

YOUNG **SCIENTISTS**



ISSUE 2

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What Actions Can We Take Right Now to Make a Better World for Future Generations?

Sardor Iskandar

Year 2, Finance, Investment and Risk

In this paper, the term “Taxation Awareness” will be discussed. Namely, “Why the economy is so influenced by Taxation Awareness”, consequently, “How Taxation Awareness and Patriotism are closely connected” following by facts, author's opinion and possible solutions.

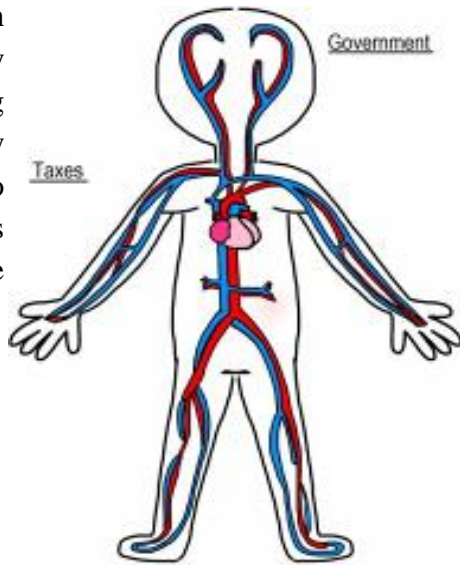
1.1 Origins

When first humans ever appeared, they lived in groups to survive in cruel conditions. Only together they were strong enough to succeed. That was the first system ever created by humans. They shared responsibilities between each other to contribute to the society they lived in. Some were going hunting, some cooked, some protected home fireplace. Time passing, humanity grew up to building civilizations, where item such as “money” first appeared. Money has become a substantial part of any system on earth. These days, the countries` systems work according to the principle of systems that came before, but they are upgraded. Right management of money within the system has become a key to making a healthy economic system and environment.

- However, what is the source of money in every such system?
- People pay taxes!

1.2 Tax is the blood

Tax is the blood of every modern country. There is no such body that can operate anything without blood constantly pumping. Therefore, it is vital to make sure blood circulates properly. Same works for the economic systems.



- What are the obstacles, preventing blood to circulate?
- Tricks to fool the system!

Fraudulent activity is in practice from bottom layers to the top. The higher this activity goes, the more it grows. Most of this activity is not conducted by brilliant hackers or criminal masterminds but the people you trust, who keep sitting and taking money out of circulation balance, causing unbalance in the economy and division of classes to the poor and the rich.

“There is no point of having a lot of money, you cannot properly manage.”

In countries where such practice is common are staying underdeveloped or developing. Natives keep leaving such countries in search of better conditions in other countries. That is mostly a cause

of **Brain Drain**. Intelligent people are leaving to pursue career dreams and opportunities. They can be understood, no one wants to abandon their dreams because of conditions they were put under since birth.

2.1 Patriotism

- But what about patriotism?

We are human beings and we were born selfish. In any situation, we firstly try to protect our interests and make ourselves comfortable. We are programmed so, and in dilemma whether to pursue career opportunities or stay and keep being patriotic, for most people the answer is obvious, and still the minorities that picked the second are hurt somewhere deep down. Because with such decision the program inside us claims “Error!”, you have gone against your inner program to do what is firstly good for YOU. It is easy to prove that we have been programmed to be selfish. Imagine you are offered candy and you see another person standing next to you, he saw how you were offered a candy. If you eat the candy, it goes without saying that you have acted selfish, you did something good for yourself, namely to please yourself. But if you gave a candy to that guy, it is still considered being selfish. You have pursued your inner goals to ultimately benefit yourself in perspective. Those goals could be:

1. To start a chat and become friends with that person.
2. To give that candy so that guy stops drilling you with his sight.
3. To give candy to someone who desperately wants that candy and later feel that you did good.

There are plenty of variations. So it is ultimately visible that everything we do meets our inner selfish program. In terms of

Patriotism, it consists of two parts, the Traditional value such as historical heritage, traditions and family and the Egoistic value. Only two parts together make this feeling true, when we have something to protect. We will definitely protect something that brings us joy and comfort. Therefore, those people who live in unbalanced economic flow circulation do not have true patriotic feelings. However, if the underdeveloped country suddenly becomes developed, the problem fixes itself. Because, people suddenly saw the value they want to protect, better infrastructure, affordable prices, abundance of businesses and business privileges and more. Later, people will be more involved in the future making of the country - willingly and consciously electing government, go for state positions and actively participate in social events. Yet, this is just a utopia because in the reality, progress does take time.

2.2 Egoistic altruism

Before Industrialism people lived happily only if they made someone else unhappy, taking a bigger part of the pie. Pre-industrial society was very static and often cruel – child labor, dirty living conditions, and long working hours were equally as prevalent before the Industrial Revolution. Since industrialism, everything has changed, the amount of supply was huge and the majority was happy to obtain what they wanted. However, a human being never gets enough, always wants more that relates back to basic Economic problem, **Scarcity; Unlimited wants - Limited resources.**

- If the resources are limited and resources management is not a permanent measure. What shall we do?

- To satisfy more needs, we need innovations! More educated people - more innovations
- But how to get educated people?

The possible solutions are:

3.1 Transparency system

Introduction of Transparency system. The system where every civilian can enter one's personal code to see where the taxed money are going, it can be shown as planned road or building investment shown on the map or special social program investment. In this way, people will see their contribution, feeling that they are a part of a society. Talking from “Dodo Pizza” experience, they have made it possible for customers to see how their pizza is being cooked at any time. Thus, the stuff does not know when exactly they are being watched, so they are stimulated to work at their best. Worth to mention such a system as BlockChain, the system that is constantly updating and reviewed by thousands of users, therefore, making it almost impossible to be hacked. It is excluding much of human factor involvement into the process.

3.2 Taxation Awareness and General Education level

How far are people aware of the taxation system? Most of the working people are aware of the taxed ratio from their salaries and purchases they make. However, how much it actually is, not many people are aware and not really concerned about it, as long as it does not rise significantly. Some people are not even aware where their taxed money goes and even worst of all, why it is even done. Taking Taxation system of the United States as an example, it covers many areas of business in different states differently, making it favorable to

open up business for anyone with various starting up scenarios. People in the United States are even debating about what taxes are better. That is a sign of the contribution and value of the Americans to their country, that is why American people are so renowned for their patriotism. Here can be seen how the theory of Patriotism works. Therefore, it is vital to introduce a subject “Civil Finance” to young learners where the work principle of Taxation system and basic financial management will be explained. Making youth be able to adapt for further life, explaining why money should not be collected under the pillow, but spent and reinvested regularly. It is important to introduce young learners to world problems such Overpopulation, World Hunger, Climate change.

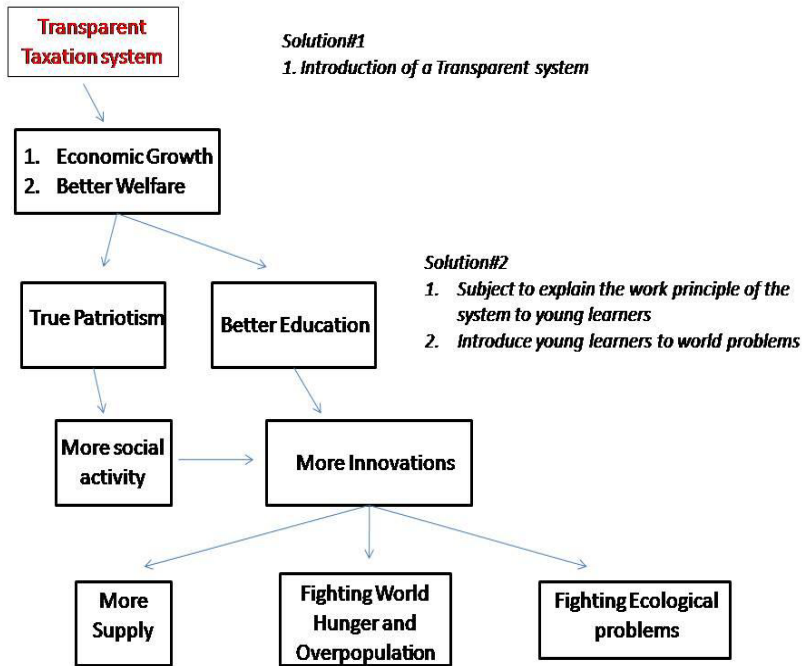
Overpopulation is consequence of the low education level in many poor countries. The population is predisposed to engage in agriculture. As it is known, many families that are working on farms receive the equivalent of money for their physical labor. That is, one-to-one ratio, that is why people tend to have more children so that they have more hands working in the fields and thereby bringing in more money. But there is a downside to this plan. Each new pair of hands must be fed, and since we are talking about children, the younger generations, who must also be well brought up, clothed, medically treated and educated, the task in due course begins to become more difficult. It turns out that for each new representative of physical labor, the monetary income grows as well, but the expenses grow accordingly and the ratio of physical labor and monetary income again becomes equivalent, only in a larger size.

- So why is this still a problem?

Because parents have a great responsibility to raise a child safely, which is not an easy task. Now imagine what would happen if parents

raised more than one child. Parents simply would not be able to fully raise a reasonable person under such conditions. But with a good level of education, generations will begin to reveal themselves in many other areas of occupation in the modern world. Thus, the equivalent of labor and money will be different for most. For example, one effort of a well-educated person can be valued many times more in comparison with the previous example. Due to such improvements in education, people will give birth to a few children they truly can give; enough food and clothes, medical care, education, upbringing and love as in Maslow's hierarchy of needs. From here, two major world problems will be gradually resolved such as World Hunger by innovations brought by educated people like GMO and expanded supply, and Overpopulation by providing education for everyone, consequently increasing chances for more innovations in medicine for effective sustaining public health. In the case of virus outbreaks, humanity will be better prepared. As people will benefit from their closer interest, it is vital to encourage people to preserve nature and help to effectively fight Ecological problems using the innovations in further perspective. The overall development of the country will begin to grow gradually, and the aforementioned problems will cease to be the problems of prime importance.

In this way, the young learners will gradually start comprehending the essence of each person's contribution to the world.



4.1 Conclusion

The diagram demonstrates the consequent steps and their consequences. After the introduction of the Transparent Taxation system, the country's economy will gradually normalize leading to sustainable economic growth. Consequently, welfare will become better as required funds ultimately reach its destinations. As people will start seeing better welfare, the second part of Patriotism will be completed and they will start contributing more for the sake of society. More investments will flow to the Education, making more professionals in various fields and bringing more innovations to further fight social and ecological problems in global scale. The focus on these steps will help in building better world today by resolving the

problem from its origins. Lastly, I want to say as an author that a mighty tree grows gradually from a small sprout. In our case, the tree has already grown, but it is not very mighty, so we need to look down to the roots to make it the one. For us!

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Authenticity in Cultural Tourism: The Case of Cannibal Tours

Muslima Makhmudjanova

Year 3, International Hospitality and Tourism Management

Introduction

The concept of authenticity has become an important subject in the study of tourism since MacCannell introduced the concept almost four decades ago. MacCannell's explanation of "authenticity" referred to the "truthful interaction between human relationships in primitive societies who live open to all others without being worried about protecting the authenticity of their lives" (MacCannell 1976). However, there are various approaches about the concept of authenticity in tourism literature. Therefore, there is a need to analyze the concept of authenticity. The documentary "Cannibal Tours" by Dennis O'Rourke was used as case study in this analysis.

This study includes the following sections. First, the theoretical approaches of the notion of cultural authenticity, process and factors causing cultural change will be reviewed. Then, it will provide the influence of tourism on the culture of Papua New Guinea (PNG) and provide conclusion at the end of the study. To begin, it is important to give a short overview of "Cannibal Tours".

The documentary by Dennis O'Rourke tells about a visit of European and American tourists to the Sepik River in Papua New Guinea. The movie "Cannibal Tours" shows the interaction of tourists with the locals by taking photographs and purchasing artifacts and souvenirs

from them. The message of the documentary about colonialism, wealth and poverty, power relations, perceptions of race and ethnicity, and the transformation of local culture.

Theoretical framework

The notion of authenticity has long been argued and discussed topic in tourism literature. The concept of authenticity has a various approaches in tourism study. According to Sharpley (1994) “authenticity refers to traditional culture and origins, a sense of realness, genuineness and uniqueness” (Sharpley, 1994). “The notion of authenticity is usually used as an expression of tourists attractions’, experiences’ and objects’ quality, in connection with tradition, originality, uniqueness or something locally specific” (MacCannell, 1973). Moreover, some scholars consider authenticity as intrinsic to the objects, while others suggest authenticity lies within tourists’ perceptions or experience (Timothy, 2011).

Wang (1999) divided authenticity into three subcategories namely objective authenticity, constructive authenticity and existential authenticity. According to Wang (1999), “Objective authenticity refers to the authenticity of originals” (Wang, 1999). “Objective authenticity is strongly based on the knowledge of the object and is therefore criticized as being able to be differentiated only by experts, intellectuals or elites” (Reisinger & Steiner, 2006).

On the other hand “constructive authenticity represents the authenticity which is an outcome of a construction by both the tourists and site developers, so that the authentic experience and authenticity of the toured object are both constructive of one another” (Cohen, 1979).

The third subcategory of authenticity is “existential authenticity”. Wang (1999) stated, “Existential authenticity is a state of mind that enables an individual to feel free, within certain environments, to engage in activities they would normally avoid because of their social roles” (Wang, 1999). For example, tourists may take part in an ethnic dance when on holiday even if in their real life they would not dance in public. Wang (1999) also states “tourism fosters existential authenticity because people feel that they themselves are much more authentic and more freely self-expressed than in everyday life, not because they find the tour objects are authentic, but simply because they are engaging in non-ordinary activities, free from the constraints of the daily life” (Wang 1999).

Besides, Wang (1999) categorized existential authenticity into two different aspects namely “intrapersonal authenticity” and “interpersonal authenticity”. Kim and Jamal (2007) also endorsed the categorization existential authenticity of Wang. According to Wang (1999) “intrapersonal existential authenticity concerns physical feelings and expression and a sense of the desired self, while interpersonal authenticity is about establishing authentic relationships with others without being affected by inequalities in social status” (Wang, 1999).

Process of cultural change

- *Cultural imperialism*

Mains (2009) claims, “Cultural imperialism is a process of disproportionate influence over social practices and ideologies by one sociopolitical group, over a politically weaker and less-wealthy group” (Mains, 2009). It is better to explain the terms “imperialism” and

“culture” separately in order to give an accurate explanation of this term. In accordance with Mains (2009), “the term imperialism refers to the domination of a social group over another. Imperialism involves a dominant influence by a particular authority through cultural, economic, and political practices, which facilitate the creation of hegemonic geographic power” (Mains, 2009). Besides, Mains (2009) defines “the term culture has been broadly described by human geographers as the contexts in which people exist in space and the sense of place that these different settings provide” (Mains, 2009).

Said (1993) states “combining the terms ‘culture’ and ‘imperialism’ makes that cultural imperialism is a specific form of broader imperialistic practices and refers to the unequal influence of a specific dominant power over the social, material and economic context of another power” (Said, 1993). Therefore, theory of “cultural imperialism” highlights on cultural structures, inequalities and relations.

“Cannibal Tours prominently features black and white photographs from German colonial administration of New Guinea – as well as German tourist must besotted with imperialism nostalgia” (Silverman, 2004).

- *Commodification and cultural commercialization*

“In classic tourism literature, commodification is defined as a process where objects/practices are transformed into commodities to be exchanged for profit based on a market value” (Cohen, 1988). Besides, according to Cohen (1988) “If an area has been dominated by economic relations instead a tourist ones, and if its local costumes, rituals, feasts, folk and ethnic arts are produced and performed only

for touristic purposes, they become commodities” (Cohen, 1988). Cultural commodification is clearly seen in “Cannibal Tours”. For example, Silverman (2004) noted, “In Cannibal Tours, tourism is an inauthentic experience that denies local people their agency and forces them to commodify their culture into banal dances and crass trinkets”. He continued, “In Cannibal Tours tourist art is a meaningless source of money and frustration for local people – mere economic inequality and tawdry commodification” (Silverman, 2004). Additionally, “Cannibal Tours” illustrates commodification of human interactions through the tourists’ behavior. “The commodification of human relations is emphasized through taking photos of villagers by tourists, whereby the tourists assign monetary values to the interactions with the locals by payment” (Morningstar, 2015).

On the other side, “tourism commercializes the life of local people and causes the loss of authenticity and cultural products and human interaction” (Reisinger, 2009). In “Cannibal Tours”, the most important influential factor on cultural change is cultural commercialization. It is clear seen that social relationships between the locals and tourists have become commercialized. “These rich tourists appear superficial when they use their money to foster these social relationships and create a “buy and sell” atmosphere throughout the Sepik, which changes the culture in the region” (O’Rourke, 1989).

Tourism development in Papua New Guinea

“Papua New Guinea is characterized by one of the smallest tourist flows in the South Pacific” (Malne, 1990). “Visitor arrivals to the country have remained fairly static throughout the 1980s with 1987 seeing a total of only 34800 arrivals” (Malne, 1990). According to

Silverman (2013) “in the late 1980s, tourist regularly disembarked in Tambunum from the Melanesian discover, the ship that replaced the Melanesian Explorer featured in the Cannibal Tours” (Silverman, 2013). “The boat set sail several times each month from a luxury resort in the coastal town of Madang” (Silverman, 2013). At that time, residents were earning a lot of income from the sale of souvenirs and artefacts to tourists.

Although, “Cannibal Tours” mostly focused on the negative aspects of tourism in Sepik River village. Tourism is the greatest source of money in village. Most of earnings are derived from the sale of art and stuffs. Silverman (2013) argues “in Cannibal tours, villagers routinely appear immobilized by tourist cameras, but the real immobilization occurs through fiscal impoverishment, which local people in large measure trace to the lack of tourists” (Silverman, 2013). Tourism in Papa New Guinea create employment for both men and women. According to Silverman (2013) “it employs men and women on a rotating basis for security, grass cutting, building maintenance, housecleaning, cooking, and other chores” (Silverman, 2013). Moreover, “tourism has fostered “mechanical reproduction” in the form of wooden crocodile-shaped napkin rings and naturalistic snakes, birds, and frogs” (Benjamin, 1969). “The emerging touristic crocodile, then, represents a fundamental and enduring outlook on reality, specifically the disclosure of important knowledge. But the crocodile symbolizes the emerging, unfinished configuration of what it means to be a Sepik person today, the objects enfolds in a sense the postcolonial future within a premodern epistemology” (Silverman, 2013).

Conclusion

Summarizing all aforementioned theories of authenticity provided by tourism literature, it reveal that authenticity is an important subject in tourism study. There are many discussion and explanation of authenticity in tourism. Therefore, Wang (1999) divided authenticity into three subcategories namely “objective, constructive and existential authenticity”.

The study also reviewed process and factors causing cultural change using documentary “Cannibal Tours” as a case study. “Cannibal Tours” shows a negative influence on Sepik River village, while tourism is a main source of income in village. Tourism in Papa New Guinea provides opportunities to earn income, create employment, and offer to show their postcolonial identities.

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Why Is It So Important to Have a Brand in Fashion Industry? And How to Add Value to the Brand?

Dilnozakhon Atakhanova

Year 3, Business and Economics

Introduction

The fashion industry has become one of the globalized aspects of the economy that continuously develops the fashion market. The present fashion industry appears to be exceptionally different as it was 10 years ago. In general, it is business that is compounded of four basic sectors like manufacture, design, distribution and promotion of clothes, accessories, shoes and other types of apparels. Although the fashion industry faces challenges of attracting new consumers and competing in the rapidly changing pace in a market, the branding plays dominating role in spreading the business to the whole world. American Marketing Association (1960) defines brand as “a name, term, sign, symbol, or design, or combination of them, which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.” Moreover, brand is characteristic of the good that carries information about the producer or company and shows the value of the product to the consumer. It means that brand is not only name, logo and symbol; it is marketing tool for businesses to communicate with the consumers. In clothing industry brands exist at every level of fashion market that comprises of five overarching levels, such as haute couture (Dior, Gucci), luxury fashion (Marc Jacobs, Chanel), affordable luxury (Moschino Cheap and Chic, Just Cavalli), middle level high street

(H&M, Nike) and value market (Primark, Wallmart). Obviously, creating a successful brand helps positively influence consumer's perception and buying behavior.

Reasons why brand is so important?

Today fashion market is becoming more and more competitive due to fast change of the consumer's choice and trends. This is why it is necessary for fashion businesses to build a strong brand for their product in the market. Brand enables to show up true perception about apparel's value. The followings are the main reasons and importance of having brand in the fashion market.

- The most fundamental components of the brand are logo and name. These are referring to the expression of the company that help to be specifically recognizable by the customers. Brand name and logo should be easy to remember, powerful to have a right perception and impression for target audience about the company. Take for example, the crocodile is an iconic element of Lacoste and three stripes symbol is associated worldwide with the Adidas brand. Overall, brand improves creation of awareness, reputation and fast customer recognition in the fashion industry.
- Customers are more likely to purchase products from famous, reputed and well-executed fashion Brand Company. After recognition and evaluation of the principal value of particular brands, consumers will stay loyal to the firm. Brand loyalty describes as a customer preference for one brand's product over others. It exists when a brand can impress customers to feel the brand's quality at the right price, unique value,

continues improvements and distinctiveness from other brands. A Harvard Business Review study found that companies without brand had only 18% customer value. It implies that the customers cost businesses more than they make a profit. A fashion company having brand loyal clients will lead to greater sales and less showcasing and publicizing expenses.

- A strong brand in the fashion industry will help to ease communication with the audience. Companies would not make much effort when sharing with their targets, visions and ideas. For instance, when a certain brand has its loyal customers, it will be less expensive and much easier to present the new product to the market. Due to the fact that followers of the particular brand will be interested in innovations and subsequently participate in broadening the offer to the other people. For example, Dolce & Gabbana is one of the major fashion brand in the world, does not promote new product via billboards or magazines, they just communicate directly with their customers via D&G fashion Channel application. On the whole, brand makes easier to negotiate with consumers and introduce new product to the market.

These are the basic reasons for designing a powerful brand in fashion competitive market. These characteristics should be taken into account for people who want a remarkable growth in their businesses while developing a brand for the fashion product.

Ways of adding value to the brand

Most fashion companies attempt to use distinctive methods to enhance the value during creation of a product. Fashion firms may invest additional exertion to the research, adjust the price and brand image in order to raise the core value of the firm's brand. The following ways are of how fashion companies can increase the value of the brand.

"Pricing is actually a pretty simple and straight forward thing. Customers will not pay literally a penny more than the true value of the product."— Ron Johnson, the former chief executive officer of J. C. Penney [New York Time, 2013].

One of the main procedure of raising the value is by price differentiation. Pricing is a strategic tool and tactical element of fashion businesses. The principal aim of fashion retails is to maximize profit by providing value and position of the brand to the consumer. It means that pricing can directly influence to the consumer's purchasing.

"Price is what you pay. Value is what you get."— Warren Buffet. [Top ten Warren Buffet Deal Making", Bloomberg, 2012].

As it is stated by Stuart Rose (2006), the CEO of M&S, he clarifies his achievement in enhancing the fortune of his company by citing the formula: $\text{Price} \times \text{Quality} = \text{Value}$. Clearly, the success of the company relies on the price together with the quality that they deliver to the consumers.

Another factor that's important to the value of the brand is making proper research in fashion market. Gathering and analyzing current and accurate information will lead to make appropriate strategic and tactical decisions for fashion businesses. Making a research will help

to identify the consumers' demand, minimize the risk and overcome challenges that fashion market faces today. There are several methods (primary and secondary sources) and types (quantitative and qualitative) of making market research in the fashion industry like by surveys, observations, interviews and others. If fashion brands want to exist in the market for a long period, they should more concentrate on peculiar research and development process that identify the key problems and after use the data in an effective and efficient way.

Fashion companies may add value to their brands and reach success by advertising and promoting the brand image. Once the fashion product is produced, promotion process will start and continue until the popularity become disappeared from the market. Today, many fashion businesses try to promote their product via media, messages, celebrities, broadcasts, fashion shows, so as to extend the value of the brand. Advertising is significant tool that contributes to increase the sales, enhance brand awareness in the market, know the level of competition and gain customer loyalty. Meanwhile, the image of the brand regards as a mental picture of the fashion company. If the firm can evolve worthy image, the value of the brand increases and if not it leads to vise verse result. For instance, when consumers become aware of Nike`s sweatshops using child labor, the sales of Nike decreased extremely. As a result, the brand picture of Nike was related with negative image and people no longer wished to purchase the Nike`s product.

Besides above factors, the size of the audience and company affect the value of the fashion brand. The volume of the audience that provides the fashion product, plays an essential role in the valuation of brands. The larger the audience the more value is added to the brand. For example, The Bonnie Mob clothes are for babies and kids audience,

while Ralph Lauren appeals to the big audience like males, females, children and baby clothing. In addition, Michael Kors, was a designer for women`s clothing, but after creating watches and perfume line in a fashion market, he expanded his brand by inserting another type of product. A company that has lasted for a long time and well known is more valuable in the fashion industry. Fashion brand like Victoria`s secret has a capacity to accomplish great growth because of long duration, recognition and popularity in the fashion market.

Conclusion

In general, there are couple of industries that are inclined to changes in trends and tastes than the industry of fashion. Organizations in most industries may provide the same product for several years, while in fashion industry the companies should make an improvement seasonally. Therefore, building a good brand and value is enormously essential to each organization in apparel and fashion industries. The purpose of branding is creating brand awareness, providing sufficient quality and promoting the product in the market. For these advantages, many designers and tailors try to build a brand for their clothes and other fashion items. The continuing development of the brand leads to be more valued and identical than the competitors. All in all, even the fashion industry is becoming more challenging, companies may progress and increase the value of product through branding to the world.

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Alternative Energy

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Abstract

Renewable energy source is not only in the area of people who are living off-grid or out in boonies; renewable energy source is currently increasing its proportion in world power grid's energy, and renewable energy is going to be accessible for everyone. Alternative energy implies energy source except fossil fuel (namely diesel, petroleum and coal) and consists of nuclear and renewable energy sources. Even though nuclear energy cannot be as harmful for the climate as fossil fuel, nuclear energy is not categorized as renewable energy sources since nuclear materials may not be refilled in a lifespan of human. This energy is generated via utilizing thorium and uranium, that could not be refilled and have a limited quantity in availability. In terms of benefits of alternative energy, its main merit is that alternative energy will not end. The days when society utilizes fossil fuel are numbered, and thus each alternative energy source is useful compared to conventional source. A further considerable benefit is that alternative energy does not involve similar costly and detrimental withdrawal methods, as plenty of it is obtainable to people here on surfaces. Moreover, alternative energy is capable of creating new jobs for unemployed people as it is labor intensive (Types of Alternative Energy Sources You Can Use Today in 2020, 2020).

Keywords: *electricity, power, energy, wind, emissions.*

Introduction

Solar panel and wind turbine are becoming popular. There are plenty of benefits of clean energy, namely merits of biomass, hydroelectric, geothermal, solar, and wind. Alternative energy can lead to better health and less global warming. It can also create numerous jobs, and its price is decreasing.

Better Public Health

Air and water pollution released via natural gas plant and coal is connected to breathing issues. Pollution impacts everybody. According to Harvard University research, life-cycle expenses and public health impacts of coal is almost \$75 billion each year, which is equal to more than 4 cents each kilowatt/hour of electricity generated – approximately 35% of typical electricity level for an average United States family. Numerous detrimental health-related effects originate from water and air pollution which alternative energy technologies just do not generate. Solar, hydroelectric and wind technologies produce electricity without air pollution emissions. Biomass and geothermal technologies release a few air contaminants, even though overall air emissions are normally far lower than emissions of coal plants.

Moreover, solar and wind energy do not involve water to function and hence cannot contaminate water resource or strain supply via contending with drinking water, farming and other essential water requirements. On the contrary, fossil fuel has a considerable effect on water resource: both natural gas drilling and coal producing may contaminate source of drinking water, and each thermal power plant, as well as the one powered via oil, coal and gas, extract and use water

for lowering the temperature (Benefits of Renewable Energy Use, 2017).

Employment and other economic benefits

Opposed to fossil fuel systems, that are usually capital intensive and automated, alternative energy is more manual. Humans are required for installation of solar panels; technicians are needed to maintain wind farms. Generally, more employment opportunities are provided for per unit of electricity produced from renewable source than fossil fuel. Nowadays in the US renewable energy is supporting numerous jobs. Wind energy sector in 2016 provided employment for more than 100 thousand full-time workers in a range of functions, namely production, maintenance and operation, logistics and shipping, turbine installation and building, project management, and legal, consulting and accounting services. Over 495 plants in the US produce parts of wind turbines, and wind power project installation in 2016 only corresponded to about \$13 billion in investment.

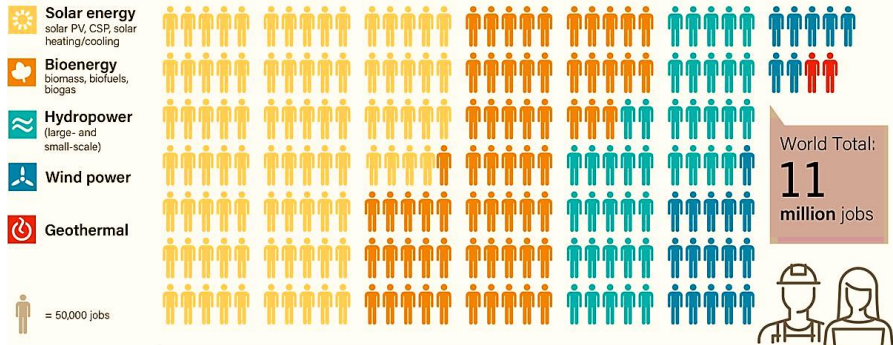
Even more employees are employed by other alternative energy systems. Solar industry in 2016 provided work for over 260 thousand persons, namely work in production, solar installation, and sales, a 25 percent rise compared to 2015. Hydroelectric power industry provided work for around 66 thousand persons in 2017; geothermal industry provided work for nearly 6 thousand persons. Improved cooperation for alternative energy can provide people with far more jobs. 2009 Union of Concerned Scientists research of a 25 percent by 2025 alternative energy standard established that this kind of strategy might provide over 3 times as numerous jobs (over 200 thousand) as generating an equal amount of electricity from fossil fuel. On the

contrary, whole coal sector provided work for 160 thousand persons in 2016.

Additionally to jobs established in alternative energy sector, rise in clean energy could produce beneficial economic ‘ripple’ impacts. Industries in the alternative energy supply chain, for instance, may gain benefits, and irrelevant domestic organizations may gain benefits from better business and household earnings. Domestic government may take advantage from clean energy as well, regularly in the method of income and profit taxes and other costs from alternative energy project holders. Holders of land on that wind projects are constructed frequently obtain lease fees, which may range from \$3 thousand to \$6 thousand each megawatt of installed volume, including fees for road rights of way and power line easement. Also, owners of land are capable of earning royalty derived from yearly sales of project. Rural landowners and farmers could produce innovative source of extra earnings via generating feed stocks for biomass power amenities.

Union of Concerned Scientists established that a 25 by 2025 alternative energy standard is capable of stimulating more than \$263 billion in new capital investments for alternative energy systems, over \$13 billion in new earnings of landowners from biomass generation and wind land lease fees, and more than \$11 billion in new property tax income for domestic community.

Jobs in Renewable Energy



Moreover, the crucial part of renewable energy is that it can create plenty of jobs. It is seen from the image above that renewable energy sector provides employment for 11 million people. Solar energy accounts for the majority of the renewable energy jobs, and it is more labor intensive than others (Benefits of Renewable Energy Use, 2017).

Less global warming

Humankind's influence is overfilling the atmosphere with CO₂ (Carbon dioxide) and global warming emissions, which are trapping the heat. Result is a web of considerable and detrimental effects, by greater, more often hurricanes, to extreme heat, ocean acidification, and flood. About 29% of greenhouse gas emissions derive from electricity industry. The majority of these emissions derives from natural gas and coal.

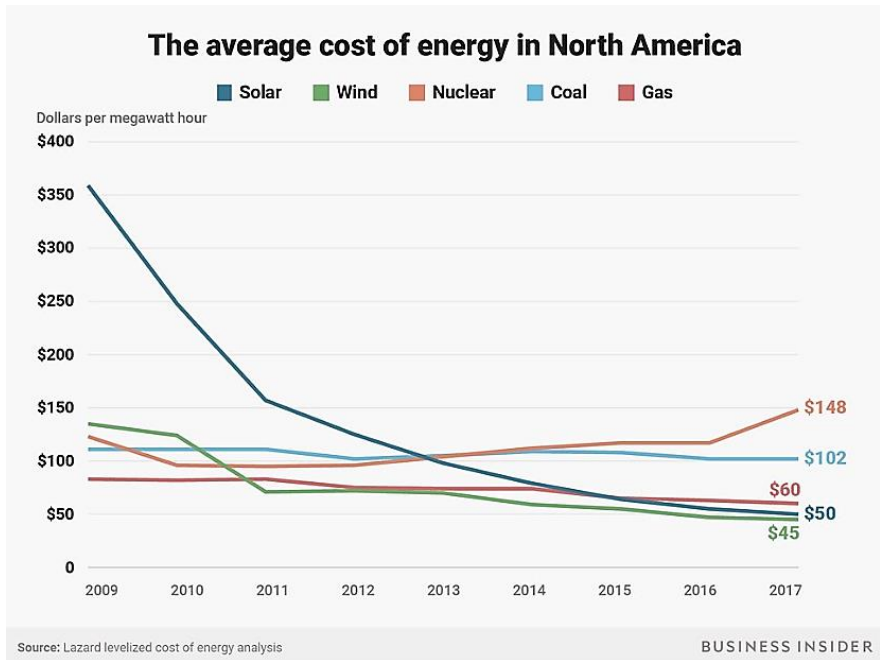
On the contrary, numerous alternative energy sources create a bit to no greenhouse gas emissions. When comprising 'life cycle' emissions of alternative energy (the emissions come from every phase of life of

technology – producing, installing, operating, decommissioning), greenhouse gas emissions linked to alternative energy are minimum.

Comparison turns out to be evident by looking at figures. Coal releases between 1.5 and 3.7 pounds of carbon dioxide equivalent per kilowatt-hour; burning natural gas for electricity emits between 0.5 and 2.1 pounds of CO₂E/kWh. Geothermal, in contrast, is accountable for just 0.1 to 0.2 pounds of carbon dioxide equivalent per kilowatt hour on a life cycle basis; hydroelectric 0.1 to 0.5; solar between 0.07 to 0.2; and wind 0.02 to 0.04 (Benefits of Renewable Energy Use, 2017).

Alternative energy production from biomass could have a considerable variety of greenhouse gas emissions depending on resources and whether it is sustainably obtained and collected or not.

Stable energy prices



Cost of solar power is swiftly reducing. It is currently cheaper than coal derived from a new study. Report from Lazard indicates that the ways expenses of generating electricity from different sources are varying. Energy from solar plants experienced the largest cost decline: an almost 90% fall since 2009. Cost of generating 1 mw/h of electricity – typical approach for measuring electricity generation – is approximately 50 dollars for solar power as stated by math of Lazard. Cost of generating 1 mw/h of electricity from coal, in contrast, is more than \$100 – over double the price of solar. Dramatic change can be clearly seen in the graph (Berke, 2018).

Conclusion

Countries benefit more from the alternative energy sources. Switching to alternative energy not just leads to saving money, but also is capable of promoting clean and healthy ecosystem for future generations (Thoubboron, 2020).

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Revised Sales Promotional Plan for Hyatt Regency Tashkent

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Abstract

In every single business, a marketer has to create own sales promotional plan for the future performance of business. A sales promotional plan, basically, refers to a strategy that indicates all operational procedures related to sales and promotion. In other words, this is a way of informing customers about new offerings, attracting them to buy and delivering products or services to end users. Due to the pandemic, COVID-19, many businesses have been restricted to operate regularly. As a result, they had to change their sales promotional plan. This report will focus on designing revised promotional plan for the Hyatt Regency Tashkent by analyzing the current market condition in tourism and hospitality.

Keywords: *Marketing strategy, product, promotion mix, pricing strategy, target market, objectives, promotion message, distribution system, sales promotion strategy, budgeting.*

Introduction

At recent times, COVID-19 has had a substantial impact on businesses in many parts of the world, particularly hospitality industry has experienced various restrictions within the lockdown. This article aims

to assess the current hospitality and tourism market condition in Uzbekistan as well as to draft the revised sales promotional plan for the Hyatt Regency Tashkent.

1.1 Background Information

Hyatt Regency Tashkent, located in downtown of Tashkent, is regarded as one of the luxury hotels in Uzbekistan (Figure 1.1). It was established in 2016 in association with Hyatt Hotel Corporation, headquartered in Chicago. It has 300 spacious guestrooms, inclusive of 38 Regency Suites, 8 Executive Suites, 5 Diplomatic Suites and 1 Presidential Suite. The Hyatt Regency Tashkent has been working successfully since its inception; for instance, it has become one of the predominant hotels not only in Uzbekistan, but also in Central Asia. As such, the Hyatt Regency Tashkent poses threats to existing competitors in the hotel industry in Uzbekistan (Amcham, 2019).



Figure 1.1: Hyatt Regency Tashkent.

https://www.hotels.ru/rus/hotels/uzbekistan/tashkent/hyatt_regency_tashkent.html

1.2 Recent Market Condition in Uzbekistan

The Existing external marketing environment in a country is evaluated by using PESTLE analysis. It refers to a basic conceptual structure analyzing macro environment. PESTLE identifies Political, Economic, Social, Technological, Legal and Environmental influences on the company (Kotler, et al., 2017). According to some investigations, the current market situation in Uzbekistan has completely changed owing to the pandemic, COVID-19. New legislations and restrictions had been constituted in terms of how to operate businesses. As a matter of fact, companies, for example, Uzbekistan Airways and Uzbekistan Airports, do not pay land and property taxes from April 1 to December 31, 2020. Also, income tax rates are reduced by 50% for hotels, tour agencies and tour operators from June 1 to December 31 2020 (Aripdjanov, et al., 2020). Besides, government had strictly constrained both the international and domestic flights until October. However, many businesses, particularly airline companies and hotels have been permitted to operate since October. International boundaries have been opened to several countries, for example, Kazakhstan, Russia, Tajikistan, Kyrgyzstan, Turkey and South Korea. At present, some hotels are operating as special zones for foreign visitors in order to stay in a 10-day isolation, while others are paying attention to domestic tourism, organizing some activities for interstate and intrastate guests. The Hyatt Regency Tashkent, as an example, is using its business centers and conference halls to organize some events, such as meetings and conferences for a group of delegates. Additionally, wedding and birthday ceremonies are being held in the restaurants of the hotel under the rules and regulations of quarantine.

2. Analysis of Hyatt Regency Tashkent Marketing Strategy

Marketing strategy, which is of significance in evolving the business performance as well as reaching customer contentment, identifies companies' positions in the market (Hult & Olson, 2011). Also, the marketing strategy and elements thereof, determine the business objectives, explaining how to achieve them (WAWIRA, 2016). Therefore, this section will analyses the products, pricing, promotion mix and distribution channels of the hotel.

2.1 Existing Products and Pricing

The Hyatt Regency Tashkent focuses on business and leisure travelers as its target customers (Ibbotson, 2019). The brand positioning of the hotel is to create the leading brand in customers' minds. In order to do so, the hotel provides the unique first-class service, which differentiates the business from other competitors. This is because there is a huge competition between hotels to predominate the market and occupy more market share (Martusevich, 2020). Besides, the Hyatt Regency Tashkent pays much attention to human workforce as a supporting product to make the core product exist. In other words, the management focuses on using appropriate human resource practices to recruit the right personnel and provide adequate training to staff to ensure their delivery of the world-class service to their guests (Kudratova, 2020). In addition, in Hyatt Regency Tashkent there are many facilities to add value to the core product, including general facilities, restaurant and bar services, business facilities, fitness amenities and security and safety. In fact, there are two restaurants there; the former is Khiva Restaurant which prepares

Uzbek national dishes, and the latter is Sette Restaurant and Bar, where European cuisine is offered. In terms of augmented products, the hotel not only offers an ambience that enhances its quality of service but also is conveniently located in the city center (Remote Lands, 2020). Additionally, there are 300 high-quality guestrooms, including 52 suite rooms, business centers, meeting rooms, indoor and outdoor swimming pools as well as saunas and spa salons available to guests (Ibbotson, 2019).

In pricing, the Hyatt Regency Tashkent has been implementing some pricing strategies in order to maximize the sales volumes and thereby, reach the business objectives. Basically, the value-based pricing approach, in particular value-added pricing is one of the major strategies in the hotel. In order to use this method, marketers put value-added features to differentiate the product as well as prove their strategies. In the Hyatt Regency Tashkent, tradeoff analysis is accomplished so as to find out customer expectations, whilst benchmarking gets used to know how well the hotel is satisfying visitors and to make the business stand out from other competitors (Martusevich, 2020). Besides that, both internal and external factors are taken into considerations. More specifically, the hotel supervisors consider marketing objectives, marketing mix elements, organizational cost, market nature and customer demand. Depending on the type of product and target customer, the top executives set pricing. For example, within low seasons, the hotel provides some discounts for a group of people or special offers for young families and couples during festivals or holidays (Kudratova, 2020). In fact, room rates are a little bit different for local and foreign visitors.

2.2 Promotion Mix

Promotion refers to the key consideration of marketing which makes service providers and consumers interact with one another (Ferrell & Hartline, 2008). Product promotion becomes one of the essential tools for every single business because of having a substantial influence on the customers. Defined as a concept of promoting and selling products, the promotion mix includes advertising, personal selling, sales promotion, public relations and direct marketing (Muala & Qurneh, 2012). All of them enables marketers to persuasively create a good customer relationship and thereby, sell more products. The Hyatt Regency Tashkent has already initiated online advertising. For example, it uses its own websites, Instagram, Facebook, Twitter, LinkedIn and other social networks to let the customers know regarding the recent changes. As a matter of fact, the website of the restaurants of the hotel has been activated for users, giving all restaurant-related information. As well as that, marketers of the hotel have applied sales promotion and direct marketing in order to promote new offerings and inform customers by emailing.

2.3 Distribution Channels

Marketing channels, which are the downstream of the supply chain management, refer to a group of individual business establishments that deliver existing products and services to end users (Kotler, et al., 2017). While in manufacturing sectors distribution channels push products to consumers, in hospitality industry they pull customers towards products and services (Kotler & Armstrong, 2014). Many enterprises in hospitality sector have used distribution channels for decades to have their products delivered to final buyers (Camilleri,

2018). The Hyatt Regency Tashkent frequently uses some of the marketing channels to promote the offerings, including direct booking, central reservation system (CRS) and online travel agencies (OTAs).

3. Revised Sales Promotional Plan

Sales promotional plan is a framework which is designed by marketers to advertise products and services, thereby enhancing the sales volume. In order to create the right sales promotional programme for the future of the hotel, the following requirements must be accomplished properly.

3.1 Target Market

As there is an imbalance between limited resources and unlimited customer needs and demands, businesses have got to first find out to whom sell the product. Target market is a categorized grouping of customers that hoteliers must focus on (Pride & Ferrell, 2000). To know the target market, they get to break the individuals down into groups and select the one or two. Now, due to the COVID-19, the number of foreign tourists visiting Uzbekistan has dramatically plunged; therefore, the Hyatt Regency Tashkent needs to draw much attention to domestic tourism. More specifically, they need to focus on inter and intrastate business and leisure tourists in Uzbekistan as their target customers. Depending on those customers' needs and demands, the hotel carries out the business operations.

3.2 Objectives and Promotion Message

After targeting the customer, specific business objectives must be set for the operation of the business within the pandemic. This is because in sales promotional plan, companies have got to determine their target customers and clear business objectives prior to applying pricing strategies and distribution system (Expedia Group, 2020). As many businesses, at recent times, are lagging behind and even facing bankruptcy, one of the main objectives of the Hyatt Regency Tashkent is to retain its market position in this difficult condition and overcome the pandemic-related barriers and obstacles. As well as that, the hotel is going to concentrate on value-added offerings to meet customer satisfaction by creating packages or bundles and rate discounts. In other words, this plan aims at luring customers away from competitors as well as holding and rewarding loyal ones.

As for promotional message, the marketing managers have to be concerned with how to direct the consumer awareness towards the revised promotion plan effectively and efficiently. So as to perform it, the message must be created to take the customers from the awareness stage to purchase stage by using the AIDA model, which is the acronym for attention, interest, desire and action (Kotler, et al., 2017). Also, it has to be well-designed in terms of message content, message structure and message format. The promotion message includes vouchers for potential and permanent guests, discounts for event organizers and packages for those who desire suite rooms.

3.3 Pricing Strategies and Distribution Plan

Concerning pricing, the hotel need to implement the customer segment-based strategy, which is widespread in the hotel industry.

This is also known as price per segment policy wherein the same room is offered to a variety of visitors at different prices or several rooms are occupied by a group of travelers at lower prices. This is due to the fact that in Uzbekistan room rates are different for international and domestic tourists. In addition, since the room perishability is considered to be one of the most important elements of the hotel, price per segment method is effective not to lose revenue. Besides, as online reservation system is available on the internet, the rate parity strategy ought to be widely accepted. Because it involves maintaining consistent rates for the same product throughout the online travel agents, namely Expedia, Booking.com and Hotels.com. Furthermore, the product-bundle pricing would be quite successful in the hotel to appeal to other travelers by offering special packages.

Distribution plan sets activities to make the hotel products and services lucratively available to users (Expedia Group, 2020). Distribution itself is regarded to be a channel used for customers to have access the hospitality products (Goi, 2011). To be more specific, individual visitors prefer direct booking to simplify the reservation process, as opposed to a group of travelers who are for online travel agencies (Kiatsonchai & Choibamroong, 2014). Within the pandemic, the Hyatt Regency Tashkent ought to use direct booking and online travel agencies to distribute the new offerings. This is because of the fact that those aforementioned types are of ease not only to inform consumers concerning new offerings online but also help avoid face-to-face interactions between employees and customers that can lead to the outbreak of the virus, COVID-19. Additionally, the hotel has to use restaurant online reservation system in order for celebrations to be held. In fact, selecting the right distribution channel can even guarantee the success of sales strategies (Kotler, et al., 2017).

3.4 Sales and Promotion Strategy

Since the hotel executives draw much attention to attract as many guests as possible and proliferate the market share, sales promotion strategy is of importance to sell the products and services profitably and persuasively to end users. Sales promotion strategy has an impact on occupancy rate, which measures the hotel performance and profit level (Rahmati & Jalil, 2014). Also, having an appropriate sales promotion tactic assists companies to appeal to and keep purchasers that can result in greater profitability level (Lovelock, 2001). Moreover, sales promotion gets considered to be an appropriate element in hotel business due to being advantageous particularly in seasonality, increasing competitiveness, cost characteristics and new products launches (Suttle & Akpabio, 1988). Therefore, the Hyatt Regency has to create proper sales promotion activities. In order to do so, first sales promotion tools must be selected. For instance, the patronage reward, which is \$50, can be offered for 10 permanent guests of the hotel every single month. Those who choose suite rooms will be provided premiums whereby they not only stay in suite rooms but also have free dinner at the fine-dining restaurant of the hotel or spa depending on the customers wants. Also, in January and February, there will be a 20% discount for those who want to organise wedding and birthday ceremonies. In addition, from February to April, the hotel will offer a 30% discount for businesspeople to organise some events in the conference hall or meeting rooms of the hotel. According to the research by Mansoura University, discounts and premiums are one of the most effective ways to attract and encourage potential and permanent customers (Farghaly & Saad, 2017). This programme will be advertised by social media, television and online travel agencies (OTAs).

3.5 Budget and Implementation Timeline

Prior to implementing the all mentioned above, there must be a sum of budget allocated. Marketers have got to know how much money they get to charge so as to implement the sales promotion plan profitably. So as to apply the revised sales promotional plan in the Hyatt Regency Tashkent, the executive supervisors should set the objective and task method. According to this method, budgeting has to be logically and accurately set in the hotel (Kotler, et al., 2017). For advertising the offerings on television within fifteen days, \$1500 is required, while social media requires \$500 for advertising during a month. Also, two online travel agencies cost \$1500, as opposed to direct booking, which is \$150 for every single month. Overall the hotel needs \$11600 to promote the revised sales promotional plan (Table 3.1).

This sales promotional plan will be used over a four-month period between January and April, focusing on winter and spring seasons as well as holidays and festivals therein. This will be the sell-off time for the hotel to implement the designed programme. The revised sales promotional plan will be promoted by social media, direct booking and online travel agencies within the entire four months, but via television during fifteen days in January and March (Table 3.1).

Conclusion

This article analyzed the recent market situation in the hospitality industry during the pandemic in Uzbekistan. The results show that the condition is gradually getting better; therefore, hotels are allowed to operate again by following the quarantine requirements. Also, after studying the marketing strategy of the Hyatt Regency Tashkent, the

sales promotional plan has been revised in order for the hotel to continue to attract customers and fulfill their satisfaction.

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Appendices

Table 3.1: Marketing Promotion Expenses

Marketing Promotion Tools	January	February	March	April
Television	\$1500	-	\$1500	-
Social Media	\$500	\$500	\$500	\$500
Direct Booking	\$150	\$150	\$150	\$150
Online Travel Agencies	\$1500	\$1500	\$1500	\$1500
Total Cost	\$3650	\$2150	\$3650	\$2150

Free Economic Zone: Problems of Functioning in Uzbekistan

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Year 2, Banking and Finance

Abstract

Free economic zones (FEZs) are mainly established by governments to attract investments and to improve underdeveloped sectors. Such economically free territories have special preferences in taxation. It provides favorable conditions for investments. Many countries successfully applied this strategy, and in the last decade, several FEZs were opened in Uzbekistan too. However, as experience shows, there are many issues that confront against investment attraction, as only few projects are functioning for now. Introduction of changings in taxation benefits provided to investors that contradicted existing rules caused a wave of dissatisfaction that was expressed by investors in their letter. Moreover, another issue of “sailing investments” is inadequate registration policies, and bureaucracy that significantly perplex the process of registration of foreign companies in our territory. For the better illustration of the actual problems there is comparison provided between Chinese registration process and ours.

Free economic zone and opening purposes

A free, special economic zone (SEZ or FEZ for short) is a restricted territory with a special legal status in relation to the rest of the territory and favorable economic conditions for domestic and foreign

entrepreneurs. The main purpose of creating such zones is the strategic tasks of the state as a whole or individual territories: foreign trade, General economic, social, regional, and scientific and technical problems.

The goals of creating a SEZ. From the government's point of view, the opening of such economic zones:

1. Attracts direct investment from foreign countries;
2. Promotes the influx of high-quality and latest technologies for production purposes and for work in the service sector;
3. Contributes to the creation of new vacancies for highly qualified personnel;
4. Develops the export sector of the economy;
5. Allows you to test new business management methods, etc.

From the point of view of creating prospects for investors, the following points can be distinguished:

1. Development of a new market
2. Focus of production on the needs of potential customers
3. Minimize costs caused by a lack of exports or imports
4. Cheap labor market
5. Development of a certain area in business

In addition to the above advantages, what exactly draws the attention of FEZ investors?

First of all, partial or full exemption from taxes in the form of property tax, VAT, etc. Also, partial or full exemption from customs duties on the import of raw materials for production. On the financial side-the provision of subsidized loans, low prices for rent and utilities. Another feature of such zones is a simplified system of registration and entry

into the local market and legally unhindered export of profits by foreign citizens abroad. (Newinspire.ru, n.d.)

FEZs of Uzbekistan

Based on the information provided, we will proceed to the consideration and analysis of the functioning of free economic zones on the example of the city of Angren.

In accordance with the decree of the President of the Republic of Uzbekistan dated 12.04.2012 No. UP-4436, the creation of the Angren free economic zone was approved. This decision was made in order to attract foreign and domestic investment to create high-tech production facilities, to supply high-quality and competitive products. (Nrm.uz, n.d.) Recall that, in addition to the FEZ of Angren, other FEZs are currently functioning:

"Navoi" FEZ, "Jizzakh" FEZ, "Urgut" FEZ, "Gijduvan" FEZ, "Kokand" FEZ, "Namangan" FEZ, "Hazarasp" FEZ, "Termiz" FEZ, "Nukus-farm" FEZ, "Zomin-farm" FEZ, "Kosonsoy-farm" FEZ, "sirdare-farm" FEZ, "Boysun-farm" FEZ, "Bustonlik-farm" FEZ, "Parkent-farm" FEZ, "Andijon-farm" FEZ, "Charvak" STZ, "Sirdaryo" FEZ, "Bukhoro-agro" FEZ, "Chirokchi" FEZ – a complete List of zones, of these, only 7 have investment projects, which is far from a positive indicator of success in this area. (fez.uz, n.d.).

Main investment projects:

“Production of grey and white cement” in Jizzakh region (the project cost is \$120 million, USA); “Production of ceramic tiles” in Ferghana region; “Production of sanitary ceramics” in Tashkent region; “Organization of production of dry mixes” (the project cost is \$1.5

million, design capacity-48,000 tons); “Organization of production of drywall sheets” (the project cost is \$51.5 million, the design capacity is 20 million KV) in Bukhara region -foreign investor - "KNAUF" (Germany); “Organization of metal products” (the project cost is \$15 million, the design capacity is 200,000 tons) in the special economic zone ANGREN in Tashkent region - foreign investor-JIANGSU HUAI YE TECHNOLOGY DEVELOPMENT CO. LTD (China).

What factors contribute to attracting investment to Uzbekistan? According to some sources, these factors are: political and economic stability, favorable investment climate, rich mineral resources and energy independence, favorable geographical location, human and intellectual potential, and the best place to live. Of course, considering the items related to location and raw materials, it is important to note that we have a fairly developed raw materials industry, gold mining and metallurgical industries, light, chemical and petrochemical industries. In terms of the energy base, Uzbekistan is absolutely independent. Unfortunately, if we evaluate the situation more objectively, we can see that economic stability in Uzbekistan is quite relative. As for personnel and intellectual potential, this issue is very doubtful: at the moment there is a rather acute shortage of highly qualified personnel.

However, problems of this kind are only the "tip of the iceberg". To understand the true reasons for investment stagnation in the free economic zones of Uzbekistan, we should consider in detail all the benefits offered by the government, and draw parallels with successful projects implemented abroad.

Preferences provided to FEZ

As an example for consideration, I chose the city of Angren, since the open letter of investors, which we will review later, directly concerns this zone and the city of Navoi. First of all, it would be logical to start with the benefits provided to investors. This information can be easily found on the official state website. So, “in accordance with the decree of the President of the Republic of Uzbekistan dated 26.10.2016 PD-4853, enterprises participating in free economic zones (hereinafter-FEZ) are exempt from paying”: property taxes, income taxes, land tax, various contributions to infrastructure improvement, calculations to the Republican Road Fund and the extra-budgetary Fund for reconstruction, repair and so on for public education institutions. (invest.gov.uz, n.d.). Going further, full exemption from customs duties on import of raw products, excluding charges for customs clearance, “as well as modernization, reconstruction and technical re-equipment, expansion of existing facilities, construction of production buildings, purchase of raw materials and necessary materials for own production needs, without the right to return negative amounts of value added tax arising from the export of products.” These benefits are provided for a period of 3 to 10 years, depending on the amount of investment. In simple words, investors are exempt from the listed taxes and contributions for a period of time that directly depends on the amount of investment. (invest.gov.uz, n.d.)

Among other benefits and preferences for FEZs: “The state ensures guaranteed connection of enterprises participating in the FEZ to engineering and communication networks with timely delivery to production sites and their uninterrupted operation.” It seems that all the conditions provided for FEZ participants are quite acceptable. So

what is the issue then? We will find answers to some questions in the investors ' letter. (invest.gov.uz, n.d.)

Investor's Letter

On September 9, 2020, Anhor Uz published “an open letter from investors of the Navoi and Angren FEZ with comments from the editorial Board,” which considers only one collective appeal made by the participants of the Angren FEZ. The letter begins with a citation of the decree of the President of Uzbekistan dated October 26, 2016 no. up-4853 (as amended according to no. PP-5719 dated 15.05.2019), which specifies in detail the tax benefits provided. Then, the Law of the Republic of Uzbekistan no. ZRU-599 of December 30, 2019 "on amendments and additions to the tax code of the Republic of Uzbekistan" introduced a new amendment, where the provision of VAT benefits was not possible. This decision contradicted "paragraph 3 of the Decree of the President of the Republic of Uzbekistan dated April 13, 2012 No. PD-4436, it was established that during the period of operation of the Angren FEZ, a special tax regime and customs benefits apply on its territory, and acts of the tax legislation of the Republic of Uzbekistan that worsen the situation of taxpayers are not applied to economic entities registered in the Angren FEZ, with the exception of acts regulating the taxation of excisable goods", which caused investors ' indignation, as the addition to taxation should not apply to FEZ participants, since “article 15 of the Constitution, as well as article 7 of the law of the Republic of Uzbekistan “on normative legal acts” (new version) provides for the absolute supremacy of the Constitution and Laws of the Republic of Uzbekistan”. (Anhor.uz, 2020)

Special attention should be paid to certain comments to this letter, where such changes are justified by the fact that Uzbekistan, following

the logic of countries that practice creating FEZs, did not take into account that this trend has spread around the world and “the main component of the bait is exclusivity, since all countries began to offer various packages of benefits and conditions for attracting investment. And capital, as it sailed to those countries where there is a stable and respected legislation, well-established traditions of entrepreneurship, and sails in this direction”. I will only note that the creation of FEZs follows a generally accepted template, which provides for a number of preferences, and that any deviation from these norms is perceived “painfully”. And how it is said in such cases, “we didn't create the laws, so we can't change them”. I would especially like to highlight the point where it says that “in return” for VAT benefits, property tax benefits are provided. What kind of exchange are we talking about, if the exemption from property taxes (I mentioned them above) was agreed before the abolition of VAT benefits? It is not surprising that capital, as it sailed to those countries where there is a stable legislation, well-established traditions of entrepreneurship, and sails in this direction.

Comparing two zones

The problem of registration could be better identified through comparison, so it is advisable to compare the registration process in a newly developing (in economic terms) country with the financial capital of Asia –Shanghai.

To register an enterprise with foreign investments in Uzbekistan, it is necessary to have:

1. the size of the authorized Fund – at least 400,000,000 million soums (about \$50,000);

2. Presence of a foreign legal entity as a part of the founders;
3. The share of a foreign legal entity must be at least 15% of the total amount of the authorized capital.

What do they offer in Shanghai?

1. Simplified registration procedure:

“to register a company in the Shanghai free trade zone, no minimum share capital is required, and the companies are not bound by any capital Deposit schedule. If a company's business is not included in the "negative list", then the company does not need to go through lengthy approval processes before it is registered.”

2. Simplified customs procedures

3. The improvement of exchange controls

4. Improved visa policy (Mikhalitsyna, 2018).

Simplified registration in Uzbekistan implies “an automated system for registering business entities integrated into a Single portal of interactive public services” or applying to a “single window” to provide a set of documents. Although the procedure seems simplified, but in practice, everything is not so – the bureaucracy does not allow you to fully appreciate the convenience of the so-called “single window”. One example: to register in Shanghai, the package of documents does not require signing a contract with banks for providing services and opening bank accounts, which, however, is required here. The bureaucracy that continues to slow down the pace of development is one of the reasons for the reluctance of many investors to work with us. Our country's financial system is not

sufficiently developed, and foreign investors' doubts about the contribution to our relatively stable economy are reasonable.

What solution can be offered? There is one answer to this question: financial reforms, reconsideration of taxation system, and improvements to existing systems.

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Comparative Financial Analysis of Amazon and Alibaba

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Abstract

The following article provides the financial analysis of Amazon Inc. and Alibaba Group Holding Limited (BABA). The essential goal of this report is to provide relevant information about effectiveness and efficiency, fluidity and financial ratios of these companies. This article will pay particular attention to the major role of business accounting of Amazon.com and Alibaba.

Amazon.com is an American company that streamlines online transactions for customers (Hall, 2019). The creator of this great company was Joseph Bezos in 1995. Originally, he opened an online platform for trading books and comics. Nowadays Amazon provides 34 product categories: starting from Kindle e-books and home appliances, ending with children's toys, food and clothing.



Source: www.britannica.com/topic/Amazoncom

Alibaba Group is a Chinese company, which contributes in B2B structure and works in the sphere of ecommerce. The founder of this

organization was Jack MA, who was an English teacher from Hangzhou, China. This company implements technological and marketing infrastructure to encourage brands and other businesses to reach success in cooperation with customers in efficient way (Alibabagroup.com, 2019).



Source: www.alibabagroup.com/en/about/integrity

This report contains sections:

1. The determination and calculation of the following financial ratios of both selected companies according to the financial statements indicated in appendix.
2. The assessment and analyzation of the most appropriate competitive company according to the financial ratios.

Body 1: The arithmetic computation of financial ratios in different areas.

Profitability

Amazon.com

Ratio	Formula	Calculations	Final result
Operating profit margin (2017)	$\frac{\text{operating profit}}{\text{sales}}$	$\frac{36.577.000}{177.866.000}$	0.206=20.6%

Operating profit margin (2018)	$\frac{\text{operating profit}}{\text{sales}}$	$\frac{47.283.000}{232.887.000}$	0.203=20.3%
Return on Asset (2017)	$\frac{\text{operating profits}}{\text{total assets}}$	$\frac{36.577.000}{131.310.000}$	0.279
Return on Asset (2018)	$\frac{\text{operating profits}}{\text{total assets}}$	$\frac{47.283.000}{162.648.000}$	0.29

Alibaba Group

Ratio	Formula	Calculations	Final result
Operating profit margin (2017)	$\frac{\text{operating profit}}{\text{sales}}$	$\frac{48.506.000}{158.273.000}$	0.306=30.6%
Operating profit margin (2018)	$\frac{\text{operating profit}}{\text{sales}}$	$\frac{69.808.000}{250.266.000}$	0.279=27.9%
Return on Asset (2017)	$\frac{\text{operating profits}}{\text{total assets}}$	$\frac{48.506.000}{506.812.000}$	0.1

Return on Asset (2018)	$\frac{\text{operating profits}}{\text{total assets}}$	$\frac{69.808.000}{717.124.000}$	0.1
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Liquidity

Amazon.com

Ratio	Formula	Calculations	Final result
Current ratio (2017)	$\frac{\text{current assets}}{\text{current liabilities}}$	$\frac{60.197.000}{57.883.000}$	1.04
Current ratio (2018)	$\frac{\text{current assets}}{\text{current liabilities}}$	$\frac{75.101.000}{68.391.000}$	1.09
Acid-test ratio or Quick ratio (2017)	$\frac{\text{cash} + \text{accounts receivable}}{\text{current liabilities}}$	$\frac{30.986.000 + 13.164.000}{57.883.000}$	0.76
Acid-test ratio or Quick ratio (2018)	$\frac{\text{cash} + \text{accounts receivable}}{\text{current liabilities}}$	$\frac{47.250.000 + 16.677.000}{68.391.000}$	0.93

Alibaba Group

Ratio	Formula	Calculations	Final result
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Current ratio (2017)	$\frac{\text{current assets}}{\text{current liabilities}}$	$\frac{181.864.000}{93.564.000}$	1.94
Current ratio (2018)	$\frac{\text{current assets}}{\text{current liabilities}}$	$\frac{256.855.000}{135.810.000}$	1.89
Acid-test ratio or Quick ratio (2017)	$\frac{\text{cash} + \text{accounts receivable}}{\text{current liabilities}}$	$\frac{150.801.000 + 4.388.000}{93.564.000}$	1.66
Acid-test ratio or Quick ratio (2018)	$\frac{\text{cash} + \text{accounts receivable}}{\text{current liabilities}}$	$\frac{210.210.000 + 7.284.000}{135.810.000}$	1.60

Financing Decision

Amazon.com

Ratio	Formula	Calculations	Final result
Debt ratio (2017)	$\frac{\text{total debt}}{\text{total assets}}$	$\frac{103.601.000}{131.310.000}$	0.79=79%
Debt ratio (2018)	$\frac{\text{total debt}}{\text{total assets}}$	$\frac{119.099.000}{162.648.000}$	0.73=73%
Times Interest	$\frac{\text{operating profit}}{\text{interest expense}}$	$\frac{36.577.000}{848.000}$	43.1

Earned (2017)			
Times Interest Earned (2018)	$\frac{\text{operating profit}}{\text{interest expense}}$	$\frac{47.283.000}{1.417.000}$	33.4

Alibaba Group

Ratio	Formula	Calculations	Final result
Debt ratio (2017)	$\frac{\text{total debt}}{\text{total assets}}$	$\frac{182.691.000}{506.812.000}$	0.36=36%
Debt ratio (2018)	$\frac{\text{total debt}}{\text{total assets}}$	$\frac{277.685.000}{717.124.000}$	0.39=39%
Times Interest Earned (2017)	$\frac{\text{operating profit}}{\text{interest expense}}$	$\frac{48.506.000}{2.671.000}$	18.2
Times Interest Earned (2018)	$\frac{\text{operating profit}}{\text{interest expense}}$	$\frac{69.808.000}{3.566.000}$	19.6

Return to Shareholders

Amazon.com

Ratio	Formula	Calculations	Final result
Return on Equity (2017)	$\frac{\text{net income}}{\text{total common equity}}$	$\frac{3.033.000}{27.709.000}$	0.11=11%
Return on Equity (2018)	$\frac{\text{net income}}{\text{total common equity}}$	$\frac{10.073.000}{43.549.000}$	0.23=23%
Earnings per share (2017)	$\frac{\text{net income} - \text{preferred dividends}}{\text{shares outstanding}}$	$\frac{3.033.000 - 0}{500.0000}$	6.07
Earnings per share (2018)	$\frac{\text{net income} - \text{preferred dividends}}{\text{shares outstanding}}$	$\frac{10.073.000 - 0}{500.000}$	20.15

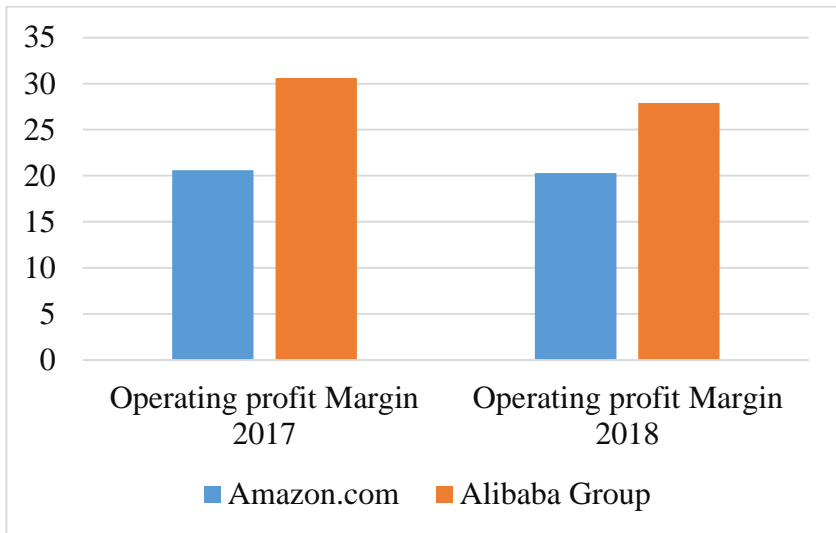
Alibaba Group

Ratio	Formula	Calculations	Final result
Return on Equity (2017)	$\frac{\text{net income}}{\text{total common equity}}$	$\frac{43.675.000}{278.799.000}$	0.16=16%

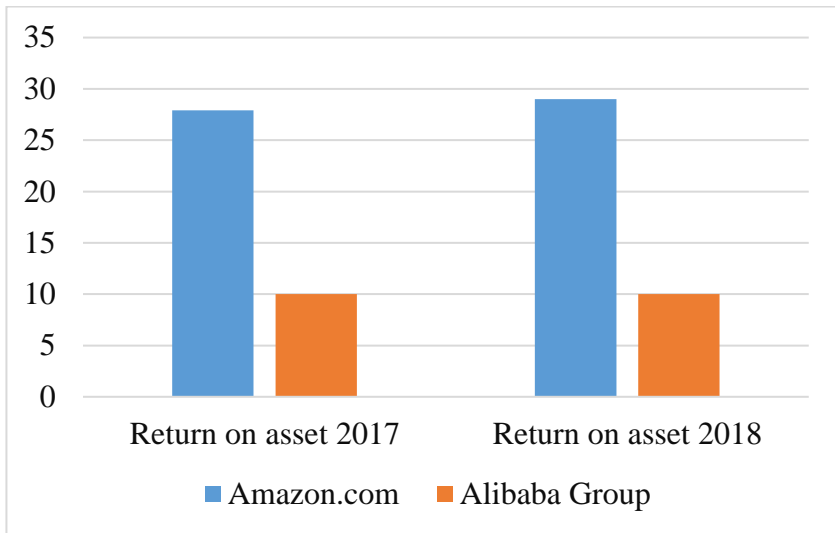
Return on Equity (2018)	$\frac{\text{net income}}{\text{total common equity}}$	$\frac{64.093.000}{365.822.000}$	0.18=18%
Earnings per share (2017)	$\frac{\text{net income} - \text{preferred dividends}}{\text{shares outstanding}}$	$\frac{43.675.000 - 0}{1.000.000}$	43.7
Earnings per share (2018)	$\frac{\text{net income} - \text{preferred dividends}}{\text{shares outstanding}}$	$\frac{64.093.000}{1.000.000}$	64.1

The estimation of financial analysis

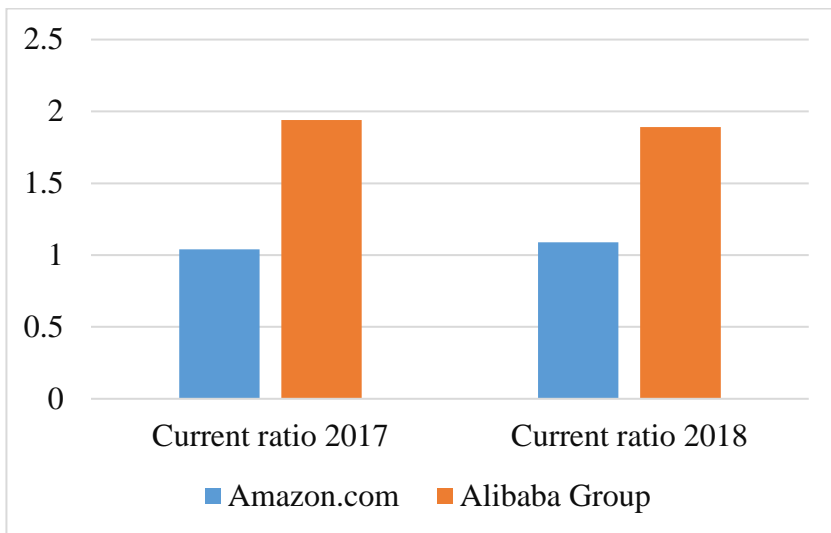
Operating Income Margin - an indicator measuring the amount of operating profit or gross profit, from which the amount of operating expenses is taken. According to the Table indicated, this value is higher in AliBaba Group. This means that AliBaba Group manages well its cost of operations: COGS and expenses, related to the company`s revenues (Arthur J. Keown, 2017).



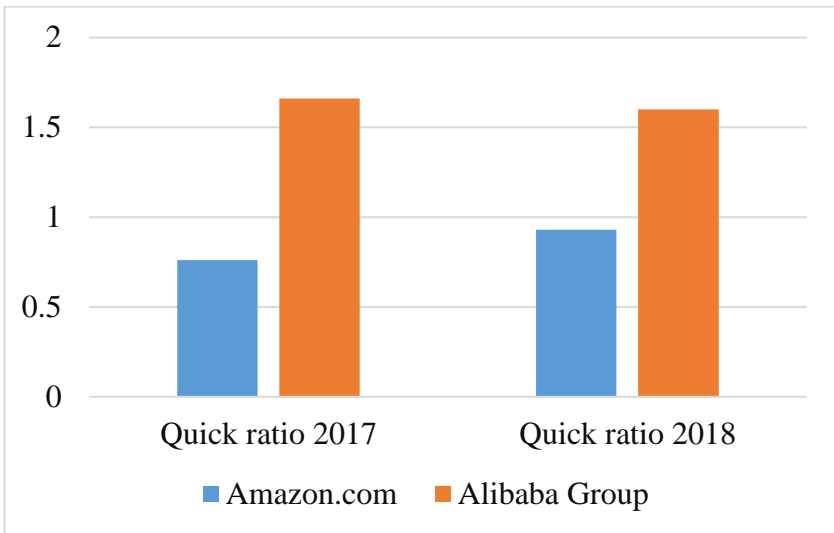
Return on assets - a financial ratio characterizing the return on the use of all assets of the organization, the efficiency of the use of property, allowing assessing the quality of work of financial managers. In accordance with the data, Amazon.com is better utilize the functions of its assets.



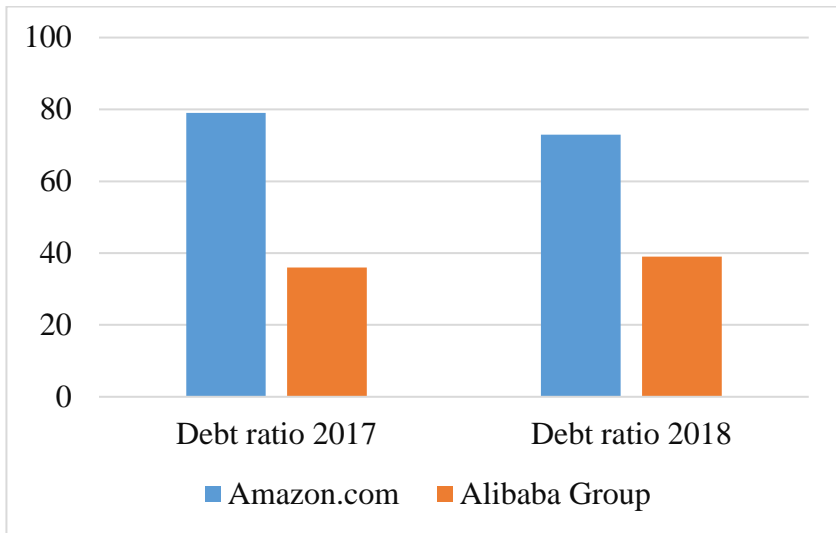
Current ratio - a measure of the solvency of the organization, the ability to repay current liabilities of the organization. The value of the coefficient below the norm (below 1) indicates the probable difficulties in the organization repaying its current obligations. Referring to the Table it can be obviously seen that the following amounts are normal for fluidity of the firms.



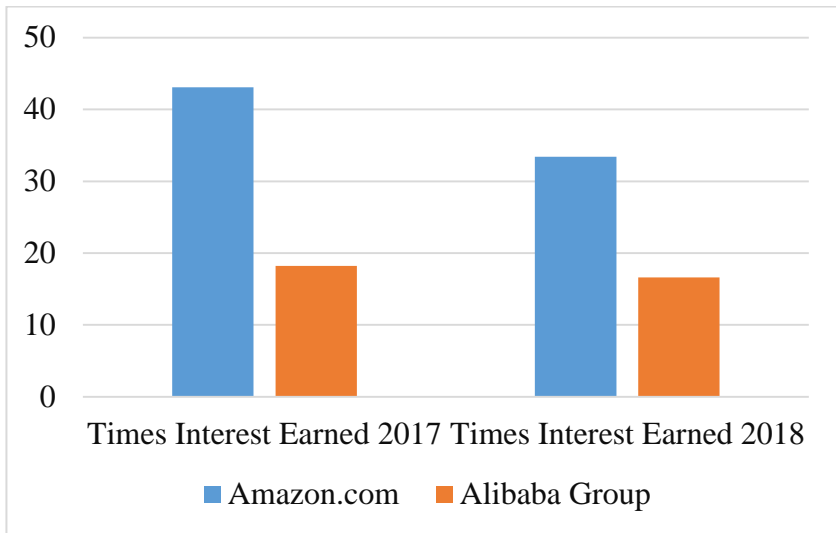
Quick ratio - an indicator of the coverage of current liabilities at the expense of the two most liquid categories of working capital - settlements and cash to which short-term financial investments are equated. If it is more than one, then at the expense of available funds it is possible to cover all current debt, while some of them will remain at the disposal of the enterprise. If it is less than 1, then high- and quick-liquid assets are not enough to fully repay current debts for a short time.



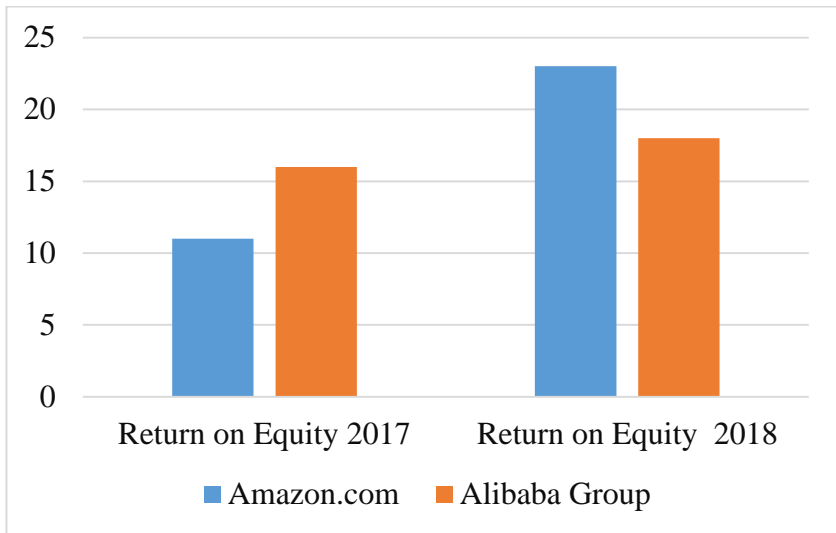
Debt ratio - cost of repaying existing loans and borrowings. This measurement allows investors, lenders to assess the overloaded balance of the company with borrowed funds. According to the Table, the high level of debts shows the risk of debts in Amazon.com. Alternatively, AliBaba Group represents that this company will be able to repay the debts.



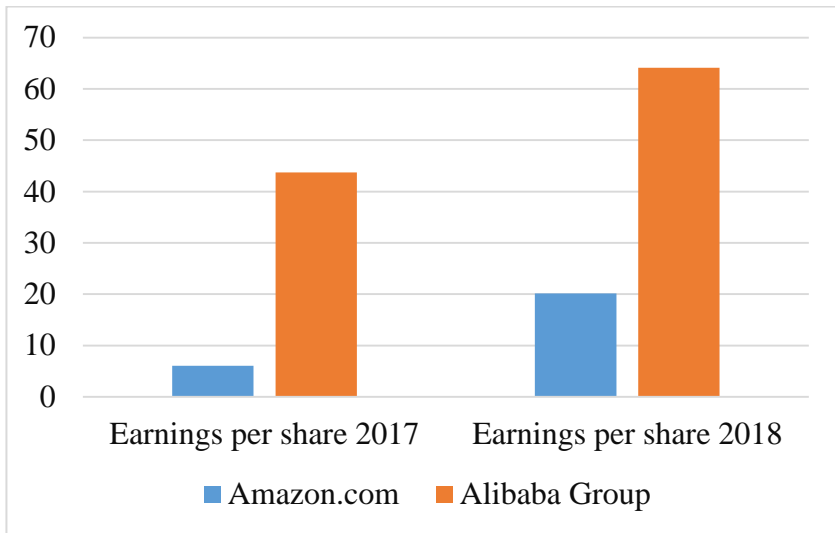
Times interested earned – an indicator compares profit before interest and taxes for a certain period of time and interest on debt obligations for the same period. The lower this value, the higher the credit burden of the organization and the higher the likelihood of bankruptcy. The higher the following number, the more stable the financial position of the organization is. However, a too high ratio indicates cautious approach to borrowing, which can lead to a reduced return on equity.



Return on equity - a financial return indicator for any investor, business owner, showing how effectively the capital invested in the business was used. The calculation of the return on equity ratio makes sense only if the organization has equity (i.e. positive net assets). Otherwise, the calculation gives a negative value, unsuitable for analysis. Referring to the Table it can be noticed that the Amazon.com has more opportunities to reach more efficiency.



Earnings per share – a measurement used to evaluate a company in the stock market, to compare the investment attractiveness of companies and their effectiveness. Despite the increasing number of AliBaba Group, the potential on shares is better in Amazon.com. Because of highly increasing level of the earnings, (more than three times higher than last year 2017).



Conclusion

Comparing these two organizations, we can confidently say that despite the weaknesses of both companies, the potential of each company is huge. Over this period, the level of quality of sales of goods and services has doubled compared to the previous year in 2 organizations. This suggests that these companies have the right to be considered worthy rivals for each other.

Amazon.com is motivated by four principles: consumer devotion rather than competitor concentration, innovation zeal, operational excellence dedication, and long-term thinking (Amazon blog, 2019). The main goal is to have a positive impact on customers, staff, small businesses, the economy and communities.

Alibaba Group is committed to the most noteworthy measures of commerce conduct in connections with each of partners, counting clients, trade accomplices and shareholders. This commitment requires that conduction trade in understanding with all appropriate

laws and directions and in agreement with the Alibaba Group Code of Business Conduct (Alibabagroup.com, 2019).

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Critical Evaluation of the Individual Performance Related Pay (IPRP)

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Year 3, Industrial Management

Introduction

The following article provides definition of the Individual Performance Related Pay; connection between performance and motivation, supporting with relevant theories; estimation of IPRP as a contextual issue; analyzation of received information with the corresponding references. This article will represent suggestions and recommendations for the effectiveness of the performance management (Hutchinson, 2013).

The following report incorporates the next parts:

1. The characteristics of the Individual Performance Related Pay (IPRP).
2. A detailed information about connection of motivation with individual performance using motivational theory.
3. An assessment of the IPRP as a contextual issue.
4. Advices for the efficient performance management.

This paper demonstrates the strong correlation between individual performances related pay and motivational processes.

What is the Individual Performance Related Pay (IPRP)?

Individual Performance Related Pay is a strategy where employers pay salary to employees depending on the high level of performance. For instance, worker receives three dollars per kg of tomatoes that he or she picks (Pettinger, 2016).

Benefits of IPRP:

1. Improves efficiency and productivity of managers and workers. This system decreases costs and assists the company to remain remunerative and favorable.
2. Gives an employee a sense of belonging to organization, which leads to measurement for reducing costs as needed.
3. Moral and loyalty of the workers would increase, if their work is rewarded.

Disadvantages of IPRP:

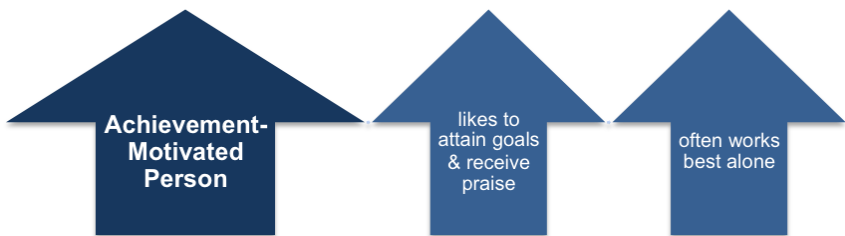
1. Effectiveness of the company may be out of the manager control. It means that market conditions conduct to the low level of demand of the product.
2. It can be problematic to measure productivity of the worker in different job sectors. For example, the productivity of teachers, doctors, nurses is complicated to estimate in numeric coefficients.
3. This strategy may lead to the short-term profit enlargement. If manager has a profit target, he or she chooses the easiest way to earn profit. However, this way damages the long-term perspectives of the company in consequence of the high turnover of staff.

Link motivation to performance

Motivation is one of the most crucial factors of the employee performance through theoretical and management view. Perceiving what motivates workers in organizations helps managers to inspire people to work eagerly and do their best. However, how to reveal this ability is one of the most perplexing challenges that manager faces. (Hutchinson, 2013)

McClelland's theory of learned needs

American psychologist David McClelland elaborated his theory in the 1960s, which includes three essential factors: Achievement, Power and Affiliation. The following theory is known as the Theory of Acquired Needs as McClelland suggested that particular needs of a person are procured and formed during the experience that he or she has had in life. (Kukreja, 2018)



Source: <http://www.free-management-ebooks.com/news/mcclellands-human-motivation-theory/>

Need For Achievement

People, motivated by needs of achievement, have an aspiration to install difficult goals and implement them. They prefer working in a results-oriented work atmosphere. Achievement based individuals prefer working alone and believe in a hierarchical structure based on work-result achievements. (Kukreja, 2018)

Need For Power

The need for power is the individual's intention to control and dominate on others, influence on decisions, change them according to the needs and eagerness. The best motivator for these people is competition and they take pleasure to argue and win. Status and respect is something they desire and do not like to be on losing side. (Kukreja, 2018).



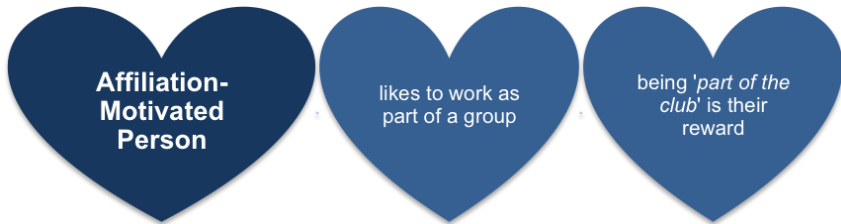
Source: <http://www.free-management-ebooks.com/news/mcclellands-human-motivation-theory/>

Need For Affiliation

The need for affiliation is an individual's desire to collaborate with others and preference to be a part of a group. These type of people fear the changes due to the apprehension to be rejected. Such persons work

effectively in social collaborations, for example, clients' service positions (Kukreja, 2018).

McClelland's theory is implemented to control the corporate teams certifying and characterizing every team member by the above-mentioned needs. This knowledge and skills can help managers to monitor the team without any challenges (Kukreja, 2018).



Source: <http://www.free-management-ebooks.com/news/mcclellands-human-motivation-theory/>

Individual Performance Related Pay (IPRP) in a contextual view

Individual performance related pay has increased over the last years, especially in the public and private sector. This factor of rewarding depends on the individual circumstances of each person. (Riley, 2018)

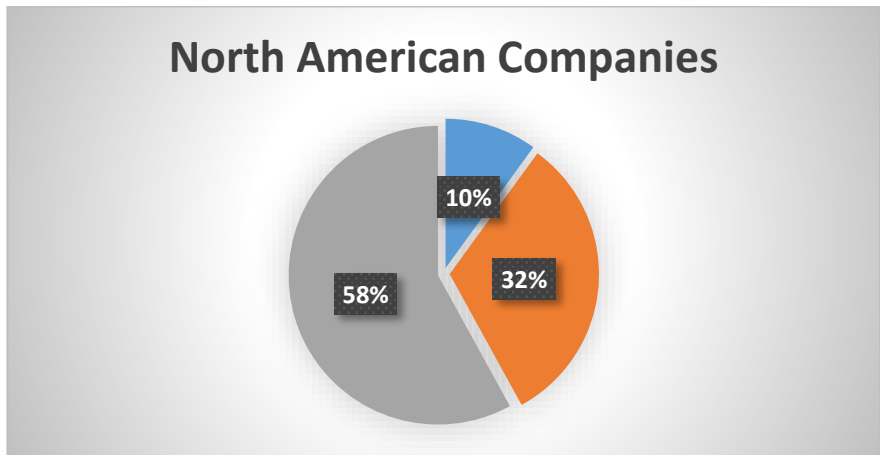
The structure of IPRP is varied in different conditions, for instance locational requirements of the organization, the size of a company and recruitment of workforce. (Bano, 2018)

List of issues with IPRP:

1. Disagreements with the measurement of productivity and efficiency that employees has done to be remunerated.
2. Individual remuneration does not effect on the teamwork.

3. IPRP does not motivate workers to work harder because of the small amount of bonuses.

According to Willis Tower Watson Survey, only 10% of North American companies agree that pay for performance is successful for the high rate of individual performance in company. Moreover, 32% companies suggest that individual performance in organization based on different individual circumstances. However, 58% disagree with the statement that IPRP is efficient, they believe that annual stimulus are no effective and all bonuses depend on how well worker doing his or her job. (Implementing an Effective Pay-for-Performance Model , 2020)



Objectives for the successful implementation of IPRP:

- Specify all operational processes and challenges for top managers.
- Clarify detailed goals for employees.

Recommendations

- Classify employee performance into two categories: qualitative and quantitative performance. Qualitative performance means operations related to the customer services: sales, customer satisfaction, employee management and productivity. Quantitative performance includes the following activities: programming, accounting and administrative structure. (Implementing an Effective Pay-for-Performance Model , 2020)
- Performance related pay system is a motivational factor that leads to increase the rate of performance and efficiency. For instance, fast food chains and banks in the United Kingdom implement this system where managers` wages depend on the generation of their business activities for organization. (Bano, 2018)
- PRP system determines the process for test the individual skills of employees in their workplaces. Managers should implement targeting process for the weaknesses of the employee. While estimating performance, each organization should have the qualified and well-defined competences and positions for each appropriate person. (Bano, 2018)
- Managers and administrative staff should have meetings in order to furnish feedback on performance, to estimate and detect development needs.
- According to Narayanan, Thomas D Casserly Jr professor of business administration at the school, successful motivational systems should focus on organizational growth and skills, improvements and customer-related coefficients. (Paton, 2009)

Conclusion

Many companies would like to improve their profit by paying employees per their individual performance. However, if organization is well managed, why senior managers should stimulate and pay for performance. The main motivational factor for these people would be enjoyment and engagement rather than bonuses. (Paton, 2009)

Advantages of Performance Management:

- Create organizational culture
- Reward the best employee
- Improve customer focus

Disadvantages of Performance Management:

- Employee expect financial rewards
- Aggressive competition between the members of a team
- Destroy team atmosphere

Improving the efficiency and competitiveness of the business largely depends on the motivation of employees to achieve the goals of the enterprise. The wage system should be designed so that any employee has the opportunity to improve their human level and material well – being, but only in one way through the achievement of business goals. The material income of employees should directly depend on the material income of the enterprise.

The system for evaluating employee performance should take into account and reflect:

- The organization's strategic goals
- State of the external environment
- Organizational structure and culture

- Traditions

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HRM Challenges in Japanese Organizations

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Khamroev**

Year 3, Industrial Management

Introduction

Effective human resource management plays an incremental role in meeting the organizational success. In the 1980s, Japanese firms were globally recognized as superior performers, since they had introduced different quality improvement techniques. Lean manufacturing, kaizen, and just-in-time production methods have assisted to manage production facilities and resources at a maximum level. Western scholars were eager to internationally adopt Japanese business model underlying its economic strength together with efficient HRM. However, unprecedented pace of globalization, technology evolvement and rapid development of sophisticated business processes totally ruined the stereotypic view of Japanese HRM system since firms began confronting with multiple challenges. The majority of them were struggling with old-fashioned recruitment and selection processes, training and development approaches, as well as discrimination issues in order to stay competent in fierce competitive environment. Traditional Japanese employment practices ultimately failed to meet contemporary HRM requirements.

Part A

The customization of advanced technologies and complex business processes in various Japanese companies was not enough to become as comprehensive as in overseas organizations. It is paradoxical to note that it is the same globalization that once spread Japanese management methods all over the world and nowadays, it seems to questions the foundations of these traditional techniques in Japan itself (Vaszkun & Tsuitsui, 2012). Gradually, management levels have recognized that traditional Japanese employment system became outdated and truly deprived firms of keeping the same pace with global enterprises. In terms of penetration into the Western world market, local companies are less flexible, as the HRM is still conservative and hierarchical. Similarly, internationally recognized companies face multiple recruitment challenges when they enter Japanese market because of misunderstandings in the work style. Additional concern related to the established culture is the inability to balance work and free time, so to get appraisal from an employer, workers stay late. As a result, employees feel extremely stressed by overloaded work and tend to suffer psychological problems greater than in other countries. Despite having such serious challenges caused by traditional culture, minority of HR specialists have designed and implemented programs to cope with above mentioned problems. Apart from unbalanced working schedule, there are additional challenges faced by Japanese enterprises:

- ***Recruitment and selection.*** One of the main challenges faced by the majority of HR specialists is recruitment. Typically, the recruitment process in Japanese organizations begins with hiring graduates from universities, and firms select individuals depending on their enthusiasm, personality and negotiation

talents. Then, they induce youngsters with “lifelong employment” opportunity since it is the traditional recruitment strategy that is still widely implemented in Japan (Mishra, 2017). As a result, the majority of fresh employees lack necessary skills, causing the overall performance of a company to go down. According to Robert Walters’s survey (2015), 82 % of employers struggled to match free vacancies with qualified professionals as candidates have almost no relevant experience in a specific field. Moreover, due to that outdated selection process, Japanese organizations suffer from considerable talent mismatch, according to the Hays Global Skills Index (2016).

AN OVERVIEW OF TALENT SHORTAGES



- ***Training and development.*** Another difficulties encountered by HR department is training and development. The Japanese principle of “Tateshakai” where age and seniority are valued at a high rate demotivates younger employees to express their innovative ideas. Teamwork is valued and favoritism of individuals who stand out often seems to jeopardize teamwork (Ishihara, 2016, p.31). Similarly, long term employment

declines the motivation of an employee because he or she should work at least 10 years to receive promotion. In 2013, Recruit Works Research Institute proved that in Japan, average age to be promoted to manager position is 40 years old. As for training, most organizations use job rotation or on job training (OJT) techniques that focus on developing a multifunctional employee instead of specialist. Referring to the Dreyfus' Five-Stage Model (1980), Japanese employees who are continuously placed to the different positions under the job rotation approach are able to reach only Stage 2-Competence. They cannot achieve the Proficiency Stage because it requires more practice rather than acquiring overall experience in a new field.

- ***Discrimination.*** Woo (2020) claims that in Japan, there is no clear understanding that racial discrimination at workplace is a significant problem that needs to be addressed and eliminated. There are not straightforward policies regarding this issue that would assist HR managers in resolving such problems at place. Even though the number of foreign employees is gradually rising, one third of them reported that they had experienced racial harassment. Moreover, there is serious evidence of gender inequality as well. According to Powell (2016), only 63% of Japanese women work and around 70% of them never return to their work duties after the maternity leave, whereas in USA, this rate equals to 30%. The reason for such significant gap lays in the cultural background and it is not expected to change all of a sudden.

Part B

Recruitment and selection

Obviously, Japanese system of alumni recruitment does not correspond to the interests of contemporary enterprises.

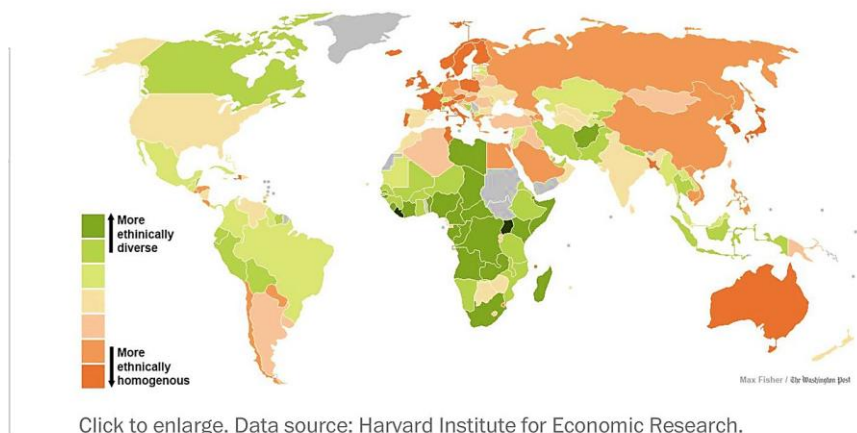
Executives suffer from lack of professional skills and unsociable attitudes of potential candidates. Such issues are intensified during the last undergraduate years, when job hunting begins. Shoei Utsuda, the head of the Japan Foreign Trade Council, stated that the practice of hiring graduates has become “abnormal” in comparison with the other widespread approaches. He said that this situation is a barrier for the companies and the system should be changed. However, some Japanese organizations believe that recruiting and selecting recent graduates in advance is an adequate approach appealing to a practice aota-gai - “buying the rice while the fields are still green”. However, they refuse to understand that there is no guarantee that after long trainings, spent time and finances, a candidate will stay in a company, especially he or she is Millennial or representative of Generation Z (Gasca, 2019). Those two generations are notorious for their weak loyalty to the employers.

Traditional HR managers should implement other practices to attract not only graduates, but also qualified and experienced people by doing more than recruiting. They can introduce policies for candidates where requirement process focuses on communicating and exchanging experience with foreign colleagues, like Mitsubishi Corporation does. This allows employer to ensure that potential candidate will be perfect pitch for such global organizations. The HR department should carefully select employee who possesses necessary skills and characteristics in order to be merged into the worldwide executive

trainings. The HR must implement an attractive employer brand to pull right talented employees. Nowadays, social networks have transformed into a powerful recruitment and promoting tool that is widely used by numerous international companies. Therefore, long-term engagement should lead to more experienced employees to be hired and boosted productivity through increased motivation.

Discrimination

According to Beardwell & Thompson (2017), discrimination occurs when someone is judged based on a specific criteria. In Japan particularly, racial and gender discriminations are widely spread across business entities. Wesby (2016) stated that Japan is among countries with the least ethnically diverse population and people do not feel that their attitude towards racism needs to be changed.



Moreover, as the results of the survey conducted by Japan's justice ministry in 2017 showed, 30% among 4,252 respondents claimed that they had occasionally heard racist statements not only from unknown

individuals, but also from their managers or associates at work (Hurst, 2017). In addition, each forth respondent said that he or she was not hired because of being of a certain nationality.

Apart from being racially biased, Japanese organizations are believed to be unfair and unsafe place for women to work there. Women in Japan perform five times more unpaid duties than men do due to the traditional views of their role in the family. They are paid less and they have lower chances to be promoted to executive roles within the companies (Hayashikawa & Mannis, 2019). Furthermore, recent study by Japanese government revealed that almost third of working women had mental illnesses because of the abusive and traumatic atmosphere at workplace (Zaugg & Kobayashi, 2019).

HR strategies for dealing with the discrimination issues in organizations:

- Develop clear and concise anti-discrimination policy. The HR department should elaborate on introducing the company's principles of equality and ensure that everyone in organization comprehend them (Silverman, 2019). However, this initiative should come not only from HR department alone, but rather from the company's executive board because they are the ones who are able to integrate the notion of equality into the firm's mission and vision and inspire employees to follow that path. Hitachi Company, for instance, has already introduced and implemented its Diversity Management Initiative and from 2018, it has assured that their policies are presented within the whole Hitachi Group across the world.

- Regularly conduct anti-racism trainings and awareness programs. The role of HR department in addressing discrimination is not limited to presentation of the company's policies only. It is essential to ensure that every member in each department understands and shares organizational message. Therefore, HR managers have to organize and conduct trainings about importance of equal treatment and harmful and toxic consequences of discrimination at work. World-known Japanese company Sony has taken serious and promising steps in promoting anti-discrimination environment by introducing Diversity Week program where the workers participate in numerous workshops and trainings aiming at demonstrating significance of non-discriminating workplace.
- Address issues at early stages. HR specialist have to constantly remind workers that they should complain immediately if they have experienced and witnessed even slight discriminating attitude. It is significantly easier to deal with a minor problem right away, rather than let it go and then try to handle with more serious and damaging issues.

Conclusion

Japan was once a leading country in management, technology and HRM practices. However, they lost their leadership in HR sphere due to their reluctance in lessening the influence of traditional approaches. Therefore, local managers should comprehend that they need to

alienate from old and incompetent techniques that do not bring value any longer. Among various HRM issues, recruitment and selection, training and development, and discrimination at workplace have suffered the most from Japanese cultural prejudice and norms. However, if Japanese HR managers are successful in implementing comprehend and contemporary techniques, Japan will find the balance between staying productive and standing out among other countries for their efficient HRM methods.

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Financial Analysis of Walmart and Costco in 2017-2018

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Year 3, Industrial Management

Introduction

Walmart is a world-known chain of retail shops that has almost 12 thousands stores worldwide. Its founder, Sam Walton, opened the first Walmart in 1962 in Rogers, Arkansas. Walton had his own distinguishable strategy for running the company, which was about providing an excellent customer service and offering the lowest possible price. Despite that Sam Walton's competitors did not share his view of doing business, Walmart expanded prosperously and even went public in 1970, selling its stock at \$16.50 per share. In 1980, Walmart surpassed all other companies in retail industry by reaching \$1 billion in annual sales, and 17 years later, Walmart reached \$100 billion sales year figure. With the beginning of new century, Walmart introduced its own web site, making possible for people in the US to shop online. Seven years ago, this giant retail chain celebrated its 50 years anniversary. It continues to pursue Sam Walton's ultimate goal for helping people to Save Money, so they are able to Live Better.

The main idea of this essay is to calculate and assess Walmart financial ratios for 2017 and 2018 as well as its competitor, Costco. Then, a careful analysis will be conducted in order to evaluate Walmart's performance on the market and compare it to the Costco's rankings.

Ratios

For the accurate examination to be conducted, several types of ratios are going to be implemented to obtain explicit overview of Walmart and Costco's financial positions. Numbers are provided in millions, except earnings per share.

Profitability ratios

$$\text{Operating profit margin} = \frac{\text{Operating profit}}{\text{Net sales}} \times 100\%$$

Year	Walmart	Costco
2017	$\frac{\$22,764}{\$481,317} \times 100\% = 4.73\%$	$\frac{\$4,111}{\$126,172} \times 100\% = 3.25\%$
2018	$\frac{\$20,437}{\$495,761} \times 100\% = 4.12\%$	$\frac{\$4,480}{\$141,576} \times 100\% = 3.16\%$

$$\text{Return on Assets} = \frac{\text{Net income}}{\text{Total assets}} \times 100\%$$

Year	Walmart	Costco
2017	$\frac{\$13,643}{\$198,825} \times 100\% = 6.86\%$	$\frac{\$2,714}{\$36,347} \times 100\% = 7.47\%$
2018	$\frac{\$9,862}{\$204,522} \times 100\% = 4.82\%$	$\frac{\$3,179}{\$40,830} \times 100\% = 7.79\%$

Liquidity ratios

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Year	Walmart	Costco
2017	$\frac{\$57,689}{\$66,928} = 0.86x$	$\frac{\$17,317}{\$17,495} = 0.99x$
2018	$\frac{\$59,664}{\$78,521} = 0.76x$	$\frac{\$20,289}{\$19,926} = 1.02x$

$$\text{Acid-test ratio} = \frac{\text{Cash} + \text{Accounts receivables}}{\text{Current liabilities}}$$

Year	Walmart	Costco
2017	$\frac{\$6,867 + \$5,835}{\$66,928} = 0.19$	$\frac{\$4,546 + \$1,432}{\$17,495} = 0.34$
2018	$\frac{\$6,756 + \$5,614}{\$78,521} = 0.15$	$\frac{\$6,055 + \$1,669}{\$19,926} = 0.38$

Financing decision ratios

$$\text{Debt ratio} = \frac{\text{Total liabilities}}{\text{Total assets}}$$

Year	Walmart	Costco
2017	$\frac{\$118,290}{\$198,825} = 0.59$	$\frac{\$25,268}{\$36,347} = 0.70$
2018	$\frac{\$123,700}{\$204,522} = 0.60$	$\frac{\$27,727}{\$40,830} = 0.68$

$$\text{Times interest earned} = \frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$$

Year	Walmart	Costco
2017	$\frac{\$22,764}{\$2,044} = 11.14x$	$\frac{\$4,111}{\$134} = 30.68x$
2018	$\frac{\$20,437}{\$1,978} = 10.33x$	$\frac{\$4,480}{\$159} = 28.18x$

Return to shareholders ratios

$$\text{Return on equity} = \frac{\text{Net income}}{\text{Total common equity}}$$

Year	Walmart	Costco
2017	$\frac{\$13,643}{\$80,535} = 0.17$	$\frac{\$2,697}{\$11,079} = 0.24$
2018	$\frac{\$9,862}{\$80,822} = 0.12$	$\frac{\$3,179}{\$13,103} = 0.24$

$$\text{Earnings per share} = \frac{\text{Net income}}{\text{Number of outstanding shares}}$$

Year	Walmart	Costco
2017	$\frac{\$13,643,000,000}{\$3,101,000,000} = 4.40$	$\frac{\$2,679,000,000}{\$438,437,000} = 6.11$

2018	$\frac{\$9,862,000,000}{\$2,995,000,000} = 3.29$	$\frac{\$3,134,000,000}{\$438,515,000} = 7.15$
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Ratios analysis

Profitability ratios estimate the capacity of a firm to generate profit regarding to its sales, assets, and equity. These ratios are viewed as a useful tool to judge the company's performance.

The operating profit margin assesses how much profit a company makes on \$1 of sales, after variables cost have been paid. Walmart's operating profit margin rate was 4.73% in 2017, which implies that \$1 of sales resulted in 4.73 cents of earnings from operation. In 2018, this figure dropped slightly to 4.12%, due to the decline in operating profit. Even though, Walmart sold more, the managers were inefficient in decreasing expenses. Costco had the similar situation, when its operating profit margin declined with the rise of net sales.

Return on assets ratio is applied to evaluate how profitable a business company is relative to its factors of production. It allows potential investors to understand how effectively assets are allocated and used by firm's executives to generate earnings. In 2017, every dollar spent on assets in Walmart brought 6.86 cents of profit; however, in 2018, this figure fell by almost 2%, resulting only 4.82 cents of net earnings per \$1 spent. Costco, on the other side, had drastically lower spending on assets as well as net profit, but they were quite successful in boosting their sales and, at the same time, earning more.

Liquidity ratios are an important indicator of a company's financial health. They are used to estimate the firms' ability to pay their short-

term liabilities. The higher the ratios, the more likely a company is able to pay its short-term debts.

Current ratio, or working capital ratio, indicates whether an organization is able to pay back its current debts and loans in time. In 2017, Walmart's working capital ratio index was 0.86x, suggesting that for every dollar of the firm's financial commitments, Walmart had 0.86 cents of current assets. Usually, investors and analytics are looking for 2/1 ratio, which presumes that a company is capable to pay its debts without delays. Nevertheless, in 2018, Walmart's current ratio figures diminished even more, thus, making the firm being perceived as not financially attractive by the specialists. Contrarily, Costco had about \$1dollar of its assets to pay off \$1 of its liabilities in both 2017 and 2018, which is considered to be an adequate position.

Despite that acid ratio measures companies' liquidity using almost the same approach as current ratio does, it does not include inventory in calculations due to its comparatively low liquidity rate. The results demonstrate that Walmart was not that financially healthy and liquid as Costco, which had higher acid-test results two years in a row.

Financing decision ratios allow analysts to determine how an organization is financed.

The debt ratio shows whether assets are funded by debt or equity, in other words, it indicates how leveraged a company is. In 2017 and 2018, Walmart, as well as Costco, had ratio below 1, meaning that most of their assets were financed by capital, so they are in a safe financial position.

Times interest earned, or TIE, allows to stipulate if a firm has enough capacity to meet its financial responsibilities based on its EBIT. In 2017, Walmart was able to cover its interest payments more than 11

times. Costco's ratio, in the same year, was almost 3 times more; however, this figure should not be misleading due to the comparatively low Costco's interest expense. For Walmart, results were still more than satisfying in 2018, despite a minor downturn by 0.84 times.

Return to shareholders ratios allows to receive a quick snapshot of a company's capital implementation in profit earning.

Return on equity, ROE, is a tool of gauging management usage of an organization's net assets in order to bring more profit. According to the calculations, Walmart had ROE of 17% in 2017, but, in the following year, this rate declined to 12% because of the fall in the company's net income. Costco, on the other hand, was successful in maintaining its ROE at the 24% in both years; therefore, potential investors are more likely to buy Costco shares rather than Walmart's.

Finally, there is **earning per share ratio** that basically measures how much a stockholder is going to receive per one purchased stock. EPS is regarded to reflect the company's profitability. For the Walmart, the situation does not seem to be favorable since the earnings of their shareholders diminished by \$1 per share from 2017 to 2018. The reason for that significant drop was the decline in income that Walmart incurred in 2018. Costco, dissimilarly, enjoyed the growth in earnings per share since their income rose by almost 500,000,000 million in 2018.

Conclusion

2018 might be viewed as to be a controversial year for the Walmart overall performance. Even though they have reached \$500 billion of total revenue for the first time, they were inefficient in decreasing operating expenses. Therefore, their ratios were not as impressive as

Costco's indexes, whose total revenue and net assets worth are at noticeably lower rate.

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Effects of Higher Education on States' Budgets

Parastukhanum Mustafaeva

Year 3, Industrial Management

Introduction

Effective education system is the main determinant of economic and personal prosperity of any state. Traditionally, higher education had been provided on a free or highly subsidized basis. Due to industrialization and globalization, technological and scientific breakthroughs, the modern academic system has undergone revolutionary changes. From now on economic value shifted from natural resources to knowledge and technology innovation assets. Massive influx of high school graduates has been challenging the whole education system. As basic economic rule states that as soon as the demand increases, the cost per unit or the cost per student increases as well.

According to Albatch, Reisberg and Rumbley (2009), the overall cost pressure grow at a rates beyond which most countries' public revenue streams can keep pace. From financial retrospect, the pattern of free postsecondary education has become unsuitable, putting a pressure on national budget. Even European countries, fully free higher education zone, introduced tuition fees to alleviate the effects of constantly surging costs. Finally, higher education is not considered as 'public good' anymore but more rather private sector.

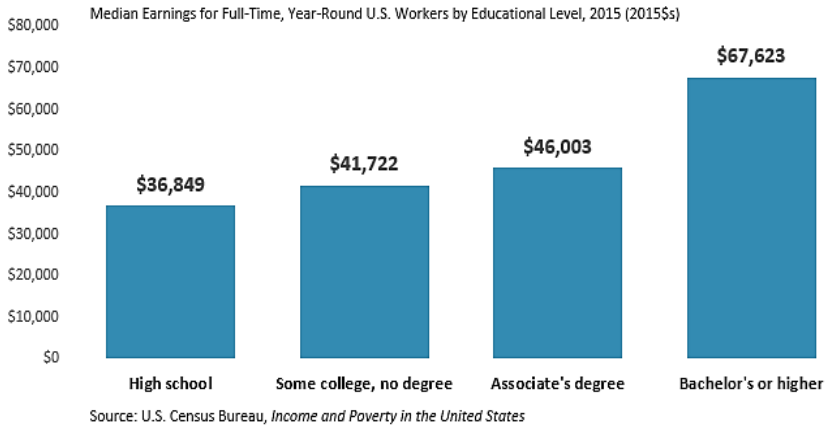
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Higher education has been increasingly recognized as favorable not only for the individual but also for society. With the shift in the knowledge demand, growing demographics and technological advances, the volume of high school graduates applying for universities are soaring day by day. Even though the demand is considerably high, the education system is the lack of capacity and funding. Despite all this, the government unable to completely abandon the subsidizing of the education domain as it closely connected to market success. Topel (2005, p.47) assumes that the efficiency of market outcomes typically turns on whether private benefits and costs are equal to their social values. The following section will compare the private and social advantages of tertiary education to understand if the end result justifies the means.

Positive returns of higher education to individuals.

- Financial stability. The private benefits of universities and colleges may take different forms, but the most obvious is higher income level. Individual earnings are directly related to the level of educational background. It is undeniable fact that those who have a bachelor's degree earn considerably more than their non-graduate counterparts. Based on the report of the U.S. Census Bureau in 2015, the level of earnings of those who holds an associate degree is twice as high as the amount of earnings of high school diploma holders \$67,623 and \$36,849 respectively.

More Education Leads to More Earnings



- Range of career opportunities. In modern knowledge-focused society, employment options are shrinking for high school graduates, as offered jobs require skills that are more technical. Service industry is the main sphere where high school diploma holders' work, in the majority of cases, work is inadequately paid and there is no job enrichment opportunities. Whereas, university graduates tend to possess repertoire of skills that enables employee mobility. Employers foreseeing expected productivity are willing to pay more, and to continue to pay more, if these skills are genuinely productive of revenues for the firm (McMahon, 2010).
- Effective decision makers. As for non-monetary private returns, people who own higher degree qualification are productive in non-market activities and better decision makers. Home production is concerned with productivity; it effects parents into more efficient producers of children's human capital through knowledgeable upbringing methods. Other researches state that educated person has longer life span,

which is an economic value, since they take care of diet and lead healthy life style.

Private contribution of universities to society.

While there is a general acceptance of individual-focused benefits from having a degree, there is a contribution towards society as well.

- ***Knowledge transfer.*** The ultimate goal of higher education system is to disseminate knowledge to students. However, universities managed to convey accumulated knowledge not only to students but also to private sectors. Knowledge transfer is witnessed in the form of collaborative researches with private organization, consultancies ‘domain oriented training and advices’, licensing the legal usage of research outputs conducted by university (Maassen, 2019).
- ***The conduction of research.*** Universities increasingly engaged in conducting researches in domains such as industry, improvement in education system, provision of healthcare for vulnerable layers of society. For instances, The Waterloo Artificial Institute projects cover multidisciplinary areas which include intelligent systems that can to detect cancer and heart diseases, to understand language and emotion, and to navigate roadways and factory floors.
- ***Sustainable economic growth.*** Another vivid example of positive outcome of universities towards society is strategic role in the knowledge-based economy formation. Universities and colleges are viewed as an engine of innovation and

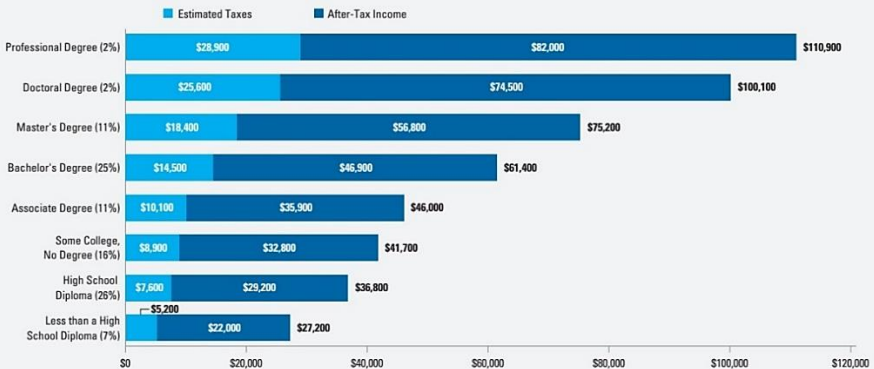
economic growth, since they are responsible for future cultivation of bright-minded generation.

The positive social outcome of graduates.

Regarding national scale, the plethora number of intellectual human capital reflect the reputation of a country in terms of unemployment, income rate, consumption efficiency, longevity, political stability and taxation payments.

- ***Unemployment and taxation rates.*** As discussed earlier, the qualified human capital is frequently given a priority over high school graduates, it is logical therefore, that the more people are employed the smaller unemployment rate is. Accordingly, the high remuneration rate not only classified as private benefit but also public since it brings value to the national budget through taxation payment. Referring to the below given graph, taxes paid by bachelor's degree holders were \$6,900 higher than their non-graduate counterparts were in 2015, with \$14,500 and \$7,600 respectively.

FIGURE 2.1 Median Earnings and Tax Payments of Full-Time Year-Round Workers Age 25 and Older, by Education Level, 2015



NOTES: The percentages in parentheses on the vertical axis indicate the percentages of all full-time year-round workers age 25 and older with each education level in 2015. The bars in this graph show median earnings at each education level. The light blue segments represent the estimated average federal income, Social Security, Medicare, state and local income, sales, and property taxes paid at these income levels. The dark blue segments show after-tax earnings. Percentages may not sum to 100 because of rounding.

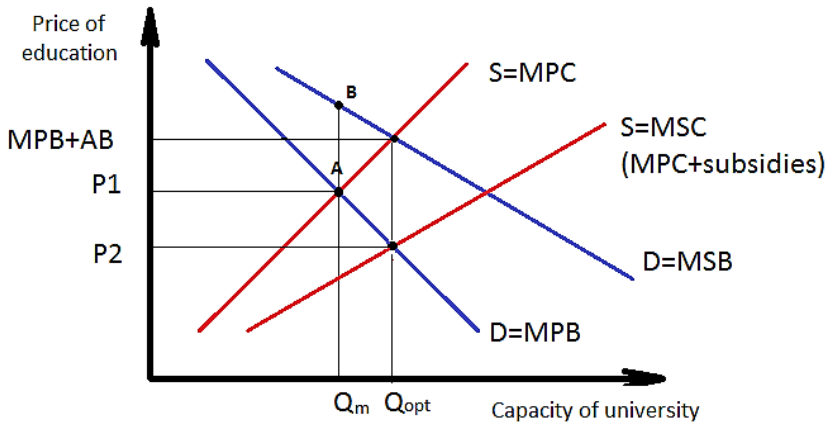
SOURCES: U.S. Census Bureau, Income, Poverty, and Health Insurance in the United States, 2015, Table PINC-03; Internal Revenue Service, 2014; Davis et al., 2015; calculations by the authors.

- Reliance on social welfare.*** It is assumed that the higher individual educational level is, the less likely people rely governmental aid. Moreover, Blagg and Bloom(2018) firmly believe that reliance on food stamps, Medicaid or public assistance, all decline in lockstep with qualification degree.
- Future economic growth.*** There is no doubt that human capital is the main driving force of economy expansion in terms of GDP per capita. According to Wilson and Briscoe (2004), there is a strong correlation that higher educational inputs increase productivity and so produce higher levels of national income. Growth analysis approach of UK between 1982-2005 had indicated that higher education graduate skills contributed to roughly 20% of GDP growth.

Externalities and Cost-Benefit analysis.

The provided graph below explains market efficiency whether governmental fundings are in balance with costs and benefits of tertiary education. Marginal Private Benefit curve (MPB) is the actual demand for undergraduate education requested by individuals, whereas Marginal Private Cost curve (MPC) is the supply or the capacity that universities can offer. Without considering externalities, the market is in equilibrium at a point A, with Q_m the number of students willing to be enrolled and the P_1 is the price of tuition. It is equally important that higher education have a beneficial effect on society, as a result of which a new Marginal Social Benefit curve (MSB) should be constructed. To overcome welfare loss Q_m should be less than Q_{opt} , for this reason government assist universities financially to sustain socially optimum quantity. As soon as government introduces AB subsidies, the supply shifts from MPC to MSC or MPC plus funds. As a result, the new demand curve will decrease a price from P_1 to P_2 forming a new equilibrium point at P_2 and Q_{opt} .

However, in a case when financial support from the government pushes the capacity of the university above the socially optimum level, meaning that Marginal Social Cost will be greater than Marginal Social Benefit. Such a market failure will soar the unemployment rate resulting in wastage of human capital or other vital spheres like healthcare might witness inadequate monetary aid. For that reason, proper allocation of financial resources is a matter of concern.



Ways to alleviate tension on states' budget

- Inspire private sector and profit driven organization to invest into education system through offering tax incentives. According to the Council for Aid to education in 2015, \$40.3 billion dollars were received in private donations. Efforts to grow philanthropic involvement into education system support have led to development of university foundations, endowments, capital campaigns and internal fund raising teams (Thelin and Trollinger, 2014).
- Another effective measure to mitigate pressure of higher education on national budget is to promote research findings by private sector and firms.

The results of research can be patented therefore monetary benefits captured privately and considered as an additional form of income.

- One more action towards national budget tension relief is to maximize the number of foreign students. In the most

countries, non-resident students pay the full cost of their studies, since subsidies do not apply to them.

Conclusion

Tertiary education is the main driving force of economic development, which is responsible for cultivating human capital. There is no doubt that highly qualified labor stands behind all scientific and technological successes in a country. Outlined above benefits proves the importance of educational backgrounds for individuals and society as a whole. Consequently, the government has to pay adequate attention to such a crucial sphere and continue to subsidize universities and colleges. From my perspective, monetary support from the state may accelerate the professional growth of the population and increase the image of a country in a global context. Despite having a financial shortage in national budgets, different policies can be used to alleviate its effects. The perception of undergraduate education in terms of demand will continue to expand since more and more people truly realize its significance.



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