on the New York Stock Exchange. Data from two individual stocks also displayed no price-volume relation
Godfrey, Granger and Morgenstern (1964)	No correlation between prices or the absolute values of price differences and volume. Daily volume correlates positively with the difference between the daily high and daily low prices.
Ying (1966)	Large price changes appeared to be associated with a large volume of trading, that large volumes are associated with price increases, and that small volumes accompany price declines
Crouch (1970)	There is a positive correlation between daily trading volumes and absolute values of daily price changes for both market index and individual stocks
Clark (1973)	Trading volume is related positively to the variability of the price change
Epps and Epps (1976)	There is a positive relation between the extents to which traders disagree when they revise their reservation prices and the absolute value of the change in the market price
Morgan (1976)	There is a positive correlation between trading volume and price changes for individual stocks
Tauchen and Pitts (1983)	Found some positive relation between price and trading volume.
Comiskey, Walking and Weeks (1984)	Volumes are positively correlated with price variability
Smirlock and Starks (1985)	A positive correlation between trading volume and the price change per se.
Wood, McInish, and Ord (1985)	A positive correlation between trading volume and the magnitude of the price change at the transactions level.
Lamoureux and Lastrapes (1990)	The inclusion of contemporaneous trading volume in the conditional variance equation eliminates the persistence in the volatility.
Moosa and Al-Loughani (1995)	There is a strong evidence for causality running from volume to absolute price changes and from price changes to volume in the case of Malaysia,

	Singapore, and Thailand.
BasciOzymildiri and Aydogan (1996)	There is a strong evidence of co-integration between the trading volumes to absolute price change.
Malliaris and Urrutia (1998)	Time series properties of price and trading volume are non-stationary in level but stationary in the first difference.
Saacioglu and Starks (1998)	They found evidence of volume causing returns in four markets out of six Latin American markets
Lee and Swaminathan (2000)	Trading volume plays a significant role in the dissemination of marketwise information
Ratner and Leal (2001)	A positive contemporaneous relation between return and volume. At the same time the study observed that there was a bi-directional causal relation between return and volume.
Tripathy (2011)	Using the Bivariate Regression model, VECM Model, investigated the dynamic relationship between stock return and trading volume of the Indian stock market and found that there is bi-directional causality between trading volume and stock return volatility.
Wang, Ho & Li (2020)	Analyzed China's stock market behavior and subsequent price-volume equation, with emphasis on two periods of market volatility and structural changes during 2007-2008 and 2015-2016, and found there are important time-breaking effects and that the effects of high-low volatility are substantial. The study identified only a linear causal relationship from price to volume.

Sources: Compiled from Various studies

The price-volume relationship was first documented by Osborne (1959) from a variety of perspectives. This study first acknowledged the positive relationship between stock return and trading volume. An early empirical examination of price-volume relation was conducted by Granger and Morgenstern (1963). Using spectral analysis of weekly data from 1939-1961, they could not find any relation between movements in a securities and exchange commission composite price index and the aggregate level of volume on the New York Stock Exchange. Data from two individual stocks also displayed no price-volume relation. Godfrey, Granger, and Morgenstern (1964) found new evidence from several data series, including daily transaction data for individual stocks. But once again they could not find a correlation between prices or the absolute values of price differences and volume. Furthermore, the study found that daily volume correlates positively with the difference between daily high and daily low price.

Ying (1966) examined the relationship between the S & P 500 stock index and the New York Stock Exchange daily trading volume. The study applied a series of chi-square tests, analyses of variance, and cross-spectral methods for six-year (1957 to 1962), daily series of price and volume. The study found that large price changes appeared to be associated with a large volume of trading, that large volume is associated with price increases, and that small volumes accompany price declines. A premier study in this field was conducted by Crouch (1970), whose empirical investigations have included the relation between a contemporaneous absolute price change and trading volume found a positive correlation between daily trading volumes and absolute values of daily price changes for both market index and individual stocks.

Clark (1973) assumed the daily price change is the sum of a random number of within-day price changes. According to this study, the variation in the daily price change is a random variable with a mean proportional to the mean number of daily transactions. Therefore, the trading volume is related positively to the variability of the price change using daily data from the cotton futures market, four-day intervals, and monthly data for 51 stocks.

Epps and Epps (1976) analyzed the transaction data from 20 NYSE shares, the mechanics of within-day trading. The change in the market price for each transaction within a day is the average change in all reservation prices for traders. The study found that there is a positive relationship between the extent to which traders disagree when they revise their reservation prices and the absolute value of the change in the market price. In other words, an increase in the extent to which traders disagree can indicate a larger absolute price change. The price volatility/trading volume relation, therefore, occurs because the volume of trading is positively related to the degree to which traders disagree when their reservation prices are revised.

Morgan (1976) found a positive correlation between trading volume and price changes for individual stocks by employing daily or monthly data.

Tauchen and Pitts (1983) used daily data from the Treasury bill futures market and found some positive relation between price and trading volume. Comiskey, Walking, and Weeks (1984) using yearly data on individual common stocks found that volumes are positively correlated with price variability. Smirlock and Starks (1985) implied a positive correlation between trading volume and the price change per se.

Wood, McInish, and Ord (1985) reported a positive correlation between trading volume and the magnitude of the price change at the transactions level.

Lamoureux and Lastrapes (1990) examined the price-volume relationship by utilizing the Generalized Autoregressive Conditional Heteroskedasticity (GARCH) model. The study found that the inclusion of contemporaneous trading volume in the conditional variance equation eliminates the persistence in the volatility. However, as noted by this study, if trading volume is not strictly exogenous, then there is possible a problem to use lagged measures of volume, which will be predetermined and therefore not subject to the simultaneity problem. Further, the study found that lagged volume was insignificant. Further, the study found that lagged volume was insignificant.

Moosa and Al-Loughani (1995) examined the price-volume relation for four Asian stock markets. Using monthly aggregate price and volume data, the study found that, there is strong evidence for causality running from volume to absolute price changes and from price changes to volume in the case of Malaysia, Singapore, and Thailand. However, they report no causality for the Philippines.

BasciOzymildiri and Aydogan (1996), who used weekly price-volume data for 29 individual stocks traded on the Turkish stock market for the period from January 1988 to March 1999, found strong evidence of co-integration between the trading volumes to absolute price change.

Malliaris and Urrutia (1998) investigated time-series properties of price and trading volume, the short-term and long-term relationship between price and trading volume. The study used daily price and trading volume data covering January 1981 to September 1995 for six agricultural commodity futures contracts: wheat, oats, soybeans, soybean meal, and soybean oil. The study found that time-series properties of price and trading volume are non-stationary in level but

stationary in the first difference. The study reported bi-directional causality between price and volume.

Saacioglu and Starks (1998) examined price-volume relation in six Latin American stock markets – Argentina, Brazil, Chile, Colombia, Mexico, and Venezuela – using monthly data for the period from January 1986 to April 1995. The study found evidence of volume causing returns in four markets (except Argentina and Chile) but not vice versa.

Lee and Swaminathan (2000) addressed the relationship between price momentum and turnover and argued that since the relationship between turnover and expected return depends on how stocks have performed in the past, turnover can be a less than ideal proxy for liquidity.

Ratner and Leal (2001) analyzed the financial markets of Latin America and Asia and found a positive contemporaneous relationship between stock returns and trading volumes in these countries except India. At the same time, the study revealed a bi-directional causality between stock returns and trading volumes.

Gunduz and Hatemi-J (2005) examined the dynamic relation between weekly stock prices and the trading volumes for the Czech Republic, Hungary, Poland, Russia, and Turkey stock markets. They found a bidirectional causality between returns and volume in Hungary and Poland, but a unidirectional causality running from market turnover to stock price in Poland, and they found bi-directional causality between stock returns and the trading volumes in Hungary and Poland, but a unidirectional causality running from market turnover to stock price in Poland. The study also found unidirectional causality running from stock price to both volume and market turnover without any feedback in Russia and Turkey, but there is no causal relationship between price and volume/turnover in the Czech Republic.

Tripathy (2011) investigated the dynamic relationship between stock return and trading volume of the Indian stock market by using the Bivariate Regression model, VECM Model, VAR, IRF, and Johansen's Cointegration test. The study showed that there is bi-directional causality between trading volume and stock return volatility. Again, the study used the Variance Decomposition technique to compare the degree of the explanatory power of the trading volume overstock return and the evidence supports the influential role of the trading volume in the Indian stock market. Further Johansen's co-integration analysis demonstrated that stock return is co-integrated with the trading volume indicating a long-run equilibrium relationship. The study concluded that stock price changes in any direction have information content for upcoming trading activities.

Wang, Ho & Li (2020) studied the price–volume relationship of stocks that can be impacted substantially by structural changes and market volatility. The study analyzed China's stock market behavior and subsequent price–volume equation, with emphasis on two periods of market volatility and structural changes during 2007–2008 and 2015–2016. The findings showed that there are important time-breaking effects and that the effects of high-low volatility are substantial. Finally, the study identified only a linear causal relationship from price to volume. The results indicated that significant time-breaking effects exist and that the high-low volatility effects are substantial. Finally, the study identified only a linear causal relationship from price to volume.

1.3 Review of Nepalese studies

This section summarizes some major Nepalese studies related to stock prices and trading volumes. Table 2.2 provides a summary of these Nepalese studies.

TABLE 2.2 SUMMARY OF NEPALESE STUDIES

Study (Year)	Major Findings
Pradhan (1993)	Larger stocks have larger price earnings ratio, larger book to market value, lower liquidity and lower profitability and smaller dividend.
Pradhan (2003)	Positive relationship between earning yield, book to market value, and cash flow yield.
Baral and Shrestha (2006)	The proposition of Random Walk Hypothesis (RWH) in Nepalese markets does not hold true.
Pradhan and Upadhyay (2006)	The Nepalese stock market may not be termed as weak - form efficient in pricing of shares. The study also revealed that Nepalese investors are not indifferent towards making or not making of information to public.
G.C. (2008)	The most appropriate model for volatility modeling in Nepalese market, where no significant asymmetry in the conditional volatility of returns was captured, was GARCH (1,1). There is a strong evidence of time-varying volatility, a tendency of the periods of high and low volatility to cluster and a high persistence and predictability of volatility in the Nepalese stock market.
Bhatta (2009)	Nepalese stock market is even not efficient in its semi-strong and weak form. Regarding calendar anomaly, there are no evidences of day-of-the-week effect.
Pradhan and KC (2010)	Random walk hypothesis does not hold good is not true for frequently traded companies and is only good for less frequently traded companies.
Shrestha (2011)	The study found a positive relationship between stock returns and trading volume
Pant (2011)	There are evidences of lunar calendar effect especially lower returns during Aswin Krishna Pakchha.
Neupane (2011)	Using GARCH models to examine volatility pattern of interbank rate of Nepal using daily and monthly data and finds that there is significant variation in volatility during the period of study
Poudel and Shrestha (2019)	Using the Autoregressive Distributed Lag approach, investigated the long-run and short-run relationship between trading volume and stock returns and found a significantly positive long-run and short-run relationship between trading volume and stock returns.

Sources: Compiled from Various studies

Despite having a number of studies in mature stock markets, very little has been done so far regarding new and emerging stock markets, like Nepal. However, some studies have already been conducted on the stock price behavior in Nepalese stock market. Pradhan (2003) dealt with fundamentals of stock returns in context of Nepal. This study examined dividend yield, capital gain yield related to earning yield, size, book to market ratio and cash flow yield based on pooled cross-sectional data of 40 enterprises listed in NEPSE. The study revealed that positive relationship between earning yield, book to market value, and cash flow yield.

Pradhan and Upadhyay (2006) investigated the random walk model in Nepalese context. The results of the study do not support the independence assumption of random walk model i.e., the Nepalese stock market may not be termed as weak - form efficient in pricing of shares. The study also revealed that Nepalese investors are not indifferent towards making or not making of

information to public. Furthermore, Bhatta (2010) examined the issue of market efficiency and stock price behavior in Nepalese market. The runs test and autocorrelation test were used to examine the randomness of the stock market prices from the data set of daily, weekly and monthly stock prices.

Using time series data taken for the period 1995-2005, (Bhatta, 2009) concluded that the EMH is not true in Nepal. The study further found that Nepalese stock market was even not efficient in its semi-strong and weak form. Regarding calendar effects, it found no evidence of day-of-the-week effect.

A study conducted by Pradhan and KC (2010) on the efficient market hypothesis and behavior of share prices revealed that the time series of changes in N Index are independent to each other. The study was based on the secondary sources and included 26 actively traded listed securities during the Mid July 2005 to Mid July 2008 among the 147 enterprises listed in Nepal Stock Exchange Limited. Autocorrelation tests and run tests used to test the random walk hypothesis and results clearly showed that random walk hypothesis does not hold good is not true for frequently traded companies and is only good for less frequently traded companies.

Shrestha (2011) studied the relationship between stock returns and trading volume using daily data for the period of 2001 to 2009 with 55 sample firms' stocks listed in NEPSE. The study analyzed the contemporaneous relationship between stock returns and trading volume using the ordinary least square (OLS) regression equation, Unit root tests, and Augmented Dickey-Fuller (ADF) tests. The study found a positive relationship between stock returns and trading volume. In addition, there is an asymmetric V-shaped contemporaneous relationship between positive and negative stock returns and trading volume. The finding contradicts with distributions hypothesis and supports the sequential information arrival hypothesis.

Pant (2011) examined whether there is festival and auspicious day effect or not in the Nepalese stock market. This study used the NEPSE return data during mid-July 1997 to mid-July 2010 and employed descriptive statistics and linear regression models to explore the daily stock returns variations due to lunar calendar effect. This study found that there are evidences of lunar calendar effect especially lower returns during Aswin Krishna Pakchha.

Poudel and Shrestha (2019) analyzed the relationship between stock returns and trading volume in the Nepalese stock market based on 149 monthly data (mid-July 2005 to mid-December 2017) of the NEPSE index using the Autoregressive Distributed Lag approach. The researchers investigated the long-run and short-run relationship between trading volume and stock returns and found a significantly positive long-run and short-run relationship between trading volume and stock returns. Finally, the study concluded that the impact of stock returns on trading volume is significant in the Nepalese stock market, which indicates that market participants use volume as an introduction to stock returns.

1.4 Concluding Remarks

Although the empirical and theoretical dimensions of the stock price-volume relationship in developed markets have been thoroughly studied, very few have so far been investigated in emerging stock markets like Nepal. The presence of a positive relationship between trading volume and the stock price has been demonstrated by the majority of previous research on developed financial markets. However, the studies conducted on emerging markets have given divergent results. Given the mixed empirical results between price and trading volume in emerging markets context, more empirical research from other emerging financial markets is

needed to better understand the price-volume relationship.

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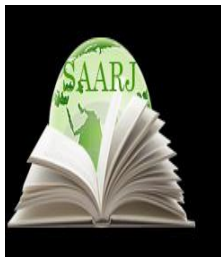
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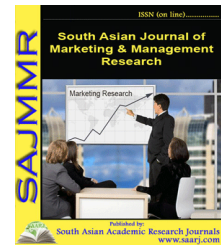
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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: **10.5958/2249-877X.2020.00095.8**

THE IMPORTANCE OF MARKETING COMMUNICATIONS IN THE DEVELOPMENT OF KIND OF SPORTS IN UZBEKISTAN

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ABSTRACT

The article considers the activities of sports federations of the Republic of Uzbekistan as the main organizations responsible for the development of sports. The main goals of their activities, as well as the importance of marketing communications were studied, which is an important aspect of marketing activities to achieve them. The interrelation of factors influencing the popularity and mass characteristics of sports were studied, an adapted model of the marketing complex in the activities of sports federations of the Republic of Uzbekistan was developed. The use of marketing communications for the popularization of sports was analyzed and their main functions were founded. The features of marketing communications in the activities of international sports federations, the importance of relations in the development of cooperation with the International Olympic Committee, and the prospects for their cooperation in the near future due to the implementation of the "Agenda 2020" procedures were outlined. The features of communication activities for the development of sports in the federations of different levels in our country, as well as the task of sports clubs, schools and sections in increasing the popularization of sports were analyzed.

KEYWORDS: *Development Of Sports, Sports Federation, Popularization Of Sports, Marketing Relations, Marketing In Sports, A Complex Of Marketing Communications In The Activities Of Sports Federations.*

INTRODUCTION

Nowadays, the problem of the development of sports and its individual types in Uzbekistan is becoming more and more urgent from year to year.

Along with this, firstly, depending on the important social function, physical culture and sport undertake to carry out at the national level, consisting of strengthening the health of the

population of our country, educating adults and youth and their complex development, as well as ensuring a healthy lifestyle. Secondly, it is necessary to increase the level of participation of national sports teams in international competitions, as high results of athletes in the world arenas form the image of countries on a global scale and lead Uzbekistan to the world recognition. Thirdly, in the XX century, sport went beyond the boundaries of individual states and became a global social phenomenon, playing an important role in establishing the physical and spiritual culture of almost all of humanity, humanitarian relations, and mutual understanding between different states and people (Ishenko, 2003).

The Olympic games are one of the rare ways to demonstrate the strength, power and peace of a country, and for some countries this is the only way to introduce themselves to the world.

The development of sports in the Republic of Uzbekistan is carried out by state structures and public organizations. At the same time, some organizations manage and develop the sport as a whole, while others develop its individual types and directions. Some kinds of sports and spheres are developed by sports federations (Blayer et al. 2014).

Sports Federations

The Sports Federation is a public organization based on membership, the purpose of which is the development, popularization and organization of one or more sports, as well as the carrying out the sports events and the training of athletes.

Federations can carry out their activities at different levels (local, regional, national and international).

The activity of federations in one kind of sport is interconnected, as it is combined with a common goal - the development of the relevant kinds of sports. All sports federations are subject to the charter in carrying out their activities, which determines the composition, structure and order of organization.

Sports federations of Uzbekistan. In Uzbekistan, the sports federations of Uzbekistan manage sports at the national level. As a rule, their activities include preparing national sports teams to participate in international competitions. Their activities include the development of mass sports, the organization and conduct of competitions in Uzbekistan, the development and improvement of the rules of competitions, professional upgrading of coaches, referees, and the development of sports in the regions (Figure 1).

All spheres of the Sports Federation are linked and aimed at achieving common goals appointed in the charters of these organizations. The priority of sports federations of the Republic of Uzbekistan is the development of sports with high achievements, because high results of the national sports team at international competitions are the main criteria for the effectiveness of the federation, as well as ensuring the mass character of sustainable development of sports in the long term.

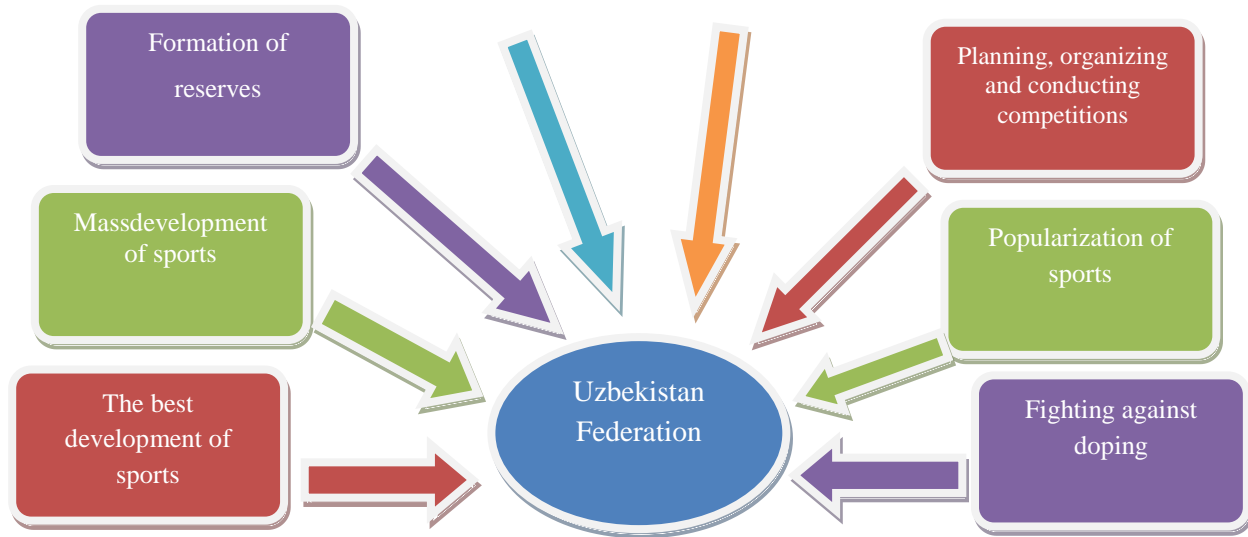


Figure 1. Activity of Uzbekistan Sports Federation

Source: Prepared by author.

Mass character is the basis of sport and its development. Mass is the basis of kinds of sports. It contributes to the formation of sports reserve, boosts competition in championships, including joining the national sports team. A high competition increases the likelihood of a general level of results at the national level, as well as the chances of winning high-level medals at international competitions (Figure 2 and Table №1).

TABLE № 1.MASSIVE GROWTH AND DEVELOPMENT OF SPORTS

Popularization	Contributes to the formation of sports reserve
Strong sports reserve	Boosts competition between athletes
An increase of competition	Leads to overall growth
An increase of volume of results	Allows to increase the level of plays for national sports teams
Improving national sports team results	High results of Uzbekistan national sports team at international competitions draw attention to mass sport
Attracting public attention	Raises public awareness about sports and contributes to increasing its popularity, attracts young athletes to regular training
Mass increase	The involvement of a wide circle of the population in regular participation in sports provides a repetition of the process of its development.

Source: Prepared by the author.

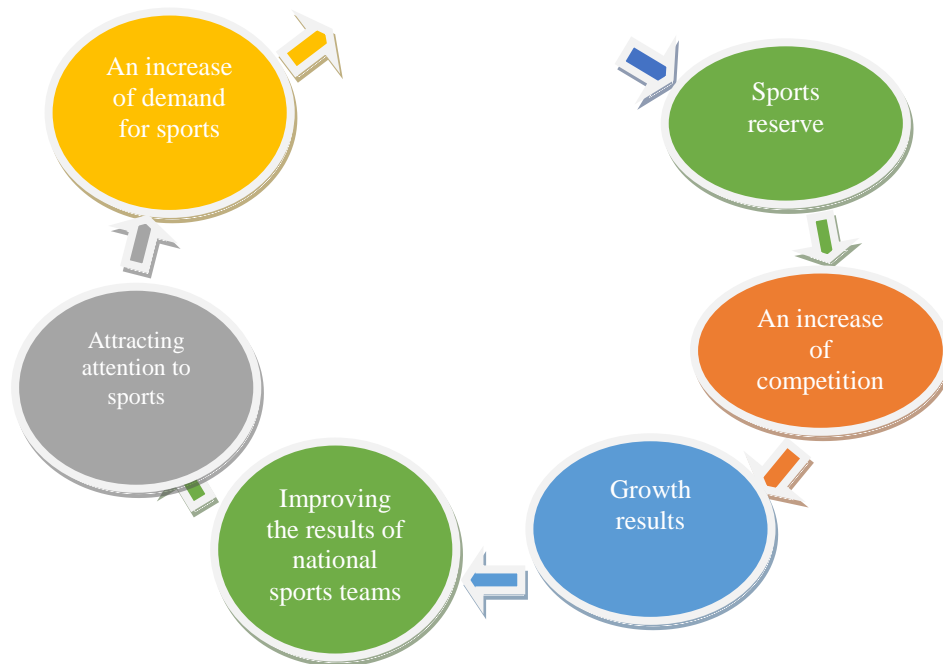


Figure 2. Mass character as the basis of sport and its development

Source: Prepared by the author.

Based on the above considerations, we can conclude that targeted measures to increase the mass participation of sports will help to increase the results at the national level and improve the results of national teams. Moreover, popularity itself is not only capable of repeating a period of development, but it is also an important aspect that provides commercial opportunities due to the growing interest of the media and the general public. Accordingly, the development and popularization of mass sports is one of the main priorities of many sports federations.

Marketing and development of mass sports

Along with efforts to develop sports, increase their massiveness and popularity, promote goods and services of commercial enterprises using marketing tools for similar purposes, their main focus is the marketing complex (marketing mix or “4P” model).

The marketing complex is a set of possible controlled variables of marketing elements, which, influencing some of them, can manage debates, in this case, physical education and sports services.

Initially, four key elements were taken into account in the marketing of consumer goods, and tools related to their impact were applied. They are summarized in Table № 2 because in English the model is called “4P” because all components start with “P”. However, later, when marketing began to be applied in other areas, many variants of this model were appeared, adapted to various spheres of activity (“5P”, “7P”, “12P”, “4C”, etc.).

The marketing complex is used as a special “checklist” to find ways to generate demand for a product or service.

Based on the characteristics of the activities of the federations and various changes in the “4P” model, it is possible to form a marketing complex adapted to the activities of the federations.

The popularization of sports directly depends on a number of factors, among which objective and subjective factors can be distinguished (Lubysheva, 1998). For instance:

- the level of physical education, sports infrastructure and technical maintenance;

TABLE № 2. ELEMENTS OF A MARKETING COMPLEX (“4P” MODEL, MARKETING MIX)

Elements of marketing complex	Means of influence
Product	Assortment policy Quality management
Price	Price policy Discounts
Place	Distribution policy Logistics
Promotion	Communication policy (advertising, PR, promotion, sales promotion.)

Source: Prepared by the author.

- Personnel professional upgrading, their number, qualifications and quality of education;
- The formation of public opinion and individual consciousness due to the development of physical culture and sports values;
- The formation of sustainable motivation for sports, the attention of the population to physical education and sports;
- Education of the needs of the population in physical education and sports, etc.

Table № 3 below lists the main factors affecting the development of sports.

TABLE № 3. SPORTS DEVELOPMENT FACTORS AND THEIR IMPACT

Factors	Impact
Availability of infrastructure and technical maintenance	Improving the quality of physical education and the advantages of sports services and their purchase
Territorial distribution of sports facilities, availability of sports clubs	Advantages of using physical education and sports services
Staffing for sports (training specialists, trainers and their qualifications)	Improving the quality of physical education and sports services
Expenses due to kinds of sports	Cost of education
Sustainable financing	Technical maintenance, improving training conditions, improving the quality of services
The popularity of sport, its mass character and image	Raising awareness, all the useful and positive aspects, features of the sport, the availability of convenient information, commitment to the sport.

Source: Prepared by the author.

All factors are equally important, because their effectiveness affects the activity of system. However, in the current situation, when there is a complex process of adaptation of all spheres of life to the inevitable evolutionary processes of the world community, despite the importance of objective factors (material and technical base, the availability of qualified personnel), the constantly increasing volume of information flow and the constant emergence of new means of communication, subjective factors - the popularity of a particular sport, its popularization and image, the feelings of fans of a particular sport and a healthy lifestyle are becoming increasingly influential (Lubysheva, 1998).

Marketing communications in the development of sports

The complex of marketing communications is a means of advertising, PR-public relations, sales promotion and propaganda, influencing the subjective factors through which organizations spread the information about their kinds of sport, attract public attention, as well as, it also contributes to the formation of a positive image of this sport area among broad population and attracting the younger generation to engage in regular training in clubs and sections.

Marketing communications is a collective concept that is focused not only on real consumers of physical education and sports services, but also on other target audiences that interrelate with the organization. This audience can be any interested group, for example, athletes, coaches, sports schools, clubs and sections, fans, federation employees, higher and lower federations (international and regional), other sports development structures, self-government bodies and others.

Based on the foregoing, it can be concluded that the events organized by all sports federations of Uzbekistan to popularize sports among the population will make a significant contribution to the implementation of set tasks of popularizing sports and will contribute to the repetition process of its development in all major spheres.

International sports federations

The problem of increasing the popularity and spread of sports is becoming increasingly relevant for international federations. This is due to the reason for their interest in the implementation of communication activities and increased marketing costs.

International sports federations (ISFs) are national sports federations, self-governing organizations created as public associations that support the integrity of sports at the international level. They are responsible for this work and constantly monitor the development of all stages of sport at the appropriate level - from children and teenagers to elder people, participating in the organization of the most important international sports competitions - championships and world cups.

In addition, in many kinds of sports, International sports federations manage competitions in their own direction. International sports federations develop sports rules and various procedures, calendars of international competitions and other regulatory documents. The main directions of their activities are shown in Figure 3.

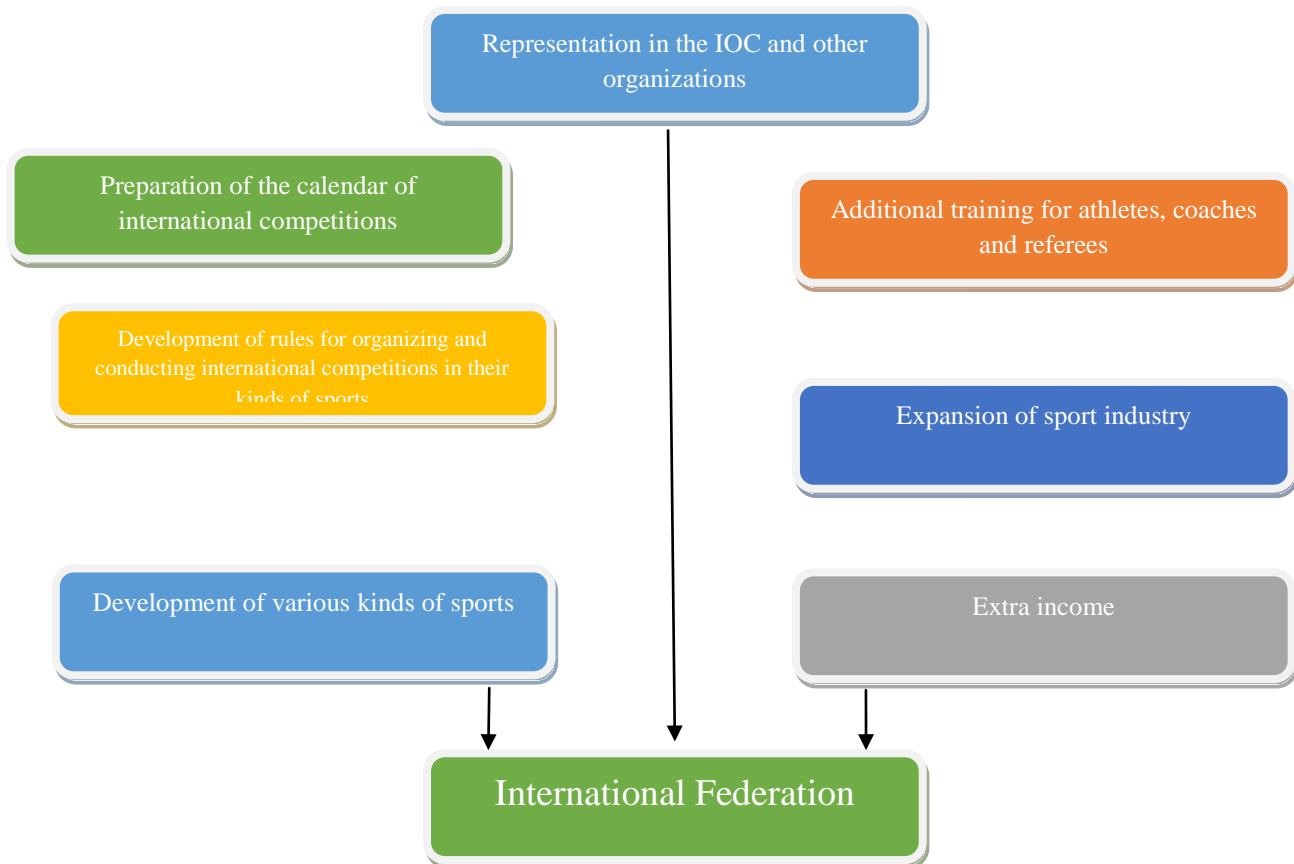


Figure 3. The main areas of the activity of International Federation

The main part of the ISF is recognized by the International Olympic Committee, but their activities go beyond the framework of the Olympic Movement, in particular, they can also be members of other public associations.

An important condition for the development of sports is its representation in many countries of the world, therefore, international federations are actively contributing to the accreditation of national federations of different countries in order to expand the spread of "their" kinds of sport. This is due to the fact that one of the important criteria for choosing the Olympic program is a large-scale demonstration of this kind of sport: summer kinds of sport should be trained on at least four continents, winter sports on three ones (Shapple & Kübler-Mabbot, 2012).

Whereas, international sports federations are non-profit international associations, financial activities and economic independence are important areas of their activities. In this regard, the commercial activity of international sports federations makes a great importance.

Regarding the issue of commercial activity, it is necessary to study the sources of income of the international federation. The following is the order of their occurrence:

- Annual membership fees of national member federations;
- Fines paid by national federations or teams participating in competitions and income derived from fines;

- Assistance received from the organizing committees of the competitions sponsored by international sports federations;
- Income from the sale of broadcasting rights of competitions organized by International sports federations;
- Income from marketing programs of International sports federations or international competitions sponsored by them;
- Payments by the International Olympic Committee for the sale of the right to broadcast relevant kinds of sports at the Olympic Games.

The appearance of the last three sources is related to the commercialization of sports based on its display and popularity. Considering that, a great part of International sports federations consciously conduct marketing events. The aim of the marketing system in the activities of international sports federations is to present the media in each region, a spread the kinds of sports around the world and increase its commercial attractiveness.

Moreover, these goals are interconnected, because the mass and popularity of sports make it interesting for the mass media. The above opinions increase the cost of sponsorship services and the cost of television broadcasts, which ensures financial stability and independence of the federations.

In addition, receiving economic benefits from commercial activities, they can spend money on expanding sports through the formation of national sports federations and the development of sports in countries that do not yet exist (Somkin&Konstantinov, 2014).

Marketing communications and interaction with the International Olympic Committee

In addition, an important issue in the activities of International sports federations is the entry into the Olympic program or the strengthening of its position in the Olympic movement. The Olympic Committee not only unites federations under one idea and slogan, but also partially finances them. According to statistics, the International Olympic Committee distributes 90 percent of its profits among participants in the Olympic movement, which includes the National Olympic Committees and the Organizing Committees of the Olympic games, as well as International sports federations (Nureyev&Markin, 2014) (Figure 4).

The International Olympic Committee is currently sharing the revenue from its marketing programs between twenty-eight international federations of sports included in the program of the Olympic games and eight international federations included in the program of the Winter Olympic Games. The activities of some international federations depend on the income of the International Olympic Committee, but there are also federations that can work effectively without them and be able to act without them.

■ NOK, IF, OCOG ■ IOC

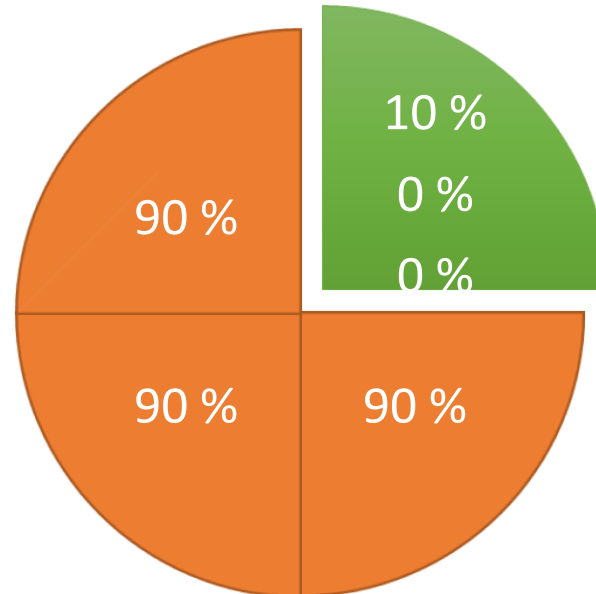


Figure 4. Correlation of income distribution between the International Olympic Committee and other participants of the Olympic movement

Olympic Marketing Fact File (2014). Retrieved from: <http://www.olympic.org>.

The financial independence indicator of the International Sports Federations determines the commercial attractiveness of sports, which, together with the strength of the Olympic brand, provides a synergistic effect from the cooperation between the Federation and the International Olympic Committee. This is due to the commercial success of the Olympic games and the activities of the International Olympic Committee, and, in addition to the Olympic brand, it depends on the size of the sport included in the game program and the number of fans watching the competition. Thus, the more popular sport, the higher the prestige of international sports federations in the International Olympic Committee and the stronger the position of sports discipline in the program of the Olympic games.

In the near future, due to the implementation of the rules of the “2020 Agenda”, the International Olympic Committee plans to move from the program of the Olympic Games in sports to a program based on the type of program (set of medals). Limitations for the Summer Olympics are 310 units, and for the Winter Program - 100 units.

“The 2020 Agenda” can boost competition between federations, as the number of international federations in Olympic sports is increasing, and a set of medals can be transferred to the federations responsible for the “new” types of program, along with IOC contributions. However, an exceptional situation may also arise, as strong federations with many years of international experience actively promote their non-Olympic kinds of sports in order to obtain Olympic status.

As a result, this may lead to the fact that a small number of international federations will control most Olympic programs. However, the second scenario is less likely, since the purpose of this

rule is to provide the same Olympic opportunities for all sports, and the International Olympic Committee decides to amend the program of the Games.

Participation in the Olympic program is not only a source of additional funds, but also the corresponding status of the sport. The prestige of these competitions makes it easier for the state to support Olympic sports at the national level. In addition, they will be awarded more attention and respect from the public, which will facilitate the tasks of national federations in their development.

It should be noted that in addition to the implementation of communication activities to increase the popularization of sports, federations are constantly working on excellent competitions in developed areas, make additions to the rules and improve the concept of television programs. That is, from the point of view of marketing concepts, they are constantly working to improve product quality.

Features of the marketing communications activities of sports federations

Federations of different levels have different opportunities and powers in the development and promotion of sports. For example, the International Sports Federation has a representative function in the International Olympic Committee and has wide powers within the framework of the Olympic Movement, in particular, they have certain rules in the Olympic charter, the right to choose the Olympic capital, in particular, to make proposals on the technical capabilities of candidate cities, has the right to host competitions in relevant kinds of sport.

They have full right to the income received from television broadcasts of world championships and other international competitions, from marketing programs hosted under their sponsorship on an international scale, that is, as part of their sport. However, they face a number of restrictions in the implementation of promotional activities:

- uniting a number of national federations, they cannot translate their messages into all languages of the world;
- making contribution to the development of sports only in some states can encourage national federations to take active steps in various ways.

Sports federations in Uzbekistan are facing similar challenges. In addition, one of the important tasks in their activities is the preparation of national sports teams. The development and improvement of the mass character of sports is a long-term work, national teams participate in competitions every year, training athletes with the highest skills puts system work on mass development on the second place.

The situation is also complicated by the fact that the federations themselves do not provide physical education and sports services, so they can only render assistance to the regional federations, owing to which sports schools and clubs can really help to attract youth and other groups to training. Despite this, they are able to create and maintain the image of sports, that is, to engage in activities similar to a sports brand at the national level.

The territorial responsibility of the federations of Uzbekistan extends to all regions of Uzbekistan, the effectiveness of which can be achieved through the use of the media and communications available to all regions. Local federations often are lack of financial and human resources for the independent implementation of any communicative activity. Therefore, this is

done voluntarily using low-budget communications. In some cases, limited resources make them more creative and passionate about promotion.

Besides federations, sports clubs and sections are engaged in the development of sports. They involve children in sports and work with parents in an organized manner, so mass development is developing. Unlike sports federations, they put forward services as direct performers. As a rule, such trainings are hosted by trainers independently, as far as possible. Low-budget funds and personal means of communication are dominated in the implementation of communication activities.

Despite the connection with the consumer, sports schools, depending on their capabilities, ensure the development of sports only in regional and national centers. Therefore, the large-scale development of sports can be achieved only in this development process due to the integration of all participants and their close cooperation.

CONCLUSION

The development of sports is carried out by state structures and public organizations. The development of personal kinds of sport and items is carried out by sports federations. Federations can carry out their activities at different levels (local, regional, throughout Uzbekistan and internationally). The activity of the federations in one kind of sport is interrelated, because they all share a common goal - the development of the related kinds of sport.

The role of marketing communications in the development of sports is reflected at all levels and is to increase its popularity. The popularization of sports is one of the main goals of all sports federations, but depending on the level of the federation, it performs various functions. In the activities of the federations of Uzbekistan, it will contribute to the development of popularity, which, in turn, will become the basis for the development of highly effective kinds of sport. Popularization can increase the commercial potential of sports, because it increases the interest of sponsors, who are considered both the media and the general public involved in sports.

Marketing communications play an even more important role in the activities of international sports federations. Unlike national sport teams, they do not face the task of preparing national teams, and one of the main goals of their activities is to provide a wide-scale representation of the sport. They achieve this by accrediting the “new” national federations in the countries of the world.

As non-governmental organizations, mainly International Sports Federations are interested in expanding and developing sources of extra budgetary funds based on the mass and popularity of sports on a global scale. International sports federations are actively engaged in marketing activities, have marketing specialists and constantly increase marketing expenses. In addition, the mass, popularity and spread of sports are considered to be an important condition for discipline in the Olympic program, this allows International sport to receive income from broadcasts at the Olympic games in this sport, as well it is its factor in achieving respect and reputation on a global scale.

The development of sports is carried out by sports schools, clubs and sections outside the federations, attracting the younger generation to training. Each element of the sports development system fulfills its task, particularly, sports schools are able to ensure the development of sports only in the centers, and sports federations help to conduct events resembling a sports brand on a national or global scale. In this regard, the sustainable

development of kinds of sports on a global scale can be achieved by integrating communication movements at all levels - from sports schools to the International Sports Federation.

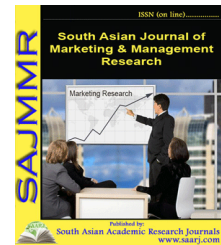
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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: [10.5958/2249-877X.2020.00092.2](https://doi.org/10.5958/2249-877X.2020.00092.2)

THE ROLE OF DEPOSIT POLICY IN IMPROVING THE DEPOSIT BASE OF COMMERCIAL BANKS

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ABSTRACT

The article discusses in detail changes in the balance sheets of commercial banks, the structure of deposits in national and foreign currencies attracted to the banking system, as well as the processes and principles of their formation from a theoretical and practical point of view. Also, several scientific proposals have been developed to improve the process of developing a deposit policy in the country's commercial banks.

KEYWORDS: *Commercial Banking, Deposit Policy, Banking Services, Term and Savings Deposits, Resource Base, Household Deposits.*

INTRODUCTION

To radically reform the banking system in the Republic of Uzbekistan, transform banks, introduce modern banking practices, management and innovative deposit services, in the Address of the President of our country to the Oliy Majlis on January 24, 2020, these issues were highlighted, which served as the basis for fundamental reform of the banking deposit politicians. Currently, several research projects are being carried out to improve the deposit policy of commercial banks. We will not be mistaken if we say that this will become the basis for our banks to take places in high ratings in the future. [1]

Banks are actively working to further stimulate the attraction of free funds from the population and business entities to bank deposits, channel funds into bank circulation, expand the system of non-cash payments and ensure the implementation of the Resolution of the President of the Republic of Uzbekistan dated April 6, 2009 "On additional measures to further stimulate the attraction free funds of the population and business entities in the deposits of commercial banks. "Savings of the population are an important source of investment in the economy of the state, and the growing number of applications from the population to banks testifies to the growth of confidence in the banking system.

LITERATURE REVIEW

Before analyzing the importance of deposit policy for expanding the bank's deposit base, we consider it appropriate to study the economic nature of the deposit policy. "Deposit" - money in national or foreign currency placed by individuals on special bank accounts for keeping and receiving income. In accordance with the deposit agreement between the client and the bank, interest is paid on any type of deposit (urgent and on-demand). Deposit services are provided by banks licensed by the Central Bank of the Republic of Uzbekistan, participating in the system of compulsory insurance of deposits of individuals in banks registered with the Deposit Insurance Fund. At the same time, the safety of deposits is guaranteed not only by the bank itself but also by the state through the deposit insurance system.

Thus, it is clear from the economic nature of "deposit policy" that it means that "deposit" or "deposit" must be "managed". Studying the scientific literature in the field of deposit policy of commercial banks, we consider it appropriate to take into account the views of several scientists on this concept.

According to N.P. Belotelova, the bank's deposit policy is an important component in attracting temporarily free funds of a commercial bank to bank accounts of various deposits. should arise from perspective [2]. Indeed, based on the strategy developed by the bank, the attraction of resources based on the balance of assets and liabilities of the bank will lead to the fact that the bank will have a stable source of resources in the future. In turn, this allows the bank to timely and fully fulfil its obligations to customers. This is achieved through a well-developed deposit policy by the bank.

Also, according to economists Lavrushin and Panova, the bank's deposit policy is a banking policy aimed at attracting customer deposits and effectively managing them [3].

According to Beloglazova, the bank's deposit policy is a process of attracting temporarily surplus funds to various deposits available in commercial banks. It should be noted that the well-thought-out and elaborated deposit policy of the bank is the main support for the growth of stable resources of commercial banks, which in turn is the expansion of the bank's deposit base [4].

According to A.A. Omonov, the word "deposit policy" does not mean the management of urgent financial resources of commercial banks. The term "deposit policy" means, of course, only if it is used in the form of "deposit policy of commercial banks", it means appropriate measures within the limits of funds raised from commercial banks. Indeed, the deposit policy is a key part of the general banking policy, which determines the strategy and tactics of credit institutions for the implementation of deposit activities [5].

In our opinion, the deposit policy of commercial banks is a banking policy, which includes measures aimed at attracting free funds of individuals and legal entities by the bank and subsequent placement of these funds on a mutually beneficial basis.

Methods

The analysis used a statistical grouping of data, methods of comparative analysis and trend analysis. The article provides a comparative analysis of the scientific and theoretical views of economists on topical issues of deposit policy.

Analysis and results

Carrying out deposit operations based on the study and analysis of the current state of banks requires the formation of a deposit policy of a commercial bank. Bank deposits are today one of the most popular financial instruments of the population due to their ease of use. If we look at the bank deposit policy from two perspectives. On the one hand, the main direction of the deposit policy is efforts to increase liquid funds, on the other hand, banking activities aimed at attracting them.

As a result, the goal of any bank's authorized deposit policy is to maintain the required level of liquidity, taking into account all types of risks, as well as to minimize banking costs. The main task of the bank's deposit policy is to attract deposits to the bank and effectively manage them. In this regard, we consider it expedient to analyze the current state and dynamics of deposits attracted by the country's commercial banks and draw appropriate conclusions.

TABLE 1. INFORMATION ON FUNDS OF DEPOSITS AND CERTIFICATES OF DEPOSIT OF COMMERCIAL BANKS (BILLION SOUMS) [6]

Date	Total	By terms				
		Until requested	From 1 to 30 days	From 30 to 180 days	From 180 days to 365 days	Higher than 1 year
01.11.2018 й.	69 298	31 456	4 976	11 947	6 357	14 562
01.11.2019 й.	92 577	34 058	5 308	14 965	10 268	27 978
01.11.2020 й.	105 007	42 943	4 256	17 106	11 870	28 833

If you pay attention, it can be seen from the data in Table 1 that the volume of deposits attracted by commercial banks operating in the republic is growing over the years. In particular, in 2018, commercial banks attracted deposits in the amount of 69,298 billion soums, which almost doubled as of November 11, 2020, and amounted to 105,007 billion soums. This situation can be explained by the fact that commercial banks pay special attention to the issues of deposits and their effective management. This is also evidenced by the increase in the number of deposits and certificates of deposit in banks. At the same time, an important task of banks is to attract by banks a large volume of temporarily free funds and their rational use.

This, in turn, requires the formation, effective management and improvement of the quality of these funds, as well as meeting the needs of banks in sustainable resource resources.

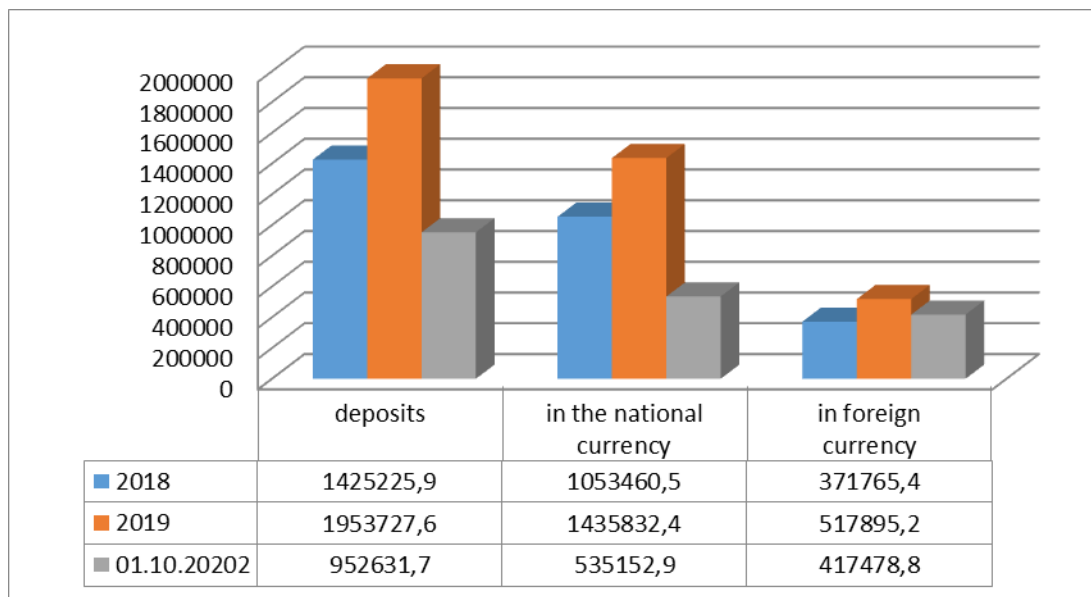


Figure 1. Deposits attracted by commercial banks (billionsoums)

Figure 1 shows that the volume of attracted deposits in commercial banks has increased over the years. The share of deposits in national and foreign currencies in the structure of attracted deposits also tends to increase, in 2018 attracted deposits in national currency amounted to 1,053 billion soums, while as of October 1, 2020, this figure was 9,816 billion soums. Deposits in foreign currency also increased from 371.7 billion soums to 417.4 billion soums and amounted to 952.6 billion soums. The growth of deposits in commercial banks over the years can be explained by several factors.

Including:

1. The level of financial literacy of the population of the republic. Sustainable and balanced development of the economy and an increase in the standard of living and well-being of the population depends on the conscious attitude of citizens to economic events and processes, the development of economic thinking and skills. After all, the higher the economic activity and financial literacy of the population, the more effective their economic activities will be, the decisions they make in various spheres of life.
2. Public confidence in the banking system. The large-scale reforms carried out in the country and the efficient operation of commercial banks in the country from year to year contribute to the growth of public confidence in the banking system. Also, as a result of the timely and complete fulfilment of obligations by commercial banks, the number of clients and confidence increases.
3. Deposit policy developed by commercial banks. When developing and implementing the deposit policy of commercial banks, special attention is paid to interaction with deposit markets, the location, adequacy of branches, the ability to withstand possible competition, and the socio-economic situation in the region.
4. A wide range of attractive and seasonal types of deposits. The growth of incomes of the population, government preferences on bank deposits and the introduction by commercial banks of new attractive and seasonal types of deposits based on the wishes and desires of the population, further increase the volume of deposits in banks.

CONCLUSIONS

Today, in the process of managing deposits by banks, it can be said that the main goals and objectives of the deposit policy developed and implemented by banks to ensure the financial stability of the bank are reflected in the following:

- Increasing the financial stability of commercial banks;
- to increase the number of types of online deposits and radically reform their activities;
- strengthening the bank's resource base through effective management of the bank's assets and liabilities;
- Attraction of resources at reasonable terms, conditions and prices;
- to increase the profitability and stability of the bank by servicing deposits;
- Stimulating the activity of the population in the process of accumulation and investment by offering the population new, innovative and mutually beneficial types of deposits.

Also, to expand the deposit base of commercial banks, when banks develop an effective deposit policy, it is necessary to take into account the following:

- taking into account the factors influencing the price of the deposit, and determining the most optimal interest rate based on certain principles;
- Continuous stabilization of the bank's deposit policy based on the marketing activities of commercial banks;
- regular study and analysis of the deposit market;
- implementation of effective models of relationships between bank specialists and depositors;
- High convenience for clients when accepting deposits;
- It is necessary to use effective methods, such as moral and material incentives, depending on the quality and results of the work of specialists directly involved in attracting deposits.

It should be noted that when implementing their deposit policy, commercial banks should take into account such factors as economic standards set by the Central Bank and required reserves, refinancing rates and changes in tax legislation, the current state and trends in attracting and placing funds in the financial market. is appropriate.

We believe that taking into account the above proposals when developing deposit policy by commercial banks will create ample opportunities for further expansion of the deposit base and stable operation of the bank.

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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: **10.5958/2249-877X.2020.00096.X**

THE ANALYSIS OF WORLD SUKUK MARKET

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ABSTRACT

In the setting of global finance, Islamic finance, which is strong to financial crises, is developing quickly. The development of new types of financial instruments in Islamic finance, in turn, is creating new sources of funding. Typically having a positive impact not only on Muslim countries, but also on non-Muslim countries. The article analyzes Sukuk, one of such financial instruments. Diverse species of Sukuk were examined on the premise of statistics from 2001-2019. These analyzes appear what trend Sukuk is evolving and what sort of Sukuk is getting to be more attractive for investors.

KEYWORDS: *Islamic Finance, Sukuk, Securities.*

INTRODUCTION

If we retrospect at the history of Islamic finance, we can see that its components started to require shape in the late 6th century. The modern history of Islamic finance, which has spread as a single system in the Middle East, North Africa, and Central Asia since the 7th century, began to take shape in the 1950s as the new framework we know.

Since the second half of the last century, when Muslim-majority nations gained autonomy (UAE 1971, Algeria 1962, Kuwait 1961, Malaysia 1957, Sudan 1956, Pakistan 1947), large-scale oil and gas investigation began. The volume of product export began to extend. In turn, the growing rise in oil costs on the world, markets has driven the formation of expansive saves in these nations. Be that as it may, the use of these stores through existing financial advertising instruments has postured tricky issues, such as their failure to meet the needs of a transcendently Muslim society. This necessitated the formation of a financial system based on Islamic principles.

The first financial institution in line with Islamic principles, the MitGhamr was founded in 1963. This fund has appeared that Islamic finance can work as an alternative financial system. The system has entered an important stage of development over the next decade. The establishment of the Islamic Development Bank in 1975 marked the transition of Islamic finance to a worldwide level. Since then, the number of Islamic budgetary educate has expanded and their geographical coverage has expanded.

The Sukuk, a relatively new slant within the Islamic monetary system is developing rapidly.

LITERATURE REVIEW

In spite of the fact that scientific work on Sukuk is additionally on the rise, it remains scarce compared to other fields. The main part of it remains related to the hypothetical aspects, organizational issues, and the mechanism of its operation. There's small logical research on the joins between Sukuk and financial improvement (Zulhibri, 2015).

Ibrahim and Minai have studied the importance of Sukuk in attracting a venture to enterprises (Ibrahim & Minai, 2009). Other thinks have shown that macroeconomic factors such as GDP, buyer cost record, and production cost list have an impact on the development of the Sukuk market (Ahmad et al., 2012). Another critical aspect was that while the Muslim populace had a positive effects on the improvement of the Sukuk advertise the ethnic division was known to be inconsequential (Said & Grassa, 2013).

There's little scientific research on the effect of Sukuk on the economy, and the first attempt to do so focused on the effect of Sukuk emissions on GDP, gross fixed capital development, and trade forms (Echchabi et al., 2016). In this research, the effect of Sukuk outflows on GDP, fixed capital growth, and trade forms was seen in 2005-2012, and Sukuk emissions had a positive impact on GDP. Further research in this region is eminent for its significant results (Smaoui & Nechi, 2017). The effect of Sukuk on the economic growth of Sukuk-issuing countries in 2000-2015 was examined. The result appears that Sukukes support economic growth over the long term. Corporate and state Sukuk play an equal role in this.

THE MAIN FINDINGS AND RESULTS

According to chronicled documents, the issue of Sukuk was, to begin with, mentioned in Imam Malik's "Al-Muwatta". This mechanism was put within the 7th century amid the Umayyad Caliphate. According to him, a portion of the military's salary was paid in cash; the rest was paid with a certificate, the value of which was calculated as food. Earlier to the expiration date, certificate holders were able to sell it (Mohammed & Ikramur, 2014).

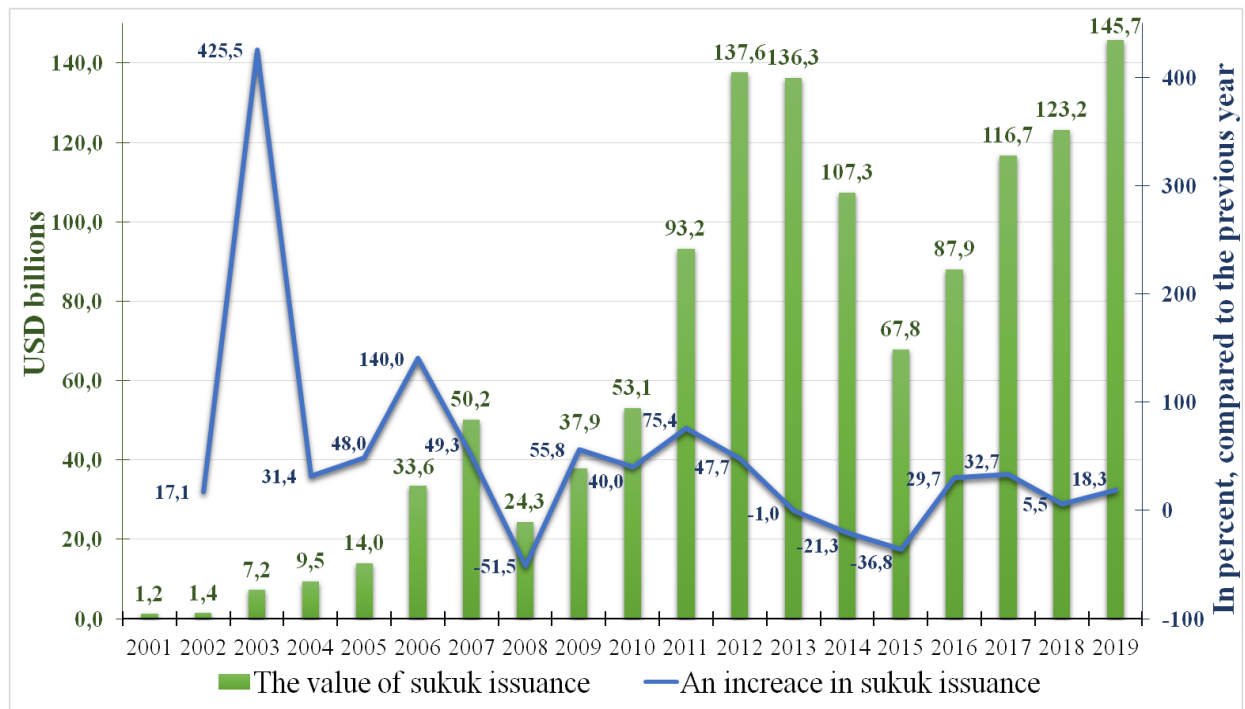


Figure 1. Dynamics of Sukukissuance volume in the world

Source: IIFM, 2020

There have been attempts in Jordan in 1978 and in Pakistan in 1980 to emanate Sukuk in its modern frame. But these attempts have fizzled due to inadequate infrastructure and level of straightforwardness in the advertisement. The primary successful Sukuk was released in 1990 in Malaysia at a cost of 125 million Malaysian ringgit (\$ 32.9 million). After that, no Sukuk was issued until 2001.

Sukuk started to grow quickly only in the 21st century and have been on the rise for the last 20 years. In 2001, 1.2 billion dollars a year. At the end of 2019, Sukuk was issued within the sum of 145.7 billion US dollars. Come to the U.S. dollar (Figure 1) and was the year in which most Sukuk was issued. This information indicates that for the past twenty a long time, huge speculations have been made through the issuance of Sukuk each year. Although growth rates vary, the implementation of annual emissions may indicate that there is a demand for Sukuk. By 2020, about \$ 1.25 trillion in sukuk was issued worldwide (IIFM, 2020).

The bulk of the Sukuk are issued for local investors and placed within the country. 76.7% of the Sukuk issued between 2001 and 2019 were local Sukuk (Figure 2). In 2019, local Sukuk were placed at a cost of \$ 107.2 billion, maintaining the growth trend of recent years. The largest domestic Sukuk issue in the past period was in 2012, at \$ 117.3 billion.

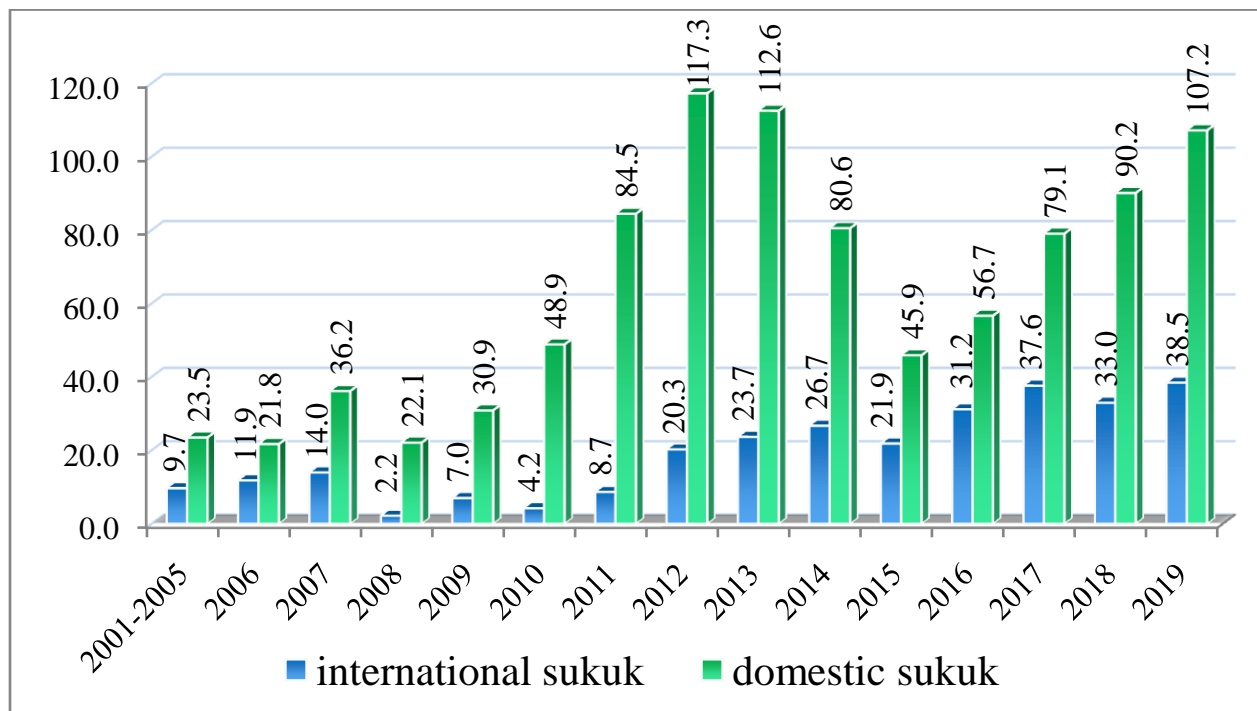


Figure 2. Dynamics of international and domestic Sukukissuancein the world (billion US dollars)

Source: IIFM, 2020

The share of Sukuk issuance in attracting foreign investment is developing. Amid the period beneath survey, \$ 290.6 billion worth of international sukukwere put, of which \$ 38.5 billion was for 2019. This is the highest annual figure.

Succulents with a maturity of up to one year are widely utilized to supply liquidity for Islamic financial institutions. Amid the period 2001-2019, short-term Sukuk issues worth \$ 441.7 billion were carried out, accounting for 35.4% of add up to Sukuk issues within the comparing period (Figure 3). Short-term Sukuk was the biggest issuer in 2012, with \$ 65.2 billion. Since 2015, the Central Bank of Malaysia has changed its policy on short-term Sukuk issuance and sharply reduced the volume of the global Sukuk market after reducing its issuance.

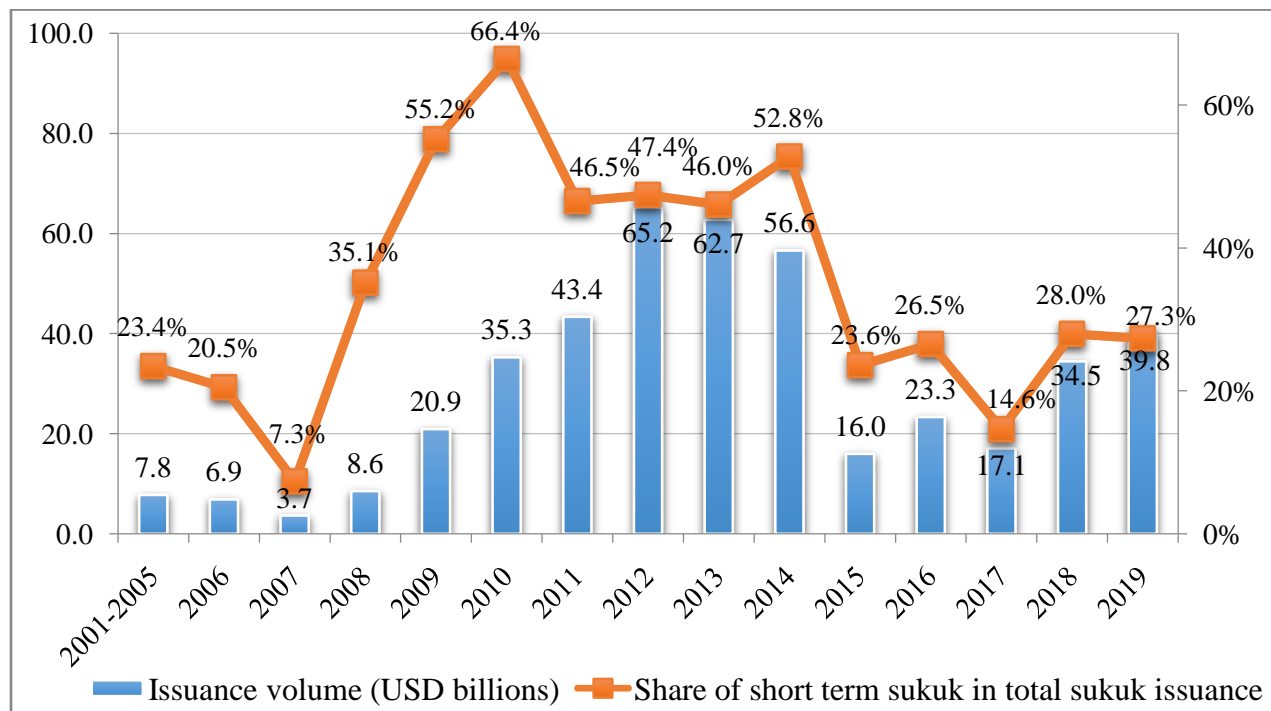


Figure 3. Dynamics of short-term Sukukissuance volume in the world

Source: IIFM, 2020

The bulk of the decrease was due to the shortterm nearby Sukuk. On the opposite, the volume of short-term international Sukuk, which was almost never issued in 2007-2012, has been reviving since 2013 and has been growing since 2014. The Central Bank of Bahrain has suspended the issuance of short-term universal Sukuk since 2007, whereas in 2013 a new market participant, the Worldwide Islamic Liquidity Management Corporation, started issuing these certificates. In 2019, 22.7% of short-term Sukuk issues were in the international category, while 77.3% were in the domestic category.

If the Sukuk issue is considered independently agreeing to the organizational and legal form of the issuer, it can be seen that the main part is issued by the state. State Sukuk accounted for 54.7% of the entire emissions in 2001-2019 (Figure 4). At the beginning of the period, corporate Sukuk won, and since 2008 its share has declined, falling behind state Sukuk.

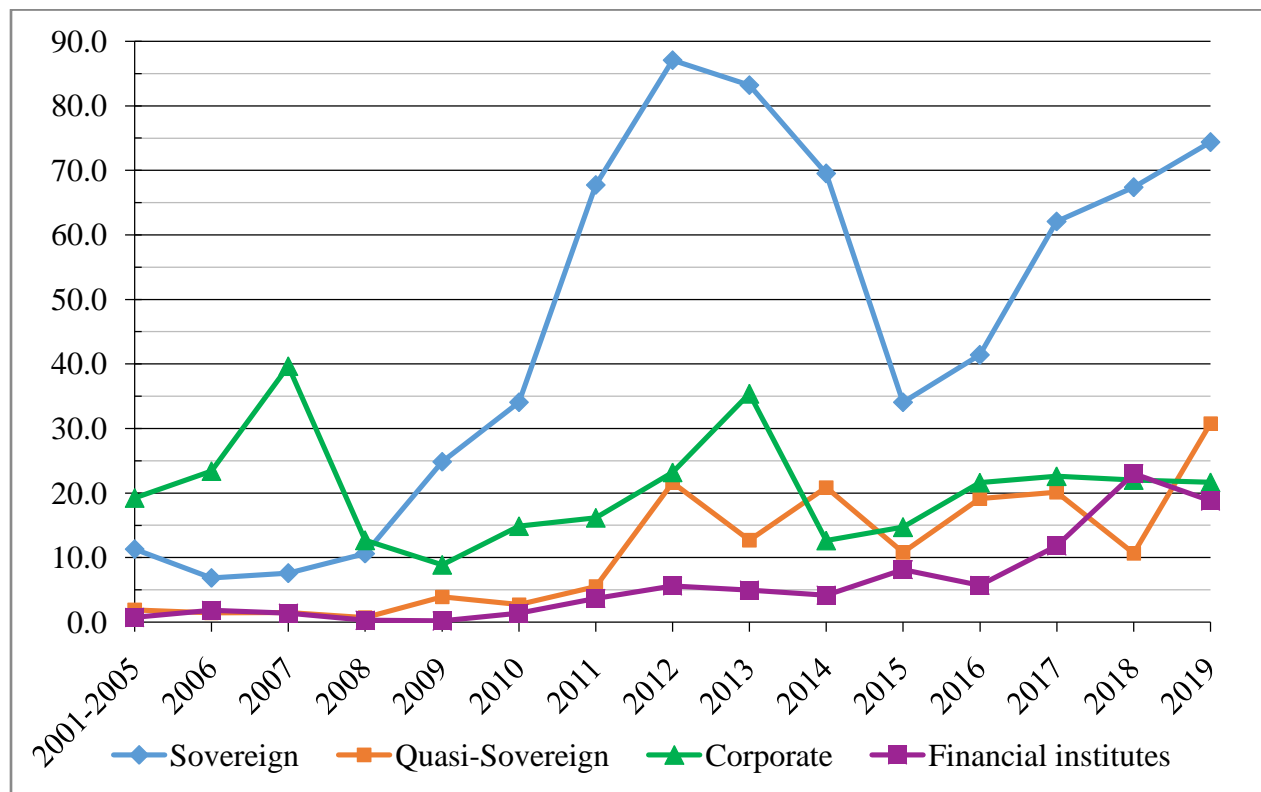


Figure 4. Dynamics of Sukuk issuance in the world according to the organizational and legal form of issuers (billion US dollars)

Source: IIFM, 2020

51.0% of the issue in 2019 will be a state, 14.9% corporate, 21.2% were quasi-state and 12.9% were Sukuk of financial institutions, and the combined share of state and quasi-state Sukuk was 72.2%. This demonstrates that ventures in public-private partnerships and infrastructure development ventures are being successfully attracted through Sukuk. Between 2001 and 2019, \$ 847.0 billion was invested in such projects. It should also be borne in mind the non-economic calculate of the effective placement of securities issued to back social projects. The Shari'ah emphasizes that generosity and generosity are among the noble qualities of man, which the interests of society takes precedence over the interests of the person. The issue of benefit in Islamic finance must be steady with social responsibility.

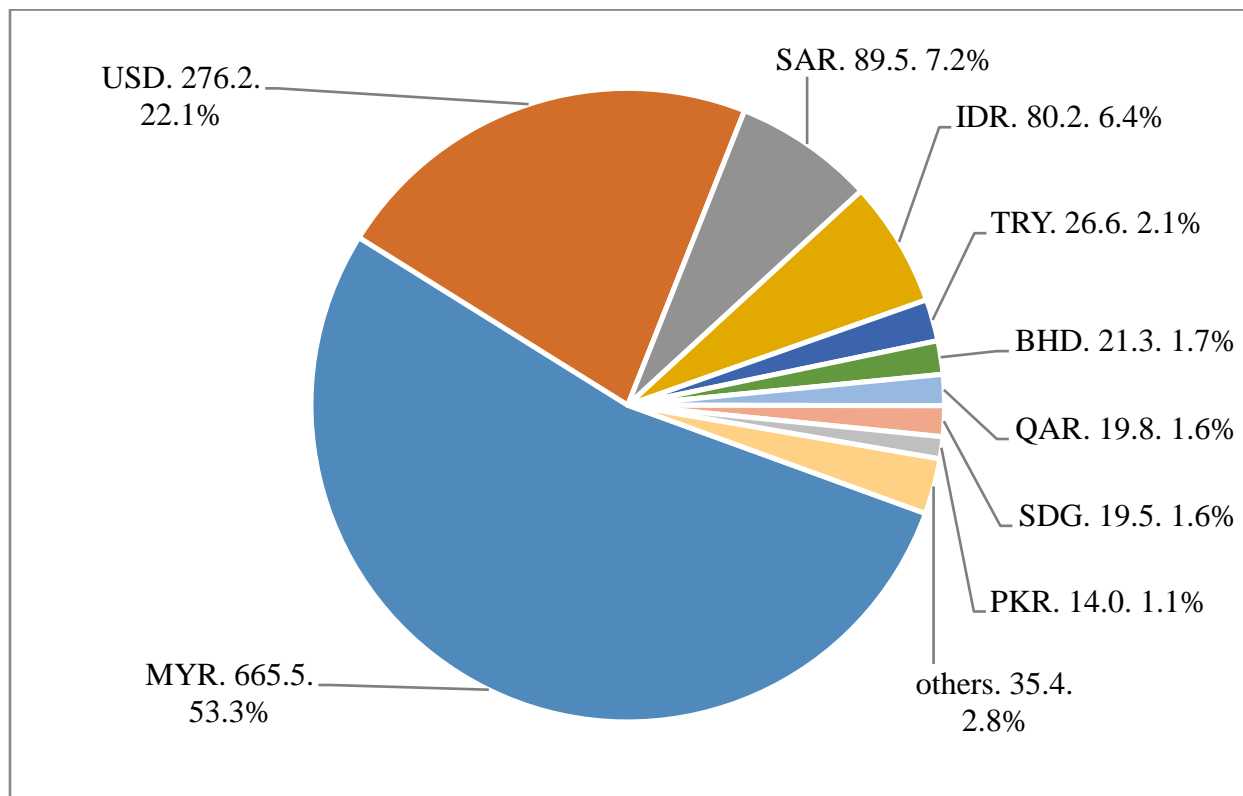


Figure 5 The volume of sukuk issuance in terms of world currencies, 2001-2019 (USD billion)

Source: IIFM, 2020

By the end of 2019, Sukuk was issued in 25 currencies around the world, in which the Malaysian ringgit accounted for 53.3% or 665.5 billion. The U.S. driven the way with a dollar value (Figure 5). In terms of currencies, the US dollar is within the best three with a share of 22.1% (276.2 billion) and the Saudi riyal with a share of 7.2% (\$ 89.5 billion). It is also the foremost issued currency in terms of the value of the Indonesian rupiah (6.4%, \$ 80.2 billion) and the Turkish lira (2.1%, \$ 26.6 billion).

In addition to the US dollar, the British pound, the euro, and the Chinese yuan, which are globally recognized currencies, also issued Sukuk, totaling \$ 283.0 billion. USD (22.7%). It is critical that this esteem is less than the esteem of worldwide Sukuk. This implies that international Sukuk is also issued in local currency.

CONCLUSION

Sukuk is the second biggest sector in Islamic finance, and its share is growing. Sukuk has been showing an upward trend over time. It totaled \$ 1.25 trillion. According to the examination of measurable information, the share of state and quasi-state as issuers of Sukuk is tall. The issue of Sukuk is mainly for local speculators. Due to the huge part of Malaysia in the production of Sukuk, the share of Sukuk produced in the Malaysian ringgit is also essentially higher.

Today in Uzbekistan, significant work is being done to create the legal system and make the infrastructure for the application of Islamic securities in the economy. Specifically, in October 2020, the draft Presidential Decree "On measures to present securities based on the standards of

Islamic bank” was examined. As an imaginative instrument within the stock advertises - the law is in line with the principles of Islamic fund, its fundamental client may be a wide section of the populace of Uzbekistan who follows the Islamic confidence. They play an imperative part in financing the genuine division of the economy by participating in the process of the joint investment in accordance with the share of investments.

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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: **10.5958/2249-877X.2020.00097.1**

AN IMITATION MODEL OF QUALITY UTILITY SERVICES TO THE POPULATION

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ABSTRACT

Analyzing development processes of each sector of the service sector, the sequence of choosing and modeling the main factors which influence their development are represented through simulation schemes in this article. Multi factorial empirical models were built on the example of the service sector which is provided to the population of Kashkadarya region, forecasts were given through them and suggestions and recommendations were given on the basis of obtained results.

KEYWORDS: *Service Sector, Complex Modeling, Econometric Modeling, Differential Equations, Static And Dynamic Parameters, Structural Analysis, Synthesis, Optimization, Multi factorial Empirical Models, Regression Equation, Correlation Coefficient, Darbin-Watson Criterion, Fisher And Student Criteria.*

INTRODUCTION

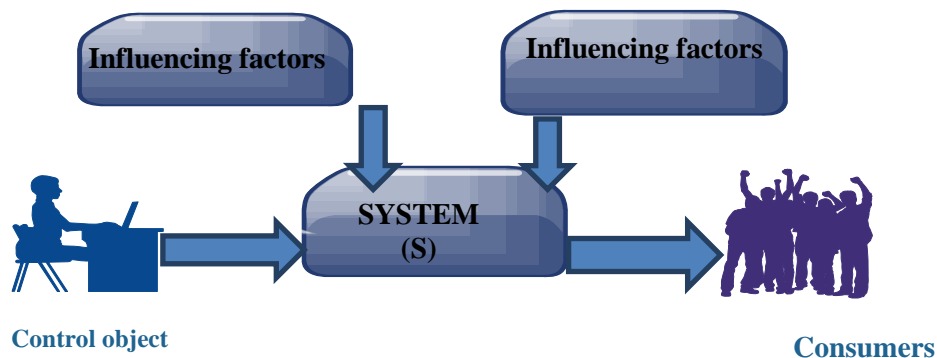
For developing countries, the development of the service sector is considered one of the most effective ways to improve the living standards of the population. The main task consists not only to increase the share of services in GDP, but also to expand its structure, to increase employment of population, to develop modern forms and technologies of services which fully satisfy the needs of the population.

The bulk of the employed population in developed countries, in particular, "80 percent in the United States and more than 70 percent in Japan, include share of the service sector"¹.

II. Methods

On the other hand, a number of U.S. companies own at least 50 percent of their manufacturing revenue through the sale of services which are related to manufacturing².

Using Figure 1 gives opportunity to accept analytical or imitation approaches which are developed in the form of appropriate language for modeling continuous systems or using analog and hybrid computational techniques in forming the process of continuous-determined S systems activity and evaluating their basic characteristics.



Picture 1. The relationship between the human and machine imitation system

The importance of econometric modeling of public service sectors is reflected in the followings:

The material, labor and monetary resources are rationally used;

It serves as a leading tool in the analysis of economic and natural processes; it will be possible to make some adjustments during the forecasting of the development of public service sectors;

It gives opportunity not only in-depth analyzing service sectors, but also discovering their unexplored new laws. They can also be used to predict the future development of service sectors;

It facilitates mental work along with the automation of computational work, creates the opportunity to organize and manage the work of personnel of service sector on the scientific basis.

In our opinion, there are the following actual issues which are waiting for their solution, in the development of the service sector: identifying classification of the types of services which are provided to the population, evaluating the nature of the service sector, developing a system of indicators of service sectors in current situation, improving the process of econometric modeling of development of public service sectors and forecasting it through them.⁴

Human creates and serves the object of service to himself. Because of this, it is possible to introduce the belief that services are for the human and performing the service is also a human. This means that both the producer of the services and its consumer are also human. This can be expressed as follows:

It is known that as a result of the service, the GDP of country will increase. This will be done in the following directions: a gross domestic product will be created in the conditions of market relations, as a result of service, irrespective of creating or non-creating a material wealth. Therefore, it is expedient to look at services not from the point of view of the creation of material wealth, but from the point of view of the creation of gross domestic product.

In the modern era of development of social and service sectors, the provision of services is gaining popularity. Therefore, the labor efficiency per unit of achieved output is required to be able to calculate fixed assets, material and financial costs.

Production and services have long been a part of human economic activity, social community life. The interaction among people as a social community institution of services, the existence of useful activities - are considered necessary condition of society and life of human. It should be noted that it is not exaggeration if we say that services will increase the level of development of society, not only at the level of its productive forces, but also taking into account its spiritual and enlightenment status.

In this study, we will mark public service sectors as a system by improving the development models of public service sectors as a basis for systematic analysis. At the same time, we consider a single object and the types of services as a collection of collected elements in order to achieve the goal. Namely, we will systematically study to increase the efficiency of public services and living conditions. These researched types of services are understood as interconnected integrity in their integrity. As a result of systematic analysis, the economic-effectiveness indicator will be determined.

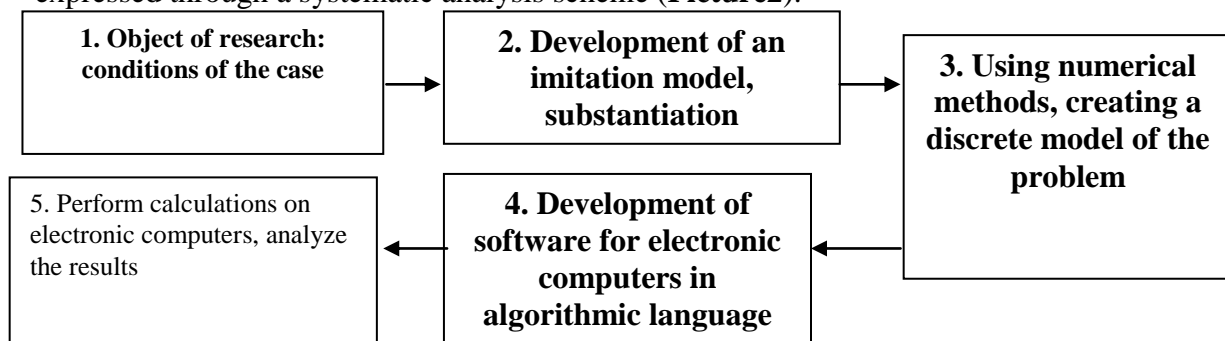
It should be noted that the attitude of the population to the service sector is formed in the conditions of social ownership to production tools, a single centralized system of economic movement, limited economic independence of enterprises.

In the condition of market economy, service enterprises operate in a variety of forms of ownership, full economic independence and competitiveness. This market involves the flexible use of different methods of house holding management and the choice of econometric models of service, in this case, it creates opportunity for rapid adaptation to changes in the external environment in a competitive environment.

III. Results and Discussion

Our goal consists of analyzing the service sectors in the region and improving its models.

I. First of all, modeling gives opportunity to express a large and complex system using a simple model. The process of providing services to the population is a very complex system. It can be expressed through a systematic analysis scheme (**Picture2**).



Picture2. Systematic analysis scheme

The mechanism of public service can be described graphically. Of course, this creates many problems.

II. The wide field is created for making experiments with the structure of the econometric model of public service sectors. We can determine the most optimal state of activity of service enterprises by changing several times the parameters of the model. We can experiment on electronic computing machines through this model and then we can apply it in life.

Experimenting on real objects can lead to many mistakes and huge costs.

III. The service sectors will be studied and analyzed in detail in order to create a model. After the model is created, it can be obtained new information about processes of service sector with using it. Thus, the process of service sector becomes a continuous process.

A systematic methodology of complex problems in the field of services is developed on the basis of a systematic approach and general concepts. During the analysis, we take into account the internal and external environment of the service sectors. This means that it must be taken into account not only internal factors, but also external factors such as economic, geopolitical, social, demographic, environmental and other factors.

Each system of the service sector includes its own service elements, while at the same time it reflects the low-level subsystem elements. In other words, the elements of the service sector will be interconnected with different systems in many ways, without interfering with each other.

The systematic approach is expedient for each element of its structural structure in ensuring the completeness of the public service system.

In order to do this, the service sector is considered as a complex system, quantitative and qualitative aspects of its expression laws are studied. Imitation has important role in the analysis of the activities of the service sector which is considered as a complex economic process.

The imitation model is constructed for each sector to predict the future state of the public service sector. The following tasks should be done in order to do this:

- forming database of service sector networks and factors which influence it;
- identifying the relationship between each service sector and the factors which influence it, the factors which influence it;
- developing a separate model for each service sector;
- examining developed models according to evaluation criteria;
- forming a database forecast on the basis of certain legitimacies of factors which influence forecasting through models which are considered significant;
- achieving outcome factors on the basis of databases and models.

In this case, special functions are reviewed, attention is paid to the algorithms of system operation. It is implied the properties which lead to the goal as function. In this case, performing functions of the system are evaluated on the basis of a functional approach. It creates opportunity to determine the activity of the system, to determine its status, to mark the management legitimacies of systems. An important aspect of this is considered appearing hierarchical subordination among these parts and reflecting it in the relative independence of these parts. This will help the population to develop an integrated systematic imitation model of all elements of its service sector on the basis of a single system.

Our task consists of evaluating the existence of strong and weak connections which influence the development of public service sectors. We use the correlation analysis method in order to perform this task. Because our goal is considered to evaluate the importance and reliability of the interdependencies which influence the development of each sector which serves the population. We measure the criterion of dependence which influences the living conditions of the population through correlation analysis, but we cannot determine the cause of the relationships.

We selected information which belong to the reporting years 2004 - 2018, these information

identified the areas of service and the factors which influence them, on the basis of certain signs (Table 1).

In this case, the factors which influence the development of each service sector are separately divided in the modeling. Therefore, we took the development of some service sectors as a factor which influences to other service sectors. The impact of influencing factors affects service sectors in different degrees. Selected factors may be involved in modeling once or more. Because we consider one factor as the main factor which influences each service sector, and we can consider another factor as the main factor which influences only one service sector.

TABLE 1 SERVICE SECTORS FOR THE POPULATION OF KASHKADARYA REGION AND THE FACTORS WHICH INFLUENCE THEM

Km_x – providing real estate services to the population of the region (in billion soums)	Y_1
A_s – total number of the population of region (thousand people)	X_1
I_{ba} – employed part of the population of the region (thousand people)	X_2
A_d – total income of the population of region (in billion soums)	X_3
K_m – capital investments of the population of the region (in billion soums)	X_4

We created the following functional view on the basis of the service sectors in Table 1 and the factors which influence them. A functional view of the empirical models which are structured for each sector of the service sector for the population of the region

$$Km_x = \varphi_6(A_d, K_m, Uyk_{xx}, M_x) + \varepsilon_6$$

Km_x – providing real estate services to the population of the region

We used statistical data from 2004 to 2018 to create multi-factoral empirical models through the service sectors for the population of Kashkadarya region and the factors which influence them.

TABLE 2 STATISTICAL DATA OF THE SERVICE SECTOR OF THE POPULATION OF KASHKADARYA REGION

Km_x – providing real estate services to the population of the region Y_6	A_s – total number of the population of the region X_1	I_{ba} – employed part of the population of the region X_2	A_d – total income of the population of the region X_3	Uyk_{xx} – providing education services to the population of the region Y_7
5,4	2378,2	769,4	541,7	3,9
7,8	2419,8	821,7	653,5	7,8
12,4	2462,2	850	850,3	11,9
14,1	2506,2	877,8	1068	15,2
18,3	2565,9	908,7	1376,6	18,9
26,7	2615,5	940,2	1803,4	32,3
31,4	2671	971,6	2380,4	39,3
40,6	2713,2	1003,7	2692,1	38,9
63,7	2762,3	1036,6	3186	46,2
89,5	2895,5	1072,3	3723,5	69,6

108,3	2958,9	1108,5	4304,4	89,8
136,9	3025,6	1143,9	4928,9	106,5
170,2	3089,4	1180,9	5597,1	131,1
191,3	3148,1	1218	6308,6	163,9
226,9	3186,8	1262,6	7063,8	227,8

The correlation matrix among the factors which influence the development of each sector of the service sector in Kashkadarya region, was calculated in the program EvIEWS 9.

$$Y_6 = -16,856 + 0,088 * X_3 - 0,028 * X_7 - 0,472 * X_{13} + 0,087 * Y_2$$

$$t \quad (-4,771)(8,456)(-5,193)(-4,717)(4,797)$$

We achieved the following efficiency when we analysed them with empirical models: As we can see from the table 13, the consistent implementation of the priorities which was set out in the Decree of our President "On the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021", empirical models which is built in order to develop service sector to the population of Kashkadarya region in the future and forecasting results which are obtained with taking into account the ongoing reforms in this sector, show the followings:

TABLE 3 FORECAST OF SERVICE SECTORS FOR THE POPULATION OF KASHKADARYA REGION (BILLION SOUMS / THOUSAND SOUMS)

Indicators	2019 (real)	Forecast years					
		2020	2021	2022	2023	2024	2025
Km_x –providingreal estate services to the population of the region Y_6 / per capita	533,06	603,86	679,97	761,53	848,70	977,6	1171,3
	164,13	182,50	201,79	221,98	243,06	275,2	324,1
	23,86	30,51	39,46	51,52	67,81	89,8	119,4

Providing real estate services (Km_x) will increase by 1,13 times in 2020 compared to 2019, and by 2,20 times by 2025;

Providing educational services ($T_{o,x}$) is forecasted to increase by 1,32 times in 2020 compared to 2019, and by 4,85 times by 2025;

CONCLUSIONS

It is necessary to econometrically model the management plans for the elimination of imperfections in the way of achieving the social goals which are set for the economic growth and living standards of the population and the development of the living conditions of the population. During 2017-2021 years (also, in next periods), it is expedient to develop long-term forecasts (2020-2025) in order to plan policy and projects which will be accepted as the part of action strategy of regional development of the region, plan technologic modernization and service sectors, intensive development of infrastructure, orient them to the welfare of the population.

In the current situation, the service sector to the population offers a variety of additional services, the main content of these services composed of releasing the population from the anxieties in living conditions, improving the quality of services and achieving to live in meaningful daily life.

As a result of the research, recommendations are made on forming the methodology and development goals of the service sector, choosing options for decision-making methods and evaluation criteria variants, developing optimal options.

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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Reviewed International Journal)



DOI: **10.5958/2249-877X.2020.00094.6**

BUILDING GLOBAL BRANDS ON THE WEB

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ABSTRACT

Emergence of web as a strong medium of strategic communication has given rise to a new platform to advertise and establish the brands making it necessary to formulate appropriate branding strategies. Branding weather online or offline are strategic decisions that need a different mindset. It is found that in brand building maximum focus is to be given on enhancing the benefits to the customer. Branding on web with given suggestion will facilitate value addition to the services and help in creating brand loyalty that resulting in a win situation for the organization and the customer both. Present paper focuses on some of the issues involved in brand building on the web. Another of this paper have studied these issues in detail and have suggested models for branding in the digital age.

KEYWORDS: *Advertisement, Buying Decision And Awareness*

INTRODUCTION

The World Wide Web is poised to become a standard medium for advertisers around the world. Internet advertising revenues currently remain small relative to traditional media, but with astronomical annual growth rates reported. That they are projected to reach overtaking magazine, cable, yellow pages and radio advertising spending. A comparison of traditional media and the internet reveals that the internet has now been accepted as an important stand-alone advertising medium. The important elements in its favour are the growth in usage, the demographics of users, the higher effectiveness and the competitive efficiency of the internet. Though the strengths of the internet are many, there are specific weaknesses like the lack of consistent

standards of measurement, inadequate sophistication of pricing and placement standards\ Paucity.

With the growth of number of users, the internet is increasingly seen as a commercial medium with immense potential for information sharing, market transactions, advertising and promotions. Many internet service providers (ISP) now offer internet-connectivity to the masses, and this is changing the profile of users on the internet. For some advertisers, the internet has proved valuable and for some others, an expensive failure. Why will they fail? & how might they have succeeded? This paper seeks to address some insights for different advertising options on the internet for building & managing global brands, an e-community, and location aspects on the internet.

ADVERTISING ON THE INTERNET MEDIA

Internet media for advertising consist of e-mail, Usenet, and the World Wide Web. Internet advertising tactics differ in the degree to which the advertisement is “pushed” onto or requested (“pulled”) by the consumer. Internet advertising that uses a push strategy is akin to traditional advertising: the marketer delivers the communication to the consumer at the marketer’s choosing retaining control over when, where, and how the advertising message delivered.

Advertising delivered via e-mail and Usenet typically involves push strategies. As will be discussed if such strategies are done improperly, it can lead to considerable backlash. With pull tactics, consumers have control over advertising exposure. That is consumers seek most common on the World Wide Web. By using software such as Netscape, consumers can simply input the addresses of websites they wish to visit and directly access the information available there.

The Internet As Medium Presents Great Advertising Opportunities For Marketers Mainly Due To Six Important Reasons:

- **Target market selectivity-** the web offers marketers a new and precise way to target market segments [demographics, geographic, and psychographics].
- **Tracking-** Internet allows marketers to track how users interact with their brands and to learn.
- **Deliverability and flexibility-** Online advertising id delivered twenty-four hours a day seven days a week for the convenience of the receiver. Whenever the receiver is logged an active, advertising is there and ready to greet them.
- **Interactivity-** A lofty and often unattainable goal for a marketer is to engage a prospective customer with the brand and the firm.
- **Cost-** While the cost-per thousand numbers on reaching audiences through the web are still relatively high compared to radio or television, the cost for producing a web ad is relatively low. This includes both banner ads and websites.
- **Integration-** web advertising is easily integrated with other forms of promotion. In the most basic sense, all traditional media advertising being used by a marketer can carry the web site URL.

Different Advertising Options On The Internet For Building And Managing Global Brands

- **Banner ads:** Banner ads are paid placements of advertising on other sites that contain editorial material. With banner ads, consumers not only see the ad but also can make a quick trip to marketer’s home page by clicking on the ad (called “click-through”). Thus the challenge of creating and placing banner ads is not only to catch people attention but also to

entice them to visit the marketer's home page and stay for a while. The reason for the popularity of the banner advertising has been mainly because advertisers believe that they understand them. To regular media advertisers the banner advertisements look deceptively like 'real-world' magazine advertisements. It is this superficial similarity that seemingly makes it acceptable to the web users as legitimate in context.

- Pop-up-ads: It is an advertisement that appears as a web page is loading or after a page has loaded. A surfer wants to go to a certain site but has to wade through an as page first, just a television viewer must watch a commercial before seeing a favorite show. It is often not merely a word from a sponsor, but invitations to link to another related site. A pop-up as opens a separate window. The more times people click on these ads, the more money can be charged for the privilege of advertising.
- E-mail communication: E-mail communication may be the internet's most advantageous application. Through e-mail, the internet is the only "mass" medium capable of customizing a message for thousands or even millions of receivers. The message is delivered in a unique way, one at a time, which no other medium is capable of doing, E-mail advertising is expected to grow from about 3 percent of total advertising in 1999 to about 15 percent of the total in 2003. The attitude toward e-mail varies, of course, depending on whether people for e-mail to be delivered. When web users agree to receive e-mails from organizations, it can be called permission marketing.
- E-mail and listservs marketers can encourage viral marketing. Viral marketing is the process of consumers marketing to consumers over the internet through world of mouth transmitted via e-mails and listservs.
- Corporate Home pages: it is a web site where a marketer provides current and potential customers detailed information about the firm. The best corporate home pages not only provide corporate and product information, but also offer other content of interest to site visitors. A variation on the corporate web site is setting up a site and placing it inside a virtual mall. A virtual mall is a gateway to a group of internet store-fronts that provide access to mall sites by simply clicking on a category of store.

Managing the brand in an e-community

The internet, in addition to providing a new means for marketers to communicate to consumers, also provides consumers a new and efficient way to communicate with one another. In fact, the social aspect of the internet is one of the most important reasons for its success. One of the reasons, members of the communities, like to get together is to share their experiences in using the brand. They can share what they like about the brand and what it means to them, or suggest places to go to buy replacement parts or have the product serviced.

However, marketers need to be careful not to alienate members or turn them off of the brand. These consumers can also share their dislikes about recent changes in the brand and its advertising, rejecting them if sever enough. Since the internet makes it easier for members of these communities to interact, brand communities are likely to proliferate in coming years. Consequently, dealing effectively with these communities will be one of the challenges facing marketers. Of course, this creates new management issues as well. One of the most intriguing ideas for marketers has been how to access and use consumer world of mouth. The internet has made the collection and management of this data much easier.

We also need to realize that using the web, as a brand builder is not reserved just for consumer brands. Business products marketers are discovering the power of the web for brand building as

well. Plus, from a corporate perspective, the web is an ideal global medium, as Arthur Andersen, the global consulting firm, discovered when it set out to revamp its brand image.

Benefits of e-Branding

According to global internet marketing inc., the off-line market is saturated. Daily we are exposed to around 10,000 brands while less than 5 percent of new brand launches survive 5 years. Online global brand building means addressing 154 million internet users spread across 242 internet national domain locations. Another impressive fact to consider. It took more than 50 years for coca-cola to become a world wide market leader, but only five years for online search engine yahoo! To gain market dominance. The role of the brand has changed dramatically and has created a vacuum between offline and online brands. That's because offline brands lack interactivity. They are passive. Offline brands can only communicate one way via television, print and radio. Online brands "listen" to the consumer, learn from them, and react based on the consumer's needs. This new skill- this interactivity – is an online brands strongest asset. It enables the brand owner to form a one-to-one relationship with the consumer.

Problems in e-Branding

Plentiful product information may not alleviate all the problems of consumer search for two reasons. First, despite the increased availability of product information, it is still not costless to obtain. On the internet, search for information may involve a non-trivial navigation of hyperlinks between web sites and an intelligent usage of the search engines and directories. For many users, especially those inexperienced to the internet, finding product information may be frustrating. Second even with the information available, some uncertainty about product quality is likely to linger. Although some product characteristics can be easily illustrated or described on a web site, other product characteristics require consumption before their quality are known. For example, firms that sell food products from their web sites could state the price, ingredients, and availability of its product, but it would have difficulty in both verifying the truthfulness of this objective information and describing subjective information, such as flavor or feel. As a result, some residual uncertainty about the product features is likely to remain. The costs of search and the unverifiable nature of some product characteristics pose challenges to consumers. Both problems limit the amount of confidence a consumer may have about a product's quality.

Brand building in the digital economy

Branding on web needs even more attention and proper strategy formulation. There is a need for building revenue producing online brand by developing a campaign that sells the value of goods or services. As a result of an in depth observations of well established brands and through structured interviews of personals directly related to brand development on the web, we could develop certain "Guidelines" for development of effective brands on the web.

- Competitor's analysis: one can't build a unique brand without knowing the layout of the digital and real world. The beauty of the web is that it is an instant/ready to use, any time resource for analysis and one can find out quite a lot from competitor's web sites about his/her strengths/weakness and plan own strategies.
- The definition of SWOT needs to be changed: one should not over emphasize own strengths. Rather one should try to have competitor's insight, strengths, and weaknesses. Opportunities should be identified on right time, rather before time, as they don't exist for all but for fast

strategic movers and the threats are disguised opportunities. Instead of learning from the own experiences and failures, it is always wise to learn from others experiences.

- In fact success of business is determined by six simple words “FIND A NEED AND FILL IT” or better “CREATE A NEED AND FILL IT”: Accordingly it is necessary to properly and timely identify the target customer, as everything flows from this. It is difficult to conceptualize one’s creative, graphical imagery content, or what type of online media should be deployed, until the size and characteristics of target audience is known.
- Revenue producing brands should be created: this translates to marketing campaigns that deliver sales. This refers to developing messages that speak to the audience.
- In case of a new entrant one needs to develop some branding with other complimentary partners. Who have established names in market. This can include joint announcements. Co-branded pages. Direct marketing. Or opt-in e-mail pieces etc.
- Value our customer: treat your customer as Atithi- who visits without any prenotice & as a good host we should make every moment enjoyable for him, no matter for how much time he is with us. This will facilitate his revisit that can always be capitalized.

Essentials for a good web brands

If the brands are to survive on the internet, brand owners need to develop conversations with markets. Firms need to communicate directly with the customers so as to continuously develop additional customer relevant values.

Fate of a brand on the web is decided much by its domain name. it should be self explanatory about the product, easy to remember and understand. As we see in case of Bisleri, a generic name for mineral water, its domain name is www.bisleri.com that is self –explanatory about the product.

An effective web brand should represent an entire customer experience. Starting from the home page, website design, page navigation and online support, all play an important role in making a web brand successful. Customer’s expectations and desires need to be fulfilled. The immediate customer experience is significant for online branding. Hence the look and feel of the website and the quality of the interface is the most important way to communicate its brand.

Transforming “online billboard” into an actual destination for online “surfer”

The best way to convert a stranger into a potential customer is to actually get him or her to sample the product first. Therefore, in the world of internet, there is no better way to build awareness than to drive a qualified user to a site, to see it and explore the features. When a customer visits a site, he should be provided with proper facilities. To top the list, proper provision for online transaction, attractive pricing, proper product exhibit with three dimensional picture, product specification in the simple language, contact information such as online fax, phone and email addresses etc. are some of the essential items to be put on website.

- Online buyers should get extra advantage that can be in the form of proper customer services, guarantee, after sales services, money back offer and interactive facility etc. Automated email follow-ups may be used that keep reinforcing the brand name one is selling. A bulletin board helps consumers interact with each other.
- A site should display in such a way that the transaction is smooth and does not take much time. SHOPPER’S STOP, has reduced its buying process from 8 to 3 clicks, resulting in increased number of customers.

- Earning and retaining a loyal customer is most significant. So every effort should be made in order to get proper feed back that can be helpful in establishing credibility of the product and the organization.
- All online campaigns can only be successful if they are backed by proper offline advertisings. As we have seen in the case of epathra.com, the first e-mail portal of the world was promoted through both the online as well as offline advertising.
- Reaching specific customer is one such highly customized factor which none of other communication medium provides. Due to this proper targeting of the customer is possible.

The 12-point VIJETA MODEL for effective Web Branding

To develop a brand building & managing model, an in depth study of various websites and analysis of their presence was carried out by a limited survey of 2650 regular web surfers. The questionnaire aimed at finding out the views of respondents on their web visiting behavior depending up on the web characteristics. Based upon the analysis of results the Vijeta model as given below has been developed.

- a) Displaying products compellingly.
- b) Designing a Site that Builds Trust.
- c) Creating Special Offers to Boost Sales.
- d) Improving the Product Description Copy.
- e) Overcoming Barriers to Order Completion.
- f) Using HTML E-Mail to sell your products.
- g) Improving Store Navigation to Increase Sales.
- h) Fine-tune Ordering System to Encourage Sales.
- i) Employing Color and Graphics to Stimulate Sales.
- j) Increasing Sales through Cross-Selling and Up-Selling.
- k) Structuring Shipping Charges.
- l) Redesigning On line Store's Display.

CONCLUSION

Succeeding on the web can be made easier if we know the strengths of the product. The key is to offer the customer something extra without additional cost. Present consumer's consciousness and awareness has made the companies awake from their long sleep. As consumer surfs the site, he should be made to feel confident to get an added advantage. The most important part is that customer should feel satisfied by his act. This is all possible if proper branding strategy is formulated and acted upon. Web world is full of information but everything should not be poured on the customer at one go. Rather adequate information on right time in right format should be supplied.

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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: **10.5958/2249-877X.2020.00098.3**

THE ROLE OF INNOVATIVE ECONOMIES AND CLUSTERS IN THE ECONOMIC DEVELOPMENT OF REGIONS

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ABSTRACT

This article theoretically describes the role of business clusters in ensuring an innovative economy, the main conditions for ensuring innovation, and methods of merging businesses on the basis of equality.

KEYWORDS: *Innovation, Business Cluster, Infrastructure, Externalization, Competition And Cooperation, “Spin-Off”, “Knowledge Filter”.*

INTRODUCTION

The following priorities are crucial in the development of the country's regions: Institutions, Infrastructure, Innovation, and Investment.

Modern secular trends are associated with a new type of economic development, in which innovation becomes the main vector of development, based on the constant change and renewal of the production base, goods and services, technology. Global information networks and cooperation in business, culture, science and technology play an important role in this. That is, the creation of a new type of global information space that ensures the functioning of knowledge and has a significant impact on the emergence of the economy, in which knowledge plays a key role, and knowledge production is the main source of economic growth.

THE MAIN FINDINGS AND RESULTS

Scientists around the world have made many comments about the conditions for the economy to be innovative.

Chinese scientists Liu and Chen can see business clusters as a tool for achieving high innovation activity of regional economies, industries, individual businesses. This is due to the ease with

which cluster members have access to in-depth analysis and structurally perfect market and unobtrusive data that allows them to respond quickly and adequately to environmental changes and consumer demands [2].

Ketels and Solvel cite three main reasons why innovation development is associated with clusters:

1. The need to reduce technical and economic uncertainties;
2. The need to support the interaction of cluster participants;
3. Direct contacts and information exchange, interest in the creation of new valuable knowledge [3].

In our view, the economy will be innovative when:

1. The main role of scientific knowledge in society is highlighted; there is a positive acceptance of new ideas and technologies by the state and society, readiness for the transfer of knowledge, their practical implementation in various areas of activity;
2. Automation and computerization (digitization) will be carried out in all branches and sectors of production, management, as a result of which the infrastructure will be developed to ensure the creation of sufficient information resources to support the growing scientific and technological progress;
3. Infrastructure has been formed that can carry out processes aimed at the production of competitive products and the introduction of high technologies with efficiency and flexibility;
4. There will be radical changes in the social structure, leading not only in production, but also in management and education, leading to the expansion and activation of innovative activities;
5. A system of training and retraining of professionals will be created, which will effectively implement complex projects in the field of innovation, production, as well as the development of social networks (including regions).

RESEARCH METHODOLOGY

The article makes extensive use of the observation method, which is a traditional research method. Emphasis is placed on induction and deduction methods in highlighting the role of the cluster in ensuring the innovation of the economy and the development of the region. The statistics were covered by a comparative method, and brief analyzes were conducted.

Analysis and discussion of results

An important condition for development is the presence of innovative activity at all stages of governance, as well as the existence of innovative infrastructure that will become a basic component of modern society, the foundation of an innovative economy.

The innovation infrastructure consists of interconnected public and industrial institutions (organizational-managerial and design-technological systems, business structures, research organizations, universities, individual scientists and inventors), necessary for the effective conduct of innovative activities.

Currently, the following areas are traditionally considered to be positive in clusters:

1. Labor productivity; 2. Innovations; 3. Creation and support of business structures [1].

The concepts of “innovation” and “business cluster” are used to talk about the innovative development of regions.

Business clusters are voluntary associations of independent economic entities in the context of territorial, sectoral, cultural proximity. They complement each other with a product, a resource, a technological process, as well as are interconnected through material, intangible, information flows.

Under the concept of innovation is the ability to generate (move) supported innovations in an extended cycle of production. This can be supplemented by the constant introduction of innovations that support and develop innovation in the practice of business entities.

It has been repeatedly confirmed that within business clusters, economic entities have a stronger understanding of the need to use innovative approaches.

It is no exaggeration to say that the network nature is the root of business cluster innovation. The desire of business entities to combine opportunities to withstand strong competitive pressures is a motivating factor for entering clusters in an economic environment. The network character provides high flexibility to clusters to changes in the external environment, structural transformation, interactions between participants, the emergence of new structural elements, and so on.

When small and medium enterprises have modest capacity and combine into clusters, they are forced to generate product-related innovations to achieve, maintain, and increase a high level of competitiveness. By merging into clusters, they maintain high flexibility, flexibility, and mobility, translating these features into the entire cluster merger. As a result, a unique environment is formed in the cluster based on informal contacts and connections that give the data exchange the characteristics of diversity, multidimensionality, intensity and dynamism.

The functioning of the cluster as a single organism is ensured by the infrastructure elements created by aggregating the resources or expanding the functions of the participants of the cluster, the connections between the elements of the cluster. These include interoperability institutions that increase the effectiveness of intra-cluster communication and, as a result, increase innovation, allowing participants to reconcile economic interests, identify points of conflict of interest, and develop joint projects [4, p. 360].

Localization, which occurs as a result of the “scale effect” that occurs against the background of competition and cooperation (competition and cooperation) in the interaction between cluster participants, is associated with positive effects, including positive externalities - externality.

The term externality was coined in 1920 by Arthur Pigou, a British economist, a student of Alfred Marshall, a representative of the Cambridge Neoclassical School, in *The Economics of Welfare*, and refers to the third-party influence of market transactions.

A transaction is a minimal logical transaction between people, such as a transaction, the transfer of money from one account to another (unit of communication, communicative evidence).

A classic example of a positive externality in terms of production is the beehives in front of the apple orchard: while the bees affect the increase in apple yield, the apple tree flowers serve to increase the honey harvest, while their owners do not enter into market relations.

Nowadays, the “decentralized factors” play a decisive role in the choice of a place or partner by firms, first of all - knowledge. Intense competition for individual regions and a sufficient amount of open knowledge lead to the emergence of urban externals or Jacobs externals [5].

It also highlights the diversification externals that arise in the exchange of various mutually beneficial ideas between members of a cluster organization. All of the positive effects shown will enable cluster participants to increase their growth rates and competitiveness.

There will be objective forces in the clusters that will attract participants to each other, as well as “push” them to prevent their complete “swallowing”, the loss of independence, individuality. In economic clusters, the role of such power is played by competition and cooperation. Cooperation and cooperative relations do not eliminate competition; the internal competitive environment creates additional incentives for the development of innovative opportunities of participants.

The simultaneous presence of cooperation and competition in clusters leads companies to have more information about the activities of their competitors in the market, the ability to compare their performance with the performance of competitors, which allows making adequate management decisions, increasing internal efficiency of the firm [6].

Clustering processes exhibit dynamism, in which some independent units join a cluster under the influence of central forces, while others experience centrifugal forces and leave the cluster. Therefore, the boundaries and configurations of cluster structures are characterized by instability, variability. Free access of business entities to and from business clusters, ie the fact that this process takes place as a result of the need for cooperation or competition, the absence of formal processes in terms of entry and exit, full preservation of individuality are important factors in the innovation of the cluster. This way of uniting attracts new participants to come up with their innovations, resources, experiences. This supports innovation by improving the mechanisms of “walking” innovations and involving them in the practice of economic activity [4, p. 361].

The development of complementarity between elements, the generalization of a certain part of the resources of the participants and the common resource base created as a result of sharing also allow to increase innovation in clusters, flexibility to the external environment. In many cases, these can be underutilized capacities, semi-finished products, as well as intangible resources: resources that encourage the emergence of unexpected projects such as knowledge, information, skills, experience of workers and professionals.

The proximity of the location, the availability of a communicative space and the development of communication between organizations and professionals ensure that the information flow within the cluster is faster than under normal conditions. "Intellectual flows" appear in the form of the circulation of various information, which is a powerful factor in the development of the cluster and the region [7].

The rapid spread of formal (coded) and informal (uncoded) knowledge and other information is characteristic of efficient clusters. Informal knowledge can only be transmitted at the individual level, where they play a major role in the creation of new technologies and the improvement of old ones [8].

Technological changes in the company are directly related to the increase in the share of highly qualified employees [9]. Having creative staff is important. There is a theory of "creative capital", which is a powerful factor in the economic development of regions that are opposed to social and human capital [10].

The region's training policy and the creation of conditions for the training, living and activities of talented professionals will lead to the accumulation of "creative" capital, which will have a significant impact on the development of the region.

The Swedish experience shows that the gross regional product per unit area is correlated with the regional distribution density of highly educated workers [11].

This can be seen in the case of Uzbekistan: the main higher education institutions in the country are located in Tashkent, the most industrialized region is the capital region. In particular, Tashkent region and the city take the leading place in the total volume of industrial production of the republic (Table 1).

TABLE 1 THE SHARE OF REGIONS IN THE TOTAL VOLUME OF INDUSTRIAL PRODUCTION IN THE COUNTRY

	2000	2005	2010	2015	2018	2019
Republic of Uzbekistan	100	100	100	100	100	100
The Republic of Karakalpakstan	2,3	1,8	1,8	2,4	4,6	4,3
Andijan region	8,2	10,7	12,3	10,0	11,7	12,7
Bukhara region	6,7	4,7	4,4	5,3	3,7	5,1
Jizzakh region	1,1	1,7	1,4	1,5	1,5	1,6
Kashkadarya region	8,5	13,0	13,0	8,9	6,2	3,3
Navoi region	11,2	15,5	10,6	9,5	9,7	14,3
Namangan region	3,6	3,0	2,6	2,9	2,8	3,1
Samarkand region	5,2	3,5	5,3	6,2	5,7	5,9
Samarkand region	2,3	2,0	2,0	2,0	1,4	1,4
Syrdarya region	3,3	2,7	2,4	2,9	2,2	1,6
Tashkent region	16,4	16,3	14,4	14,8	16,0	18,0
Fergana region	13,2	9,4	8,6	7,3	5,8	6,8
Khorezm region	2,6	1,9	1,6	2,7	2,7	3,2
Tashkent city	15,5	11,3	18,3	19,5	18,4	17,6

Source: State Statistics Committee of the Republic of Uzbekistan

According to Table 1, in 2018, the share of Tashkent region and the city was 16.0% and 18.4%, respectively, with the lowest rates in Surkhandarya and Syrdarya regions. It should be noted that the number of higher education institutions in these regions is low, and the rate of access to higher education is one of the lowest in the country. It can be observed that the correlation mentioned above also exists here. Increasing the number of institutions that provide higher education in the regions will not yield the expected results overnight, as the reform in education will bear fruit after many years. However, the proliferation of structures such as business clusters, including research institutions and educational institutions, can accelerate the pace of results.

The aggregated results of the research and the developments of individual companies, as well as the externalities associated with the dissemination of these results in nearby regions, will have a positive impact on the development of the region both in the short and long term [2].

The birth of new economic units leads to a qualitative change in the composition of cluster participants, which in turn leads to a gradual increase in the intensity of competition. There are two stages in the emergence of new firms that have a positive impact on the cluster:

- 1) Improvement of performance due to increased productivity in existing companies;
- 2) Qualitative and quantitative economic growth in the wake of the disappearance of relatively inefficient links and the influx of competitive business structures.

For the positive impact to manifest itself at both stages there must be competitive pressure and opportunities for successful business development within the relevant market. The necessary conditions for this are in the clusters: the openness of current market data, the absence of restrictions on the creation of new businesses (at the expense of accumulated resources), the presence of a spirit of cooperation and competition.

In cluster structures, the "spin-off" method of business formation (English spin-off - rotation, twisting, holding) is a fairly effective process. In this way, the founders of the new enterprise use the experience gained by working as employees in the already existing players of the market. This situation prevents you from making many mistakes and helps you organize the work of the new company better.

The spin-off is intensified by the technological success of cluster participants, which in turn leads to an increase in the number of market participants and the regional employment rate.

An important result of the increase in the number of cluster participants is the passage of the "innovation filter of knowledge", ie barriers to the realization of innovative achievements, their placement on a commercial basis. Investment in research and development in developed and developing countries is slightly lower than the rate of innovation and economic growth, which is explained by the lack of a direct relationship between the amount of investment in research and development and their benefits [12, p. 16; 13].

Successful transition from the "knowledge filter" in regional innovation clusters is achieved through the formation of research and innovation networks: research, design, development and testing, infrastructure organizations and industrial enterprises, interconnected with coordinated goals and integrated resources in various innovative projects.

The increase in the number of new business structures, the increase in the level of integration into scientific and innovative networks due to the formation of the information space with the flow of scientific and innovative knowledge, the creation of collective intellectual property, gross innovative product, competitive advantage, ie leads to the "conquest" of the "knowledge filter" [14].

The forces of influence listed can reinforce each other. In this case, the knowledge collected and circulating within the cluster structures acts as a connecting element, as the information supported and provided by the cluster participants is the basis for increasing productivity, increasing innovation activity and attracting other players to the market.

It should be noted that the process of clustering of sectors of the economy continues in our country, their share in the economic sphere is growing. In particular, 97 clusters are currently operating in the cotton and textile industry, and 2 million 794 thousand tons or 90.6% of the 3 million 82 thousand tons of raw cotton produced in 2020 were produced by the clusters. Despite declining global demand in the face of a severe pandemic, textile exports in January-October 2020 increased by \$ 209.9 million compared to the same period last year, for a total of \$ 1.5 billion. This indicates that the creation of business cluster structures in the cotton and textile industry is bearing fruit.

The following group of indicators is used as criteria for assessing the strategic competitiveness of countries by the method of the World Economic Forum:

- 1) technological (innovative) level of the country;
- 2) development of state institutions;
- 3) the state of the macroeconomic environment [pages 15, 62-63].

This block of indicators is fully consistent with the advantages of the cluster, which extends beyond the structure with positive externalities that improve the quality of the economic environment of the region. There are other business entities that increase their innovation activity in the mentioned economic environment. They contribute to the formation of the innovative potential of the region, the development of the innovation system.

CONCLUSION

By the way conclusion, the active development of innovations will improve the economic system of the region, improve the resource base, increase the share of skilled, intellectual and creative labor, as well as the predominance of location-related factors. The practice of business management will be improved, there will be a transition to a higher technical and economic structure. All this leads to the development of science and education, small business and private entrepreneurship, economic growth and welfare of the population.

Innovative potential will significantly increase in the context of effective governance, which in turn will serve to improve the macroeconomic situation. This means that the competitive advantages of the cluster allow it to ensure high competitiveness not only at the regional level but also at the national level.

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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: **10.5958/2249-877X.2020.00099.5**

USE OF MARKETING STRATEGIES TO INCREASE THE COMPETITIVENESS OF LIGHT INDUSTRY ENTERPRISES

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ABSTRACT

In this article, the need to formulate marketing strategies of light industry enterprises is associated with effective functioning in the competitive environment formed in the market of this network in our country, the displacement of imported goods from the domestic market, effective functioning in international markets and active cultivation.

KEYWORDS: *Marketing Strategies, Competitiveness, the Target Market, Achieving Goals, The Competitor, Analysis Of Market, Development, Capabilities.*

INTRODUCTION

Features of the marketing strategy at light industry enterprises are that the tasks that are performed and planned for the future are to take into account the circumstances, changes and emergency conditions that are not directly related to the company's activities, to ensure the consistency and efficiency of the company's activities.

It is important to coordinate the capabilities of light industry enterprises in the market situation, set the means to achieve their goals, develop new sales markets, develop and implement marketing strategies to improve their quality and competitiveness in the domestic market. In this regard, the third direction in the strategy of actions for the development of Uzbekistan for 2017-2021 is defined as "development of new products and technologies in printed products in priority areas of economic development and liberalization", and on this basis ensuring the competitiveness of national standards in the domestic and foreign markets."

In the context of economic modernization, the marketing strategy is important for light industry enterprises for the effective implementation of their activities, thanks to this strategy, the

company's capabilities are consistent with market requirements and determine marketing research and prospects.

In order for any company to operate effectively in the market, it is important that it chooses its own marketing strategy and implements it, improves it. The capabilities of the Bund enterprise are coordinated with the requirements of the market, the marketing strategy is developed on the basis of market research and determining prospects, studying products and consumers.

Today, the light industry of Uzbekistan is one of the leaders of the light industry sector of the modernly equipped multi-industry joint-stock company "Uzbekengilsanoat".

Enterprises in the structure of the company are equipped with modern equipment and technologies, these enterprises produce yarn, fabrics, and carpets of various types. A wide range of high-quality products is produced, such as sewing and knitting products, special clothing.

Directions for improving the marketing strategy of Uzbekengilsanoat Joint Stock Company include six marketing solutions or small strategies. These include the Choice of the target market, availability of own segment in the market, the choice of methods of market entry, the choice of marketing tools, timing of market entry, management

is to choose the organizational structure that best meets the strategic goals of the enterprise.

The light industry of Uzbekistan is formed as an integral complex system that produces more than 16% of all industrial products, and its main characteristics include:

1. This sphere continuously provides the population's demand for carpets, knitwear, clothing products, socks, shoes, etc., which make up the main part of the country's consumer goods market.
2. The constant demand for light industry products on world markets increases the export potential and economic power of the country, and for industries related to the welfare of the people - the supply of the most necessary raw materials.
3. The production of light industry products provides jobs for a large part of the population due to a higher proportion of manual labor compared to other industries and greater labor intensity.
4. Light industry lays the foundation for the development of the fashion industry, is the main engine of the development of the cultural level of the population, the culture of dressing.

The need to form marketing strategies of light industry enterprises is due to the fact that in our country this industry is effectively functioning in the conditions of competition in the market, displacing imported goods from the domestic market, effectively functioning and actively developing in international markets.

In the foreign scientific literature, there are a large number of approaches to the theories of marketing strategies for improving the competitiveness of enterprises and the processes of its formation. Also, the variety of marketing strategies to increase the competitiveness of industrial enterprises and the breadth of opportunities for their use in practice allow us to classify them quite fully and completely.

There are many approaches to the formulation of development strategies in economic systems by systematizing them and revealing the specifics of the activities of light industry enterprises

The most relevant issues are the identification of application opportunities, the selection of appropriate strategies based on the characteristics of the light industry market of Uzbekistan and the practical implementation of these strategies (Table 1).

TABLE1 CLASSIFICATION OF SCIENTIFIC APPROACHES TO MARKETING STRATEGIES¹

№	Definitions	Authors
1	Strategy-the identification of the long-term goals of the enterprise and those objectives, the formation of a program of actions and the allocation of resources necessary to achieve these programming goals ²	A. Chandler
2	The strategy defines the long-term competitive advantages of enterprises it consists of a decision-making system that sets goals and objectives that allows you to save ³	P. Anderson
3	Marketing strategy-a key way to influence customers and motivate them to buy ⁴	G. Assel
4	Marketing strategy is an indirect or direct statement that indicates the direction in which the objectives of the enterprise are achieved by a brand or product line. The strategy sets out the decisions and directions for variables such as market segmentation, target market identification, positioning, marketing tools and costs. A Marketing strategy is usually an integral part of a business strategy and manages all functions ⁵	American marketing Association
5	Marketing strategy is a general program of enterprise marketing activities in the target market. Marketing strategy the use of the internal capabilities of the enterprise and its environment as a means of achieving success	G. Bagiyev, V. Tarasevich, H. Ann
6	Marketing strategy-focused on interested consumers. Choose, segment the company's market, make it promising	F.Kotler, G. Armstrong, D. Saunders, W. Wong
7	Marketing strategy is a general program of the company, which is a marketing activity in the target market, which includes the launch of a marketing mix (marketing - mix), focused on the long term, and the achievement of a goal that can be implemented in practice	A.Soliev

In accordance with the meaning and essence of the definitions given to marketing strategies, the main directions can be characterized as follows:

- Purposeful allocation of resources in such a way that enterprises can achieve their goals of providing competitive advantages; ;

- Effective ways to influence customers;
- capture the target market in a highly competitive environment;
- The way in which the company achieves its market goals;

1 Made by the author.

2 Chandler, A. D. Strategy and Structure: Chapters in the History of the American Industrial Enterprise / A.D. Chandler. - Cambridge: The MIT Press, 2005. 13 p.

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6 Bagiev G. L., Tarasevich V. M., Ann H. Marketing. - M.: Ekonomika, 1999. - 702 p.

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- Effective demand satisfaction, production growth opportunities;
- Provision of competitiveness;
- Market development, increase in sales;
- ensure the quality of the product, increase the range.

The general classifications of marketing strategies imply that efforts to achieve competitiveness are considered as the broadest category. In turn, competitive advantages are interpreted as a fundamental approach that ensures long-term market movement for enterprises, ensuring the interests of the owner and employees of the enterprise.

In accordance with the definitions given to the marketing strategies that have been formulated so far, the idea of achieving goals aimed at the survival of the market is also justified, in relation to the fact that the enterprise is focused on the implementation of its functional functions. The main approaches to marketing strategies are aimed at setting a goal and achieving it. However, based on theoretical considerations, it is advisable to adopt a marketing strategy as a method of achieving the goals of the enterprise and the process of determining it.

Marketing strategy is a set of basic methods of branding, price communication, distribution and sales of an enterprise and its promotion in an ever-changing marketing environment, always having a systematic analysis of the needs and requirements of the main group of consumers, forming and developing the principle of efficiency of goods and services, as well as better service to target consumers than other competitors.

The marketing strategy determines which product (service) the company comes out with when it enters the market. Thus, a marketing strategy is a way to achieve its goal in market activity

through the adaptation of the enterprise to the impact of internal and external factors, the use of its capabilities, ensuring priority in competition.

And the formation of marketing strategies is primarily aimed at determining the competitive situation, competitiveness and competitive environment in the markets in which the company operates and wants to do business. Accordingly, based on the state and level of competition in the market, the marketing strategies formed so far have been developed within the framework of the concepts of competitiveness proposed by scientists (Table 2).

TABLE 2 CLASSIFICATION OF MARKETING STRATEGIES

Marketing strategy	Types of Marketing strategies	Meaning
Basic marketing strategies	Deep penetration into the market	This strategy will benefit if the market is not yet saturated with the product
	Processing of goods	An old, sufficiently overcrowded market participant provides benefits for businesses
	The development of the market	It involves working in the market with a new product for the Old market
	Diversification	Suggests the principle, a new brand creates a new market
Superiority in competition and the basic strategy of competition	Advantage over costs	While the enterprise uses this strategy, it tries to reduce spending as the main goal in its activities. Through effective management of resources at the enterprise, the lowest prices are guaranteed and maintain priority in long-term competition.
	Classificated	This allows the market to meet the needs of different groups of consumers, as a result of which it will be able to work in segments in a sufficiently large volume
	Embodied	The Enterprise intends to consolidate its power into single or multiple non-number segments of the market and to provide goods with the aim of satisfying the demand of exactly one group of buyers
The strategy of providing leadership in market share	The leader	It is a strategy that is typical for businesses with a high share in the market, and it is a strategy that motivates them to pursue opportunities to compete in the market. This gives him even more freedom in terms of attracting consumers. In the leader strategy, it is convenient to use all marketing tools to motivate consumers
	The caller to the fight	Although it feels more confident to reach the leader, to attack a large number of others, many price changes firsttiradi, bring a new product to the market, stimulate demandtiradi. Having defended his position the leader applies different strategies
	Leading from behind the leader	Saving power and money on the account of a leading road pose will have to stand at a much distance from it and follow in the footsteps of the leader

Consumer-oriented marketing strategies	Not differentiated	It is a strategy that enterprises use in the exit of standard goods to the market, designed for the general segments of the market. This allows businesses to leverage their tokens into a variety of exteriors requires flexibility
	Differentiated	Strategy aimed at changing the nature of goods in order to attract the attention of buyers in some market segment of enterprises
	Concentrated	It is a strategy specific to small business entities, focused on small market segments. The success of the enterprise is to identify the exteriors inherent in small segments and their demand depends on effective satisfaction
Location strategies (positioning)	Direct comparison by consumer goods and others	Since positional is considered a creative activity, it is difficult to represent it in a structural form. It is the process of creating value and image for the target audience of consumers, giving them the opportunity to understand the advantages of the enterprise in relation to competitors. Strategic decisions on placement are made on the basis of the analysis of competitors. In this strategy, decisions are made on the placement of tokens on the basis of the analysis of owned enterprises in the consumer segment. It is also necessary to formulate a positioning strategy before making decisions on certain elements of the marketing strategy

The main goal of the company is to move in the market and strive to maintain and increase the share that it owns. After determining the goals of the enterprise, marketing strategies are formulated to achieve it. The development of a marketing strategy can be considered at three main levels: the formation of a basic strategy, the determination of the company's place in a competitive position and the implementation of the strategy. The formation of effective marketing strategies begins with an assessment of the company's capabilities, its movement in the market in relation to the competitor, its strengths and weaknesses. An effective analysis of market fantasies sets the main task in achieving marketing goals.

Given the above, while ensuring the active movement of light industry in our country in the context of global competition, this is an indicator of the search for an alternative solution using formed marketing strategies.

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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: **10.5958/2249-877X.2020.00100.9**

EMPIRICAL MODELS WHICH WERE BUILT FOR EACH SECTOR OF THE SERVICE SECTOR TO THE POPULATION OF THE REGION

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ABSTRACT

Analyzing development processes of each sector of the service sector, the sequence of choosing and modeling the main factors which influence their development are represented through simulation schemes in this article. Multifactorial empirical models were built on the example of the service sector which is provided to the population of Kashkadarya region, forecasts were given through them and suggestions and recommendations were given on the basis of obtained results.

KEYWORDS: *Service Sector, Complex Modeling, Econometric Modeling, Differential Equations, Static And Dynamic Parameters, Structural Analysis, Synthesis, Optimization, Multifactorial Empirical Models, Regression Equation, Correlation Coefficient, Darbin-Watson Criterion, Fisher And Student Criteria.*

I. INTRODUCTION

Human creates and serves the object of service to himself. Because of this, it is possible to introduce the belief that services are for the human and performing the service is also a human. This means that both the producer of the services and its consumer are also human. This can be expressed as follows:

It is known that as a result of the service, the GDP of country will increase. This will be done in the following directions: a gross domestic product will be created in the conditions of market relations, as a result of service, irrespective of creating or non-creating a material wealth. Therefore, it is expedient to look at services not from the point of view of the creation of material

wealth, but from the point of view of the creation of gross domestic product.

In the modern era of development of social and service sectors, the provision of services is gaining popularity. Therefore, the labor efficiency per unit of achieved output is required to be able to calculate fixed assets, material and financial costs.

Production and services have long been a part of human economic activity, social community life. The interaction among people as a social community institution of services, the existence of useful activities - are considered necessary condition of society and life of human. It should be noted that it is not exaggeration if we say that services will increase the level of development of society, not only at the level of its productive forces, but also taking into account its spiritual and enlightenment status.

II. Methods

In this study, we will mark public service sectors as a system by improving the development models of public service sectors as a basis for systematic analysis. At the same time, we consider a single object and the types of services as a collection of collected elements in order to achieve the goal. Namely, we will systematically study to increase the efficiency of public services and living conditions. These researched types of services are understood as interconnected integrity in their integrity. As a result of systematic analysis, the economic-effectiveness indicator will be determined.

A systematic methodology of complex problems in the field of services is developed on the basis of a systematic approach and general concepts. During the analysis, we take into account the internal and external environment of the service sectors. This means that it must be taken into account not only internal factors, but also external factors such as economic, geopolitical, social, demographic, environmental and other factors.

III. RESULTS AND DISCUSSION

It is expedient to study the correspondence of different values to the factors which influence to the social phenomena, not the same values, and the correlation connection of their interdependence. Because a characteristic feature of the social spheres is that it is impossible to determine a complete list (strength) of all the factors which affect this sphere.

Besides, only approximate expressions of the connections can be written using the formula. Because the number of factors which influence the living conditions of the population is so large, it is impossible to determine a complete list of them and write an equation which fully represents the connection with influencing outcome sign.

The development of the living conditions of the population is considered so incompletely connection, that different values of the results of the factor which influence it in the different time and space, correspond to each value of the factors. Hence, the total number of influencing factors will be unknown. It is expedient to study such a dependence through correlation connections.

Our task consists of evaluating the existence of strong and weak connections which influence the development of public service sectors. We use the correlation analysis method in order to perform this task. Because our goal is considered to evaluate the importance and reliability of the interdependencies which influence the development of each sector which serves the population. We measure the criterion of dependence which influences the living conditions of the population

through correlation analysis, but we cannot determine the cause of the relationships.

We selected information which belong to the reporting years 2004 - 2018, these information identified the areas of service and the factors which influence them, on the basis of certain signs (Table 1).

TABLE 1 SERVICE SECTORS FOR THE POPULATION OF KASHKADARYA REGION AND THE FACTORS WHICH INFLUENCE THEM

A_{aax} –providing communication and information services to the population of the region (in billion soums)	Y_1
M_x –providing financial services to the population of region(in billion soums)	Y_2
S_x – providing trade services to the population of the region (in billion soums)	Y_3
T_{tx} –providing transport services to the population of the region (in billion soums)	Y_4
YjO_x –providing accommodation and food services to the population of the region (in billion soums)	Y_5
Km_x – providing real estate services to the population of the region (in billion soums)	Y_6
T_{o_x} –providing education services to the population of the region (in billion soums)	Y_7
SS_x –providing health care services to the population of the region (in billion soums)	Y_8
I_x –providing rental services to the population of the region (in billion soums)	Y_9
Yt_x –providing individual services to the population of the region (in billion soums)	Y_{10}
MK_x – providing household goods and computer repair services to the population of the region (in billion soums)	Y_{11}
TsM_x – providing technical testing and architectural services to the population of the region (in billion soums)	Y_{12}
A_s – total number of the population of region (thousand people)	X_1
I_{ba} – employed part of the population of the region (thousand people)	X_2
A_d – total incomeof the population of region (in billion soums)	X_3
U_r – total consumption of the population of the region (in billion soums)	X_4
SH_r – personal consumption of the population of the region (in billion soums)	X_5
I_r –social consumption of the population of the region (in billion soums)	X_6
K_m – capital investments of the population of the region (in billion soums)	X_7
Qx_m –volume of regional agricultural production (in billion soums)	X_8
T_a – volume of regional trade turnover (in billion soums)	X_9
C_m – volume of regional industrial production (in billion soums)	X_{10}
Y_t – carriage of passengers in the region (thousand people)	X_{11}
TFO_{bx} – total expenditures related to improving the welfare of the population of the region (in billion soums)	X_{12}
Uyk_{xx} – housing expenditures for the population of the region (in billion soums)	X_{13}
O'_s – the number of teachers per thousand students in the region	X_{14}
S_{sx} – regional health care expenditures (in billion soums)	X_{15}
$K_{o's}$ – the number of hospital beds per 10,000 population in the region	X_{16}
V_s – the number of doctors per 10,000 population of the region	X_{17}
H_s –the number of nurses per 10,000 population of the region	X_{18}
Xtx – expenditures for public education in the region (in billion soums)	X_{19}

In this case, the factors which influence the development of each service sector are separately divided in the modeling. Therefore, we took the development of some service sectors as a factor which influences to other service sectors. The impact of influencing factors affects service sectors in different degrees. Selected factors may be involved in modeling once or more. Because we consider one factor as the main factor which influences each service sector, and we can consider another factor as the main factor which influences only one service sector.

For example, if the total income of the population of the region becomes factor which influences all service sectors, the expenditures for the regional health care will be considered the factor which only influences the development of the health care sector for the population of this region.

We used statistical data from 2004 to 2018 to create multi-factoral empirical models through the service sectors for the population of Kashkadarya region and the factors which influence them.

TABLE 2 STATISTICAL DATA OF THE SERVICE SECTOR OF THE POPULATION OF KASHKADARYA REGION

A_{ax} -providing communication and information services to the population of the region Y_1	M_x -providing financial services to the population of region Y_2	S_x -providing trade services to the population of the region Y_3	T_x -providing transport services to the population of the region Y_4	YjO_x -providing accommodation and food services to the population of the region Y_5	Km_x -providing real estate services to the population of the region Y_6	$T_{o,x}$ -providing education services to the population of the region Y_7	SS_x -providing health care services to the population of the region Y_8	I_x -providing rental services to the population of the region Y_9	Yt_x -providing individual services to the population of the region Y_{10}	MK_x -providing household goods and computer repair services to the population of the region Y_{11}	TSM_x -providing technical testing and architectural services to the population of the region Y_{12}
8,7	16,6	83,9	18,3	7,9	5,4	3,9	2,4	7,6	13,5	4,7	4,9
10,1	19,3	98,7	27,7	10,4	7,8	7,8	3,7	9,1	17,9	6,1	7,7
17,9	26,3	116,1	34,04	17,2	12,4	11,9	4,3	12,3	20,4	7,6	9,1
27,9	37,6	145,6	52,95	18,1	14,1	15,2	5,4	15,6	22,7	11,2	12,3
48,8	62,2	192,7	80,39	18,9	18,3	18,9	7,9	16,3	28,9	20,7	14,7
55,6	78,8	223,8	100,16	29,6	26,7	32,3	13,6	21,7	37,6	30,8	15,8
89,4	83,1	312,6	143,3	31,4	31,4	39,3	16,4	29,7	57,1	48,4	20,3
101,3	83,3	458,8	146,2	27,8	40,6	38,9	13,1	38,9	56,7	60,6	12,3
131,9	103,4	734,4	166,4	26,3	63,7	46,2	14,8	44,8	78,3	61,8	16,9
187,7	207,4	928,8	186,6	26,9	89,5	69,6	26,9	70,6	112,4	92,3	20,6
241,2	254,2	1133,8	206,8	20,9	108,3	89,8	28,2	88,1	150,8	135,4	21,2
274,8	312,9	1290,6	227,1	25,4	136,9	106,5	39,5	109,1	158,3	185,3	33,3
328,7	412,8	1646,	247,3	146,9	170,2	131,1	45,8	135,9	209,2	216,4	30,0

		3									
370,6	566,9	1935,8	267,5	185,1	191,3	163,9	54,4	158,0	234,5	226,5	50,3
426,1	787,4	2337,0	287,7	220,8	226,9	227,8	75,0	197,7	262,9	256,5	76,7

One of the main rules of constructing a multi-factorial empirical model is considered to determine the connection densities among the factors which are selected for the model, namely, to investigate the problem of multicollinearity of the connection among the selected factors. To do this, the correlation coefficients among the factors are calculated in order to do this, and when x_i and y_i variables accept the values of $i = 1, \dots, n$, they are considered the most common indicator which shows the linear relationship between x and y , and the correlation coefficient. It is calculated as follows[10]:

$$r_{xy} = \frac{Cov(x, y)}{\sqrt{Var(x)}\sqrt{Var(y)}}. \quad (1)$$

The value $Cov(x, y)$ in the dividend of the fraction of equation (1) is determined by the following ratio:

$$Cov(x, y) = \frac{1}{n-1} \sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y}) \quad (2)$$

and it is called the covariance of the variables x and y and it is found as follows:

$$Cov(x, x) = Var(x), Cov(y, y) = Var(y). \quad (3)$$

The correlation matrix among the factors which influence the development of each sector of the service sector in Kashkadarya region, was calculated in the program EvIEWS 9. For example, we have selected the number of teachers per thousand students in the region, the total expenditures of improving the living standards of the population of the region, the expenditures for public education in the region and providing household goods and computer repair services to the population of the region as factors which influence modeling quality education services. We carry out an autocorrelation analysis in order to determine if there is not multicollenity among these factors.

All above-mentioned factors are taken in order to create a multi-factorial empirical model on the factors which influence the development of each sector of the public service sector, and it is examined how their importance are in the model.

It is expedient to use a linear and hierarchical multi-factorial econometric model on the basis of its evaluation criteria according to its condition for each sector of the service sector.

We use the least squares method to construct and analyze an econometric model between public service sectors and the factors which influence them.

The linear multi-factorial econometric model has the following view:

$$Y = a_0 + a_1x_1 + a_2x_2 + \dots + a_nx_n \quad (4)$$

TABLE 3 BUILD AN EMPIRICAL MODEL TO PROVIDE EDUCATIONAL SERVICES TO THE POPULATION OF THE REGION

Method: the least squares method				
Variable	Model coefficients	Standard errors	t-student criteria	P-value
X ₁₄	4.954385	0.660405	7.502044	0.0000
X ₁₂	-0.282665	0.047388	-5.964887	0.0001
Y ₁₁	0.320081	0.078184	4.093951	0.0022
X ₁₉	0.169310	0.019435	8.711392	0.0000
C	-263.7938	35.03946	-7.528476	0.0000
R – determination coefficient	0.917418	The average value of the dependent variable		66.87333
Flattened R – determination coefficient	0.906386	The standard deviation of the dependent variable		65.54955
Standard error of regression	3.940818	Akayke's information model		5.841855
The sum of the squares of the remains	155.3005	Schwartz's information model		6.077872
The value of the maximum similarity function	-38.81391	Hannan-Quinn criter.		5.839341
F–Fisher criteria	965.8553	DW-Darwin-Watson criteria		2.369623
Prob(F-Fisher criteria)	0.000000			

It was determined that the value of the DW criterion which were calculated the empirical models which were constructed for each sector of the service sector was higher than the table value. This indicates that there is not autocorrelation in the residues of outcome factor. The Fisher and Student criteria were calculated and the calculated value was compared with the table values, the magnitude of it was determined that they were higher than the table values.

The results of the analysis of the empirical models constructed for each sector of the public service sector in the region are presented in Table 4.

TABLE 4 EMPIRICAL MODELS WHICH WERE BUILT FOR EACH SECTOR OF THE SERVICE SECTOR TO THE POPULATION OF THE REGION

№	The view of empirical models	R ²	F	DW
1.	$Y_1 = -548,371 + 0,225 * X_1 + 1,221 * X_3 - 1,472 * X_4$ t (-2,205) (2,099) (5,017) (-4,671)	0.916 5	1039.59 1	1.787
2.	$Y_2 = 894,013 - 1,160 * X_2 + 0,075 * X_7 + 0,439 * Y_3$ t (2,267) (-2,280) (1,409) (7,494)	0.968 3	111.942	1.823
3.	$Y_3 = e^{-48.222} * X_3^{43.490} * X_4^{-43.541} * X_7^{-1.165} * X_{10}^{4.796} * X_8^{-3.688} * X_1^{5.176}$ t (-3,263) (3,150) (-3,009) (-3,845) (3,191) (-2,715) (2,953)	0.927 0	442.629	2.649
4.	$Y_4 = 259,458 - 0,437 * X_2 + 0,007 * X_3 + 0,004 * X_7 + 0,211 * X_8$ t (3,786) (-4,519) (2,777) (1,236) (11,416)	0.909 2	3055.74 7	2.607
5.	$Y_5 = 2561,479 - 1,100 * X_1 + 0,156 * X_3 + 0,075 * X_7 - 0,859 * X_{12}$ t (5,061) (-5,076) (6,537) (2,599) (-2,604)	0.919 6	28.601	1.894

6.	$Y_6 = -16,856 + 0,088 * X_3 - 0,028 * X_7 - 0,472 * X_{13} + 0,087 * Y_2$ t (-4,771) (8,456) (-5,193) (-4,717) (4,797)	0.897 1	863.141	1.909
7.	$Y_7 = -263,794 + 4,954 * X_{14} - 0,283 * X_{12} + 0,320 * Y_{11} + 0,169 * X_{19}$ t (-7,528) (7,502) (-5,965) (4,094) (8,711)	0.917 4	965.855	2.370
8.	$Y_8 = 201,495 + 0,119 * X_{15} - 4,092 * X_{16} + 2,173 * X_{17} - 1,995 * X_{18}$ t (1,395) (7,625) (-1,365) (2,023) (-1,551)	0.901 4	131.693	2.023
9.	$Y_9 = e^{-45,635} * X_1^{6,124} * Y_6^{0,457} * X_7^{-0,123}$ t (-4,033) (4,194) (3,231) (-1,849)	0.897 8	1669.66 1	2.145
10.	$Y_{10} = e^{-67,604} * X_1^{8,708} * X_5^{1,550} * X_7^{-0,359} * X_6^{-0,932}$ t (-7,942) (7,664) (5,168) (-4,527) (-3,177)	0.898 4	1572.11 2	2.770
11.	$Y_{11} = e^{-9,051} * X_2^{1,732} * Y_8^{-0,552} * Y_7^{0,932}$ t (-7,448) (7,506) (-2,295) (2,435)	0.886 0	913.902	1.743
12.	$Y_{12} = e^{-84,125} * X_2^{14,959} * X_3^{-2,574} * X_{12}^{0,802}$ t (-4,571) (4,396) (-3,199) (2,628)	0.884 2	62.095	2.428

The parameters which were taken into account in the models which were built for each service sector (for linear regression equations) consist of different indicators. Therefore, it is necessary to calculate the coefficients of elasticity in the analysis. For example, we calculated the coefficients of elasticity in the analysis of the model built for the sector of communication and information services to the population of the region (Table 5).

TABLE 5 ELASTICITY OF MODEL COEFFICIENTS WHICH WERE BUILT FOR THE SECTOR OF PROVIDING COMMUNICATION AND INFORMATION SERVICES TO THE POPULATION OF THE REGION

Variable	Model coefficients	Standardized coefficient	Elasticity coefficient
X1	0.225065	0.437066	4.014907
X3	1.220895	18.55420	24.45173
X4	-1.471871	-17.99397	-23.92220
C	-548.3712	NA	-3.544434

Analysis of the results of the multifactorial empirical model which is built for providing communication and information services to the population of the region (Y_1) gives opportunity to determine the followings: if the total number of the population of the region (X_1) increases by 1%, providing communication and information services (Y_1) will increase by 4,01% , if the total income of the population of the region (X_3) increases by 1%, providing communication and information services (Y_1) will increase by 24,45%, if the total consumption of the population of the region (X_4) increases by 1%, providing communication and information services (Y_1) will decrease by 23,92 percent.

The results of the empirical model which is built for providing trade services to the population of the region (Y_3) show that the volume of trade services to the population of the region (Y_3) will increase by 5,18%, if the total number of the population of the region (X_1) increases by 1%, if the total income of the population of the region (X_3) increases by 1%, the volume of trade services to the population of the region (Y_3) will increase by 43,49%, volume of total consumption of the population of the region (X_4) increases by 1%, the volume of trade services to the population of the region (Y_3) will decrease by 43,54%, if capital investment of the population of the region (X_7)

increases by 1%, the volume of trade services to the population of the region (Y_3) will decrease by 1,17%, if the volume of regional industrial production (X_{10}) increases by 1%, the volume of trade services to the population of the region (Y_3) will increase by 4,8%, and if the amount of regional agricultural production (X_8) increases by 1%, the volume of trade services to the population of the region (Y_3) will decrease by 3,69%.

The multifactorial empirical model which is built for providing services related to the real estate services sector to the population of the region (Y_6) gives the following results: if total income of the population of the region increase 1 billion soums, providing services related to the real estate services sector to the population of the region (Y_6) will increase 0,088 billion soums, if the capital investments of the population of the region (X_7) increases 1 billion soums, providing services related to the real estate services sector to the population of the region (Y_6) will decrease 0,028 billion soums, if housing expenditures to the population of the region (X_{13}) increases 1 billion soums, providing services related to the real estate services sector to the population of the region (Y_6) will increase 0,472 billion soums and if providing financial services to the population of the region (Y_2) increases 1 billion soums, providing services related to the real estate services sector to the population of the region (Y_6) will increase 0,087 billion soums.

The multifactorial empirical model which is built in order to develop the health care service sector to the population of the region (Y_8) gives the following results: if the regional expenditure of health care service sector to the population of the region (X_{15}) increases by 1%, providing health care service sector to the population of the region (Y_8) will increase 1,07%, if the number of hospital beds per 10,000 population (X_{16}) increase by 1%, providing health care service sector to the population of the region (Y_8) will decrease by 1,94%, if the number of doctors per 10,000 population (X_{17}) increase by 1%, providing health care service sector to the population of the region (Y_8) will increase by 1,82%, if the number of nurses per 10,000 population (X_{18}) increases by 1%, and providing health care service sector to the population of the region (Y_8) will decrease by 8,55%.

The multifactorial empirical model which is built for providing rental services to the population of the region (Y_9) gives the following results: if total number of the population of the region increases by 1%, the volume of providing rental services to the population of the region (Y_9) will increase by 6,124%, if providing real estate services to the population of the region increases by 1%, providing rental services to the population of the region (Y_9) will increase by 0,457%, if capital investments of the population of the region increases by 1%, providing rental services to the population of the region (Y_9) will increase and if the capital investment of the population of the region (X_7) increases by 1%, providing rental services to the population of the region (Y_9) will increase by 0,123%.

The empirical model which is built for providing individual services to the population of the region (Y_{10}) gives the following result: if total number of the population of the region (X_1) increases by 1%, providing individual services to the population of the region (Y_{10}) will increase by 8,71%, if personal consumption of the population of the region (X_5) increases by 1%, providing individual services to the population of the region (Y_{10}) will increase by 1,55%, capital investments of the population of the region (X_7) increases by 1%, providing individual services to the population of the region (Y_{10}) will decrease by 0,34%, and social consumption of the population of the region (X_6) increases by 1%, providing individual services to the population of the region (Y_{10}) will decrease by 0,93%.

The multifactorial empirical model which is built for providing household goods and computer repair services (Y_{11}) to the population of the region gives the following results: If total income of the population of the region (X_3) increases by 1%, the volume of providing household goods and computer repair services (Y_{11}) will increase by 1,73%. If the volume of health care services to the population of the region (Y_8) increases by 1%, the volume of providing household goods and computer repair services (Y_{11}) will decrease by 0,55%. If the volume of providing education services provided to the population of the region (Y_7) increases by 1%, and providing household goods and computer repair services to the population of the region (Y_{11}) will increase by 0,55%.

The multifactorial empirical model which is built for providing technical testing and architectural services for the population of the region (Y_{12}) gives the following results: if the employed part of the population of the region increases by 1%, the amount of providing technical testing and architectural services (Y_{12}) for the population of the region will increase 14,96%, if the total income of the population of the region (X_3) increases by 1%, the amount of providing technical testing and architectural services (Y_{12}) for the population of the region will decrease by 2.57%, and if the total expenditure of the population of the region (X_{12}) increases by 1%, the amount of providing technical testing and architectural services (Y_{12}) for the population of the region will increase by 0,8%.

We achieved the following efficiency when we analysed them with empirical models: As we can see from the table 6, the consistent implementation of the priorities which was set out in the Decree of our President "On the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021", empirical models which is built in order to develop service sector to the population of Kashkadarya region in the future and forecasting results which are obtained with taking into account the ongoing reforms in this sector, show the followings:

TABLE 6 FORECAST OF SERVICE SECTORS FOR THE POPULATION OF KASHKADARYA REGION (BILLION SOUMS / THOUSAND SOUMS)

Indicators	2019 (real)	Forecast years					
		2020	2021	2022	2023	2024	2025
A_{aax} –providing communication and information services to the population of the region Y_1 / per capita	478,29	538,79	602,84	670,41	741,52	816,2	894,4
	147,27	162,84	178,90	195,42	212,37	229,7	247,5
M_x –providing financial services to the population of the region Y_2 / per capita	873,85	1060,11	1271,19	1508,83	1774,67	2484,0	3902,2
	269,06	320,40	377,24	439,81	508,26	699,2	1079,9
S_x – providing trade services to the population of the region Y_3 / per capita	2761,5	3252,32	3801,25	4412,25	5089,09	5836,1	6657,1
	850,29	982,95	1128,07	1286,11	1457,49	1642,7	1842,2
T_{tx} –providing transport services to the population of the region Y_4 / per capita	306,07	327,07	348,19	369,44	390,82	412,3	434,0
	94,24	98,85	103,33	107,69	111,93	116,1	120,1

YjO_x – providing accommodation and food services to the population of the region $Y_5/$ per capita	290,21	349,47	411,72	476,48	543,25	611,5	680,8
	89,36	105,62	122,18	138,89	155,59	172,1	188,4
Km_x – providing real estate services to the population of the region $Y_6/$ per capita	533,06	603,86	679,97	761,53	848,70	977,6	1171,3
	164,13	182,50	201,79	221,98	243,06	275,2	324,1
T_o_x – providing education services to the population of the region $Y_7/$ per capita	287,90	380,64	501,95	657,77	854,66	1098,7	1397,6
	88,65	115,04	148,96	191,73	244,77	309,3	386,7
SS_x – providing health care services to the population of the region $Y_8/$ per capita	95,88	114,57	136,06	160,68	188,76	220,7	256,8
	29,52	34,63	40,38	46,84	54,06	62,1	71,1
I_x – providing rental services to the population of the region $Y_9/$ per capita	312,30	367,90	431,48	503,96	586,34	691,5	828,95
	96,16	111,19	128,05	146,90	167,93	194,6	229,4
Yt_x – providing individual services to the population of the region $Y_{10}/$ per capita	326,29	390,42	465,96	554,68	658,58	779,9	921,3
	100,47	117,99	138,28	161,68	188,62	219,5	294,9
MK_x – providing household goods and computer repair services to the population of the region $Y_{11}/$ per capita	345,40	389,42	434,50	481,30	530,37	582,5	638,2
	106,35	117,69	128,94	140,29	151,89	164,0	176,6
TsM_x – providing technical testing and architectural services to the population of the region $Y_{12}/$ per capita	77,50	100,95	132,97	176,77	236,76	319,0	431,6
	23,86	30,51	39,46	51,52	67,81	89,8	119,4

Providing communication and information services (A_{aax}) to the population of the region in 2020 will increase by 1,13 times compared to 2019, and by 1,87 times by 2025. Development of information and communication technologies is necessary to have a positive impact on the processes which are taking place in civil society and in a market economy. Communications such as mobile communication, international, communication among cities, local communication, postal, telegraphic communication, television, Internet in the field of communication and information services, further development of high-tech services, expanding the list of new types of services, as well as improving the quality of services impact to increase service sector;

Providing financial services (Mx) to the population of the region is expected to increase by 1,21 times in 2020 compared to 2019, and by 4,47 times by 2025. Liberalization of monetary policy, expansion of crediting scale for investment projects, as well as reforms which are carried out by

providing innovative services by financial institutions have contributed to the growth of financial services. Except services in insurance and pension, financial services have a significant share in the total volume of financial services. Mediation services in monetary sector consists of the largest share of financial services except insurance and pension services;

Providing trade services (S_x) to the population of the region is expected to increase by 1,18 times in 2020 compared to 2019, and by 2,41 times by 2025. The necessary legal bases for the activities of wholesale and exchange trade enterprises have been created in the Republic, the retail trade sector is actively developing with the use of modern information technologies. The volume of trade services makes up a significant part of the total volume of services which are provided in the economy. As the level of income of the population increases, the volume of consumer demand and trade turnover increases. retail services have a significant role in the structure of trade services, except the sale of cars and motorcycles;

Providing transport services (T_{tx}) to the population of the region is expected to increase 1,07 times in 2020 compared to 2019, and 1,42 times by 2025. The need of population for transport service sectors, such as rail, road, air and pipeline transport, is growing day by day. During the years of independence, great works have been done on the strategic development of the transport system in the country: transport independence has been ensured and a national system which is connecting all regions of the republic with each other, has been created. The efficient transport system which is created in our country is considered a factor in the development of foreign economic relations and integration with other countries; to the population of the region:

Providing accommodation and catering services (YjO_x) will increase by 1.20 times in 2020 compared to 2019, and by 2,35 times by 2025;

Providing real estate services (Km_x) will increase by 1,13 times in 2020 compared to 2019, and by 2,20 times by 2025;

Providing educational services ($T_{o;x}$) is forecasted to increase by 1,32 times in 2020 compared to 2019, and by 4,85 times by 2025;

Providing health care services (SS_x) to the population of the region is expected to increase by 1,19 times in 2020 compared to 2019, and by 2,68 times by 2025. Opportunities of population for medical examinations before being ill will be expanded, medical care works through ambulatory-polyclinic and pharmacy services will be improved. Supplied level of hospital beds, the number of doctors per 10,000 people will increase, and health care institutes will be better equipped with the necessary equipment and facilities; to the population of the region: the volume of providing rental services (I_x) will increase by 1,18 times in 2020 compared to 2019, and by 2,65 times by 2025; the volume of providing individual services (Yt_x) will be 1,20 times in 2020 higher than in 2019, and 2,82 times higher in 2025; the volume of providing household goods and computer repair services (MK_x) will increase by 1,13 times in 2020 compared to 2019, and by 1,85 times by 2025;

The volume of providing technical testing and architectural services (TsM_x) will increase by 1,30 times in 2020 compared to 2019, and by 5,57 times by 2025.

IV. CONCLUSIONS

It is expedient to separate econometric modeling of each service sector. Because development of each sector of the service sector has a positive impact on development of another sector.

Therefore, the use of econometric models in the form of interconnected equations system has particular importance in development of service sectors. Together with this, the organizational-economic mechanism of development of service sectors represents a hierarchical system of interconnected elements and groups (subjects, objects, principles, forms, methods and tools) at different levels, as well as their interrelationships, innovative infrastructure form relationships with market participants.

It is expedient to pay essential attention to the innovation factor for the sustainable development of the service sector for the population of the region in the future. It is necessary to encourage innovative ideas and newly opened service sectors, to encourage the factors which create conditions for the development of high-quality service sectors for developing and organizing service sectors on the basis of innovation in the region.

It is necessary to econometrically model the management plans for the elimination of imperfections in the way of achieving the social goals which are set for the economic growth and living standards of the population and the development of the living conditions of the population. During 2017-2021 years (also, in next periods), it is expedient to develop long-term forecasts (2020-2025) in order to plan policy and projects which will be accepted as the part of action strategy of regional development of the region, plan technologic modernization and service sectors, intensive development of infrastructure, orient them to the welfare of the population.

In the current situation, the service sector to the population offers a variety of additional services, the main content of these services composed of releasing the population from the anxieties in living conditions, improving the quality of services and achieving to live in meaningful daily life.

As a result of the research, recommendations are made on forming the methodology and development goals of the service sector, choosing options for decision-making methods and evaluation criteria variants, developing optimal options.

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South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: [10.5958/2249-877X.2020.00101.0](https://doi.org/10.5958/2249-877X.2020.00101.0)

ROLE OF THE STATE AND PROFESSIONAL ORGANIZATIONS IN SUPPORTING AND DEVELOPING AUDITING IN UZBEKISTAN

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ABSTRACT

This article examines the role of the state and professional organizations in supporting and developing auditing in Uzbekistan. Since 1998, NAAA Uz is a full member of the International Public Organization Association of Accountants and Auditors “Commonwealth” (CIS). Since 2000 NAAA Uz has been an associate member of the International Federation of Accountants (IFAC).

KEYWORDS: *Audit Concept, Audit Organization, Audit Services, Legal Framework, Audit Planning, Professional Organizations, Audit Activity.*

INTRODUCTION

The domestic theory and practice of audit, as a developing institution of legal economics, is taking shape in the face of serious competition. Quite a lot of rather large domestic audit organizations have appeared, providing almost a full range of audit services, domestic organizations have acquired relevant experience in the field of audit.

THE MAIN FINDINGS AND RESULTS

To date, audit activity is carried out by about 100 audit organizations, and more than 500 auditors with a qualification certificate (Table 1.1, Figure 1.1). [1]

TABLE 1.1 NUMBER OF AUDIT ORGANIZATIONS AND AUDITORS

	2017*	2018*	2019*
audit organizations	102	98	96
auditors	649	576	558

According to the data in Table 1.1, it can be seen that, as of December 31, 2019, there are 96 audit organizations and 558 auditors.

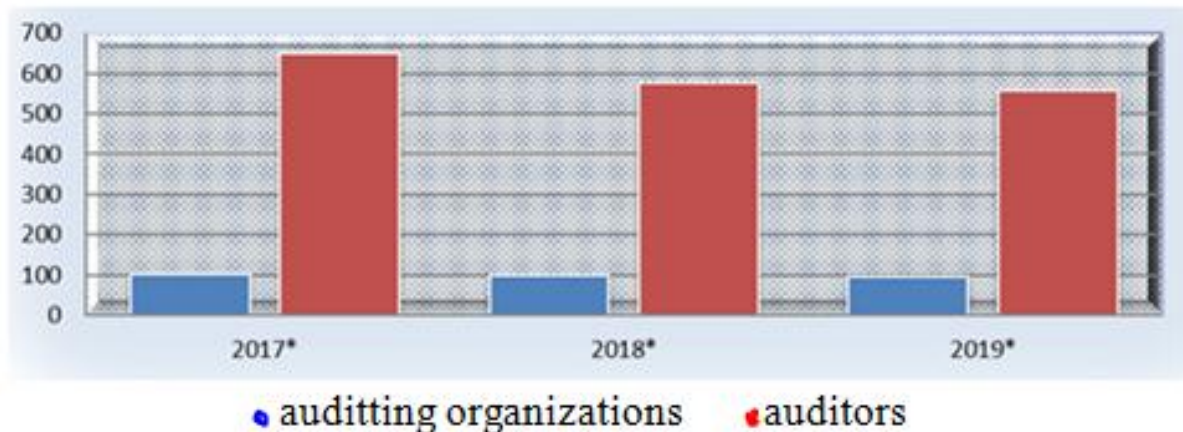


Figure 1.1. Number of audit organizations and auditors

TABLE 1.2 INFORMATION ABOUT AUDITORS FOR 2019

Auditors, Total	From them:	
	having continuous work experience as an auditor for more than 10 years	having an international certificate of accountant (CIPA, ACCA, CPA)
558	106	49

According to table 1.2, it can be seen that, as of January 1, 2020, there are 558 auditors of them: 106 auditors have a continuous work experience as an auditor for more than 10 years, 49 auditors have an international certificate of accountant (CIPA, ACCA, CPA).

In the Republic of Uzbekistan, on March 13, 1992, the Association of Accountants officially began to operate, which began its journey with a republican conference held on January 17, 1992, at which the Charter of the Association was approved, the executive committee, the executive committee bureau and the audit commission were elected. By that time the Association united about two hundred of its members. After the Law “On Auditing” was issued in 1993, the Association was transformed into the “Association of Accountants and Auditors of Uzbekistan” and by that time had about 4000 members. On May 22, 2001, at the reporting and election conference, amendments to the Charter, membership criteria were approved, and the association became known as the National Association of Accountants and Auditors of Uzbekistan (NAAA Uz). NAAA Uz today has regional offices in regional centers: Andijan, Bukhara, Gulistan, Jizzak, Karshi, Namangan, Nukus, Samarkand, Urgench, Fergana, Navoi. Work is underway to open a branch in Termez.

NABA Uz closely cooperates with the Ministry of Finance of the Republic of Uzbekistan and takes an active part in the development of regulatory legal acts, national accounting and auditing standards.

Since 1998, NAAA Uz is a full member of the International Public Organization Association of Accountants and Auditors “Commonwealth” (CIS). Since 2000 NAAA Uz has been an associate member of the International Federation of Accountants (IFAC). Since 2001, NAAA Uz is a full member of the Eurasian Council of Certified Accountants and Auditors - ECCAA. NABA Uz constantly participates in International programs and projects aimed at introducing in Uzbekistan the practice of work of similar organizations in the USA, England, Germany, Canada and other highly developed countries. The National Association of Accountants and Auditors of Uzbekistan (NABA Uz) is a public organization that unites on a voluntary basis certified accountants and auditors. The goal of NABA Uz is to assist in protecting the rights and promoting the interests of professional accountants and auditors by conducting educational programs and refresher courses,

Main goals and objectives:

- Development of the professions of accountant and auditor in the Republic of Uzbekistan and approximation of their qualifications to international standards that meet the criteria for membership in the International Federation of Accountants (IFAC);
- Active participation in carrying out market reforms in Uzbekistan;
- Participation in the development of regulatory documents in the field of accounting and audit and submission of proposals for their improvement;
- Elaboration of qualification requirements for accountants and auditors and conducting certification exams in accordance with IFAC requirements;
- Monitoring compliance with the Code of Ethics for Certified Accountants and Auditors;
- Organization of regional, republican and international seminars, conferences, symposia in order to develop accounting and audit;
- Assistance in providing methodological, advisory and informational assistance to accountants and auditors in order to ensure their professional protection;
- Establishing relationships and cooperation with international professional organizations of accountants and auditors in order to achieve international recognition;

The modern stage of development of audit is characterized by gradual adaptation and implementation of the basic principles of international standards.

In order to strengthen the responsibility of audit organizations, improve the quality of audit services and introduce effective regulatory methods, eradicate unfair competition in the audit services market, and further stimulate the activities of audit organizations:

- introduced a system of differentiation of licenses for auditing activities depending on the type of audits;
- a requirement has been introduced for the auditor to carry out audit activities in only one audit organization, as well as to be the founder of only one audit organization;

- a requirement was introduced to prohibit an audit of the same business entity by an audit organization for more than three years in a row;
- introduced the requirement of mandatory availability in audit organizations of internal quality standards for auditors' work;
- introduced a system of mandatory rating assessment of audit organizations by professional public associations of auditors;
- a requirement has been introduced for the head of an audit organization to pass certification once every three years;
- a requirement has been introduced for the Ministry of Finance to conduct inspections of compliance by audit organizations with license requirements and conditions at least once every three years;
- a procedure has been established according to which at least 50% of the authorized capital of the audit organization is formed from the funds of the founders (participants), and the rest - by material assets directly used in the implementation of audit activities;
- Full staffing of the established minimum number of audit staff is provided for by auditors for whom this audit organization is the main place of work;
- Audit organizations are given the opportunity, within a certain period of time, to eliminate inconsistencies with licensing requirements and conditions that have arisen after obtaining a license.

With the adoption of amendments and additions to the Law "On Auditing" (Law of April 30, 2013 No. Law of the Republic of Uzbekistan-352 "On Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan" and the Law of May 14, 2014 No. 3PY-372". On the introduction of amendments and additions, as well as the invalidation of some legislative acts of the Republic of Uzbekistan ") [3]:

- An audit organization cannot be created in the form of a joint stock company;
- The auditor can be a founder (participant, shareholder) of only one audit organization in which he works;
- The head of the audit organization should be only the auditor, for whom this audit organization is the main place of work;
- An audit organization cannot be a founder (participant, shareholder) of another audit organization;
- The list of economic entities subject to mandatory audits has been expanded, etc.

The requirements for applicants for obtaining a qualification certificate and auditors who have a qualification certificate have been changed: an applicant for a qualification certificate must have relevant experience only after graduating from a higher education institution; in the presence of an international accountant certificate, submission of an application for obtaining (extending the validity period) of an auditor's qualification certificate only with mandatory confirmation of an annual advanced training; the auditor's audit activity in more than one audit organization at the same time, as well as the establishment of the fact when the auditor is simultaneously the

founder of more than one audit organization, are grounds for termination of the auditor's qualification certificate.

It is important to note that audit activities have the right to conduct audit organizations licensed to carry out audit activities. Auditing organizations provide services for auditing the reliability of financial statements, as well as provide professional services. Auditing organizations are not entitled to engage in any other entrepreneurial activity.

TABLE 1.3 DYNAMICS OF INCOME OF AUDIT ORGANIZATIONS

	2017 г.	2018 г.	2019 г.
The volume of audit services rendered - total, million soums	65 701,5	139 173,8	130 095,1
Share of audit services to GDP (%)	0,016	0,034	0,025

From table 1.3. It can be seen that the volume of audit services rendered in 2019 decreased by 0.07 times compared to 2018 and amounted to 130.1 billion soums.

Scope of services provided

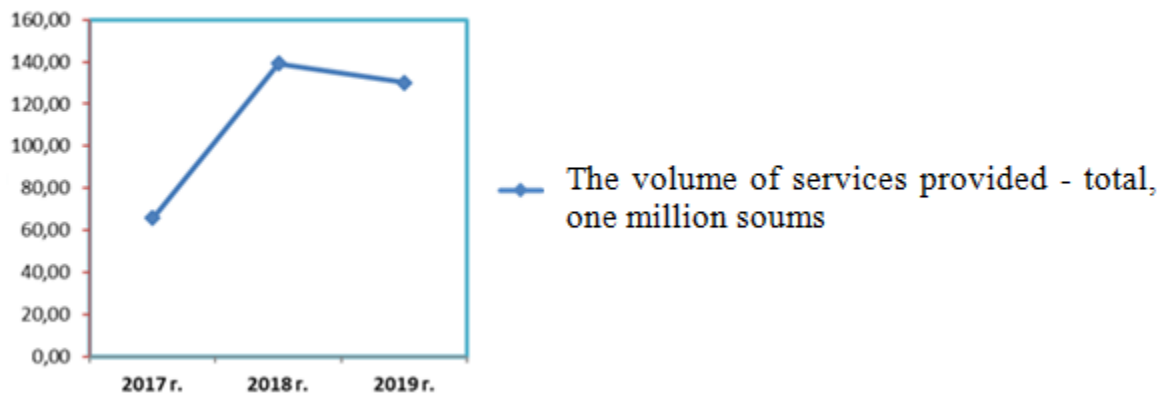


Figure 1.2. The volume of services rendered.

More than 65 percent of audit organizations have been engaged in audit activities for ten or more years, which confirm the growth of professionalism and strengthening of the audit position. The audit market is still characterized by high concentration. Of the total number of audit organizations, 60% are located in Tashkent city and 40% - in other regions of the republic (Table 1.4).

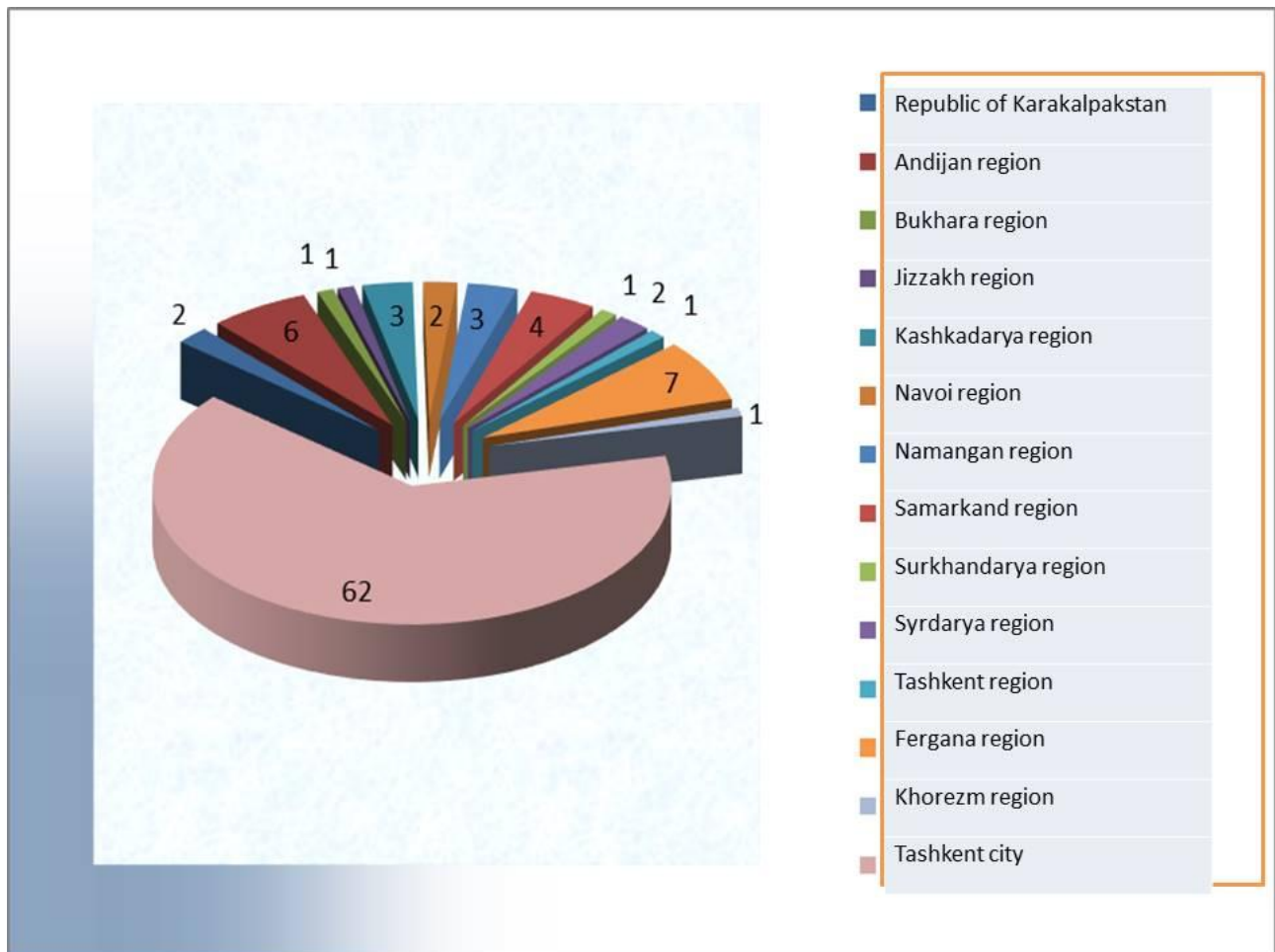
TABLE 1.4 DISTRIBUTION OF SUBJECTS OF AUDIT ACTIVITY BY REGION (ACCORDING TO THE REGISTER OF AUDITORS AND AUDIT ORGANIZATIONS)

Region	Auditing organizations		Auditors *	
	2018	2019	2018	2019
Republic of Karakalpakstan	2	2	12	11
Andijan region	4	6	43	43
Bukhara region	1	1	15	12
Jizzakh region	1	1	12	11
Kashkadarya region	4	3	25	23

Region	Auditing organizations		Auditors *	
	2018	2019	2018	2019
Navoi region	2	2	10	9
Namangan region	5	3	30	34
Samarkand region	4	4	31	27
Surkhandarya region	1	1	6	6
Syrdarya region	2	2	11	10
Tashkent region	2	1	37	33
Fergana region	7	7	49	43
Khorezm region	1	1	12	15
Tashkent city	62	62	283	281
Total	98	96	576	558

* the number of auditors is indicated based on the place of residence

Distribution of audit organizations by region in 2019



Ministry of Finance of the Republic of Uzbekistan:

Develops and approves, within its competence, regulations governing audit activities, including national standards for auditing activities;

Monitors the audit organization's compliance with the license requirements and conditions stipulated by the license agreement, and at least once every three years conducts an audit on these issues;

Establishes qualification requirements for applicants for obtaining an auditor qualification certificate;

Approves, in agreement with the republican public association of auditors, training programs and the procedure for passing qualification exams to obtain an auditor's qualification certificate;

Conducts, with the participation of the republican public association of auditors, a qualification exam for the right to obtain an auditor's qualification certificate;

Conducts certification of the head of the audit organization once every three years; renews the license for auditing, suspends the license for auditing for a period not exceeding ten business days, applies to the court for suspension for more than ten business days or termination and revocation of the license for auditing, and also publishes information on the suspension, termination and revocation of the license in the media in the manner prescribed by law issues, re-issues, cancels the auditor's qualification certificate, renews and terminates its validity; maintains a register of auditors who have a qualification certificate, and records of audit organizations that have licenses to carry out audit activities.

The existing audit organizations had to ensure full staffing of the minimum number of in-house auditors established by this resolution by April 1, 2019 [4].

Requirements canceled from January 1, 2019: to the minimum size of the authorized capital of audit organizations; on certification of heads of audit organizations; at the choice of an audit organization to conduct an external audit on a competitive basis from the list determined by the State Committee for Assistance to Privatized Enterprises and the Development of Competition and the Ministry of Finance of the Republic of Uzbekistan, at enterprises with a package of shares (stakes) of the state in the authorized capital of over 50 percent.

It is determined that from January 1, 2020:

a) Commercial organizations are also subject to an annual mandatory audit if two of the following conditions are met at the same time at the end of the reporting year: the balance sheet value of assets over 100 thousand times the minimum wage; proceeds from the sale of products (works, services) of more than 200 thousand times the minimum wage; the average annual number of employees is over 100 people;

b) Audit organizations carry out audit activities exclusively on the basis of international auditing standards issued by the International Federation of Accountants;

c) The results of external quality control of the work of audit organizations carrying out a mandatory audit are published on the website of the Ministry of Finance of the Republic of Uzbekistan.

According to the decree of the President of the Republic of Uzbekistan dated February 24, 2020 No. PD-4611 "On additional measures for the transition to international financial reporting standards" to the Ministry of Higher and Secondary Specialized Education of the Republic of Uzbekistan: [5]

by August 1, 2020, to approve and, in accordance with the established procedure, introduce into the educational process updated curricula in the disciplines “Accounting” and “Audit” in the areas of undergraduate and graduate programs, providing for in-depth study of IFRS;

from 2020, take measures to complete the training programs of pilot higher educational institutions of international accreditation in the field of accounting, with further phased implementation of this pilot project in other specialized higher educational institutions of the republic;

by January 1, 2021, ensure that teaching staff are trained in accordance with IFRS in the disciplines "Accounting" and "Auditing" in accredited training centers, as well as publish on the official website and on an ongoing basis update the database of teaching staff of higher educational institutions who have completed training in accredited training centers within the framework of international certification of accountants.

CONCLUSION

In conclusion, we note that audit in the Republic of Uzbekistan is developing as part of a single economic system and plays an important role in its development. It is important to note that government policy is aimed at encouraging and expanding audit activities. A number of legislative and government documents have been adopted that regulate various procedures for organizing and regulating audit activities in the republic. The results of more than 29 years of development of audit in our country show that it already plays a crucial role in the economy of Uzbekistan. The process of its formation is irreversible.

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- [3] (Law "Onauditactivity" from 26.05.2000)
- [4] (Resolution of the President of the Republic of Uzbekistan PP-3946 of 19.09.2018 “On measures for the further development of audit activities in the Republic of Uzbekistan”.)
- [5] (Resolution of the President of the Republic of Uzbekistan PP-4611 dated February 24, 2020 No. “On additional measures for the transition to international financial reporting standards”)

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