

AUGMENTATION OF SERVICE SPHERE AND DIVERSIFICATION OF CATERING INDUSTRY

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Abstract

The maturing of the manufacturing sector in developing Uzbekistan combined with the relative backwardness of the service sector has made service sphere development a top priority. Our central objective is to broadly survey and analyze the current state of the sector to assess its potential as an engine for inclusive economic growth. Our scrutiny indicates that services are already an important source of output, growth, and jobs in the country; however, their productivity greatly lags behind that of the advanced economies, which implies ample room for further growth. The impact of the service sector on poverty reduction is less clear, but there is limited evidence of a positive effect. One key challenge for all of Central Asia is to improve the quality of service sector data. Developing the sector will be a long and challenging process, creating more competitive service markets by removing a wide range of internal and external policy distortions is vigorous for improving its productivity. As vital as policy reforms are, complementary investments in physical infrastructure and human capital will also be necessary to achieve a strong service sector.

Keywords: Service, Uzbek Model, Modernization of Catering, Technological Modernization, Mathematical Model

INTRODUCTION

Over the past few years, gradual measures have been taken to improve the sector of services. The structure of the services market is improving due to the advancement of new emerging sorts of services, banking and finance, insurance, information communication services, tourism and relative ones (Abdukarimov B.A, 2013).The developing services sector in Uzbekistan is gradually becoming an important economic activity, influencing all aspects of life. Furthermore, consumer satisfaction is one of the major indicators of the increasing level of quality of life in Uzbekistan. Due to the well thought-out state policy, the modern services market is developing dramatically in Uzbekistan today (STEP, 2014). It is oriented on private and corporate consumers, it is increasing in quantity and quality, and it is widening due to new types of services based on the latest technology that respond to the increasing demands of the local population and international ones as whole.

According to statistics, the volume of services has increased 2.4 times. A trend of service industry has developed for forward-thinking growth in services, increasing the share of this sector in the country's economy. For instance, the fundamental dynamics of the farming services sector is due to the increase in machinery and tractors created and in services for agricultural water use and veterinaries that are significantly larger than the programme expected. With the creation of farms, agricultural workers are changing their world outlook, starting to show initiative and becoming more enterprising (Schlagenhauf et al., 2015). Production and market infrastructures for maintaining agricultural production, the provision of transport, packaging and packaging products are being developed.

Within the Development of the Services Sector in Uzbekistan 2012-16 programme, in 2016 the share of the services sector of the GDP is planned to reach 55%. The project will provide priority for credit loans to businesses providing services primarily in rural areas.

Notably in 2012-16, a number of banks are establishing loans for small businesses and enterprises in order to advance the field of service, "Micro credit bank" one which is issuing over 189.9 billion UZS of credit for this purpose. Concessional credit will be start-up while creating new facilities in the services sector, and for technical and technological equipping of existing businesses specializing in providing services (Ajwad et al., 2014).

The distribution of areas of the services sector has also changed due to ease of taxation and privileges on policy of businesses. Traditional types have reduced to trade, domestic, public, whilst the share of new market services has noticeable grown.

The dramatic dynamics of the services market in Uzbekistan over the past few years illustrates that economic tools in the hands of the state such as reduced tax rates and credit loans have become the main stimulant for advancement proposals in the services market. On

the demand side the developments in real incomes and quality of life have become defining factors impacting the enhancement of this sphere. On this basis, the intensive advancement of the service has lead a rise in demand for services from both corporative clients such as banks, offices and shopping centers, and from private individuals (Shermukhamedov & Abirova, 2014). On this way, President I. Karimov declared “Services Sector Development Program” for 2012-2016 in order to push and facilitate sub-sectors of economy. The program is aimed to accelerate the development of services, expand and improve service quality, especially in rural areas, and on this basis, the role and to raise the importance of services in a sustainable and dynamic development of the country’s economy, providing employment, increasing income and welfare.

As a result of targeted, integrated measures of diversification and structural changes in the economy, the share of services in Uzbekistan’s GDP rose from 38.7% in 2005 to 50.5% in 2011. Such services as data access and communications, banking, insurance, leasing, tourism and sightseeing and others have received rapid development. Accelerated development of services created 1.1 million new jobs in 2006-2011, primarily in small business and private entrepreneurship (‘Country and region specific forecasts and data’, 2014.).

However, the current level and quality of services, especially in rural areas, still do not meet the level of developed countries, the real needs of the population, available resources and opportunities. Therefore, the program planned by 2016 to increase the share of services in GDP to 55%. So, communication and information services (including mobile services, Internet access, cable television, mail and telecommunications), financial and construction services are projected to 2.2-fold in volume. Computer programming (including e-learning and consulting services) as well as commerce and public catering will 2.4-fold in volume.

In terms of regions, the biggest growth is expected in Samarkand region, (2.4-fold growth). In other regions, the growth is expected 2.1-2.3 times on average.

For financial help for the project, the Head of Uzbekistan approved the proposal of various regulators like Ministry of Economy, Ministry of Finance and Central Bank of Uzbekistan on the collaboration of franchise loaning resources by “Micro credit bank” to business individuals executing projects in this sector (‘Text of President Islam Karimov’s Speech at the Joint Session of the Legislative Chamber and Senate of Uzbekistan’s Oliy Majlis’, 2014.).

Soft loans will be provided toward building new facilities, as well as technical and technological equipment (retrofitting) of existing business entities specializing in the provision of services. Preference will be given to those business entities which would provide services in rural areas.

CRITICAL REVIEW

In the short period, Central Asian states have done a great job on the revival of the unique heritage of local people, have created the conditions for the development of traditional arts and folk and have restored monuments of history and culture. Thanks to these measures, every year, the tourism potential in these tourism destinations and requirements for development of tourism and its infrastructure has improved radically and positively. Tourism, as one of the highlands dynamically developing area of the Central Asian economy, plays an important role in strengthening the economic, cultural and political ties between states. Moreover, accessibility for deployment of tourism types, unique cultural background, traditional and mental features of area could be reinforcement for further economic advancement. From global point of view, countries such as Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan have been investigating and conducting various projects in order to improve this field of economics (Coulibaly, 2012).

Over the decades , service has experienced , continued growth and deepening diversification to become one of the fastest growing economic sectors in the world . Modern services are closely linked to development and encompass growing several new facilities . Service has become one of the major players in international commerce, and also represents at the same time one of the main income sources for many developing countries. For example, the contribution of tourism to economic well-being relies on the quality and the revenues of the tourism offer ("UNWTO Annual Report 2013", 2014). According to the World Travel and Tourism Council, the total contribution of Travel & Tourism to GDP (Gross Domestic Product) was \$6,630.4 billion (9.3% of GDP) in 2012, and is forecast to rise by 4.4% in 2023. Furthermore, in 2012, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 8.7% of total global employment and this is expected to rise by 2.4% to 337,819,000 jobs in 2023 (Yearbook of Tourism Statistics, 2014) .

Over the past several decades, services and facilities like these have been steadily increasing, as well as the importance of the industry for the economy of many countries contributing mostly. Today, the business volume of this sector equals or even surpasses that of oil exports, food products or automobiles. Services have become one of the major players in international commerce, and represents at the same time one of the major income sources for many developing countries (Xu, 2013).

Since the break-up of the Soviet Union in 1991, the former Soviet Asian States (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) present important opportunities to become a major services destination in the way of unique cultural, historical, archeological, and natural attractions. After becoming independent, the policy and model of

tourism development in these countries was mainly based on improving tourism infrastructure (Coulibaly et al., 2012).

Countries like Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan, and Tajikistan contain a marvelous and rich untapped service interest that has great potential to organize different type of uncommon accomplishments ("Central Asia: Problems and Perspectives of International Tourism :: Slavomír Horák," 2014).

As a major Silk Road tourist destination, country possesses exotic service potential, distinct monuments of prehistoric times with unique natural landscapes that may main role to become one of the principal tourist states on the globe with highly developed system of service and catering. That is why much attention is devoted in Uzbekistan to the development of service and expansion of corresponding infrastructure as one of the priority directions of the nation's socio-economic development (Knobloch, 2013).

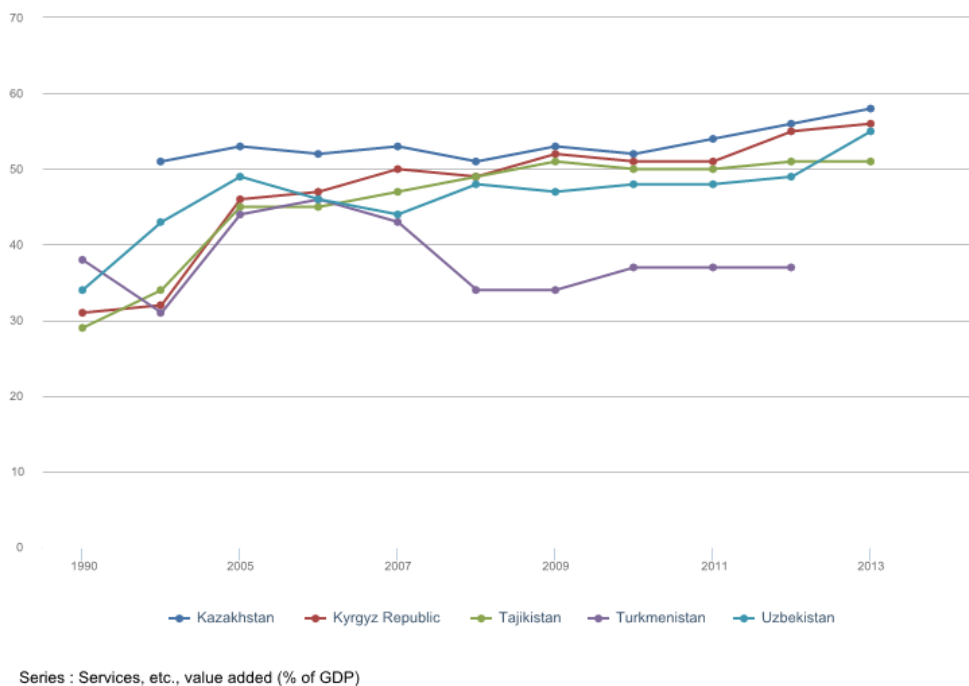
Potentials of Service Sector in Uzbekistan

In recent years in connection with the restructuring of the Republic and the free development of the economy, the modernization of the country, ensuring macroeconomic stability constant task of constant growth. This, in turn, is the basis of success in market economy, improving the forms of real estate, the drastic changes in the economy, with the share of gross domestic product in the of service and service.

The economic development of Uzbekistan among stages effectively developing industries can see in the existing service small business and entrepreneurship. As you know, the small business and its essence activity which aims to enrich the consumer goods and services, and generate revenue and benefit. It is the creation of new jobs, provide people work, the main income of the population, one of the areas of sustainable solutions to economic reform, is of strategic importance. Initiative of the state in the initial stage in the January 5, 1995 was an order of the President "to take the initiative to private enterprise and encourage" and 50% of the money coming out of the state were directed to a small business ('Decrees', 2015.). At a later stage the initiative of the State in 1995, December 21 came the law of the Republic of Uzbekistan "On the Development of Small and Medium Enterprises" to enhance its position and role in the economy, to create legal standards, infrastructure development and the circumstances. And we also organized the "Fund support entrepreneurship and small business (Business Foundation)," "House of Uzbekistan production of goods and entrepreneurs" (1996), and to organize their offices in the regions. Business Foundation helped this area over 10 Billion UZS government investment and action of foreign states (Forecast Table, 2015).

Thus, the gradual and progressive development as shown in the Uzbek model, resulting in major reforms and initiatives of small business and entrepreneurship in a short time is developing. Along with this order was passed BM "On enhancement state registration and accounting of business entities." Also on the "wholesale" has sold the material and technical resources to 106 billion soums. Commercial banks until 2001 to small businesses were given credit for 144.3 billion UZS. If in the years 1992-1996, the total 85 thousand, gross domestic product was 1.5%, in developing a landmark in 2010, GDP reached 52.4 in 2011 and intends to increase to 54%. This line of work provides the population and is considered the main source of Doha. State initiative for the development of small business and private enterprise in 2011 was declared the "Year of small business and entrepreneurship," it is a new stage in the development of national notes and entering into livelihoods(Pomfret, 2014).

Figure 1: The Share of Service Into GDP of Central Asian Countries



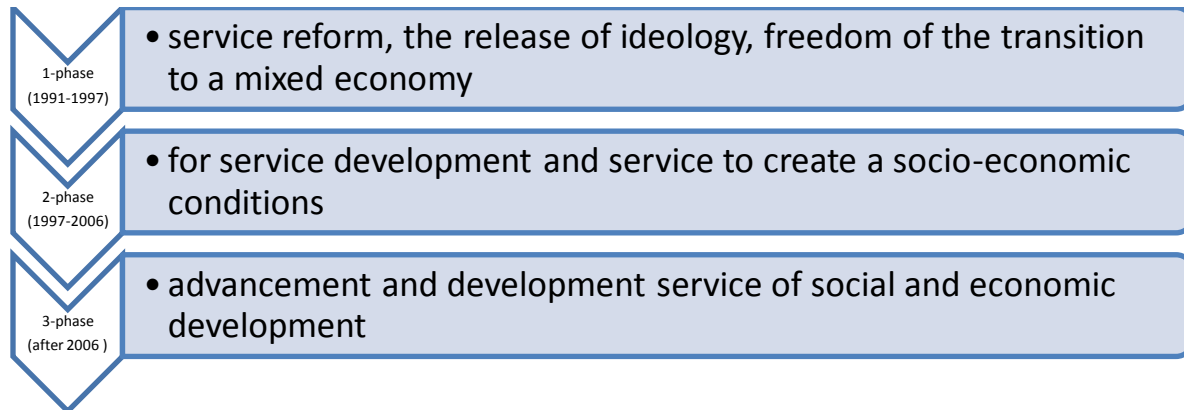
Source: World development indicators, World Bank Data

Value of services is noticeable on GDP for Central Asian states according to Figure 1; moreover Uzbekistan at the end of the period contributed mostly comparing with other listed countries. The trend shows unstable tendency of value on total economy and its share is obvious rather than other industries.

Small business development and entrepreneurship is being phased in based on the "Uzbek model". Also, the direction of the service as a small business and entrepreneurship

develops in stages in the directions of the Uzbek model. Evolution of service and services in the years of independence can be divided to three main stages of development:

Figure 2: Evolution of services



Of course, the release of the ideology of the state economy, as in all directions and in freedom of development, the transition to a mixed economy in the start time has been difficult especially randomly developed part of the economic direction of service in the catering trade. Have effects from the Soviet Union, the lack of funds of the population, the difficulty of the material conditions, the low level of life, getting used to the central administration, etc. Especially as a result of not working for the full large enterprises, centralized communications disorders centralized organizations (trade management, trade press, etc.), the company developed the original chaotic ('Department of "Economics', 2014).

As a result of violations of trade with other countries, the arrival of substandard products in markets of Uzbekistan, produce quality goods more expensive. As a result of lack of qualified personnel in the direction of service, arrival of unskilled workers in personal enterprise culture, ethics and etiquette of service is very reduced and these companies did not meet international requirements, etc. (Lack of competition, development of unregistered economy, the default of taxes, etc.).

At this time, the first stage of the initiation of the state with the development of small business and private entrepreneurship: changed property ratio of service, stopped monopoly activities of state and cooperative enterprises, the change of administration economic relations of different extent, adjustment to market-economy (i.e., instead of the administrative application of economic methods of planning, economic freedom, independent control, own property, independent use of their resources and economic responsibility, etc.) and other generally positive difference and existing the system.

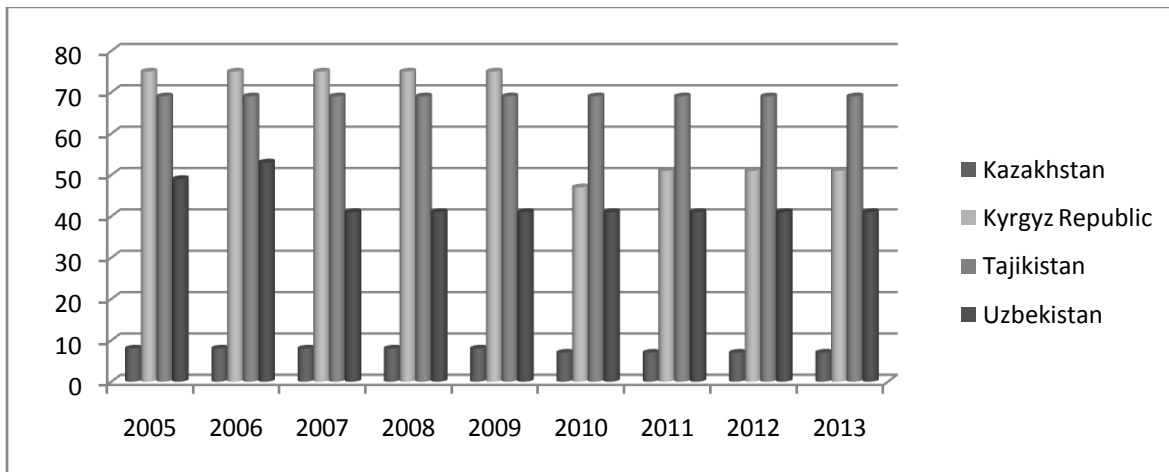
The second stage of development in Uzbekistan maintenance and service was a step in the socio-economic environment. At this time, to create an environment for legal personnel, regulatory styles, financial and material, etc. As with other sectors of the economy in the direction of maintenance and service up to their 1997 "Education Act" and "National designation training", reform education, free him from the old ideological views, prepare highly qualified specialists in democratic level meeting of a high level of moral and ethical standards. The second phase of maintenance and service is coming to the second phase of the "National guidance training."

Privileges and Preferences for Small Business and Entrepreneurships

In the direction of maintenance and service was compiled hundreds specialized secondary and higher educational institutions are competing prepared for expertise. For example, on the orders of the Council of Ministers of the Republic of Uzbekistan with the BM 26 March 2004 was organized Samarakandsky Institute of Economics and Service, to impose the duty of preparation towards maintenance and service of highly qualified personnel.

Therefore, the measurements, which are done in the sector of the private businesses, have opened new opportunities for the entrepreneurs. As a result the number of tax payments has stabilized during last eight-year period in country (Figure 3).

Figure 3: Tax payments (number)



The scheme of tourism activity licensing considered to be involved seven various steps beginning from preparing documentation ending with permission for tourism businesses. Policy of licensing has diversified in order to make privileges and cut downs of unnecessary documentations (Figure 2). Diffusion of the Information Computer Technologies (ICTs), make lot

of possibilities for representatives of the sector. While checking brand name, searching adjustable logo takes only short period of time rather than bureaucratic procedures. Moreover, experts of the administrative of the area could assess you according your purpose with some useful suggestions while setting –up new business in hospitality sphere.

Despite holding many of the cases in the second stage, the share of services in GDP was low. The economy robustness increases and increase incomes, the local budget take the opportunity to maintenance and service, it became known for its sluggish development in the villages (Schlagenhauf et al., 2015).

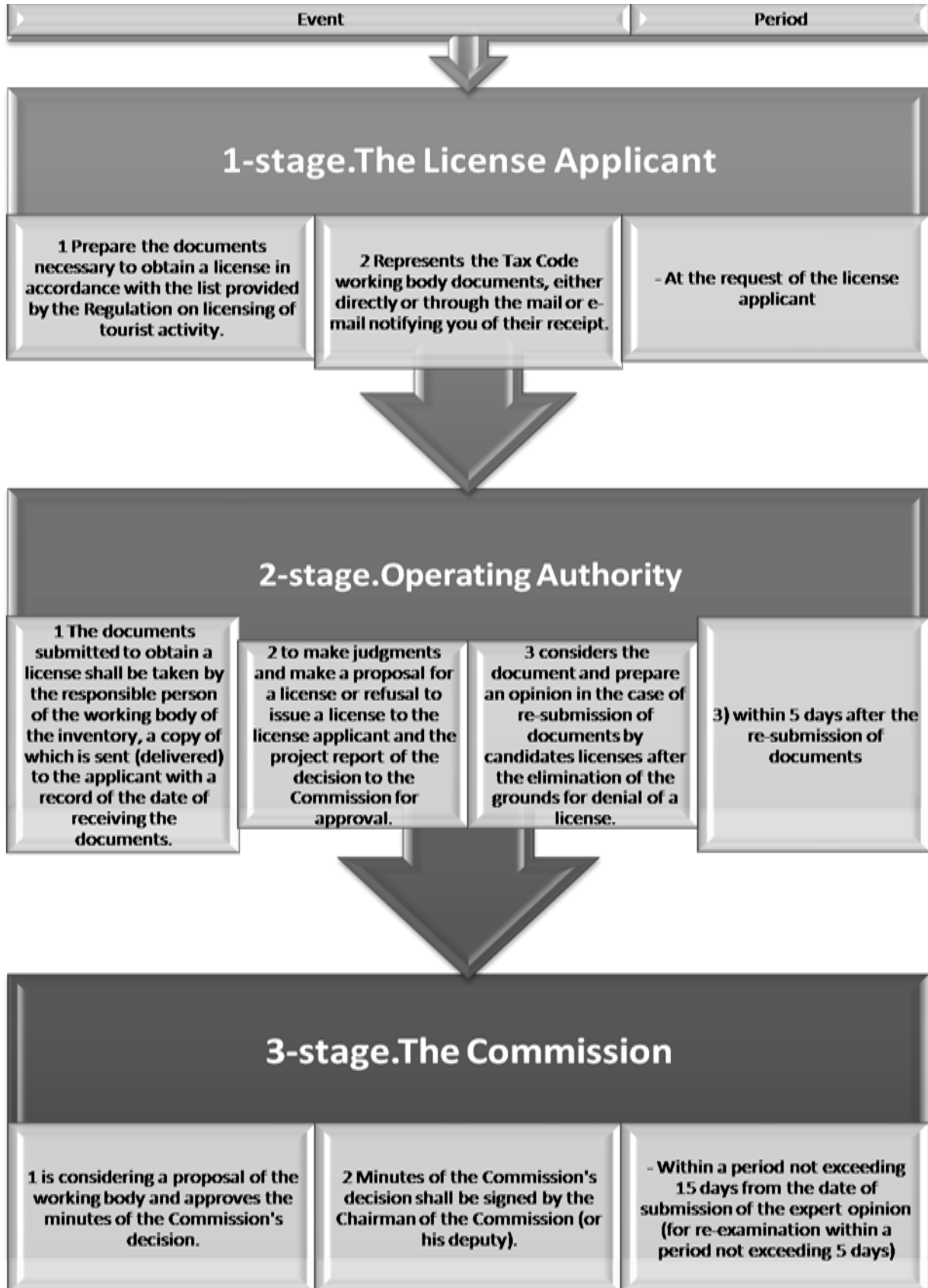
In the third stage of development in a climate of increasing incomes, lower inflation, President Islam Karimov at the meeting of the Supreme Council of merging the House and Senate said the law in his reported should increase the amount and type of maintenance and service, especially for the rural population "and adopted the law on measures of service lines and service at 206-2010 years in the Republic of Uzbekistan. At this time, based on the law of the President "On additional measures to accelerate the development and maintenance services in the period up to 2010 in the Republic of Uzbekistan" by the government of Uzbekistan has developed a state decree on the development and maintenance of service and requires consistent action. During this period, to eliminate the negative outcomes of the global crisis in 2009-2012 intending to perform the decree measures against the crisis, in addition, maintenance and development of small businesses remain the firm objective in order of increasing amusement and raising the degree of life and production modernization, technical and technological equipment, changing the leading areas of the economy are also immutable problem. Announcement of program titled "Year of small business and private entrepreneurship" in 2011 and the Decree show the importance of maintenance and service('World Development Indicators | Data | The World Bank DataBank - Create Widgets or Advanced Reports and Share', 2015).

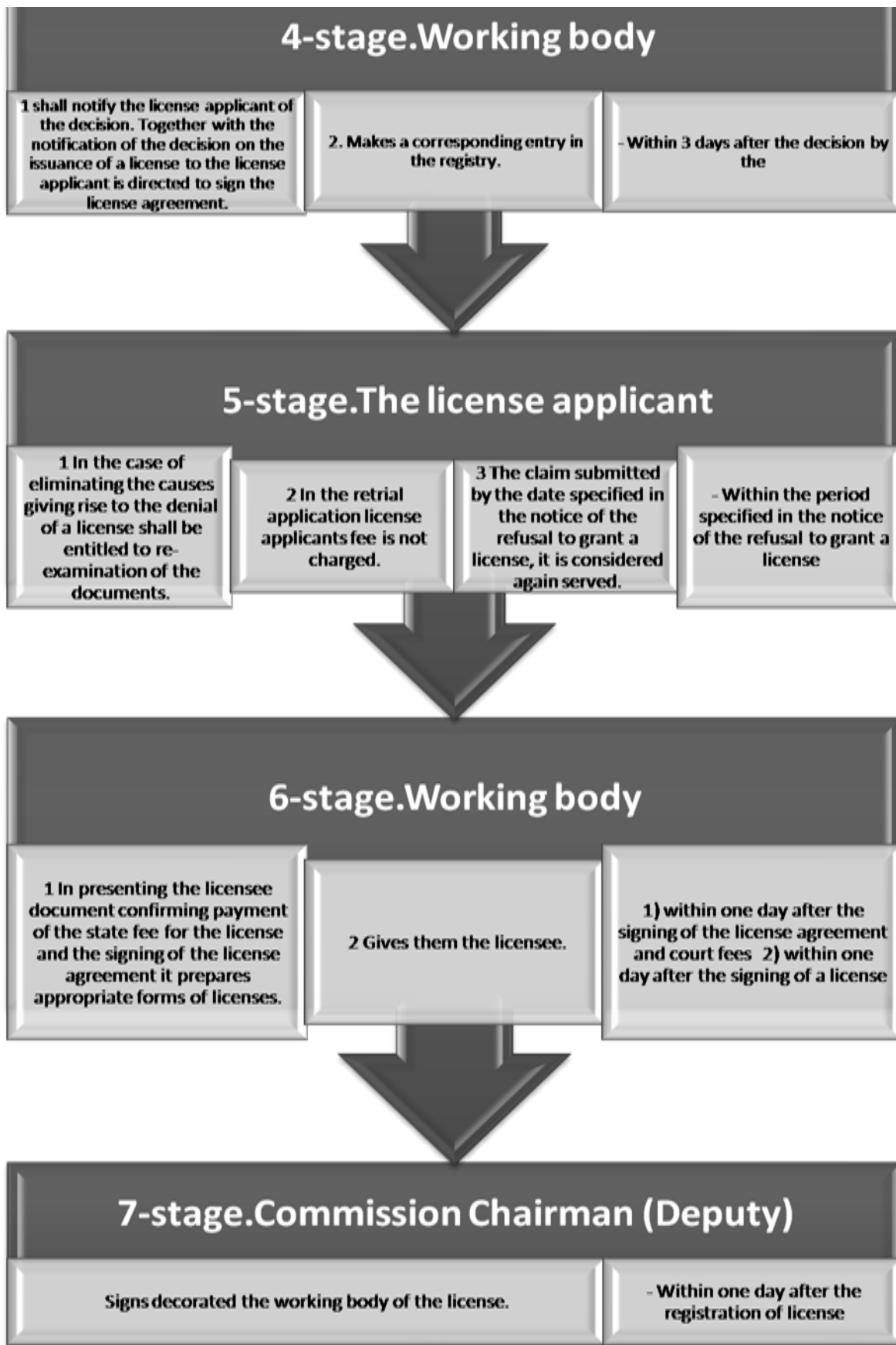
Catering Industry and its Perspectives

At the heart of the "Uzbek model" for the development of services in Uzbekistan, phased development of service companies should point the strong social policy, social protection of the population.

In particular, in the initial stages of the maintenance and service revenue not only to help, but at the heart of the "National guidance training" free footage prepared or created a favorable economic and financial conditions, regular wage increases, reduced inflation, creating benefits and others too considered as social protection.

Figure 2. SUBJECT_Scheme Licensing of Catering Activity





The given figure provide information about main stages of obtaining license for catering activity in Uzbekistan, with striking explanation of each step of this process. By the modernizing of system of providing license requirements for applicants, the government of Uzbekistan has done a successful job in order to appeal people to establish enterprises of this sector.

According to modified rules provided by this scheme, not all processes of presenting license must exceed 14 days after requesting from applicants. Furthermore, it could be one of the major policy components of the sector that facilitate the atmosphere of the entrepreneurship in the country. It is noticeable that, government has done great job to simplify small businesses and enterprises, which influence positively in their reputation(Brück et al., 2014).

As a result, the policy of obtaining permission in catering industry will be simplified, also the contribution of small businesses will get reasonable rates. Briefly, the policy of this economic area is under investigation by some international specialists, in order to achieve minimization of bureaucratic procedures during of this process.

After tinning service enterprises, increase cash, financial position lower taxes, favorable conditions are also considered as social protection.

Looking to the basis of the "Uzbek model" of gradual development in Uzbekistan, maintenance and service will see the flaws in the development stages or steps to develop a rapid pace. These:

- To cover the whole legal framework areas: law on maintenance and service, trade law, the law on nutrition of the population and tourists Code service, serving to develop the requirements of enterprises and put into practice.
- The development of maintenance and service should be introduced national values (especially, show hospitality, wind morality, education, education and courtesy when communicating, shyness, prudence, reliability, endurance, respect for elders, a junior honor, attention to the homeland, customs and habits, rituals, ceremonies).
- In the direction of sustainable development competition relevant requirements of the consumer goes to the first place with the maintenance, development of technology-service technology service should seek to meet the increasing demands of consumers.

Modernization of catering – this update enterprises, improvement, equipment for modern requirements, catering services, improving quality of service; solution to these problems in more efficient foodservice, improving organizational and economic mechanisms, identification of opportunities, development of quality indicators for services catering. Important indicator of software service companies to provide services is a comprehensive modernization of there; in this important technical and technological modernization. Modernization of the enterprise is the

first entry in the production of new technology. In catering our country is now used different equipment. Study the issue of modernization of catering to the scientific, technical and methodological aspect is one of the urgent problems requiring special attention (Mullerson, 2014).

First criterion of services in service companies providing services is their comprehensive modernization. In this regard, technological upgrading of enterprises takes an important place. Technical modernization means the introduction of "new (the innovative) technology" in production is the first place.

"New technology" is the result of scientific and technological victories. In the country as compared to the previously known and a prototype or analog using this growing power production and meet the needs of society as a product of high interest.

Therefore, in the enterprise, where services are provided service to a new technology (and new technology), it need to look not only as a new product and a new object of exploitation, but also in a broader sense.

"New technology" if it is a new product in the producing company, the company becomes a new object of exploitation for user. Therefore, from time to time it need to change the pace, power resources of scientific and technological progress and clarify effective rate, which is considered a crucial vehicle for enhancing the process.

To increase the utilization of new technologies in production, of course, the following is important: the optimality of its key indicators, the quality of the structure and technology, the conditions of its implementation and condition are important.

When people talk about the technical condition of enterprise's technology, they understand the assessment of baseline production towards improved by comparison and relativity. The main mission is the relative improvement of products to comply with the intended functional definitions. However, you can learn planning techniques, quality improvement and compliance with international standards. If you are comparing products with the definition of customer value and social need, it needs to be understood as the technical and economic level. That is, on the one way, if it is possible to assess the using and replacement of one another, and to compare it with the other way, the definition of social labor expended in its creation and using ('World Development Indicators | Data | The World Bank Data Bank - Create Widgets or Advanced Reports and Share', 2015).

At the present, the regulations (GOST, OST, GOST 15467-79) in determining the technical state compare the main technical and economic indicators of production. However, this state indicates that the theory is not improved and this approach is often not possible to compare with samples issued abroad (Ajwad et al., 2014).

If the technical conditions of production economics indiscriminately is characterized as improved, the technical and economic level linked to economic performance and knowing the technical development, then we can compare the technical level with foreign models completely (Rodriguez-Fernandez et al., 2014).

At present, in many cases, the method of the experiment, that is, in the opinion of the research team with the exchange of some other equipment remains without solution accurate measurement. Such a state, all the time does not address the issue properly and as a result profitability may be negatively affected.

CONCLUSION

As service stimulates infrastructure development of the country, has a strong multiplication effect and helps diversify the economy, supports local culture, crafts, and environmental protection, it is actual for the Republic of Uzbekistan with its transitional economy, moreover it is important, and as Uzbekistan is a country with vast capabilities in service. The service and tourism industry is a leading export industry in worldwide, Central Asian counties could contribute considerable as well.

Moreover, with vast underused capabilities in catering and diversity of catering facilities represent the potential of service in these destinations. Location of the area, corridors on the Great Silk Road, with cities that were main points of trade also have a great contribution for developing of service sphere globally.

In briefly, Central Asian states, such as Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, and Uzbekistan have great potential of service augmentation as whole. Established policies and conducted measurements in counties have made already its results. Upcoming diversifications and modernizations in the industry may contribute exponentially for the economies of the Central Asian countries.

The way forward could be mentioning with productivity and efficiency of services in restaurant and selling procedures of the businesses. Further investigations of the service could be observed experiences of the sub-sectors in the industries, methodological diffusion of the issue also prolife with the help of the deep analyses and suggestions.

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