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# Message

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Journal of Management Value & Ethics

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#### Dr. P. S. Bhadouria

# POVERTY REDUCTION THROUGH VOUCHER FINANCING OF **EDUCATION AND HEALTH**

SJIF 8.001 & GIF 0.626

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#### **ABSTRACT**

The article analyzes ways to reduce the level of poverty through voucher financing of the education and healthcare system, and formulates recommendations and conclusions that serve to justify its practical importance

Key words: poverty, vouchers, education, health care, social security, state budget.

#### INTRODUCTION

One of the factors affecting poverty reduction in budgetary policy is the financing of education and health care. The level of coverage by the educational system serves to increase the level of literacy of the population. As a result, conditions are created for the young generation to become qualified specialists. Through medical services, people are given the opportunity to be a part of economic value creation in the society along with restoring their ability to work.

Voucher financing system, which is widely developing in the world experience, is becoming the main element in covering poor families with a quality education system.

The voucher system is of special importance in creating a competitive environment with state institutions in the provision of social services. Voucher financing is widely used to provide the basic form of medical services, just as the voucher system is used to provide the basic form of the education system. The development of this system makes it possible for the low-income population to widely use private medical services. We think that the use of this practice will give its positive results, especially in coverage with vaccination processes.

#### LITERATURE REVIEW

P.Wolff's research examines the academic outcomes of students enrolled in a voucher-based private school. While their academic performance is on par with that of their peers in public schools, they have been noted to have significantly higher rates of success in later obtaining and graduating from higher education[1].

In studies conducted by M. Dinarski et al., students enrolled in a private school based on vouchers show a higher desire for higher education than their peers in public schools[2].

Such scientific conclusions can be seen in the scientific works of Uzbek researchers. In particular, D.Mirkhodja suggests the use of a voucher system in financing school education[3]. By using this method, low-income groups of the population also note that it is possible to make payments in private schools at the expense of the state. At the same time, it is noted that it solves such tasks as eliminating the "lack of chairs" in public schools, ensuring the mobility of families across regions.

In the scientific conclusion developed by S. Verguet and others, it is noted that medical services in developing countries are inadequate, some strata of the low-income population cannot use even basic medical services. The presence of informal payments in Tibiby services leads to nonuse of medical services and an average of 33 mln. causes a person to fall into poverty[4].

A study by D.Blum et al showed that increasing the coverage of health services in African

desert countries has a positive effect on economic value creation. The development of this trend is predicted to reduce the number of diseases and deaths by 2030, and economic growth will reach 4.4%[5].

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Studies conducted by U.Saha and others note that the voucher system has increased the proportion of low-income people using health services and increased the use of maternal health services among poor women in Cambodia[6].

Professors N.Jumaev and D.Rakhmonov also emphasize in their research that the factors that cause poverty are directly related to the stability of the education and health care system. In particular, he lists the following factors that led to the destabilization of the social sphere [7]:

- insufficient public spending in the health care system, especially in the provision of primary medical services;
  - low coverage of preschool education;
- the use of school buildings as "rubber" in school education lowered the effectiveness of basic education:
- the lack of coverage of higher education to 10% reduced the level of human capital of young people with a large share;
  - funds allocated to scientific research should be around 0.25 percent of GDP.

#### RESEARCH METHODOLOGY

The purpose of the study is to develop theoretical proposals and practical recommendations for poverty reduction through voucher financing of education and health care. In the research, the formality of the legal documents, used literature and internet information, the comparative and critical analysis of the scientific and theoretical views of the economists on the subject, and the results of the study and generalization of the advanced foreign experience were determined.

# **ANALYSIS AND RESULTS**

The creation of private schools reflects the provision of educational services for a certain segment of the population. According to universal values, inclusiveness of schooling is a positive feature. Voucher funding, on the other hand, serves as financial compensation for low-income residents, allowing low-income families to make choices based on the educational market conditions. The development of this trend will create opportunities for equal access to all forms of schooling, and the right to choose education for otherwise low-income families.

In other words, the formation of a competitive environment between public and private educational institutions leads to an increase in the quality of education. We believe that it contributes to price stability in the private education market.

In general, the advantages of voucher financing include:

First, it creates the basis for the formation of a competitive environment in the educational market. Private school officials focus on creating varying levels of benefit packages and price stability to attract children from low-income families with vouchers.

Secondly, the formation of quality education creates a choice for low-income families and increases trust in the state.

Thirdly, there will be a tendency to reduce the costs related to the construction and maintenance of schools, which will be borne by the state. This will create conditions for issuing more vouchers.

Fourth, it reduces the need for the education of too many students in one class in schools and serves to ensure the freedom of education of students.

The United States can be mentioned among the countries that use the voucher system through wide implementation. In Washington's school system, the graduation rate for voucher students from private schools is 91 percent, compared to trends in public schools of 70 percent[8].

Also, since 2004, Pakistan Punjab Education Fund Voucher Practice System has provided 1.6 million. while covering students with children from low-income families[8], it should be noted that the

voucher system introduced by the Government of Ghana in 2005 succeeded in providing private education to 43,000 students from low-income families[10].

In addition to the advantages, the introduction of the voucher system also creates some inconveniences, which should be taken into account by the state.

First, the creation of artificial promotion of private schools and the creation of "informal" documentation in the provision of vouchers.

Secondly, the inability of the state-wide measures of quality control in private and public educational institutions to work in full. In this case, the main focus may be one-sidedly biased towards public or private schools.

Third, in some private schools, vouchers may not cover the full amount of tuition. This may reduce trust in the voucher, as it creates the need for additional payments for low-income families.

The implementation of collective measures in the implementation of the fight against poverty serves to ensure effectiveness. In addition to the importance of the role of the education sector in reducing poverty, other social services also have a special place in ensuring its effectiveness. One of them is healthcare services.

Convenience of medical services and availability of a stable system for their financing increases people's confidence in medical services. On the other hand, it helps people to have no fear of getting sick. It would not be wrong to say that the fear of getting sick in the majority of the lowincome population is directly related to the emergence of the existing financial burden. The fact that low-income families face financial difficulties in using paid medical services leads to the emergence of financial fear of getting sick. This has the effect of decreasing trust in health services and continuing the intergenerational distribution of poverty.

In our opinion, the presence of informal payments in obtaining medical services creates financial difficulties for people. As a result, they borrow money from others and this debt creates further complications. A family's unexpected borrowing from others and inability to pay it back with future income can lead to deeper poverty. At the same time, the lack of access to health services in people's areas of residence or neighboring areas indicates infrastructure problems and is an obstacle to the development of health service coverage.

The voucher system is of special importance in creating a competitive environment with state institutions in the provision of social services. Voucher financing is widely used to provide the basic form of medical services, just as the voucher system is used to provide the basic form of the education system. The development of this system makes it possible for the low-income population to widely use private medical services. We think that the use of this practice will give its positive results, especially in coverage with vaccination processes.

Of course, there are advantages and disadvantages to providing health services that may be important for governments to consider.

Its advantages are reflected in the following aspects:

- increases the possibilities of coverage of the low-income population with medical services and prevents financial difficulties;
- providing a high level of satisfaction and free choice of a medical service provider by recipients of medical services;
- the formation of a competitive environment that leads to an increase in the quality of medical services and an increase in attitude towards voucher holders:
- introduction of the opportunity to treat diseases that cause the death of mothers and children with the help of the private sector.

Some complications may arise in the provision of medical services, such as:

- the increase in administrative costs in the provision of vouchers, as well as the need to develop criteria for aspects such as quality control related to it;
- the possibility of corruption and fraud in the provision of vouchers, the occurrence of cases of vouchers not being used:
  - occurrence of differences with medical services provided to people without vouchers;

- the possibility of full reimbursement of the cost of medical services through a voucher can be mentioned.

### **CONCLUSION AND RECOMMENDATIONS**

From the above analysis, we can make the following main conclusions:

- although the introduction of the voucher system at the national level causes some complications, it can become the main tool for covering a small number of the population with low income:
- in the implementation of this system, it is considered appropriate that aspects such as the provision of vouchers, school selection and quality control, and the ability to influence price stability are controlled by the state;
- the introduction of a voucher system in the provision of medical services, the creation of opportunities for the low-income population to use private medical services will serve to increase the effectiveness of reforms in reducing poverty.

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# PROBLEMS AND RISKS OF DIGITALIZATION IN HIGHER EDUCATION

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#### **ABSTRACT**

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The article offers a critical analysis of the impact of digital technologies on higher education. The digitalization of higher education is discussed in relation to broader socio-cultural and political and economic challenges: globalization, commercialization, socio-economic inequality and ethical issues of technology application. Using this approach, it is demonstrated that the rapid digitalization of higher education during the pandemic has activated already existing points of tension and problematic trends: the new managerialism in higher education governance, increasingly consumerist attitudes to learning, and the development of the elite education model. It is likewise essential to support the development of alternative models of digital technologies for education to be designed in partnership with all stakeholders in higher education.

**Keywords**: higher education, digital transformation, digital technologies in education, globalization of education, commercialization of education, digital divide, digital learning analytics, edtech.

## INTRODUCTION

The coronavirus pandemic has shown how significant "digitalization" has become for education. While the digitalization of education in Uzbekistan has attracted increasing attention, there have been relatively few critical studies of this phenomenon and the associated socio-cultural risks [3]. The first strand of this focuses on specific experiences of digitalization of education through analysis of individual cases of digital transformation projects, existing technologies and issues around their practical application, and participant perspectives on digital educational technologies. In these publications, digital technologies are considered mainly as a neutral tool – as something that does not carry any normative values, serve anyone's strategic interests, or represent an outcome of any broader socio-cultural or economic developments. The limitation of these studies is that they do not aim at developing a systemic understanding of this phenomenon or analyzing its connection with broader socio-cultural and economic issues.

One of the effects of globalization on higher education is the unprecedented increase in student international mobility. According to UNESCO estimates, in 2018 there were nearly 5.6 million students enrolled in higher education programs in a country other than their home country. With the onset of the coronavirus pandemic, the number of students traveling abroad to study in the academic year 2020/2021 decreased by 59%. At the same time, the decline in international students' physical mobility was partially offset by an increase in virtual international mobility.

## **RESULTS**

With this scenario and the adoption of regulative documents, in March 2021, President Shavkat Mirziyoyev signed a resolution, "On measures for the widespread introduction of digital technologies in the town of Tashkent." This provides for the main attraction of residents of the Technological Park of software package merchandise and knowledge Technologies that has incorporated 350 domestic enterprises to the implementation of the excellent program Digital capital. The program is geared

toward digitalizing municipal services management and making an integrated information setting for social facilities, industrial, road transport, and utility infrastructure, with the following unfold of eminent experiences to different regions of the republic. The Digital Tashkent program may be a follow-up of the initiatives, the president suggests in his address to the Oliy Majlis, where he declared 2020 to be the Year of Science, Education, and Digital Economy. The initiative has to be unprecedentedly advanced and timely. Yet, some weeks later, the whole world was gripped by the pandemic.

In 2020, the whole educational sector of Uzbekistan had to shift to an online mode

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of teaching and learning. Schools and universities did not have a unique platform for the conduction of classes, mainly TV channels, Telegram massager, and Zoom platform were used by teachers and students. These immediate measures allowed keeping up the process of teaching and learning during the lockdown on the spring of 2020. However, apparently, this tough period resulted in the worsening of quality assurance in teaching and learning and requested a solid database and a platform for blended leading and self-study.

However, there was a practical challenge in ensuring the quality of education within virtual mobility programs, especially in case of cross border mobility, the value of which lies in students' experience of living and interacting in the sociocultural context of another country. For example, according to the Uzbekistan's international study of the Quality Indicators for Learning and Teaching, international undergraduate students who studied in a virtual cross-border mobility format in 2021 rated the quality of their educational experience significantly lower than international students studying online and located in Uzbekistan. A particularly low rating was given for the "learner engagement" criterion: only 42% of the students assessed it positively [4].

Another point of tension arising from the relationship between globalization and digitalization of education is related to the recent trends towards increasing homogenization of the global digital environment. One of its manifestations is the growing inequality of languages on the Web. The top content language on the Web is English (62.1% of all content created in 2021), followed by Russian (7.6%), and then Spanish, Turkish and Farsi (3.8%, 3.8% and 3.5% respectively). Other languages had a share of less than 3%.4 It is noteworthy that while between 2014 and 2021, the share of English compared to other languages was decreasing (from 57.6% to 51.2% respectively), in the period between 2021 and 2023 it began to grow again (from 54.0% to 63.6%) [4].

At the same time, compared to previous decades, we are currently dealing not with a single global and open environment that is the Web, within which one can speak of a dominant language and culture, but with a number of closed information spaces that have emerged as a result of the development of proprietary digital platforms, paid mobile applications and multilevel Internet access tariff plans. To this list can be added access restrictions imposed by individual governments in an attempt to limit the influence of global forces on domestic processes. Digital platforms are vertically integrated online ecosystems built on big data analytics, personalized algorithms and real-time digital communication. On the table below there is enlighted the change of applicants submitted to bachelor's degree of higher education institutions during the last decade in the regions of Uzbekistan.

The number of applications submitted to bachelor's degrees of higher education institutions

Classificato r	2013	2014	2015	2016	2017	2018	2019	202 0	202 1
Republic of				1165,				110	
Uzbekistan	852	926,2	1057	7	972,7	748,2	899,3	3	547
The									
Republic of									
Karakalpaksta							1075,		
n	616,3	733,9	862,1	991,4	836,6	688,4	7	752	633
Andijan	1071,	1340,	1516,		1593,	1087,	1091,	231	159
region	5	8	8	1759	2	2	6	9	7

							•	1	
Bukhara									
region	605,2	696,2	848,7	1001	724,7	574,6	697,4	579	471
Jizzakh	1084,	1207,	1485,		1216,				
region	1	5	8	1697	3	883,1	969,7	871	885
Kashkadarya	1124,	1265,	1414,	1569,	1525,	1225,	1426,	133	
region	1	2	2	8	5	5	5	7	611
	1056,		1159,	1182,	1126,				
Navoi region	9	893,5	5	1	2	816,1	839,3	896	660
Namangan		1048,	1347,		1144,			101	
region	943,7	6	4	1583	2	833	987,5	4	443
Samarkand				1057,					
region	742,7	817	898	8	844,5	750,9	993,3	798	679
Surkhandary	1488,	1689,	1942,		1674,	1208,	1174,	113	
a region	8	3	9	2320	3	8	8	7	449
Syrdarya	1675,	1720,	1897,		1289,		1270,	290	
region	4	6	6	2151	9	994	4	5	845
Tashkent			1217,	1265,					
region	824,2	968,6	1	6	823,2	748,8	742,4	891	567
Fergana	1167,	1369,	1591,	1678,	1095,				
region	7	4	4	6	3	856,3	995,5	965	403
Khorezm				1111,					
region	858,7	876,5	947,2	8	958,5	747,7	997	906	533
Tashkent								130	
city	686	687,2	735,6	753	693,8	506,3	680,9	3	389

Source: https://siat.stat.uz/reports-filed/1363/table-data

According to the results of table 1 the number of applicants decreased slightly as the years passed. However, Andijan and Karakalpakstan regions reached sustainable increase where other leading regions such as Tashkent, Samarkand, Navoi, Fergana experienced a big plunge on the number of applications submitted to bachelor's degrees of higher education institutions.

As for teachers, the digitalization of education poses a risk to the value foundation of their profession as they become predominantly valued as producers of online courses, which can later be reproduced without them or with their minimal participation. However, to ensure quality education, any educational course needs comprehensive teaching support and guidance and ongoing provision of feedback to students. In the context of commercial education, educational organizations often try to save on these teaching activities when delivering online courses: spending on these is minimized, for example by delegating them to online tutors employed on a casual basis. This creates yet another risk of a growing disconnectedness of teachers who become "atomized subjects" not integrated into a living academic community and thus deprived of the opportunity to discuss and co-create shared meanings, goals and standards of education [6]. Overall, due to the combined impact of commercialization and digitalization on higher education, teachers as a group have become more vulnerable. They are more easily replaceable, their job is directly dependent on the market demand for their courses, and their activities are increasingly regulated and standardized, while their administrative workload is increasing.

Based on these data there is calculated statistically approved information according to the number of students admitted to bachelor's programs of higher education institutions which enables educational prosperity of Uzbekistan.

Table 2 The number of students admitted to bachelor's programs of higher education institutions

Classificator	2013	2014	2015	2016	2017	2018	2019	2020	2021
Republic of	5708	5932	5830	5770	8082	10874	12873	16502	22012
Uzbekistan	7	4	1	5	2	5	0	1	4
The Republic of									
Karakalpakstan	3944	3733	3698	3754	5389	6767	6827	10996	9840
Andijan region	3647	3592	3591	3439	4753	5529	7179	7512	9588
Bukhara region	3109	3182	3134	3138	4577	6581	6244	11109	11602
Jizzakh region	2341	2618	2477	2404	3679	4788	5759	8079	9069
Kashkadarya									
region	2868	3169	3161	3177	4096	5072	5875	7541	10369
Navoi region	1835	2174	1977	2106	2751	3358	3582	5312	5423
Namangan									
region	2540	2689	2468	2518	4005	5741	6042	7202	9239
Samarkand									
region	5605	5823	5872	5703	7492	9870	11819	17772	18356
Surkhandarya									
region	1671	1631	1711	1624	2999	5485	6078	9571	9875
Syrdarya region	786	845	835	853	1526	2705	2997	1676	4508
Tashkent region	1563	1787	1538	1528	3043	4662	6419	9443	11176
Fergana region	4338	4207	4186	4186	7138	9318	11583	13713	12990
Khorezm region	1928	1992	2112	1917	2989	4390	4438	6659	6990
	2091	2188	2154	2135	2638				
Tashkent city	2	2	1	8	5	34479	43888	48436	91099

Source: https://siat.stat.uz/reports-filed/1363/table-data

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The simultaneous commercialization and digitalization of education has created conditions for the expansion of the number of students admitted to bachelor's programs of higher education institutions and control over various aspects of teaching and learning. This tendency can be described as "big increase" as the process through which the structures of the public sector adopt organizational forms and technologies, governance practices and values more common in the private sector. The biggest progress in numbers can be seen in the regions such as Bukhara, Jizzakh, Kashkadarya, Namangan regions. Moreover, Tashkent city, Samarkand, Fergana demonstrates big shift during those years. Thus, with the aid of digital technologies, managers of educational organizations have acquired more decision-making power and control over the direction of the education process, its organization and even the pedagogies used by teachers.

A survey of educators around the world showed that during the pandemic managers tended to make the decisions in terms of the organization of online learning without involving teachers in the discussion on these matters. Finally, new actors in education have emerged: for-profit edtech and IT corporations. In today's world of digital education, computer engineers, programmers and data analysts who create commercial educational software often have more influence over the educational process than do teachers themselves. They have the power to define the values, principles and metrics that underlie the logic of educational technologies.

On the one hand, innovations have increased access to educational resources for a wider population. Thousands of massive open online courses (MOOCs) and many online courses from the leading universities have become available for free or at a relatively low cost, making education potentially accessible to those living in remote areas, having low incomes, or planning to combine 13

education with work, childcare and other activities.

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On the other hand, access, ability and motivation to use digital technology for educational purposes are themselves unevenly distributed in society: as, for example, in 2021 only 27% of Uzbeks had a high degree of digital literacy. [7]

As the digital divide theory suggests, digital technology alone cannot guarantee a more equal and equitable distribution of educational opportunities in society, and not all population groups benefit equally from the spread of digital education. Even though in 2022 Uzbek university students on average had higher levels of digital literacy than the rest of the population, their level of proficiency in advanced digital competencies remained low.[7]

It is also important to consider the impact of the digital divide on teachers' capabilities. Not all teachers have the digital skills and resources to harness the full potential of technology in their teaching and to make informed choices about the technologies best suited to their context. According to an OECD (Organization for Economic Cooperation and Development) report, during the transition to online learning during the pandemic all countries experienced a shortage of teachers trained to facilitate online courses. In Uzbekistan the majority of teachers (60%) noted that they lacked the technical skills to work with the digital systems and services used in online education and experienced difficulties with the learning design of their online classes. [9] As a result online education was often delivered through traditional delivery methods such as a lecture format with slides and test-based knowledge assessments. Moreover, due to the uneven distribution of resources, the spread of digital education can worsen the inequality between metropolitan and regional universities. An expert survey at four regional universities in Uzbekistan revealed concerns that the leading universities, which are better prepared to implement digital innovations due to having greater digital resources and competence, "benefit a priori" from digital education. However, there are also regional universities which consider online education as a source of advantages and opportunities for strengthening collaboration with other universities, including universities abroad [1].

Thus, despite the abundance of new opportunities that digital technologies offer for self- and skill development, those who benefit most from these opportunities are resource-rich regions, the leading universities and certain population groups which have better digital access, digital literacy and motivation for online learning, and the ability to select the best technology, online programs and courses. Hence there is a risk that under digital conditions higher education will turn into a scarce market commodity and, as a result, become more expensive and inaccessible to wider population groups and especially those who need it most.

Since the start of the Covid-19 pandemic, the national EDUUZ channel has been launched, with information about changes in the field of education and materials for independent learning. More than 3,500 electronic textbooks in various disciplines have been posted on the Innovation Library website.

This shift was possible as a result of the experience already accumulated by universities well before the pandemic in the field of online pedagogy and methods of assessing learning outcomes, the acquisition of various digital tools, and their effective implementation. It was also possible due to a general strengthening of the potential of teachers and students, and of expert knowledge at system level.

Improving the quality of teaching in higher education institutions through new curricula and smart technologies or e-modules; e-learning, digital skills and open e-resources; and digitalization of the university, its concept and role in the reforming of higher education institutions. A series of publications was issued in the HEREs magazine Perspectives of Higher Education Development, as well as related briefs and analytical papers developed by the national experts for the ministry in the framework of their technical support and expertise. In addition, the Erasmus+ project "Modernization of Higher Education in Central Asia through New Technologies" supported new initiatives in this field, namely the Centers for Innovative Education Technologies, cloud-based virtual libraries of digital educational resources, adaptation of effective digital teaching methods and tools, and Digital Competence Framework development. These examples demonstrate how the engagement of the

Uzbek HEREs team has contributed to national and institutional change and capacity building [1].

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However, the journey has not been without challenges, and a few significant shortcomings offer lessons to be learned for future digitalization. The universities initially struggled to maintain general standards and to mitigate the negative impact of the pandemic on students. It took various adjustments and efforts, and significant investments over a period of time, to explain and enable a more proficient use of demonstration videos, virtual labs, and software. It was of crucial importance not to undermine the credibility of education programs in the minds of students, parents, potential employers and the public in general, and to preserve one of the most important advantages of programs, namely recognition at national level. Nevertheless, emergency distance learning as a quick and temporary response to the pandemic is different from well-organized online education with appropriate specific theoretical and practical knowledge.

In particular for higher education institutions in rural areas, crucial points relate to the availability of appropriate equipment, its accessibility for students and teachers, the quality of the education platforms, and access to and quality of the internet. Thus, the so-called "digital gap" between different parts of the country and its negative impact were exacerbated during the crisis, leading to a lack of access to some learning and teaching sources and opportunities for students. Not all national universities have been able to ensure quality control in remote and online study processes and a timely response to rapidly changing conditions during the pandemic. Therefore, institutional autonomy has been identified as one of the requirements for the progressive development of digitalization, to allow universities to promptly respond and take decisions when required. To ensure the quality of online learning, it is important to consider a host of issues, such as institutional policies and strategies of digitalization (the Ministerial decree requires each higher education institution to develop its strategy on digitalization based on the national concept for digital higher education), monitoring tools, relevant digital tools, design and development of online courses, curriculum development, digital evaluation techniques, data protection, academic confidentiality rules, support for staff and students, staff development, the creation of academic online communities and other ways of online communication channels.

Nevertheless, national universities have gained experience and made progress in acquiring the skills, processes and tools necessary for online learning. The use of new digital technologies should not be an end in itself, but in the context of goals and objectives, should relate to the expected competencies that students should achieve. In this regard, beyond the pandemic, the shift to online learning could be a catalyst for the introduction of more effective blended learning among students, incorporating traditional academic skills and real-time learning, and leading to better learning outcomes such as critical thinking and adaptability.

# CONCLUSION

Based on the findings, the academic community is encouraged to take a more proactive stance in terms of why the digital technologies they use in teaching are designed and work the way they do. This includes scrutinizing the dominant educational technologies in terms of their alignment with pedagogical objectives and evidence-based models of learning and teaching, restrictions they may impose on the educational process, their properties and functions that need to be changed or added. their impact on the digital inequality among students and teachers and the environment, etc. Overall, it is important to create conditions of possibility for the development of alternatives to the currently dominant models of digital technologies in higher education, ideally achieved in partnership with universities, teachers, students, education experts, governments and representatives of local communities.

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# ANALYSIS OF TOURISTIC POTENTIAL AND CAPACITY OF **ECOTOURISM SITES**

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#### **ABSTRACT**

Ecotourism has become one of the areas of great interest among world economists. Therefore, several methods are used to study this area. By determining the capacity of ecotourism sites to receive tourists, analyzes were carried out to prevent damage to the ecosystem in the regulation area, its quality decrease, the deterioration of the attractiveness of the ecological environment, and the decrease in its aesthetic value, thereby increasing their economic value.

**Keywords**: Ecotourism, tourists, protected areas, tourist capacity, acceptable capacity, potential capacity, basic capacity.

## INTRODUCTION

Ecotourists can cause various negative effects on the environment, because the increased human intervention in ecological areas leads to irreversible changes in existing ecological processes, which include the depletion of natural resources, the expansion of plant populations and habitats, the loss of forests, can be cut and reflected in the reduction of high water flows. The large number of tourists causes damage to the environmental ecosystem in the ecotourism zone and causes a decrease in its quality, an increase in noise or pollution, and the attractiveness of the ecotourism environment deteriorates, and the aesthetic value decreases.

Research methodology: According to the World Tourism Organization, "Maximum capacity of tourism" means "at the same time it is possible to visit a tourist destination without harming the physical, economic, socio-cultural environment and without causing an unacceptable decrease in the quality of tourism" is defined as the maximum number of people" [3]. Middleton and Hawkins Chamberlain defined it as "the level of human activity that can be accommodated in an area without degrading the area, adversely affecting the resident community, or reducing visitor numbers" [1]. Maximum capacity is the point at which a facility or attraction begins to experience discomfort due to the number of visitors.

There are several different forms of maximum capacity in tourism, including:

- 1. Maximum physical capacity. This is the maximum number of tourists that the region can actually accommodate. Usually this is considered to be around 1 m2 per person. "Physical maximum capacity per day (PCC) = area (m<sup>2</sup>) x visitor area (m<sup>2</sup>) x daily activity duration (hours)." [1]
- 2. Economic maximum capacity. This refers to the level of acceptable changes in the local economy of the tourist destination, the ability of this tourist destination to establish touristic functions without losing local activity, and the places allocated for business activities are also taken into account in this indicator. Economic maximum capacity can also be used to describe the point at which revenues from tourism development are outpaced by tourism-induced inflation.
- 3. Maximum social capacity. This is related to the negative socio-cultural effects associated with the development of tourism. Indicators of when social maximum capacity has been exceeded, as described in the Doxey index, is a decline in the local population's acceptance of tourism in the area. Decreased visitor enjoyment and increased crime are also indicators of increased social

capacity.

4. Biophysical maximum capacity. It depends on how well the natural environment can withstand the interference of tourists. Some ecological resources are renewable, but if their maximum capacity exceeds the capacity of the habitat to regenerate, it will cause great damage. Maximum environmental capacity also applies to ecological and physical parameters, resources, ecosystems and infrastructure capacity.

One of the weaknesses of determining maximum capacity is that, on a practical level, it is difficult to estimate the maximum number of visitors, as it also depends on the behavior of tourists.

Assessment of the suitability of the place for ecotourism requires the collection and study of information in order to optimally organize and manage the ecotourism area according to its suitability, minimize the impact of ecotourism activities and create rehabilitation efficiency, conservation, protection and conservation of natural resources. , in addition, effective planning and development policies are needed to realize the capacity determination of the facility.

Ecotourist carrying capacity is a useful concept in wildlife management and determines how many ecotourists can visit an ecotourism area.

The assessment of tourist capacity in tourism is based on the method proposed by Cifuentes in 1992, in which tourist capacity is based on the area of activity, as well as the period of tourism activity in each destination.

Standard areas for ecotourism services

Table 1

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	Otaliaala aloat	3 101 000104110111 001 V1000
Nº	Types of ecotourism services	Standard area for 1 person (m²)
1.	Swimming	100
2.	Beach	50
3.	Take a walk	1000
4.	Waterfall	50
5.	Cave	20
6.	Learning about culture	25
7.	Fishing	50

You can see from the table above that for 1 person 100 m<sup>2</sup> for swimming, 50 m<sup>2</sup> for relaxing on beaches or seaside, 30 m<sup>2</sup> for hiking or special things (plant study, animal watching, waterfall viewing 50 m<sup>2</sup>, 20 m<sup>2</sup> for exploring caves, 25 m<sup>2</sup> for cultural history, 50 m<sup>2</sup> for fishing.

In general, there are four steps to calculate tourist capacity. To use this method, it is important to take into account tourist flows, the size of the territory, the optimal space available for free movement of each tourist, and the time of visit. In the course of our research, we have calculated the maximum capacity of tourists who can visit "Zarafshan National Park". This research method is briefly described in Figure 1.

Figure 1. The basis of the tourism capacity method.

The following indicators are important for receiving tourists of the ecotourism area:

- 1. Standard area requirement for activity. There is a standard area requirement for certain tourism activities. The standard area is based on the need of the environment for certain types of activities, including tourism activities. A special equation for each tourism activity is used to calculate the standard area
- 2. Space for each activity. Each activity area is the actual area (m²) for the implementation of tourist activities in each direction. In addition, the information comes from direct observations in all directions.
- 3. Average time for activity. Average available time for movement is the average number of hours per day that each route is served. This information is based on the duration conditions of each tourist activity.
- 4. Average visit time. Average visit time is the average time (hours) it takes to complete each activity. It is also based on direct observation of how long tourists spend on specific activities in each destination. Bularni aniqlashda quyidagi koʻrsatkichlardan foydalaniladi.

Rotation coefficient (RC). RC is a coefficient that compares the average tourist time for the implementation of tourist activities with the available time for the implementation of tourist activities per day.

$$RC = \frac{Time \ available \ for \ activity}{average \ visit \ time}$$
 (5)

Limiting factor 1: coefficient of duration of activity during the year (Lf1). Occurred due to seasonality throughout the year.

$$Lf1 = \frac{(100 - ((bad weather days \div 365) \times 100)}{100}$$
 (6)

Limiting factor 2: Coefficient of duration of daily activity (Lf2)

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Coefficient that takes into account the operating time per day of the destination

$$Lf2 = \frac{(100 - ((operating hours \div 24) \times 100)}{100} \tag{7}$$

Basic maximum capacity (BCC). BCC is a comparison of an area with standard area requirements for tourist-defined activities.

$$BCC = \frac{A \ space \ for \ each \ activity}{Default \ field} \qquad (8)$$

Potential maximum capacity (PCC). PCC is the value of the ability to receive potential tourists in a certain area, regardless of the time of operation. When calculating PCC, the RC coefficient and the result of BCC are taken into account.

$$PCC = BCC \times RC \tag{9}$$

Actual Maximum Capacity (RCC)

RCC is the actual value of the tourist assessment. RCC also includes a PCC value that takes into account operational time such as overtime and bad weather conditions. The value of RCC reflects the maximum number of tourists allowed from the designated area to carry out the activity. RCC value can be calculated for one day or one year.

$$RCC = PCC \times Lf1 \times Lf2 \tag{10}$$

From the time of establishment in "Zarafshan National Park" until now, only services such as watching animals, feeding, studying plants, and taking a walk in a scenic area have been offered. Based on the ecoroutes established in "Zarafshan National Park", the number of tourists who came to the park was studied.

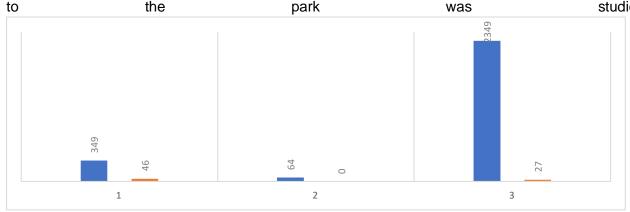


Figure 2. Tourists who visited "Zarafshan National Park" in 2019-2021

The distribution of income from these ecotourists is as follows:

Table 2
Funds received from ecotourists who visited Zarafshan National Park in 2019-2021
(thousand soums)

Nº	Visitors	2019	2020	2021	Change in 2021 compared to		
					2019		
1	Pupils and	1175	2650	5088,87	3913,87	increased by 4.3	
	students					times	
2	Individuals and	2005	1932	19139,5	17134,5	increased 9.5	
	legal entities					times	
	Total	3180	4582	24228,37	21048,37	7.6 times	
						increased	

From the data in the table, we can see that in 2021, due to the increase in the number of

ecotourists, we can see that the income from tourists increased by 7.61 times compared to 2019. The main reason for the decrease in ecotourists in 2020 is the worldwide spread of the COVID-2019 virus. Due to the quarantine measures caused by this disease, access to the park was closed, which in turn led to a decrease in the number of visitors and a decrease in income. This income is mainly used to stay in METH, as stated in paragraph 3 of the decision of the Cabinet of Ministers of the Republic of Uzbekistan No. 13 of January 8, 2018 "On some issues of regulation of stay in protected natural areas". The payment is made in the amount of 5% of the basic calculation per day for each visitor. In addition, agriculture is another source of income in Zarafshan National Park. The park has a total of 302 hectares of land for agricultural activities, and the area used for agriculture is 2117.9 hectares in 2021. million Soum income was received.

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That's why we analyze hiking and sightseeing in Zarafshan National Park by type of service. Table 3 below calculates the circulation coefficient to determine the maximum capacity of tourists in Zarafshan National Park.

Table 3 Calculation of rotation coefficient (RC) for "Zarafshan National Park"

Nº	Types of tourist services	Time available for daily activities	Average travel time (hours)	Rotation coefficient (RC)
1.	Walking, sightseeing	8	3	2,66

According to the table, the daily working hours of "Zarafshan National Park" are 8 hours, and the average stay of 1 tourist in the park is 3 hours. Based on this, the turnover ratio for the tourist reception capacity was 2.66.

The limiting factor (Lf1 and Lf2) is a coefficient that takes into account bad weather and operating hours per year in each tourist activity. Limiting factor 1 (Lf1) takes into account the number of days of unfavorable weather in a year. Limiting factor 2 (Lf2) takes into account working hours in one day.

Table 4 Analysis of limiting factors (Lf1 and Lf2) for "Zarafshan National Park".

Nº	Types of tourist services	Unity	Lf1	Lf2
			Bad weather	Activity
			Day/year	Hour/day
1	Walking, sightseeing	Number of	120	8
		days/hours		
		Notes	4 oy	8 <sup>00</sup> from 16 <sup>00</sup> to
		Coefficient	0,671	0,666

From the data in the table, we can see that the seasonality in "Zarafshan National Park" lasts 4 months, that is, 120 days. Accordingly, the 1st limiting factor was 0.671. One of the elements of the 2nd limiting factor is that the operating hours in "Zarafshan National Park" are 8 hours. Based on this, the result of limiting factor 2 gave 0.666. Based on the two limiting factor accounting books, it can be used as a key indicator to calculate the actual tourist reception capacity (RCC). The calculation of RCC is based on the area (hectares) for a specific tourism activity, as shown in Table 1. Table 2.17 summarizes all calculations using the equations described above. The result of the calculation is the RCC calculation, which is a number that reflects the maximum number of tourists (people) that can visit each area for a certain tourist activity.

The capacity of "Zarafshan National Park" to receive tourists throughout the year

Type of service	Walking and sightseeing
Area reserved for ecotourism (m2)	3524000
Standard area for activity (m2)	1000
Rotation coefficient	2,66
Limiting factor 1 (Lf1)	0,671
Limiting factor 2 (Lf2)	0,666
The main tourist reception capacity (person/day)	3524
Potential tourist capacity (person/day)	9373
Actual tourist reception capacity (person/day)	4189
Actual tourist reception capacity (person/year)	1026314

According to Table 5, the area of the recreation department in "Zarafshan National Park" is 352.4 hectares (3524000 m<sup>2</sup>). Ecotourism routes are organized in this area. Based on the above formulas, the main capacity of the park to receive tourists is 3524 people per day, the potential capacity is 9373 people, the actual capacity is 4189 people per day, and the actual capacity is 1026314 people per year.

Conclusions and suggestions: This RCC is a real example that explains the overall tourism carrying capacity of the environment, which can support tourism activities without adversely affecting it. RCC is a number assigned to all visitors entering a specific area of tourism activity. Thus, this number includes residents, traders, tourism-related people, as well as all people included in these areas.

By determining the capacity of ecotourism sites to receive tourists, the regulation helps to prevent damage to the ecosystem in the area, a decrease in its quality, a decrease in the attractiveness of the ecological environment, and a decrease in its aesthetic value, thereby increasing their economic value.

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# GLOBAL KNOWLEDGE INDEX AS A COUNTRY DEVELOPMENT **INDICATOR**

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#### **ABSTRACT**

This article describes the Global Knowledge Index as an indicator of a country's development. The article deals with such issues as the importance of the index, its sub-indices. Analyzed global indicators (leading, average and weak), for 2022. A conclusion is drawn for 10 advanced countries..

Keywords: knowledge economy, knowledge index, knowledge economy index, innovation, ICT, knowledge capital, pre-university education, technical and vocational education, R&D, country enabling environment sub- index, economy sub-index.

# **INTRODUCTION**

One of the main consequences of the globalization of the economy is the increased competition between countries and companies. This leads to a reduction in prices for goods and services, an improvement in the quality of products and services, as well as the development of new technologies and innovations. In addition, the globalization of the economy contributes to the dissemination of knowledge and experience between countries, which helps them develop and improve their economic performance.

Global indices are tools that are used to measure and compare the level of economic, social and environmental development of different countries. They help to assess how successfully a particular country is coping with the challenges of our time, such as climate change, poverty, inequality, and others.

There are many global indices, each of which measures a certain aspect of a country's development. For example, the Human Development Index (HDI) measures the standard of living, health and education of a country's population. The Environmental Performance Index (EPI) evaluates a country's efforts to protect the environment and combat climate change. The Social Progress Index (SPI) takes into account factors such as equality, freedom and security.

Global indices can be useful for analyzing the development of countries, comparing their achievements and identifying problems that need to be addressed. They can also serve as a guide for politicians and experts in the development of development strategies and decision-making in the field of economics, social policy and environmental protection.

# Literature review

It should be noted that the indices are evaluated by various organizations and experts in the field of economics, finance, statistics and other fields. For example, development indices can be assessed by local governments, real estate associations, and other organizations that perform statistical assessments. Stock market indices can also be evaluated by various analytical companies and financial institutions such as investment banks, brokerage firms, etc.

According to the knowledge index, L.G.Baratkova, A.V. Chugunov<sup>1</sup>, which are considered

<sup>&</sup>lt;sup>1</sup> Baratkova L.G. Indicators of the development of the knowledge economy. // Yaroslavl Pedagogical Bulletin. 2012. №2. Volume 1. S. -107-111 .; Chugunov A.V. Systems of indicators and monitoring of the development of the information society and the knowledge economy. // The material was published in the journal "Bulletin of International Organizations:

inside the knowledge economy index. So, L.G.Baratkova says that the Knowledge Economy Index, unlike the Knowledge Index, assesses not the country's potential, but how much the environment in a particular country contributes to knowledge being effectively used in economic development. To do this, in addition to the three above groups of factors, a fourth category is added - economic incentives and institutional regime<sup>2</sup>.

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The same opinions can be seen in the article on monitoring innovation security based on the knowledge economy index by V.A.Gorin and E.S.Zemskova. They write that the World Bank calculates the Knowledge Economy Index (Knowledge Economy Index (KEI)) and Knowledge Index (Knowledge Index (KI). The first includes the index of the economy and the institutional regime, the education index, the innovation index, and the information and communication technology index. The knowledge index differs from the knowledge economy index by the absence of an economy index and an institutional regime in its composition. The latter are determined on the basis of data on the presence of economic barriers, the quality of governance and the state of the legal sphere. The education index includes the average number of years of schooling, enrollment in secondary education, and enrollment in tertiary education. The Innovation Index is calculated based on royalty income, number of scientific and technical papers, number of patents issued by the US Patent and Trademark Office<sup>3</sup>.

However, today, due to internal and external factors, the World Bank does not calculate the knowledge economy index, but calculates the knowledge index. This is also due to the fact that in practice there is no clear model that could explain the cause-and-effect relationships between science, technology, the economy and society.

If earlier the education sub-index, the innovation sub-index and the ICT sub-index were attributed to the knowledge index, now it is much more difficult to calculate.

Therefore, we made the goal to consider the calculation of the knowledge index, make a comparative analysis with the world indicator and give a conclusion.

# **Research Methodology**

The methodology of this article uses the methods of generalization, grouping, comparative analysis, theoretical interpretation. In addition, the scientific basis of the article is international standards for assessing the knowledge index, information from United Nations studies, including UNDP or UN member states, or the Mohammed bin Rashid Al Maktoum Knowledge Foundation.

## **Analysis and results**

The Global Knowledge Index (GKI) is an important addition to the global repository of development knowledge, providing a variety of data that can help countries and decision makers better understand and respond to related developments and challenges.

It evaluates on seven sub-indices, chosen both because of their correlational interactive relationships and because of their central role in the process of cognitive progress.

The close relationship between the quality of knowledge capital, on the one hand, and the ability to build an efficient knowledge-based economy that ensures equitable and sustainable development, on the other, necessitates the evaluation of human resources qualification systems and their results.

Investments and results of research, development and innovation are also central to the knowledge economy, as they are for sustainable development and are valued within the framework of research, development and innovation. Progress made in the development of technological infrastructure and the application of its results is reflected in information and communication technologies (ICT), while the economy gives an assessment of economic openness and competitiveness.

Improving all these aspects of knowledge-based development requires the creation of a

"NAUKOVEDENIE" http://naukovedenie.ru Volume 7. No. 5 (September - October 2015). S.-4

<sup>&</sup>lt;sup>2</sup> Baratkova L.G. Indicators of the development of the knowledge economy. // Yaroslavl Pedagogical Bulletin. 2012. №2. Volume 1. 108- p.

<sup>&</sup>lt;sup>3</sup>Gorin V.A., Zemskova E.S. Monitoring of innovation security based on the knowledge economy index. // Internet journal

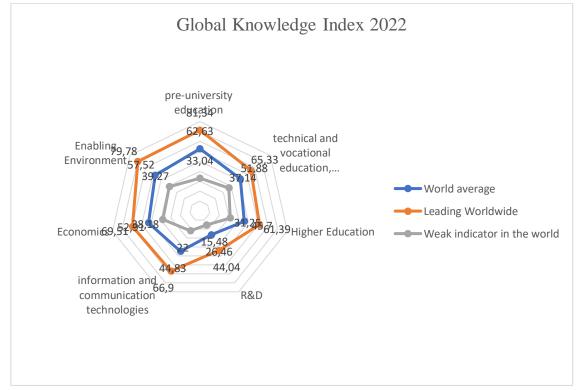
suitable and enabling environment based on social and political freedoms, as well as environment and health, progress towards which is reflected in the creation of an enabling environment.

Since 2017, the global knowledge index has been compiled according to:

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- subindex pre-university education (PSE), including two columns, including: knowledge capital and an enabling environment for learning;
- sub-index technical and vocational education, vocational training (TVET), which includes two columns: ICT components, vocational education labor market.
- The Higher Education Sub-Index (HSE), which consists of three pillars: access to higher education, learning environment and outcomes (graduate employment status).
  - indicator for R&D, which includes: costs, implementation and the result obtained from R&D.
- sub-index of information and communication technologies (ICT), including: ease of access and access to the Internet.
- sub-index of Economics (SE), which includes three components: the competitiveness of science, financing, and the added value derived from this.
- Country Enabling Environment (CBS) sub-index: Governance, Socio-Economic Situation, Health and Environment.

For the global indicator, the average score for the global knowledge index is 46.47, the advanced value is 79.78, and the weak value is 30.05 indicator (1-figure).



1-drawing. Global Knowledge Index, Worldwide (Advanced, Medium and Weak), 20224

According to Figure 1, we can say that the difference between weak and advanced indicators is almost twice for all sub-indices of the global knowledge index. This is especially evident in the preuniversity indicator (advanced has a value of 81.34, and the weak has a value of 33.04), in R&D (the advanced has a value of 44.04, and the weak has a value of 15.48).

Today, the economy that supports the use of knowledge as a source of sustainable development is considered the most highly developed. In order to create and develop a national economy based on knowledge, it is necessary to have an idea of the strengths and weaknesses of both the national economy and other countries. There are four most important aspects that form the knowledge economy. These are the economic and institutional conditions that create incentives for

the effective use of existing knowledge and the creation of new knowledge; system of education and training of workers; developed information and communication infrastructure; a national innovation system that brings together firms, research centers, universities and other organizations to accelerate the accumulation of world knowledge, the creation and use of new technologies.

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Let's consider 10 countries with the highest indicator, these are mainly economically developed countries (1-table).

1-table 10 countries according to the Global Knowledge Index, 2022<sup>5</sup>

No.	A country	index	PSE	TVET	HSE	R&D	ICT	SE	SBS
1	USA	68.37	83.11	67.51	65.84	53.02	71.67	73.92	66.8
2	Switzerland	68.28	82.41	64.28	66.83	54.32	67.38	67.34	85.49
3	Sweden	66.96	80.82	62.99	61.14	52.53	68.67	67.89	86.12
4	Finland	66.91	81.3	68.23	59.39	49.6	70.1	66.35	85.83
5	Netherlands	66.33	83.38	68.48	61.39	46.55	68.85	65.74	82.2
6	Luxembourg	66.11	73.96	64.78	66.03	43.4	70.39	73.79	83.64
7	Denmark	65.96	79.66	57.53	61.58	48.77	69.59	73.17	84
8	Norway	64.15	82.11	64.7	63.53	35.98	69.07	67.02	88.65
9	Great Britain	63.88	74.39	56.78	61.64	51.22	67.04	67.09	77.01
10	Austria	63.63	73.12	68.84	62.34	41.94	63.69	67.27	81.31

According to Table 1, we can highlight the fact that today the countries that have a high growth rate in knowledge, science and innovation are in the lead in the Global Knowledge Index. In particular, the USA, Switzerland, Sweden have a high rate in the preschool education and R&D sub -index. If we take the world average, these are 62.73 and 26.46, then we can see that these countries are far ahead. In general, the strengths of these countries, in our opinion, are:

- the cost of computer software is very high, which is why the employment of the population in the field of ICT is high:
- the growth of innovative companies is high and, as a result, there are professionals in their field, highly qualified personnel;
  - the level of entrepreneurial activity in the innovation sphere is high;
  - there is the rule of law, low corruption and the right to vote of every citizen;
- firms that spend on R&D are high, and therefore the level of innovative products on the market is also high.

In the grouping of countries examined, we see that ICT institutions, skills and infrastructure are so developed that weak institutions for innovation, such an unfavorable business environment (weak rule of law, high levels of corruption) and governance (low regulation or limited government effectiveness) that discourage investment, performance and innovation is not at all. Of course, relatively high economic openness leads to a flow of ideas and unrestricted access to high technology.

If, on the contrary, skills for innovation are limited, then for some indicators of skills (such as the perceived quality of the education system) countries, ICT, R&D are not improving. Improving skills for innovation is almost 25% of the difference in the global knowledge index, so the country should focus on improving it. Thus, the low level of innovation in the private sector creates only limited demand for a strong innovation system. Only 9% of the changes between the early and intermediate stages in the knowledge index can be attributed to improvements in the innovation system. For developing economies, this indicator is the main obstacle to development. It can also be emphasized that the weak ICT infrastructure, both the availability and difficulty of accessing the Internet is very low, this also limits innovation and reduces productivity growth and knowledge diffusion. Almost 37% of the index difference between the early and middle stages of the index can

be attributed to ICT infrastructure <sup>6</sup>.

# Conclusion

We studied the global knowledge index in terms of its impact on the development of the country. The Global Knowledge Index showed that innovation institutions are a key element in economic development. Information obtained through the knowledge index confirms our view that a universal approach to economic development policies in all countries cannot be the same, and that improvement measures should be prioritized depending on specific problems in the economy.

In developing countries, the global knowledge index is low, so the focus should be on creating the main sub-indices, in particular on creating better institutions for innovation (improving economic openness, governance and business environment), general skills for innovation and ICT infrastructure. In the intermediate stage of the index, economies of countries should make efforts to catch up with those countries that are at the technological frontier. This includes improving innovation-related factors such as the protection of intellectual property rights. Finally, countries with an advanced KE group should focus on building the capacity for advanced innovation on a global scale. This includes increasing the ability of firms to commercialize new products (eg through accelerators), channeling funds more efficiently to innovative firms (eg through venture capital programs), and closer business ties with academia (eg innovation vouchers). In general, advanced EC economies have room to introduce more sophisticated innovation policy instruments, such as incentives for private sector R&D and talent specialization.

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# PROSPECTS OF DEVELOPING ZIYARAH TOURISM IN SAMARKAND REGION

SJIF 8.001 & GIF 0.626

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#### **ABSTRACT**

In this article is analysed the number of tourists which travelled to Samarkand for pilgrimage purposes. Some information regarding to pilgrimage destinations in Samarkand is considered by the author. Moreover, the economical and organizational mechanisms of pilgrimage tourism destinations are researched. In addition to above, the author gave some recommendations to develop ziyarah tourism in the region.

**Keywords**: Pilgrimage tourism, Samarkand region, Islamic ziyarah destinations, infrastructure, halal tourism, Pilgrimage tourism potential of Samarkand.

#### INTRODUCTION

Before explaining ziyarah tourism, we need to find out the term of "ziyarah". In Islam, ziyara(h) (Arabic: زيَارَة ziyārah, "visit") or ziyarat (Persian: زيارت, ziyārat, "pilgrimage") is a form of pilgrimage to sites associated with Muhammad , his family members and descendants, his companions and other venerated figures in Islam such as the prophets, Sufi auliya, and Islamic scholars [2]. Pilgrimage sites include mosques, battlefields, mountains, and caves.

A.V. Babkin interprets pilgrimage tourism as a set of pilgrimage trips by representatives of different religions [3].

This kind of travel was traditionally connected to the Hajj and Umrah in Saudi Arabia. Ziyarah tourism is now referred to more widely as all types of Islamic pilgrimage travel, which includes not only the two holiest sites but also a number of newly created locations where Muslim travelers can mix sightseeing with religious obligations.

Religious tourism, spiritual tourism, sacred tourism, or faith tourism [4], is a type of tourism with two main subtypes: pilgrimage, meaning travel for religious or spiritual purposes, and the viewing of religious monuments and artefacts, a branch of sightseeing.

Tourism that completely or strongly encourages visitors to adopt a religious attitude and practice is known as pilgrimage tourism. Visiting pilgrimage sites is the essence of pilgrimage tourism. These are predominantly religious sites, and it's even possible to say that they contributed to the development of early tourism.

Pilgrimage is spiritually- or religiously motivated travel, sometimes over long distances; it has been practised since antiquity and in several of the world's religions [5].

By maximizing their current resources and attracting international investment, countries can advance their economies through tourism. In this regard, the Republic of Uzbekistan concentrates on expanding the use of potential in a variety of tourism areas, especially pilgrimage (Muslim) tourism.

#### Literature review

Scholars have expressed different opinions on the term pilgrimage. Pilgrimage implies a certain attitude of a person to reality, an action in the conditions of a specific difficulty, and the obligations that he voluntarily undertakes to be in this condition [6]. Pilgrimage is a national form of religious activity, which includes visits to holy places outside the place of permanent residence of

people, paying respect and worship [7].

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# Method of research

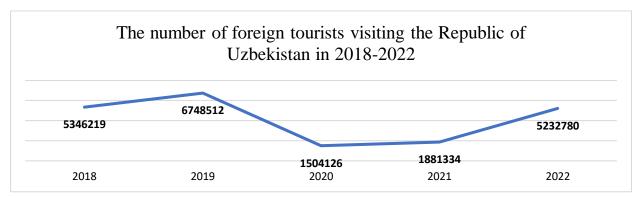
In this article, the author used methods such as statistical evaluation, data comparison, expert evaluation, and mixed methods. A number of practical proposals and recommendations have been developed for the development of pilgrimage tourism in Samarkand region.

# **Analysis and results**

Global arrivals of foreign tourists increased in 2022 after a dramatic decline following the start of the coronavirus (COVID-19) epidemic. International tourist arrivals, which totaled about 963 million in 2022, were still below pre-pandemic levels despite the notable annual growth.

According to CrescentRating [8] in 2019, around 160 million Muslims traveled outside of their own countries. Due to the surge of international travel, it is predicted that there will be 140 million Muslim travelers by 2023, and that figure would rise to 160 million by 2024. Before the epidemic, 230 million arrivals were predicted; now, that number will not be reached until 2028. Spending is expected to reach USD 225 billion by 2028.

Uzbekistan is one of the mysterious countries of the East. This ancient landmass in Central Asia is home to a number of legends, works of literature, and remarkable exoticism. Similar to an unending desert with camel caravans, graceful towers, madrasas, tombs with oriental architecture, lovely silk fabrics, fantastic gold embroidery, and a stunning medieval Islamic culture setting because of to its alluring tourist. The oldest and most historical cities are Samarkand, Bukhara, Shakhrisabz, Kokand, and Khiva. According to the Ministry of Culture and Tourism of the Republic of Uzbekistan, the number of foreign tourists who visited the country in 2018-2022 is presented in the following picture (Picture 1).



Picture 1. The number of foreign tourists who visited the country in 2018-2022

Source. Statistics of the Ministry of Culture and Tourism of the Republic of Uzbekistan In 2019, the number of international tourists who visited the Republic of Uzbekistan was more than 6.7 million. We may see this figure dropped to 1.5 million in 2020 due to the restrictions of the COVID-19 pandemic, and international visits are slowly recovering.

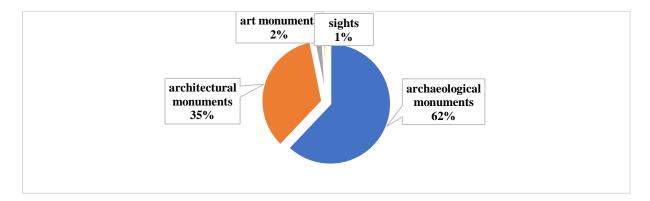
Samarkand is one of the historical cities in Uzbekistan. For instance, Samarkand is home to a large number of exquisite tombs. These graves contain the remains of notable people including the Amir Temur, the astronomer Ulugbek, and Kusam Ibn Abbas, the Prophet Muhammad's acousin who introduced Islam to this region in the 7th century.

When approaching Samarkand from the north, you can observe how Afrasiab, an old town that previously served as the Sughd kingdom's capital and the famous Marakanda, is situated on tall hills. Afrasiab stretches back to the VII-IIth centuries BC.

The prehistoric town of Afrasiab (VII-II centuries BC) is situated on high hills at the northern entrance to Samarkand. Afrasiab is thought to have been connected to the former Sogdian capital of Marakanda.

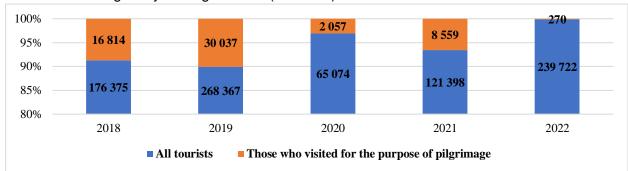
According to the Resolution No. 846 of the Cabinet of Ministers of the Republic of Uzbekistan dated October 4, 2019 "On approval of the national list of real estate objects of tangible cultural heritage" there are 8 210 objects of material and cultural heritage in Uzbekistan, and 1607 objects of material and cultural heritage in Samarkand.

Samarkand is the first place than other regions of Uzbekistan by the number of the objects of material and cultural heritage. There are 985 archeological monuments, 552 architectural monuments, and 34 & 16 monumental arts and attractions, respectively in Samarkand (Picture 2).



Picture 2. Composition of material and cultural heritage objects located on the territory of the Samarkand region

Source: Resolution No. 846 of the Cabinet of Ministers of the Republic of Uzbekistan dated October 4, 2019 "On approval of the national list of real estate objects of tangible cultural heritage". The main part of total architectural monuments in the region is situated in Samarkand city, despite that other districts of the region have cultural heritages. Samarkand city is leading among other districts of the region by visiting tourists. (Picture 3).



Picture 3. The statistical data on the distribution of tourists who visited Samarkand region and stayed in hotels and similar accommodation facilities in 2018-2022

Source: Formed by the author based on the data of Samarkand Statistical Office In spite of the a few works of the Government of Uzbekistan for simplification visa regimes for pilgrims, and entering to the country the number of tourists who visited to Samarkand for ziyarah is not big amount.

Uzbekistan has a unique heritage of Islamic culture and historical monuments. The country has been paying more attention to pilgrimage tourism in recent years. An example of this is the decision of the President of the Republic of Uzbekistan No. PQ-3509 of February 6, 2018 "On measures to develop inbound tourism" and No. PF-6165 of February 9, 2021 "On We can cite Decrees on measures to further develop domestic and pilgrimage tourism in the Republic of Uzbekistan.

There are a few conferences related to ziyarah are being conducted in Samarkand. For example International Scientific and Practical Conference "The renaissance of the pilgrim tourism in the crossroads of the Great Silk Road", organized by the State Committee for Tourism Development, Samarkand State University and the "Silk Road" International University of Tourism on May in 2019. and The International Week of Pilgrimage Tourism "Ziyarah Tourism Week" was held in several cities of Uzbekistan: Samarkand, Khiva, Bukhara and Tashkent From November 1 to 3 in 2022. The purpose of the events above mentioned is to unleash the potential of pilgrimage tourism in the country, make Uzbekistan one of the most important centers of world civilization, gain high recognition from the world community and international organizations, as well as diversify pilgrimage tourism services and increase tourism exports.

Samarkand possesses such unique tourism sites as Al-Bukhariy Mausoleum, the Tomb of St. Daniel (prophet of three major religions), Ruhobod Mausoleum (burial place of Sheikh Burhanuddin Sagardji, the spiritual mentor of Amir Timur), the Shakhi Zinda necropolis, etc. Although the names of Islamic scholars as Imam AI-Bukhari, Imam At-Termizi, Imam AI-Maturidi, Bahauddin Nagshbandi, Az-Zamakhshari are well-known in the world the quantity of inbound tourists who came to Samarkand for ziyarah is poor.

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In recent years, there have been significant changes in the field of tourism in Samarkand region. Such as Silk Road Samarkand-Multipurpose Resort (8 worl-class hotels, comfortable public spaces, parks, recreation, and sports areas, concept restaurants, cafes, and bars, as well as an international congress center and cultural sites), A new airport of the city that capable of serving 1,200 passengers per hour, and soon to be opened Memorial complex of Imam Al-Bukhari which a new large mosque with a capacity of 9,000 believers, as well as beautiful landscaped gardens with an area of 4,400 square meters.

According to the result of our conducted researches, the significant part of Islamic destinations in the region is not popular or their infrastructure is not good.

According to the statistical data of "VAQF" Charity Association in Uzbekistan, we may conclude followings. In spite of, the works that purposed to increase pilgrim tourists in Samarkand city, the number of tourists is decreased which visited to Islamic destinations as "Khoja Abdu Berun" mosque shrine, "Imam Al Moturudi" shrine, "Makhtumy Azam", and "Khoja Abdu Darun".

#### **Conclusions and Recommendations**

In conclusion we can say that one of the most important goals of developing tourism in Samarkand is to employ the working population. Samarkand region has a great potential on enlarge ziyarah tourism. The region is N1 by the number of the objects of material and cultural heritage in Uzbekistan. There are a lot of Islamic ziyarah destinations in the area that did not researched yet. In order to develop these destinations, it is necessary for the local authorities to approach together with the scientific organizations operating in the field. It is important not only to repair the Islamic destinations, but also to be able to convey information about them to tourists. It is necessary to take into account the opinions of local residents.

The "Silk Road" University of Tourism and Cultural heritage is the main higher education institution in Samarkand that trains and conducts scientific researches in the field of tourism. Qualified personnel are being trained in the field of pilgrimage tourism at the university. University team and students actively participate in tourist activities in Uzbekistan. In the university laboratory, students work with tourism development projects in Samarkand and other regions of Uzbekistan. The university team and students celebrated the 5th anniversary of the university this year.

If current demographic trends continue, however, Islam will nearly catch up by the middle of the 21st century. Between 2010 and 2050, the world's total population is expected to rise to 9.3 billion, a 35% increase. As a result, according to the Pew Research projections, by 2050 there will be near parity between Muslims (2.8 billion, or 30% of the population) and Christians (2.9 billion, or 31%), possibly for the first time in history [18]. The country with the largest number of Muslims overall is Indonesia, which is home to an estimated 231 million Muslims. This is 86.7% of the Indonesian population and nearly 13% of the world's total population of Muslims. Signing special agreements on pilgrimage tourism with potential countries for Umrah pilgrimage as Indonesia, Malaysia, Turkey, India, Pakistan.

The following recommendations are made to develop ziyarah tourism in Uzbekistan:

- · Increasing of restaurants, hotels, and resort points that are halal-friendly in order to satisfy the needs of pilgrim tourists.
  - Implementation and promotion the halal standarts among the product manufacturers.
  - Making different Islamic souvenirs which mean the ziyarah to the Samarkand city.
- Creating a national ziyarah tourism brand for Samarkand that describes pilgrimage potential of the city.

- Using the help of university students, in order to collect information related to unpopular ziyarah destinations of Samarkand.
- Consider the cost of the tickets the airways of Indonesia, Malaysia, Turkey, India, Pakistan with Samarkand.
- Promoting the pilgrimage tourism potential of Samarkand in countries that have Umrah pilgrimage as Indonesia, Malaysia, Turkey, India, Pakistan.

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# THE MAIN STRATEGIC DIRECTIONS OF INCREASING THE COMPETITIVENESS OF HOTEL SERVICES IN THE BUKHARA REGION

SJIF 8.001 & GIF 0.626

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#### **ABSTRACT**

The article is devoted to the discussion of the reviewing and studying the problems of improving the quality of services in the hotel industry and developing the quality of services today. The relevance of the topic is that hotels that are currently focused on the client and his needs are among the hotels that will develop sustainably in the future. In addition, it should be taken into account that paying attention to the factors affecting the quality of hotel services plays a major role in increasing the efficiency of production of hotel services and the level of service. The management of the hotel is always faced with the task of constantly improving and managing the quality of service, expanding it, paying attention to the introduction of technologies, and solving problems immediately.

**Keywords**: hotel services, hotel types, quality, quality category, competitiveness, customer needs.

## **INTRODUCTION**

The hospitality industry has undergone significant changes in recent years. The continuous development of the tourism business has led to increased competition in this area. This increased competition, in turn, has led to an increase in the requirements for the quality of hospitality.

In 2021, the number of foreign tourists who visited Uzbekistan reached 1,881,345, and the export of tourist services amounted to 422.1 million US dollars. After the pandemic, special attention was paid to the restoration of domestic tourism and the organization of systematic trips for the population. According to statistical data, in 2021, the number of trips of residents outside the region, i.e. regions, Tashkent, and the Republic of Karakalpakstan reached almost 6 million (5,813,900).

One hundred thirty three newly opened hotels (number of rooms 3,384) and 210 hostels (number of rooms 1,946) were launched in the regions. The total number of accommodation facilities was 1,442, and the number of places in them was 71,247. This year, 702 Wi-Fi points were established for connecting to the Internet in tourist facilities, and their number reached 3450 across the country.

In addition, at the beginning of the year, a total of 1,747 tourist road signs were installed, including 437 during 2021. These signs were installed to improve the tourism infrastructure, in particular, to ensure the correct movement of traveling tourists along the intended destination. 1,096 family guesthouses (3,952 rooms) were established, their total number reached 2,458, and the number of beds reached 21,018[7].

A one-sided economy will not be sustainable. Therefore, in our country, measures are being taken to structurally reform the economy and develop it on a large scale. In particular, tourism is defined as one of the driving sectors and the necessary conditions are being created.

For example, issuing visas to tourists has been simplified. Queues and checks at the airports were abolished, and green corridors were created. Currency exchange was easy. Social tax and turnover tax rates for tourism enterprises were set at 1 percent. Land tax and property tax rates were reduced by 90 percent. The number of guest places increased 3 times compared to 2017 and reached 125 thousand. Guests can be registered electronically.

Tourism is recovering after the pandemic. The number of foreign tourists who came to our country increased by three times compared to 2021. Since the beginning of the year, the volume of tourism exports was 926 million dollars. The average trip of the guests who visited us was 4-5 days, and their average spending was 305 dollars.

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The number of domestic tourists also increased by 3.5 times compared to last year and reached 7.5 million.

It is not without reason that the President pays special attention to this area and creates conditions for it. 30 percent of the revenue generated by tourism is paid to the people as wages. In other sectors, it does not exceed 10 percent. One job created in the tourism industry leads to the creation of two additional jobs in related industries. That is, tourism is a significant resource for providing employment, increasing income, and increasing the export of services. In general, it was noted that there is a possibility to attract 7 million foreign and 12 million local tourists next year. This would increase tourism exports to 2 billion dollars [8].

Today, customers of any hotel expect a high level of service, and when choosing a hotel, they choose based on the reviews of previous guests. Therefore, the task of ensuring a high standard, i.e., quality service, is at the forefront of the management of many hotels. Also, continuous work on improving the quality of service, timely identification of shortcomings and their elimination, development of a strategy for increasing the level of service quality, and careful implementation of it will lead to an increase in potential customers in the future.

Theoretical studies and practice show that the quality of service is largely determined by whether or not the customer will return to the selected hotel. If the first visit was the result of successful advertising (rich interior, tasty menu, etc.), then the loyalty of customers and the choice of subsequent visits will depend on other criteria. Customer satisfaction with the quality of services directly depends on how hospitable and polite the staff was. This will be based on whether the room was comfortable and cozy, whether there were any complaints about cleaning and equipment, etc. In other words, the extent to which the quality expected by the guest met the guest's expectations.

#### Literature review

Originally, service quality was defined as the compliance of quality indicators with excellent indicators. This approach would determine the actual level of importance of such indicators and quality assessment methods based on measuring their target maximum importance. Thus, the concept of quality has always been closely related to the concept of quality standards, as well as operational standards of activity. Historically, the assessment of quality indicators in the hotel industry has been measured because of how well the evaluated indicators accurately reflect the maximum value specified in the operational standards of the hotel or hotel chain.

The concept of quality as a means of competition in the hotel industry has gradually developed. The choice of the consumer and his evaluation of the quality of the services of the hotel enterprise were largely based on the technical, technological, cultural and economic development of society at each moment of history [1].

In the national three-factor model of service quality, the quality assessment was influenced by the corporate quality factor - the image and business reputation of a particular hotel. Within the current working conditions of hotels, in the three-factor model, the corporate quality factor has an overwhelmingly strong influence on the customer's choice, not only because of previous experiences and because of brand image but also, primarily, because of consumer evaluation [4].

Hotel service quality is a set of hotel service features, service processes, and conditions. These features are designed to meet the expected or expected needs of customers in their leisure, travel, and other components of tourism consumption. In recent years, many hotel enterprises consider improving the guest service system and improving the quality of services as the key to their prosperity. In the hotel industry, service quality issues are at the forefront, and the future depends on their resolution. Problems arising in the provision of quality hotel services are a constant concern of various hotels for natural reasons [3].

Increasing the level of openness of the service market and increasing competition among the enterprises of the hospitality industry puts before them the task of constantly improving the quality of services and their attractiveness to customers. Quality refers to the features and characteristics of a service that creates a sense of satisfaction or the absence of defects in the consumer. This increases the degree of customer satisfaction. Therefore, quality is primarily the customer's satisfaction with the service, and quality service is a service that satisfies the needs of the guest. The level of quality, in turn, depends on the degree of correspondence between the customer's ideas about the actual and desired service in hospitality enterprises [2].

In recent years, in the conditions of strong competition, first of all, hotel enterprises that strive to satisfy the needs of consumers are the winners. Hotels that want to operate successfully, first, look after their economic interests, provide for social needs and satisfy the wishes of customers. To achieve these goals, the hotel business is implementing cutting-edge information technologies, and developing more effective methods of personnel management and new service packages. Practical experience shows effective and efficient control methods in serving guests. Therefore, the concept of "Service quality" is a whole set of hotel services characterized by various features: quality of hotel rooms, services provided in the restaurant, technical equipment offered for rent; quality of service in direct interaction with employees; politeness, friendliness, the sensitivity of employees to guests [6].

Maintaining and improving the quality of service in a hotel is a challenging and valuable task. However, if all the necessary measures are taken in this direction, the hotel will be able to increase profitability through a correct and accurate approach. In the future, not only the client, but also his friends, colleagues, and relatives who recommend this hotel may become a constant source of income. This is because they are satisfied with the service.

Research has shown that it costs five times more to acquire a new customer than to retain an old one. This difference is primarily due to complex marketing activities. This is an appropriate reason to improve the service. The hotel may need to introduce additional services to improve customer service [5].

# **Research Methodology**

During the research, scientific studies on international and national experiences related to the improvement and development of the quality of services were studied. Observation and selection, scientific-theoretical, and empirical observation methods were used in the process of creating the article. Foreign and national statistical sources were used in the research, which increases the reliability of the research results.

# **Results and discussions**

Nowadays, it is very important for every hotel to be able to maintain its position in the competitive market. Therefore, each placement tool should first of all provide high quality and highquality services. Basically, services should be focused on meeting the needs of customers.

Unfortunately, today there are no strict and clear standards for hotel services in Uzbekistan. This factor distinguishes the entire hospitality system of Uzbekistan from the system of large international hotel chains. The success of Western hotels is mainly determined by the high standards that exist in the West.

Table-1. Guest reviews from https://www.booking.com/ (from 10 point)

Hotel name  Service categories	Buxoro Malikasi	Hotel Volida Botique	Botique Hotel Minzifa	Lyabi House Hotel	Komil Bukhara Boutique Hotel
Location	4.8	4.8	4.8	4.6	4.6
Cleanliness	4.3	5	4	4.6	4.3
Service	4.3	4.5	4	4.7	4.5
Value	4.2	4.8	4	4.5	4.3
Overall:	4	4.5	4	4.5	4.5

Table-2. Guest reviews from <a href="https://www.tripadvisor.com/">https://www.tripadvisor.com/</a> (from 5 point)

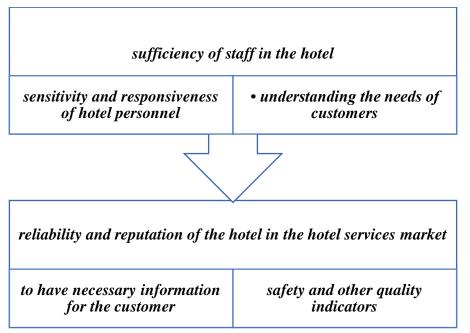
Hotel name	Buxoro Malikasi	Botique Hotel Minzifa	Komil Bukhara	Amelia Boutique	Kukaldosh Boutique
<u>Service</u>			Boutique	Hotel	Hotel
<u>categories</u>			Hotel		
Cleanliness	9.1	9.6	8.9	9.8	9.1
Staff & service	8.9	9.6	9.2	9.7	8.9

Hotel name	Buxoro Malikasi	Hotel Volida Boutique	Boutique Hotel Minzifa	Lyabi House Hotel	Komil Bukhara Boutique Hotel
<u>Service</u>					
<u>categories</u>					
Staff	9.5	9.6	9.7	9.3	9.7
Facilities	8.9	9.3	9.4	8.9	9.4
Cleanliness	9.2	9.4	9.5	9.1	9.4
Comfort	9.1	9.4	9.4	9.7	9.4
Value for	8.9	9.2	9.4	8.9	9.3
money					
Location	9.9	9.7	9.8	9.9	9.8
Free Wi-Fi	9.1	8.9	8.9	8.3	8.9
Overall:	9	9.3	9.4	9	9.5

Amenities	8.8	9.3	7.5	9.5	7
Property	8.8	9.4	8.4	9.6	8.5
conditions &					
facilities					
Eco-	8.4	9.1	8.7	9.4	9
friendliness					
Overall:	8.8	9.4	8.8	9.8	8.6

Table-3. Guest reviews from <a href="https://www.expedia.com/">https://www.expedia.com/</a> (from 10 point)

The conducted research showed that, as a result of comparing and calculating the reviews of tourists on Booking.com, Expedia.com and TripAdvisor, as well as other websites specializing in hotel reservations, it was found that the most important criteria for the quality of hotel services for a tourist are the following:



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Table-4. Criteria for improving quality of hotel services

In order to evaluate the competitiveness of the quality of hotel services, we have studied the international experience and proposed an expert system for evaluating the quality of hotel services below. Table 5 shows the selected criteria for the competitiveness of services. Their evaluation is determined by the multiplication of the points assigned by experts for this criterion (based on customer satisfaction) and the importance (coefficient of importance) of each criterion in the total volume of criteria, the sum of which is equal to one or 100%. For ease of evaluation, each criterion has different evaluation options (point scale from 0 to 10 points) and the significance coefficient is determined from 0 to 1.

Critorio of compotitivanosa	Importance coefficient of	Indicator value	Score (1–10)
Criteria of competitiveness of hotel services	Importance coefficient of the indicator for the		Score (1–10)
of noter services		options	
	tourist (0-1)		
Availability of hotel staff	0,16	Partially	7
		Full	9
Accuracy of hotel services	0,12	Great	9
		Average	5
		Bad	3
Reliability, reputation of the	0,12	Reliable	8
hotel		Doubtful	4
		Bad	0
Communication	0,04	Yes	8
		No	2
Timely provision of hotel	0,11	On time	8
services		With a delay	5
Responsiveness	0,12	Permanent	9
(willingness to help and		From time to time	4
satisfy all the wishes of customers)		Helpless	0
The speed of providing	0,06	Quick	9
hotel services		Medium	7
		Low	3
Safety	0,17	Safe	9

		A sense of	3
		awareness	
			_
		A sense of danger	0
Courtesy and attitude of the	0,06	Gentle	8
staff		Medium	7
		Unbearable	0
Manifestation of the	0,02	It will be displayed	8
individual approach of the		In rare cases	4
company's employees to		Abstract	0
their customers			
Understanding customers	0,04	Focusing on the	8
		needs of their	
		customers	
		Focusing on the	6
		needs of selective	
		customers	
		Not paying	2
		attention to the	
		needs of their	
		customers	

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Table-4. Criteria of competitiveness of services in hotels

Thus, the most important criteria for a tourist are: responsiveness of employees, its availability, timeliness, reputation, safety and accuracy of hotel services. and success in the hotel is achieved when there is a desire to meet all the needs of the customers. The high quality of services is the main indicator of the hotel's successful operation. Currently, tourists are very demanding and attentive to everything, every little thing in the service, and they always want all the basic services from the hotel - comfortable accommodation, quality food, security, courtesy and attention of the staff [6].

# Factors affecting the quality of hotel service

Hospitality cannot be quantified, but the satisfaction of guests can be assessed qualitatively. It consists of the following factors:

- the condition of the material and technical base of the hotel is a factor that combines everything related to equipment, location and lighting: location and interior of the premises, availability of the necessary household appliances in the premises, convenience, quality of furniture, etc.,
- The general impression of the service is the frequency and quality of cleaning the premises, the convenience of registration and deregistration, payment methods, etc.
- professionalism and qualification of personnel speed of service, kindness, readiness for assistance, level of communication culture.

In modern hospitality enterprises, the most important factor is service quality management, which includes the development and implementation of quality standards, personnel training, control, configuration and improvement of service in all nuances of the hotel.

**Negative factors.** While any factor has a positive effect on the level of customer satisfaction, one should not forget the negative factors that prevent creating a positive impression. One of these factors is the conservatism inherent in the management of the entire hotel business. This leads to a decrease in the quality of service and causes the following problems:

- lack of a uniform standard of services provided each employee serves guests in different ways, which does not affect customer satisfaction;
- lack of two-way communication between employees and management (as a rule, communication is one-way - "from top to bottom"). Employee feedback is rarely considered. In addition, management often does not have information about specific problems "on the ground" and therefore does not take measures to eliminate these problems. Checklists can be 30

an effective solution here. Checklists make it easier to monitor compliance with service standards and identify deficiencies, simplify the work of managers and employees;

lack of understanding of the real causes of problems is another negative factor. If the root cause of the lack of quality service is not identified, it is impossible to effectively eliminate this deficiency "on the trail" (for example, the rudeness of an employee may be the result of deficiencies in their training);

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- lack of appropriate response to quests' complaints when complaints appear, the management strategy often turns into finding the culprits, rather than analyzing causes and consequences and improving the service process;
- a successful business has a management system that is not tied to a specific leader, through which it is implemented by managing employees, not the entire organization. Today, this problem is mainly solved by using corporate information networks that can be accessed from any device. Such a network contains up-to-date and constantly updated information on service standards, and any employee has the right to access it. Many companies also use special mobile applications to organize data and manage processes.

The creation of a unified management scheme will make it possible to get rid of the connection with the personality of the manager by creating independent objective standards.

The above negative factors are the result of conservative governance policies and are not effective. To prevent problems with quality service and eliminate financial motivation risks, it is necessary to always act together with time and strive to maximize customer satisfaction - only in this case profitability plays an important role.

How can service standards be improved? Improving the quality of service is based on the following factors:

- to know the "weak points" in the service and to study them in advance in order to prevent dissatisfaction of the guests with the service;
  - increase the level of customer satisfaction;
  - proper motivation of employees;
  - increase the efficiency of enterprise management;
- reducing the number of internal and external failures: negative opinion about the hotel, lack of confidence in the quality of services provided, elimination of accidents (unplanned expenses for equipment repair, etc.).

The ability to anticipate and understand customer needs is the most important component of success. Increasing customer loyalty is a difficult and difficult task, but successfully solving it becomes the key to the profitability of the hotel business.

In recent years, the hotel business is completely focused on customer satisfaction and providing quality service that exceeds customer expectations. To achieve this goal, continuous improvement of the organization's activities, involving all employees in solving common hotel problems, analyzing data and making decisions based on facts will help. Currently, mobile audit services, which are mainly used in developed countries of the hotel business, help to identify problems that lead to a decrease in customer loyalty and positively solve them.

## Training of employees

It is known that poor quality service causes a stronger emotional reaction in the customer than good service. A customer is more willing to give a negative review than praise. Taking into account these criteria, the improvement of the skills of employees and their training should occupy one of the first places in the list of actions taken to improve the quality of service.

Hotel staff should have professional training (ideally - professional education), have all the information necessary for the client and be able to convey it clearly and correctly, as well as there they must know their duties clearly and master them thoroughly. In addition, especially the hospitality of the staff plays an important role - that is, the ability to be attentive to the needs of the client and take care of them adequately.

The visual component is another key element in maintaining customer loyalty. The neater the hotel rooms, corridors and foyers are, the better the tourist will have a good impression of the hotel.

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Unfortunately, the management does not have the ability to control the quality of cleaning in all rooms every minute. However, it is possible to solve problems here through modern technologies. Mobile audit services provide a full cycle of work on identifying and eliminating problems in the hotel, which allows you to quickly monitor the quality of work of employees and important deficiencies. Thanks to the quick transfer of data and a convenient checklist through the mobile application, it allows to reduce the monitoring time, clearly identify problem areas and eliminate deficiencies.

Conducting internal audits. Regular surveys and internal surveys are another useful way to improve service quality. Being able to correctly identify weak points and immediately analyze them will certainly improve service delivery and at the same time increase customer loyalty.

Mobile audit applications allow you to significantly reduce the time of conducting an audit with the help of convenient control questionnaires. Mobile audit allows you to completely abandon documents and focus on really important business processes. The library of control questionnaires is constantly updated, and the control sheets themselves correspond to the current standards of service in the hotel business.

Motivating employees. Employees who work directly in the field, that is, "inside", have invaluable information about the quality of hotel service. They can offer a lot of valuable advice based on experience, so it's important to listen to employees. Today, many companies actively monitor not only customer satisfaction, but also employee satisfaction. This indicator reflects the success of their work. Experienced, professional employees are a valuable asset, so it is important to motivate responsible and hardworking employees in the right way.

Today, many local companies welcome the transition to the European model, according to which conscientious employees are encouraged - bonuses, vacation vouchers, diplomas, etc. To see those who work honestly and effectively for the benefit of the hotel is the task of a far-sighted leader who strives for the development of his business.

Use of modern technologies. The introduction of IT can be called a new trend in hotel business development. Today, technology and smart machines act as human assistants, taking over many simple tasks.

Nowadays, almost all hotels offer free Wi-Fi in the rooms. Also, through IT technologies, providing hotel services by introducing online registration, virtual travel, ordering additional services via the Internet, round-the-clock information and other additional functions quality can be improved [9].

### Conclusion

Today, providing modern and high-quality service is a clear understanding of the client's wishes and requirements, and full satisfaction of his needs. Modern technologies help to clearly understand the needs of the guest and at the same time simplify the work of employees. The provision of online services mainly allows for more effective interaction between the client and employees and operational work. Hotel management will be able to solve all problems as soon as possible.

# Suggestions

1. Implementation of the practical experience of conducting a questionnaire-survey for customers who used the guest questionnaire in hotels. This proposal helps in the process of adequate and objective assessment of the quality of hotel services provided in the hotel. The peculiarity of the opinion given by the guest is that he is not an expert in the field of hotel management, so he evaluates the quality of service based on his views and impressions. Therefore, the guest questionnaire is primarily aimed at reflecting the impressions received from the service in many hotel complexes. The peculiarity of this survey is that the hotel customer not only answers "yes" or "no" questions, but also comments on his opinion or makes suggestions, as well as focuses on the benefits of the service. possible The customers of the hotel complex will express their opinion about the hotel, help to identify the strengths and weaknesses of the hotel's work, and this will be a

direct guide for the hotel to try to eliminate these problems in the future and carry out the relevant activities. With the help of this innovation, customers will have the opportunity to control their relations with hotel employees who are direct representatives of the hotel;

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- 2. Monitoring and evaluation of the results of research conducted in determining the quality of hotel services. It is important for the hotel to communicate with customers, which allows updating information based on the evaluation of the responses received. The results of the study of the guest questionnaire form the basis of professional training programs for employees of the service department. Internal control monitoring mainly helps the hotel to focus on improving quality by looking at these problems from the perspective of meeting the needs of guests. On the other hand, the quality control program helps to improve the interaction between hotel departments.
- 3. Improving the quality of hotel services also plays a big role in personnel qualification. Nowadays, many guests also pay attention to the professional ethics and level of professionalism of the clients. Therefore, the organization of training or advanced training courses for personnel by hotel managers plays an important role in further improving the quality of services.
- 4. Mainly, it is important to pay attention to the level of language skills for hotel employees working in reception and accommodation services. Because the quality of the service is primarily realized by the customers through these employees. Employees must be fluent in at least one foreign language, which is not the case in many hotels. Knowledge of a second (and even more so, a third) foreign language, unfortunately, is not a question, because even if one knows a foreign language other than English, then the knowledge is at the elementary level. In this case, it is appropriate for the hotel to start learning additional foreign languages.
- 5. Using all possible ways to promote the hotel. In order to succeed in the competitive market, special attention should be paid to cooperation with online travel agencies and booking sites. Here, the hotel should pay special attention to its website and conduct professional work with serious partners. In addition, the hotel should pay attention to the details of the text given on its website. Web intermediaries have hundreds of standard hotel descriptions on their pages. Therefore, hotels can offer themselves to new partners using bright text and illustrations. These small efforts create certain competitive advantages for the hotel complex.

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# DIGITAL TOURISM IN UZBEKISTAN: TRENDS AND PROSPECTS

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### **ABSTRACT**

The essay supports the already visible and anticipated upcoming structural changes in the market for tourist services based on an examination of the key trends in the growth of the tourism market in the context of the ongoing digitization that has intensified in the tourism and hospitality sectors. At every stage of the creation and marketing of a tourist product, digital solutions are examined, the possibilities are taken into account, and the directions of the competitive interaction between the online and offline markets for tourist services are supported. The essay examines a brand-new sociocultural phenomenon known as "smart tourists," for whom digital communications have taken on a central role in everyday life. A conceptual model is provided, and it is examined how digital channels operate in the context of smart tourism.

As evidenced, information serves as the primary component in the creation of tourism services, which is consistent with the current paradigm of the digital economy. Presented are statistics on the growth of the information and communication technologies industry, which underpins the operation of the digital economy. The latest digital technologies that are starting to be applied in the tourism business are described, along with its information space characteristics.

Key words: tourism, digital economy, digital tourism, tourism infrastructure, mobile applications, smart city, smart tourism.

# INTRODUCTION

Significant changes are currently being made in the tourism industry. This is caused, in part, by difficulties imposed by economic, political, and—most significantly—biological considerations. Numerous shifts and alterations are expected in the tourist industry, according to experts, which could significantly alter the market's structure over the next several years.

The current change of the tourism industry is seen to be significantly influenced by digital solutions, and analysts believe that this effect will only grow in the future. One of the most significant trends in our ever changing environment is digitalization. Everywhere, especially in manufacturing, information and communication technologies, and other service industries, digital technologies are the forces driving development. The advantages of technical innovation and digital innovation in this industry are pretty evident because tourism is dependent on collaboration between a wide variety of services and goods. The special usage of spaces has always been a distinctive aspect of the tourism sector, and today the digital spaces have joined it. Every day, new and creative digital tourist solutions are brought about by the quick development of the internet world. In the technology setting of tourism, decentralized communication is crucial. This form of communication has changed organization, management, and finance. It has also opened up new avenues for the introduction of cutting-edge sales and marketing technologies across the travel sector. International tourist development trends have paved the way for novel approaches like cloud-based booking websites or the sharing of knowledge and experiences via digital platforms as a result of the digital revolution.

Information technology is currently being used in the tourism industry in highly promising ways, and it is essential for the quick growth of local tourism. This is a result of both the widespread public knowledge of the issue and the quick increase in information flows on it within the network. What stage of development the transformation of economic activity is in is a topic of debate among

economists. According to some scientists, the adoption of digital technology into the economy is a true revolution in the one we are accustomed to; they compare this process to important economic revolutions that have already taken place and had profoundly good effects on the present and future. This leads to the conclusion that the digitalization of the economy is intended to radically transform it and raise it to a new level, rather than just making it better [12].

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On the basis of these concepts, the idea of "Industry 4.0" was developed, according to which digital technologies allow for the digitalization of all physical processes and the development of a digital economic system with digital goods and services. [10].

### Literature review

The term "digitalization" has not yet received enough attention in both domestic and foreign literature. This is because the components of information technology are flexible and present. The study's focus is on the effects of applied information technologies on the service industry. Five key changes in business operations are brought on by the adoption of digital technologies in the service sector: personalization and customisation, ongoing development, the ability to experiment, communication use, and coordination [13].

Unfortunately, the value of using digital technology is not now appreciated to its full potential. Currently, due to its extensive penetration, the travel and tourist industry is significant in the information market. Global research reveals that 23% of Canadian travel agencies use digital technologies along the full value chain. There is no need to carry a paper copy of your passport because the Digital Traveler Identity is accepted in nations where passport information is digital. At the same time, China has already established more than 500 smart cities and 260 databases of invaders in the tourism industry, while Thailand is attempting to build airport infrastructure to ease terminal congestion. Japan has already implemented 5G communications.

The modern tourism business has undergone significant changes as a result of the advent of new computer technology, claim Russian experts N. and M. Morozov. In reality, new information technologies are necessary for any corporation to properly operate in the tourism industry [9].

According to A. Abduvakhidov, it is vital to alter the locations that showcase our country's tourism potential in light of international experience in order to show the world our country's tourism potential, stable foreign tourist flows, and liberate it from seasonal aspects [1]. Chinese researchers examined the fundamentals of applying new, cutting-edge concepts to the growth of tourism in China when building hotels and utilizing a variety of service and reception techniques [2]. Yu Kuzhel. He discussed tourism's contribution to the nation's socioeconomic development in his textbook. In addition, given that tourism is the sector with the quickest rate of growth in the nation, extra attention must be paid to it [8].

The combination of tourist goods produced by smart cities is how Bouchalis coined "smart travel destinations" [3]. According to Huang, the true value of smart travel destinations is in concentrating on and attending to the demands of the traveler while fusing ICT with commonplace culture [6]. In the end, this enhances the destination's tourism management as well as the quality of services provided there. A model by Buhalis [4] illustrates how smart tourism might enhance the tourist experience. Ritchie and Crouch pointed out that by implementing cutting-edge technologies to enhance the travel experience, smart cities and smart tourism destinations can become more competitive [11]. To guarantee widespread access to information sources City Smart Environment, society, economy, government, and smart mobility Accessible, attractive, and cost-effective packages and extras, as well as smart destination amenities All citizens must have unrestricted access to data via a platform that is under public control, according to Advanced Tourism. The fact that technologically uneducated people reside in popular tourist areas must also be acknowledged. In general, it is up to locals and visitors to pick up new skills and adjust to fast evolving technologies [7]. Tourism sites should prioritize training locals and visitors on how to use modern technologies efficiently. It follows that intelligent travel locations must develop intelligence by putting in the appropriate travel apps. According to Cohen, Smart Tourism Destinations in Smart Cities must utilize

the proper travel apps. Therefore, new business prospects in the travel and tourist sector arise when a smart city shows up frequently at a destination [5].

# Research methodology

The methodological basis of the research is the theoretical approaches of leading scientists, the materials of international scientific conferences dedicated to the analysis and evaluation of the problems of the development of the digital economy. Systematic and comparative analysis, statistical methods were used to study the problem.

# Analysis and results.

The digitization process, which serves as the cornerstone of the shift to a digital economy, is constrained by the demands of objective reality and principally depends on the application of digital technologies in its subjects' activities. Digital technologies impact the way economic activity is organized, make events more complicated, and alter their essence. As indicated by the existence of state programs and plans focused at the development and promotion of digital technologies, the digital economy has recently taken center stage in a number of nations. In 2019, there were more than 30 national and regional plans for the digitalization of the economy, according to the European Commission. Norway, Sweden, Switzerland, Denmark, Finland, Singapore, South Korea, Great Britain, Hong Kong, and the United States are in the forefront of the development of digital technologies, according to the Digital Economy and Society Index (DESI). Finland, Sweden, the Netherlands, and Denmark were in the forefront of the economy's digitization in 2018, according to the European Commission, which creates the Digital Economy and Society Index [14].

The Republic of Uzbekistan also made the initial strides in the development of the digital economy. The "Digital Uzbekistan-2030" strategy was approved by the Decree of the President of the Republic of Uzbekistan dated October 5, 2020, on the approval of the "Digital Uzbekistan-2030" strategy and measures for its effective implementation [18]. This strategy aims at the rapid digital development of economic sectors, the social sphere, and the public administration system. The online audience in Uzbekistan is distinguished by a positive dynamic development and quantitative growth, ranking 37th [16] globally in terms of the number of internet users. 22 million individuals, or 65% of the population, utilize the Internet nowadays, according to statistics. Additionally, 19 million people utilize mobile Internet [19]. A research on how the digital economy has changed in Uzbekistan during the previous four years has been prepared by the Center for Economic Research and Reforms. According to experts, private firms should play the primary role in the digital economy, and the government should build the infrastructure necessary for private projects. According to experts, it is common practice to include e-commerce, the e-government system, the adoption of "smart" technologies in manufacturing, the development of "Smart City" and "Safe City" systems, as well as the pervasive use of "Internet of things" technologies, in the components of the digital economy.

The amount of investment in the information and switching technologies sector, the speed of the Internet, its coverage of the country's territory and accessibility for use by the population, the levity of the country's currency, and other factors are typically used to evaluate the degree of development of the digital economy in that nation, which is directly related to the level of development of information and switching technologies. Indicators used in worldwide rankings to determine how far along the nation's information technologies are in development are also crucial. Since 2016, significant advancements have been made in many of these information and communication indices in Uzbekistan. The volume of services provided by the category of economic activity "information and communication" has increased by two times from 6.3 to 12.9 billion soums, and the gross value added created in the field of services in the field of "information and communication" has increased by half since 2016 from 4.4 to 8.8 billion soums [21].

Table1: Dynamics of growth in the volume of services in the sphere of "information and communication" in gross value added in 2016-2020 (billion soums) [20].

	2016	2017	2018	2019	2020
Gross domestic product, including	242,5	302,5	406,6	510,1	580,2
Gross value added of industries, including	220,1	267,7	361,1	464,9	535,8
spheres "information and communication"	4,4	5,7	7,0	7,4	8,8

The growth in the amount of fixed asset investments by the activity type "information and communication," which increased fourfold from 1.2 to 4.8 billion soums between 2016 and 2020, including the volume of foreign investment and loans, increased by 2.5 times from 0.8 to 2 billion soums, helped the development of the information and switching technology industry. According to experts, the telecommunications infrastructure is evolving quickly. By the end of 2021, it is anticipated that the installed fiber-optic communication lines would have expanded in length by nearly 3.8 times, from 17.9 to 118.6 thousand kilometers. Over 5,600 new mobile telephone exchanges were installed and inaugurated in 2020 alone, bringing the total number of mobile base stations from 17,7 to 31,7 thousand up by 1.8 times. [21].

Table2: Dynamics of growth in the volume of services provided by a type of economic activity "information and communication" in 2016-2020 (billion soums) [20].

		•	<i>,</i> -	=	
	2016	2017	2018	2019	2020
Services - total, including	97,1	118,8	150,9	193,7	218,9
growth rate (in %)	114,7	110,7	108,9	113,2	102,3
spheres "informatization and communication"	6,3	8,2	10,3	10,9	12,9
growth rate (in %)	114,6	121,3	115,9	108,3	115,3

In order to extend the coverage of mobile communications for 98% of the population of the country, including high-speed communications for up to 90%, the network of mobile base stations has to be expanded. The researchers point out that the installation of new stations that ensure the operation of 3G/4G networks and projects that have been implemented in Tashkent to install 15 base stations of the fifth generation-5G- are both responsible for the expansion of the network of mobile communication stations [21]. In the model of the sharing economy, participants who are also consumers give their unused capacity for sharing in order to maximize the use of their resources and goods.

These economic processes entail so-called hybrid transactions that make the best possible use of both the potential for economic and social goals. Realizing that diverse benefits can result from using or owning the same consumer items was a key catalyst in the development of sharing theory. The model's core idea is that surplus capacity is offered by sellers for needy clients to use in exchange for a fee. In the sharing economy, which is founded on the aforementioned fundamental concept, an increasing number of commercial, industrial, and service providers are providing creative solutions.

"smart tourist," whose primary criteria for a high-quality vacation are digital The communications, is the result of numerous variables influencing tourist demand. New behavioral patterns (avoidance of mass and passive tourism), new consumption patterns (use of smart platforms aimed at developing tourism experiences), new business models (personalized services to meet specific needs), and a close connection with digital technologies and sustainable tourism are all characteristics of the smart tourist. development. In the future, travel agencies, lodging establishments, air carriers, and online platforms will all be integrated, and the boundaries between them will gradually disappear.

According to industry analysts, there has been a trend of many tour operators becoming platforms, while internet platforms, on the other hand, seek to assume the roles of tour operators. As a result, in the future, the volume of traffic will define how competitively the tourism market's players are. The likelihood that there will be fewer participants in the market for tourism services is strong, and it will likely be dominated by a few significant firms [15]. The State Committee of the Republic of Uzbekistan for Tourism Development, in collaboration with the Ministry for the Development of Information Technologies and Communications, developed the global information system www.Silkroad.uz to implement the Decree of the President of the Republic of Uzbekistan "On measures for the accelerated development of electronic commerce" No3724 dated May 14, 2018 [17] in the service sector. It facilitates quick reservations for visitors, quick check-in, and quick and pleasant payment of services for both visitors and hotel staff. The State Committee for Tourism has started a single booking system in pilot mode to promote the growth of entrepreneurial activity. Any physical media, whether a pamphlet, magazine, menu, package, signboard, or advertising banner, will bear the brand name. Examples include a static image that "comes to life" on the media and becomes a portion of a film, audio that is played through the user's smartphone speaker, and 3D objects. The images on the screen take on a three-dimensional appearance, enabling you to observe them from various perspectives; virtual buttons. The "purchase" and "learn more" buttons that show up on the smartphone screen when surfing complement the special offer.

The Uzbekistan Pass initiative, which offers a variety of travel services, was one of the most significant advancements for passengers. The first and only national product to date that offers a broad variety of travel services in Uzbekistan is the Uzbekistan Pass. This program may serve as a foundation for the growth of smart tourism in the nation. Travelers can use Uzbekistan Pass wherever in the nation because it is connected with other services and programs already in use. The Play Market or Appstore both offer websites and mobile applications for this development. Additionally, the business has created multilingual pocket manuals. Users of the Uzbekistan Pass can get these for nothing. The sights, cuisine, and holidays of each area of Uzbekistan will be thoroughly described by your guides.

Additionally, you can order a guide service or buy a tour package via the app. The Uzbekistan Pass application features the SOS button. The owner of a discount card will automatically receive medical insurance once their card is active, and tourists can receive assistance in case of emergency by clicking on this button. Users of applications can also use the "Mobile Navigator". By using this service, the traveler will automatically obtain complete details about the specified route, travel time, and the nearby businesses that will give him a discount if he has an Uzbekistan Pass discount card. Users of the application can obtain this card, which will provide them access to discounts at hotels, cafes, restaurants, historical, cultural, and educational organizations, as well as when purchasing souvenirs and using taxi services. The overall savings on this card might be as high as 70%. Additionally, the system can propose to arrange a cab or a car rental. The Uzbekistan Pass offers a variety of services, including purchasing train and airline tickets, reserving hotel rooms, and transportation to and from the airport.





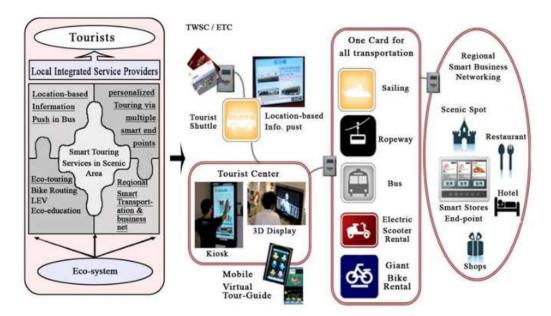
**Picture1**. Applications "Uzbekistan Pass" and "ClickSmile"

(https://ictnews.uz/28/01/2019/smart-tourism/)

On the internet, many travelers choose to look for hotels, restaurants, and activities based on ratings and reviews. The ClickSmile initiative was developed in Uzbekistan with this objective in mind. The ClickSmile mobile app functions as a "loyalty remote." This approach for evaluating service quality has the highest review conversion rate. The program enables you to assess the level of service immediately after receiving it. It's critical to realize that alternative methods of gathering feedback, such as surveys, SMS voting, and phone calls, may not yield the same outcomes. With ClickSmile, you may get feedback in real time, for instance, during the checkout with a busy customer flow. You can respond to a bad review while the client is still in the institution because of how the application functions [22].

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The State Committee for Tourism is now working on the development of the Concept of smart technology at cultural heritage sites and state museums with interested ministries and agencies. The idea will also include things like the implementation of a single ticket and an electronic visitor registration system, virtual tours, the installation of audio guides, the creation of electronic catalogs of historical monuments in other languages and their 3D models, the development of mobile applications that allow translation and commentary on classic texts, as well as in-depth information about the relevant pieces of cultural and historical heritage. Thus, practically all phases of the creation and promotion of a tourism product can be accompanied by digitalization. Underestimating the value of implementing digital technology across the board for the modern tourism industry would mean losing a competitive edge and eroding the region's competitiveness as a whole as well as that of a specific tourism organization (country).



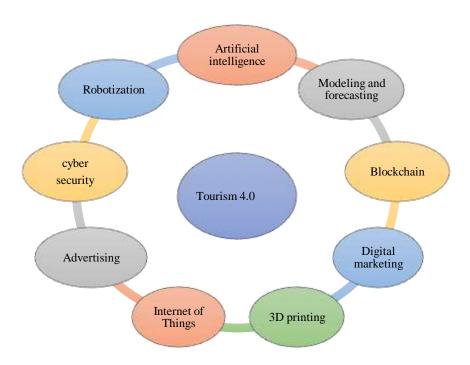
**Picture 2.** Conceptual model of smart tourism

(https://kun.uz/ru/news/2018/01/09/goskomturizm-razvitie-smart-turizma-v-uzbekistane-odno-iz-prioritetnyh-napravlenij-nasej-deatelnosti)

In Uzbekistan, a digital platform for artifacts of cultural heritage is being developed. The participants of the collaboration made up of the South Korean businesses New Layer Co. Ltd, LX Korea Land, and Geospatial Informatix Corporation presented a pilot proposal for a digital replica of one of the most important historical sites in Bukhara. The project was developed utilizing "Digital Twin" technologies, 3D, and geographic data that will be accessible in the Google system Maps, thanks to a grant from the National Agency for the Development of Information Technology of South Korea with a total value of \$150,000 USD[23]. Based on the foregoing, it may be concluded that, after researching the digitization experiences of numerous developed nations in the tourism sector, it is required to construct a "Tourism 4.0" digital platform model in the Republic of Uzbekistan (Pictire

3). The following steps must be completed in order to establish the "Tourism 4.0" digital platform concept. Automation of all subjects; faster Internet; extension of the life cycle of travel-related goods and services; and establishment of the operation of travel-related goods and services in the virtual system. Small and medium-sized firms in the tourism sector have a lot of potential in the digital economy. Digitalization is required for this, taking into consideration each tourist organization's technological and financial resources.

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Picture 3. Model of a digital platform «Tourism 4.0»

(Bogomazova I.V., Anoprieva E.V., Klimova T.B. Digital economy in the tourism and hospitality industry: trends and prospects. Service in Russia and abroad. 2019, No.3.p.38)

During the research, we identified the following factors affecting inbound tourism in the Republic of Uzbekistan:

 $X_1$  – investments in fixed capital per capita, thousand. soum

 $X_2$  – trade services, billion soums

 $X_3$  – communication and information services, billion soums

 $X_4$  – scientific and technical services, million soms

 $X_5$  – volume of manufactured innovative products (goods, works and services), billion soums

 $X_6$  – number of tourist companies and organizations, unit

 $X_7$  – number of tickets sold, unit

*Y* − Inbound tourism, thousand people

In doing so, we tried to test the following hypothesis during the research:

 $H_0 - X_1, X_2, X_3, X_4, X_5, X_6, X_7$  the effect of at least one of the factors on Y is statistically significant.

 $H_1 - X_1, X_2, X_3, X_4, X_5, X_6, X_7$  none of the factors' influence on Y is statistically significant.

The dynamics of change of these factors and involuntary variables from 2012 to 2021 are presented in the table below.

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Table 3: Dynamics of factors affecting inbound tourism

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	Investme	trade	communica	scientific	volume of			
	nts in	services,	tion and	and	manufact	Number	number	Inbound
	fixed	billion	information	technical	u-red	of tourist	of tickets	tourism,
	capital per	soums	services,	services,	innovative	compani	sold,	thousand
	capita,		billion	million	products	es and	unit	people
	thousand.		soums	soms	(goods,	organiza		
	soum				works and	-tions,		
					services),	unit		
					billion			
	V4	Va	Va	VA	soums	VC	V7	Υ
	X1	X2	Х3	X4	X5	X6	X7	="
2012	821,4	11533,6	3219,3	33900,8	3635,9	351	145906	1895,00
2013	1008,2	14807,9	3749,8	36470	4614,7	348	130742	1968,60
2014	1224	18979,2	4541,3	18434	7043	343	111716	1862,00
2015	1431,7	21366,9	5181,5	28718	8023,6	398	118358	1917,70
2016	1608,6	27368,2	6306,8	62565	10688,2	433	103093	2027,00
2017	2227,8	32006,9	8196,7	77570	18543,3	449	65726	2690,00
2018	3769,6	39743,4	10332,6	221205	28871,5	502	102866	5346,30
2019	5834,6	48748,2	10891,7	160512	26811,4	517	289820	6748,50
2020	6140,3	57572,7	13852,3	182301	31142,8	337	78166	1504,10
2021	6861	72483,3	17755,1	143806	27378,6	288	147686	1881,30

(developed by the author)

First of all, we made a correlation matrix and found it appropriate to evaluate the degree of correlation between the factors (Table 4). In this case, we leave X4, X6 and X7 factors in the analysis due to the strong correlation between X4, X6 and X7 factors to Y factor (greater than 0.7) and the correlation coefficient between X1, X2, X3 and X5 factors is greater than 0.9.

**Table 4: Correlation matrix** 

	X1	X2	Х3	X4	X5	X6	X7
X1	1						
X2	0,97	1					
Х3	0,95	0,99	1				
X4	0,82	0,78	0,79	1			
X5	0,91	0,89	0,90	0,94	1		
X6	0,008	-	-0,07	0,36	0,26	1	
		0,05					
X7	0,33	0,18	0,119	0,15	0,13	0,31	1

Based on the above, it can be said that in the regression analysis.

Table 5: Regression analysis results

**RESULTS** Regression statistics

Multiple R 0,97 R-square 0,94 Normalized R- 0,92

square

August Special Issue. 23 Vol. 13	SJIF 8.001 & C	GIF 0.626	ISSN-2249-9512	Journal of Management Value & E
standard error Analysis of variance	498,20			
,	df	SS	MS	F
Regression Remainder Total	3 6 9	26884020,7 1489274,91 28373295,6	8961340,2 248212,4	36,1
	Coefficient s	Standard Erro	r t-Statistic	P-Value
Y-intersection	-4963	887,5	-5,59	0,001
X4	0,007	0,002	2,97	0,024
X6	13,84	2,430	5,69	0,001
X7	0,012	0,002	4,28	0,005

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Here it can be seen that the p value for factors X4, X6 and X7 is less than 0.05. That is, at the 95% confidence level, the influence of factors X4, X6 and X7 on Y is statistically significant. The influence of the remaining factors is not statistically significant. Based on this, the following regression equation can be constructed.

$$Y = 0.001X7 + 13.84X6 + 0.007X4 - 4963.2$$
 (1)

(developed by the author)

That is, the increase of scientific and technical services by 1 million is followed by the increase of incoming tourism by 7 people, the increase of tourist companies by 1 unit leads to the increase of incoming tourists by 1300 people, and the increase of sold passes by 1 unit is observed with the increase of foreign tourists by 12 people. In other words, a greater focus of economic resources on scientific and technical services, innovative tourism firms and digital commerce will have a positive effect on increasing the flow of incoming tourists. However, it can be seen that the R-squared value of this model is 97.3%, which means that the voluntary variables involved in the model explain 97.3% of the increase or decrease in the non-volunteer variable.

### 5. Conclusions and suggestions.

We can draw the conclusion that there are now some measurable requirements for the development of the digital smart tourism platform. The key business procedures in the tourist and hospitality sectors have been successfully digitalized to a high degree. In addition, the development of smart tourists and digital travelers necessitates modifications to the Uzbek tourism industry's information and communication infrastructure as well as its business models.

It is practical to develop a public-private partnership-based smart tourism digital platform that takes into account the needs of both government and business entities as well as individuals who visit and live in tourist areas.

Achieving coordinated collaboration and integrating the interests of state organizations, private businesses, self-government bodies, as well as local representatives of governmental institutions and communities, is required to accomplish this. This will encourage and manage general participation at different stages of a tourism destination's development. Only in this situation can we discuss setting up the necessary conditions (in terms of digital solutions) for the successful growth of tourism at the global, national, and regional levels.

A single information space is being created in the field of global tourism under the conditions of the digital economy, and new concepts of information support and tourism management are developing. Public life and tourism activities are also getting more and more technologically advanced. Strategic resources that guarantee an improvement in tourism's competitiveness include information assistance for the industry and its digitization.

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# **EVALUATION OF INNOVATIVE DEVELOPMENT INDICATORS OF** EDUCATIONAL SERVICES MARKET IN UZBEKISTAN BASED ON **MULTIFACTOR ECONOMETRIC MODELS**

SJIF 8.001 & GIF 0.626

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### **ABSTRACT**

In this article, on the basis of multifactorial econometric models, the indicators of innovative development of the educational services market are evaluated. The influence of endogenous and exogenous factors on the change in the total volume of educational services was analyzed and an econometric model was built.

Key words: market of educational services, non-governmental educational services, multifactorial econometric model, Fisher criterion, Akiakake information criterion, Schwarz criterion, Hannan-Quinn criterion, Darbin-Watson criterion.

### INTRODUCTION

In the process of globalization, the experience of developing the education system in the world is related to personnel, their knowledge, potential, how effectively they use the available resources in the country, and their ability to make timely decisions as the main force for ensuring the development of countries. and as a practical expression of this, it can be seen that special attention is being paid to the education system in the world community.

As President Sh.M. Mirziyoev stated in his address to the Oliy Majlis, "...first of all, we will focus on supporting education, which is the biggest investment for New Uzbekistan. "Salvation is in education, salvation is in upbringing, salvation is in knowledge. Because all good goals are achieved thanks to knowledge and education. In this regard, the development of the education system in the changing Uzbekistan is an important and urgent task.

"Development Strategy of New Uzbekistan for 2022-2026" approved by Appendix 1 of the Decree of the President of the Republic of Uzbekistan No. PF-60 "On Development Strategy of New Uzbekistan for 2022-2026" Chapter 4 is focused on "Practice of fair social policy, development of human capital", which includes the development of the higher education system, increasing the level of coverage of higher education institutions, the relevant measures for the inclusion of higher education institutions in the international ratings of QS and TNE - implementation of measures, attention is focused on issues of expanding the number of non-state higher education institutions in each region.

In particular, as stated in the Sustainable Development Goals of the UN until 2030, higher education is becoming the leading factor of sustainable economic growth in the world. Due to this, in the following years, the rate of training of highly qualified personnel will be maintained in the world, and by 2030, the projected number of students of higher educational institutions will reach 414 million people, which is 4.2 times more than in 2000. This, in turn, requires the further development of the education system, at the same time, the improvement of the quality of educational services, and thereby, serious attention to the quality of personnel training. In general, the processes of reform and modernization of the education system, as well as the innovative direction of the country's development, require the development of management mechanisms that are adequate to the tasks of the development of the education system. Econometric modeling is one of such mechanisms

capable of determining trends and regularities of educational development indicators across regions and the country as a whole. The mass of provided educational services, their quantitative assessment based on regional statistical indicators, as well as the quantitative assessment of the nature of the interaction between the main variables make it possible to model the market of higher education services as a multifactorial process will give.

# Analysis of literature on the topic.

Scientists of our country and abroad are conducting scientific research on the study of socioeconomic processes using econometric models, including the development of the market of educational services based on multifactor econometric models. To them, N.S. Isarova, S.S. Gulyamov. and others, M.Q. Pardaev, B.Yu. Khodiev T.Sh. Shodiev B.B. Berkinovs enter.

## Research methods.

Correlational and regression analysis, statistical data study and economic comparison and analysis, logical thinking, selective observation, analysis and synthesis methods were used in the research process. Foreign and local literature on the topic of decrees and decisions of the President, laws and scientific articles were also used.

# Analysis and results.

The development of market relations, institutional changes, the processes of reform and modernization of the educational system, as well as the innovative direction of the country's development require the development of management mechanisms that are adequate to the tasks of developing the educational system. Econometric modeling is one of such mechanisms capable of determining trends and regularities of educational development indicators across regions and the country as a whole. The mass of educational services offered on the market, their quantitative assessment based on regional statistical indicators, as well as quantitative assessment of the nature of the interaction between the main variables, modeling the market of higher education services as a multifactorial process allows.

The need to study the laws of "achieving" the target indicators of the innovative development of the country and the educational development program at the regional level is related to the regional specificity of the formation of the factors, conditions and social consequences of its implementation.

The scientific justification of management decisions made on the basis of economic and statistical analysis of the situation is considered objective, as it is based on the methodological basis of statistical research and modeling of the market of higher education services as a multifactorial process, as well as the use of a system of indicators and their It is characterized by quantitative assessment of the influence of various factors on changes in the values of indicators in order to monitor their changes and determine the reasons that caused them.

As a result of conducting research, we distinguish several main stages of creating a multifactor econometric model:

First, to determine the form of expression of the multifactor econometric model,

Second, the specification of the multifactor econometric model,

Third, to define a multifactor econometric model, estimate its parameters and forecast the obtained results,

Fourth, development and systematization of higher education management indicators based on a multifactor econometric model.

It should be noted that the use of economic-mathematical and statistical modeling in the description of the higher education system has become more popular in recent years. It depends on the following factors:

- 1. In order to assess the current and expected future needs of the educational services market, educational leaders must have statistical information, on the basis of which it will be possible to analyze the level achieved and make forecasts for the future.
- 2. Adequate quantitative solutions should be developed to minimize undesirable losses from insufficiently justified decisions.

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3. It should be noted that the management of the educational system has a number of fundamental features. In most cases, they are related to decision-making in conditions of risk and uncertainty, when many exogenous and endogenous factors interact with the efficiency of the controlled system, the mandatory consideration of the implementation of the decisions made. It still depends on the human factor to a large extent by the management system.

The publications studied on the topic of research confirm the need for scientific developments in the field of mathematical and statistical research, allow to solve the problems of management decision-making in the field of education based on the determination of quantitative laws of the development of the market of educational services.

Currently, there are several models that describe the processes taking place in the higher education system: regression, structural, stochastic. In our opinion, multifactor econometric modeling is a good tool for management in the field of higher education. The reason for this is that it is able to determine the trends and patterns of changes in educational development indicators in the country, to determine the consequences of a specific development strategy, which helps to understand the nature of ongoing processes in the higher education system.

Multifactor econometric modeling allows to see the consequences of a specific strategy of its development as a management tool in the field of higher education of state authorities and management bodies, helps to understand the essence of the processes taking place in the higher education system.

Forecasting the volume of educational services and determining its relationship with the gross regional product are considered important tasks of monitoring the educational services system. It is necessary to regulate the market of educational services and to monitor its changes, as well as to plan training and retraining of personnel in accordance with the requirements of employers

The problem of forecasting the volume of educational services in our country can be solved on the basis of multifactor econometric models depending on the factors describing the dynamics and state of the education system.

Modeling of the dynamics of the main indicators in the market of educational services in our country can be done with the help of models such as trends, trends and time series. In the course of the research, an analysis of the change trends of some indicators of the field of educational services during 2013-2022 was carried out (Table 1). To evaluate the indicators of innovative development of the educational services market, the main indicators representing the process were determined as follows:

Total volume of educational services, billion soums - Y;

The number of jobs in the field of education, thousand people -  $(X_1)$ ;

The volume of investments in fixed capital, billion soums - (X 2),

Real total income per capita, thousand soums - (X\_3);

Values of endogenous and exogenous factors affecting the volume of services provided by this educational services market are given in Table 1

Indicators of the volume of services provided by the educational services market and factors influencing its change (billion soums)

Years	Endogenous factor	Exogenous factors				
	Y	<i>X</i> <sub>1</sub>	<i>X</i> <sub>2</sub>	<i>X</i> <sub>3</sub>		
2010	763,1	1102,0	16463,7	2038,7		
2011	1027,4	1102,6	19500,0	2729,9		
2012	1385,3	1103,3	24455,3	3267,8		
2013	1793	1104	30490,1	3902,7		
2014	2154,4	1104,7	37646,2	4472,0		
2015	2681,4	1105,3	44810,4	5127,5		
2016	3263	1105,6	51232,0	5887,9		

2017	4402	1106,6	72155,2	6681,4
2018	5416,5	1111,7	124231,3	7767,0
2019	7164,9	1134,4	195927,3	9509,6
2020	8539,4	1158,2	210195,1	10734,3
2021	12 102,6	1220,5	239552,6	13416,8

The number of items in the education sector (X\_1) as exogenous factors affecting the total volume of services created in the field of educational services (Y) selected as the resulting factor in the econometric model), the amount of investments in fixed capital (X\_2), per capita indicators such as the volume of real total income (X\_3) were selected.

These selected resulting endogenous and exogenous factors had a growth rate during 2010-2021. The data was analyzed using the GRETL-2020 program in order to determine the trends of the changes taking place on the basis of the connection of the resulting and influencing factors of the selected provard (Table 2). The analysis carried out on the basis of the program shows that there is a multiple correlation of the resulting factor with influencing factors, and the coefficient of determination is equal to R^2=0.9974. It can be seen that the influencing factors and the resulting factor have a high correlation.

Table 2 Model 1: OLS, 2010-2021 observations used (T = 12) Dependent variable: Total volume of educational services, billion soum

dadational col vices, billion count						
	Coefficient	Ст. ошибка	t-статистика	Р-знасћение		
const	-25046,0	4016,83	-6,235	0,0002		
Number of jobs in education (X_1)	21,8627	3,74206	5,842	0,0004		
The volume of investments in fixed capital, billion, soums (X_2)	0,00526228	0,00320060	1,644	0,1388		
Total real income per capita, thousand soums (X_3)	0,680272	0,0781586	8,704	<0,0001		

Среднее зав. перемен	4224,417	Ст. откл. зав. перемен	3497,377
Сумма кв. остатков	347472,2	Ст. ошибка модели	208,4083
R-квадрат	0,997417	Испр. R-квадрат	0,996449
F (3,8)	1029,919	Р-знасhение (Ф)	1,09e-10
Лог. правдоподобие	-78,66846	Крит. Акаике	165,3369
Крит. Шварца	167,2766	Крит. Хеннана-Куинна	164,6188
Параметр rho	0,264285	Стат. Дарбина-Вотсона	1,293367

Source: developed by the author based on the information of the State Statistics Committee of the Republic of Uzbekistan.

The determination index of this model is equal to 0.99. Also, the value of the t-statistic has a reliable value for the linear model.

Using the identified data, a multifactor econometric model of changes in the volume of services created in the field of educational services under the influence of factors affecting it was

created. According to it, the regression equation (1) representing this process was created.

$$Y = 21,86 \cdot X_1 + 0,0053 \cdot X_2 + 0,6802 \cdot X_3 - 25,046$$
 (1)

criteria, and the regression equation (1) defined above was considered reliable due to the low level of autocorrelation in the identified trend and the fact that it met the requirements for other criteria as well.

Conclusions and suggestions. Based on the coefficients of the variables in the constructed model, we will be able to estimate how much the value of the resulting factor changes due to one unit of the value of each factor. In particular, an additional 1,000 jobs created in the field of education, the total volume of educational services is 21.86 billion. per soum, an additional 1 billion added to the main capital. The total volume of investment education services is 5.3 million soums, per soum, an increase of real total income per capita by 1,000 soums increases the total volume of educational services to 680.2 million. led to an increase of 25,046 billion soums. shows a decrease to soums. The mass of provided educational services, their quantitative assessment based on regional statistical indicators, as well as the quantitative assessment of the nature of the interaction between the main variables make it possible to model the market of higher education services as a multifactorial process gave

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# THE ESTABLISHMENT OF THE "NEXT STOP BUKHARA" MOBILE APPLICATION IN THE BUKHARA REGION, AS WELL AS ITS IMPACT ON INDEPENDENT TRAVELLING VISITORS

SJIF 8.001 & GIF 0.626

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### **ABSTRACT**

The Internet is becoming increasingly crucial in people's lives in this age of globalization. The essence of transport services in tourism is studied, as are the key market challenges in present economic conditions, and the main tendencies in the growth of the transport services market are outlined. Recognizing the broad impact of travel apps on the tourism industry, researchers concentrated on the factors that influence visitors' desire to use travel apps. The capacity to attract tourists and the quality of service provided by tourist locations are inextricably linked to the upgrading of transportation infrastructure. This paper explores the significance of tourist transport construction for tourism development, evaluates existing tourism transport construction challenges, and provides ways for improving Bukhara's tourism transport system in the context of smart tourism..

**Key words**: tourism, transport services, mobile application, economic mechanism, innovation.

### INTRODUCTION

The Internet is an important element of people's life in today's globalized world. According to, more than half of the world's population utilizes the Internet on a daily basis<sup>1</sup>. The Internet has affected many aspects of people's lives, and the travel industry is no exception, with rapid technological innovations changing the industry's operations, mostly in terms of interactions between firms and customers<sup>2</sup>.

The oasis of Bukhara surprises visitors with its geopolitical area, wealthy authentic and cultural assets. Within the final five years, the number of trips in Bukhara has been growing rapidly, barring the pandemic period. The worldwide tourism market is one of the most components of Bukhara's financial development, and able to see a 5.5-fold increment in visitor entries by 2022 compared to 2016.

In order to take advantage from this situation, companies from different industries come up with useful innovations which are aimed at helping people with their tourist experiences. Affordable international transport, inexpensive hotels and professional tourist agencies stimulate people to engage in the process of traveling. However, it is especially important to emphasize the significance of tourist apps that may assist tourists with hotels' booking, organizing, navigating, translating and even tipping (tradeforum.org).<sup>2</sup> The level of tourism transportation construction has a greater impact on tourist destinations. The development of transportation makes it more convenient for tourists to gather at tourist locations, and helps to gradually expand the scale of the tourism industry, improve tourism infrastructure construction, and promote tourist destinations<sup>3</sup>.

<sup>&</sup>lt;sup>1</sup> Internet world statistic (2017). World Internet Users and 2017 Population Stats. Available at https://www.internetworldstats.com/

<sup>&</sup>lt;sup>2</sup> C. G. Cristescu, "The Significance of Tourist Apps on a tourist experience," 2016, [Online]. Available: https://projekter.aau.dk/projekter/files/239506846/Master\_Thesis.pdf

<sup>&</sup>lt;sup>3</sup> J. Huang, The Research on Optimization Strategy of Wuhan Tourism Transportation System Under the Background of Smart Tourism, Springer Singapore, 2021, doi: 10.1007/978-981-16-1726-3-10.

Literature review.

To enhance the influx of tourists in the area, multiple scientific research institutes and scientists conducted studies to establish the fundamental principles for the advancement of transportation facilities.

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It is shortsighted to consider the phenomenon of tourist apps as a miraculous recipe for modern tourists. Some researchers support an assumption that a high public demand in the industry of tourist apps is primarily reasoned by the effective marketing campaigns. Indeed, this point of view might have a grain of truth. While most of products are designed for fulfilling existing customers' needs, tourist apps often try to anticipate these needs and predict people's expectations in the fields of orienting, navigating and communicating in foreign countries. As a result, a lot of people may only use tourist apps because it is a popular trend that is supported worldwide<sup>4</sup>.

During the centuries, the means of transport have been changing according to the development of technology. There is no doubt that the transportation system is undergoing a change and the traditional transportation market aims at understanding this new approach. The introduction of new transportation innovations has been extensive in the recent years, and this growth promises to continue in the coming years. This new trend perfectly follows the above phenomenon<sup>5</sup>. The function of tourism traffic engineering is not fully utilized. Tourists often encounter the phenomenon that the function of traffic engineering is not fulfilled during the travel process. During the journey from the departure place to the destination, there are inaccurate departure time, detours during driving, road congestion, etc. The problem is that some travel agencies conceal travel information, which leads to disputes and disputes between tourists and travel agencies during the travel process, which weakens the enthusiasm of tourists and makes tourists' evaluation of tourism activities and destinations greatly reduced. Transportation system is a link that connects routes with destination. Transportation creates an opportunity to increase tourists who want to have intercity travel in a certain country and as an influential part to tourism since it could bring large amount of tourist to the destinations safely<sup>7</sup>.

## Research methodology

Throughout the execution of this study, we examined the operations of tourist transportation services in our area and the procedures linked to the efficient management of the unified transportation system. To address the issues in this procedure, we scrutinized mobile applications established in advanced nations. We devised recommendations for enhancing their operations using statistical investigation and comparative examination techniques.

Analysis and results

Transportation services are tasks carried out by a provider to fulfill the requirements of one or multiple clients.

In the later of the 1980s, Gilbert observed that the standard of service in the tourism industry and the degree of customer contentment are on the rise8.

It is somewhat challenging to ascertain the interpretation of the word "service" in the context of tourist transportation due to the intangible, perishable, and inseparable characteristics of services.

<sup>&</sup>lt;sup>4</sup> Clack, David. "The World's 50 Best Travel Apps." TimeOut, 13 July, 2015. Web. 16 December 2015, retrieved from http://www.timeout.com/city-guides/travel/50-best- travel-apps/, at 12.04.2016

<sup>&</sup>lt;sup>5</sup> F. Pagliara and F. Mauriello, "The Effects of Investments in New Transport Technologies such as HSR on the Tourism Industry," Open Transp. J., vol. 13, no. 1, pp. 35-40, 2019, doi: 10.2174/1874447801913010035.

<sup>&</sup>lt;sup>6</sup> Yu, F., Zhu,Y.:Analysis and optimization ofthe spatial layout oftourism transportation network in southern Anhui. J. Huangshan Univ. 12(6), 65–68 (2015) (in Chinese)

<sup>&</sup>lt;sup>7</sup> A. Gunawan, "the Impact of Covid-19 Pandemic Towards Tour Bus Business in Jabodetabek," Adv. Transp. Logist. ..., no. 6, pp. 105–112, 2020, [Online]. Available:

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<sup>&</sup>lt;sup>8</sup> Gilbert, D.C. Tourism marketing: Its emergence and establishment, in C.P.

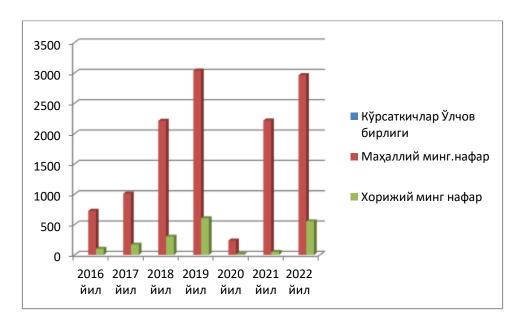
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Presently, the Bukhara region acknowledges tourism as a key sector for economic advancement. As it plays a role in the socio-economic growth of the country, it is crucial to examine the current tourism transport infrastructure and implement innovative technologies for its administration.

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To revive the tourism sector, which suffered the most from the Covid-19 outbreak, traveloriented mobile applications have been widely embraced as the optimal global remedy. Within a brief timeframe, the utilization of travel apps has gained significant traction across the globe. In the region of Bukhara, the inclination towards domestic travel has surged during the pandemic, as evidenced by statistics revealing that the number of local residents embarking on trips is 18-fold greater than the number of international visits.



# Visit of local and international tourists in the Bukhara region<sup>9</sup>

As depicted in the diagram, 301,500 international individuals visited Bukhara in 2018, and this figure is projected to rise to 552,600 by 2022. The count of domestic travelers stands at 2 million 210.5 thousand individuals, and this measurement is expected to reach 2 million 961.6 thousand people by 2022 (Fig. 1). Enhancing the influx of foreign visitors is regarded as a significant objective. Additionally, the graph below illustrates a rising trend in tourist numbers following the period of the pandemic. Various administrative and practical measures are being implemented to boost the number of foreign tourists. These include expanding accommodation options, promoting the availability of halal products in dining establishments, and augmenting the range and quantity of transportation facilities.

There are two categories of transportation that travelers can utilize in the area:

- Aerial transportation (international flight, domestic flight)
- Ground transportation (train, shuttle, automobile, bicycle)

Although the majority of domestic visitors opt for rail and road, the significance of air travel for international tourists is rapidly increasing. Regular shuttle services and trains within the country are easily accessible as shuttle and train tickets can be purchased online. However, this does not offer the chance to fully plan a trip to the historic and ancient city of Bukhara. The "Next destination Bukhara" travel application has been introduced, which provides a highly convenient opportunity for tourists who wish to travel independently.

In accordance with the tasks outlined in the directives of the President of the Republic of Uzbekistan on July 6, 2022, titled "Organizational Measures for the Implementation of the Innovative Development Strategy of the Republic of Uzbekistan for 2022-2026" (No. PQ-307), Bukhara State University has provided funding for this project in the fourth quarter of 2022.

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<sup>&</sup>lt;sup>9</sup> Statistics Department of Bukhara Region

As part of this project, the practical phase of implementing the "Next stop Bukhara" mobile application has commenced. The objective is to promote the region's tourism opportunities to the general public, enhance its reputation in the international tourism market, and improve convenience for tourists.

In the mobile app, travelers will have a variety of essential information at their disposal, such as:

· Details about local climate

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- Currency exchange rates
- Urban map
- Ancient landmarks
- Lodging options
- Dining options
- Transportation services
- · Medical facilities

The information within the app is available in three languages: English, Russian, and Uzbek. Within the historical sites section, tourists can select a specific site and access historical details about it. If you wish to plan a journey using public transportation, you can do so independently by utilizing the information provided in the transport section.

Additionally, users will have the ability to obtain brief information and contact the lodging and dining facilities associated with the hotels and restaurants section.

The transportation division provides vehicle leasing services (automobiles, coaches, vans, bikes). To facilitate convenient options for travelers, it is feasible to arrange excursions using these modes of transportation throughout the area and throughout our nation.

# Conclusion

Tourism is emerging as a key industry in various nations, such as Uzbekistan, and is playing a crucial role in boosting the country's economy and generating additional government revenue. It is imperative to examine the current tourism transportation system and implement cutting-edge technologies to effectively manage it. This article explores novel approaches to self-guided travel in the Bukhara region, which not only foster the growth of tourism in the area but also greatly enhance its appeal to tourists.

In order to enhance the influx of tourists to the Bukhara region, numerous roadways and pedestrian routes have been constructed and their utilization is widespread, leading to disorder in tourist hotspots and adversely impacting the aesthetics of the area. The utilization of buses and automobiles for short-term excursions is also a noteworthy element, which can consume a substantial portion of the overall allocated time for the journey, and its significance further escalates 10.

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# POSSIBILITIES OF HARMONIZING THEORY WITH PRACTICE IN THE DEVELOPMENT OF EDUCATIONAL SERVICES IN HIGHER EDUCATION

SJIF 8.001 & GIF 0.626

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### **ABSTRACT**

in this article, the results of the research conducted in order to combine theory and practice in the development of educational services in higher education were analyzed and relevant suggestions were made.

**Key words**: higher education, educational services, form of education, harmony of practice and theory, quality of education, teaching process, modern knowledge.

# INTRODUCTION

The development of the state depends primarily on the education system. In our country too, great importance is attached to the education system in order to include New Uzbekistan among the developed countries. Also, special attention is paid to higher education that prepares highly qualified personnel. In particular, according to the 46th goal of the development strategy of New Uzbekistan for 2022-2026, the goal of increasing the coverage level of higher education to 50% and improving the quality of education has been set. Importantly, special importance is given to the issue of increasing competitiveness in the educational system. According to the statistics agency, in the 2022/2023 academic year, the number of non-state general education institutions operating in our country was 194. This indicator was 39 in the 2017/2018 academic year. During this period, the amount of this indicator increased by 155 or 497.4% (almost 5 times). The number of students is growing accordingly.

Analysis of literature on the topic. Today, a lot of attention is paid to the education sector in our country. Nevertheless, this area is one of the areas most in need of improvement. Because the full implementation of the country's development strategy for 2022-2026, the formation of the Third Renaissance pillar, requires the improvement of the quality and efficiency of educational services. Due to this, a number of our economists are conducting research in this field. These include S.S.Gulomov, R.Kh.Ayupov, M.E.Polatov, A.V.Vakhabov, M.Kh.Saidov, M.Q.Pardayev, Q.J.Mirzayev, O.M.Pardayev, M.M.Mukhammedov, B.I.Israelov, A.O.Ochilov, B.Sh.Usmanov, O.T.Kakhharov. However, the issue of combining theory and practice in the development of educational services in the field of higher education has been little researched by the scientists of our country and, accordingly, little covered in the literature. This situation became the basis for conducting research on this topic.

**Research methodology.** In the development of educational services in the field of higher education, several methods and methods were used in the process of researching the issues of combining theory with practice. These include methods and approaches such as induction and deduction, space and time, analysis and synthesis, sociological inquiry. Logical analysis methods are widely used in this.

Analysis and results. In order to determine the factors affecting the development of educational services in higher education and to make relevant proposals and recommendations for their solution, we conducted a survey among students of higher education institutions (HEI) located in Samarkand region. A letter was sent to the management of 12 HEIs operating in the Samarkand region in the 2021-2022 academic year asking students to conduct an online survey, and the survey

## was attached to it.

The purpose of conducting this survey among students was to study the requirements of students, who are our consumers. In doing so, we aim to further improve the provision of educational services, taking into account what the students offer, that is, what they want. In order to improve the activities of HEIs and evaluate the quality of the provided educational services, 10 of the 12 HEIs of the Samarkand region, i.e. Samarkand State University, Samarkand State University Kattakorgan branch, Samarkand State University Uzbekistan-Finland Pedagogical Institute. We conducted a sociological survey among 1246 students and graduates of heritage international universities.

The number of students from which HEIs participated in the survey can be seen in the table below (Table 1).

Table 1 Information about the participation in the survey from HEs of Samarkand region<sup>1</sup>

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Nº	Higher educational institutions of	Number	Share, in
	Samarkand region		percent
1.	Samarkand State University	39	3,4
2.	Kattakorgan branch of Samarkand State	10	0,9
	University		
3.	Uzbekistan-Finland Pedagogical Institute of	669	58,2
	Samarkand State University		
4.	Samarkand State Institute of Architecture and	10	0,9
	Construction		
5.	Samarkand State Institute of Foreign	6	0,5
	Languages		
6.	Samarkand Institute of Economics and Service	253	22
7.	Samarkand branch of Tashkent University of	12	1,0
	Information Technologies		
8.	Samarkand branch of Tashkent State University	83	7,2
	of Economics		
9.	Samarkand branch of Tashkent State Agrarian	16	1,4
	University		
10.	"Silk Road" International University of Tourism	50	4,4
	and Cultural Heritage		
	Total	1246	100 %

As can be seen from the table above, only 10 higher education institutions of Samarkand region participated in the online survey, and it was possible to clarify the issue under study. Several questions were asked in the questionnaire. Currently, students' practical learning, which is considered very important in the education system, is the cause of many discussions. Therefore, in order to find out the opinion of students on the extent to which practice is organized, an online survey "How do you rate the organization of practice?" a general question was asked. 4 questions were asked. These include: in practice, practical processes related to the specialty are taught, corresponding to the requirements of the standard; procedures are performed only on paper, get rid of it; practice is conducted only at the HEI itself; questions that are conducted only in the name of practice were included. A total of 1090 students took part in it, and they marked the answers as follows (Diagram 1).

64

<sup>&</sup>lt;sup>1</sup> Author development as a result of research

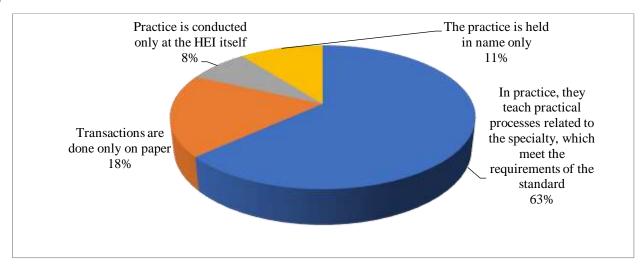


Diagram 1. Results of how internships are organized to get students to practice<sup>2</sup>

As can be seen from this picture, 63% of the students agreed to the question that the practical processes of the specialty are taught in practice and that it meets the standard requirements. However, 29% of the students have a negative evaluation of the current practice. In particular, 18% of those who say that practices are performed only on paper, and 11% say that they are carried out only in the name of practice. This means that almost 1 out of every 3 students in the current internship process is not satisfied. Therefore, the current organization of the internship process may not justify itself in the future. It is clear that we need to improve the process of internship in higher educational institutions.

In order to further deepen the above points, the next question is "Do you want theory and practice to be carried out in harmony?" we called it. The students gave their answers as follows (Table 2).

Table 2 The results of the indicators of combining the form of education with theory and practice<sup>3</sup>

	•	, .	
Nº	Indicators	Number	Share, in
		Number	percent
1.	I want	952	87 %
2.	No	70	6 %
3.	I will learn in practice	80	7 %
4.	Total responding students	1102	100 %

It can be seen that 952 of the total 1102 students who participated in the survey, i.e. 87%, want a combination of theory and practice in education. Only 6% answered no (70 people), and 7% (80 people) answered we will learn by practice. It can be seen that it is necessary to introduce classes in higher educational institutions not only by imparting theoretical knowledge or practical knowledge, but also by ensuring their harmony, and to further strengthen this direction.

We believe that it is appropriate to conduct theory and practice together in the higher education system and to take into account the opinions of our students when planning them. In our previous studies, it was said that part of the week should be devoted to theory and another part to practice. This is also supported by students who are our consumers. Based on this, when thinking about what can be done to fully harmonize practice and theory in the higher education system, we found it appropriate to systematize students' opinions first of all. In the questionnaire, the students made the following suggestions:

Firstly, it is necessary to cancel the contracts of higher educational institutions with

<sup>&</sup>lt;sup>2</sup> Тадқиқот натижасида муаллиф ишланмаси

<sup>3</sup> Тадкикот натижасида муаллиф ишланмаси

companies and organizations that are signed only in the name of students regarding internships, and to increase the responsibility of companies so that students can apply their theoretical knowledge in practice, and they should create the necessary opportunities for students. It was noted that the practice should be monitored by the management of the institute and the education quality control department.

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Secondly, and first of all, the students demand that it is necessary to draw up an internship plan for each specialty, to carry out internships based on this plan, and to strengthen control over these issues.

Thirdly, it is also demanded that students be sent abroad or to neighboring countries for practice. It was also emphasized that it is necessary to help students to do their internship abroad on the basis of a contract with organizations. In this case, companies can immediately hire students as specialists with foreign experience.

Fourthly, some students suggest that one para-lesson should be a theoretical lesson and the next one a practical one. In this direction, another proposal of the educational system is that it is necessary to spend 4 days in theory and 2 days of practice in enterprises with the direct participation of teachers.

Fifth, sending students to internships in organizations that are suitable for their field of study and providing them with work, even if it is partially unpaid, and assigning a responsible person, in the first place, students should be placed on internship at their place of work. Shipping compliance is also required.

Sixth, it was also noted that the student should be given the opportunity to work in his field by reducing the load and hours of writing and drawing on theoretical issues during the practice, and should be given assistance in finding a job by separate organizations. In some cases, it is also required that the theoretical lessons should be given by the employees working in practice.

Seventhly, it was noted that a module of organizations with artificial intelligence should be created in HEIs and pedagogues should be trained for this. It was asked that every teacher should have practical knowledge.

Eighthly, proposals were made to introduce the practice of hiring students at a certain rate during the internship and training them on the job.

Ninthly, it is recommended to open related enterprises and organizations under the Higher Education Institution in order to create suitable conditions for many students to do internships at the Higher Education Institution. At the same time, it is ensured that he learns to fully implement the lessons he learned in theory.

Tenth, it is demanded to introduce a dual education system in the course of the lesson. For this, it is noted that first of all, it is necessary to increase the number of subjects related to the specialty, and then to attract teachers with relevant qualifications to laboratories with real opportunities to combine theory and practice.

Eleventh, enrich the education with examples of the problems that arise in the process of work and discuss with students about their solutions, and start learning by comparing them with practice here. It is also mentioned that you should eat.

Twelfth, it is desirable to organize practical lessons at the educational institution not in auditoriums, but in working laboratories equipped with the necessary equipment, similar to the workplace. In this case, all practices are carried out in these laboratories, and opportunities are created to implement the necessary proposals in real enterprises where this work is carried out.

Analyzing the opinions and comments expressed by our students, they emphasized that the main attention should be focused on acquiring practical skills along with theoretical knowledge.

The next question of our questionnaire was asked in the context of "is it better if the internship is at the end of the academic year, weekly or daily?" The results of the answer to this question are presented in the diagram below (Diagram 2).

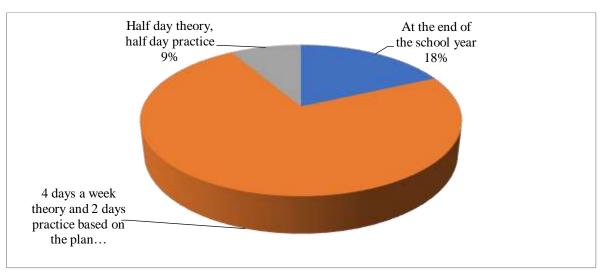


Diagram 2. Results of how to organize practice in higher education 4

As can be seen from this diagram, the total number of people involved in the survey and participated in it is 1102 people. Of these, 808 students, i.e. 73.3% of those who participated in the online survey, marked the answer as "4 days a week in theory and 2 days in practice based on the plan", while 201 students, i.e. 18%, answered "ten who marked the answer "at the end of the academic year". 94 students, i.e. 9% of the participants, answered "half day theory, half day practice". The analysis of these answers shows that it is appropriate to set the theory for 4 days and practice for 2 days per week. This proposal also has some pros and cons. We will consider this in detail in the next work.

Conclusions and suggestions. As it can be seen from the results of the survey, there are many students who want to get education and who want to become mature specialists in the future. They are very eager to study. They give a number of suggestions for getting a good, quality education. If we take into account the suggestions made by our students and put them into practice, we can achieve very good results. So, as a result of these studies, the current state of development of educational services in higher education was analyzed, several conclusions were drawn and proposals were made for its improvement.

Firsly, in order to improve educational services in higher education and increase the quality of education, it is necessary to direct students to be more independent. We have witnessed this in the experiences of foreign higher education institutions and in the branches of foreign HEIs in Uzbekistan, where students are more independent. Based on these, it would be appropriate if we direct our students to do independent work.

Secondly, it is recognized that the currently used evaluation systems, in particular the creditmodule system and the evaluation system without the participation of professors, are convenient for our students. It would be appropriate if this system were further improved and used in the future.

Thirdly, our research has shown that the cultivation of quality personnel cannot be realized by itself. From the point of view of the state and society, it requires the establishment of continuous education in order to improve the person as a necessary staff. For this, first of all, based on the need to adequately encourage the formation of qualified pedagogues and efforts to focus their work on increasing the quality and efficiency of education, it was justified that qualified pedagogues must be formed in higher education. This, in turn, shows that it is necessary to train qualified pedagogues and to encourage them to do their work well.

**Fourthly**, it is appropriate to implement the above ideas and opinions of our students in the higher education system, ensuring harmony between theory and practice. At the same time, it is desirable to direct part of the week to theory and another part to practice during the teaching process.

<sup>4</sup> Тадкикот натижасида муаллиф ишланмаси

Fifth, it is necessary to create the necessary opportunities for students to apply their

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theoretical knowledge in practice, to revise the program of sending students to practice by the management of higher education institutions, and to conduct students sent to practice with increased control.

Sixth, it is necessary to introduce a dual education system in higher education institutions in order to ensure harmony of practice and theory, to achieve the quality and efficiency of education. For this, higher educational institutions that have the opportunity to organize enterprises and organizations suitable for their specializations and create educational clusters are also desirable.

Seventh, it would be appropriate to increase the number of laboratories equipped with the necessary equipment for practical training in higher education institutions and conduct practical training in these laboratories. These laboratories cooperate directly with enterprises and organizations, are aimed at solving real problems and issues, and intend to ensure their confirmation in practice.

Eighthly, it was justified that in order to achieve high efficiency and quality in the training of mature, educated, enthusiastic personnel in the management of the higher education system, the manager should have the highest intellectual potential, skills, and human virtues. After all, it is necessary to be able to effectively use professors and teachers, who are the most intelligent stratum of our society, to use motivational methods effectively, and to strictly observe the criterion of justice.

In short, if these scientific recommendations are introduced into the educational process and practice, the quality and efficiency of education in higher educational institutions will increase. As a result, the scientific potential of professors and teachers will be improved, the level of education of students will increase, and the tasks defined in the development strategy of New Uzbekistan will be rapidly fulfilled, which will lead to the restoration of the foundations of the Third Renaissance in our country.

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# CONSIDERED FACTORS WHEN EVALUATING VEHICLES USING A SYSTEM APPROACH

SJIF 8.001 & GIF 0.626

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### **ABSTRACT**

This article analyzes the viability and potential of employing a systematic approach, one of the methods employed in the appraisal of automobiles. A system is a group of connected things. A systems approach is also used in car evaluation, when automobiles are assessed as components of a larger system, such as a vehicle service provider. The major source of revenue for businesses that offer motor transport services is their fleet of vehicles. The principles and techniques of company valuation must be used to determine the worth of this structural unit. It is required to deduct the cost of administration, repairs, auxiliary facilities and their equipment, as well as the cost of the enterprise's land allotment, from the cost of the general business. The worth of cars is called residual value. These days, every evaluation technique follows this methodology.

Key words: system approach, system analysis, functional systems, enterprise value, vehicle fleet value; vehicle cost

# **INTRODUCTION**

Representatives of the exact sciences today frequently employ the representation of the items under investigation in the form of a system to solve their difficulties. The job of defining the processes in the science of systemic imagination, or more specifically, the processes of transition from unsystematic imagination to systemic imagination, is posed by the extensive use of the systems approach in contemporary research.

When there was a shift from the study of simple systems and individual phenomena to the study of complex systems and mass phenomena, the systems approach started to take shape in the late 1930s. When switching to this strategy, the cumulative impact of several occurrences took precedence over the outcome of a single event.

The results of the research allow us to draw the conclusion that the general theory of systems serves as the foundation for the study of systems, which are regarded to be objects of various kinds and degrees of complexity. The necessity for specialized scientific tools (system analysis), whose primary categories include systems, huge systems, structures, hierarchies of target regions, optimality, and other notions, was caused by difficulties in the study of complex things. There are no precise definitions of a system, despite the significance of system study in contemporary science.

Literature review. An analysis of the literature on systematic research has shown that there are many interpretations and definitions of this system. Academician P. K. Anokhin [P. K. Anokhin, 2008] in his works, in which the idea was formed that the central link of any system is the result of an action.

Methodology. Methods of induction and deduction, a logical approach, and a methodical investigation of the theory of knowledge were all applied in the course of scientific inquiry.

Analysis and results. The essential feature of the functional-system approach is that functional systems have a component that makes up a functional system, which is regarded as the final aim (outcome), independent of the number of structural pieces and level of organization. In this situation, each lower system that organizes a link with the outcome in such a way that a higher level 69 of the system is produced forms a hierarchy of systems. The "hierarchy of systems" now becomes a hierarchy of outcomes.

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According to the analysis, every system may be referred to as a functional system, and the theory that analyzes them is known as the theory of functional systems. The following are the fundamental guidelines of the theory of functional systems:

- a functioning system's outcome reveals its constituents, which govern how the system was formed.;
- The "interaction" of components in a functioning system always occurs in accordance with the "interaction" principle in order to produce a beneficial outcome;
- inclusion of the result in a functional system eliminates the need to use different definitions of the concept of a system.

According to P.K. Anokhin's [1] definition, the terms "systematicity" and "systematicity" describe purposefulness in completing tasks and tasks.

Based on the following guidelines, a study of the theory of systems revealed that Academician P. K. Anokhin's theory of functional systems may be used as a methodological foundation for investigating objects of any complexity:

- The most highly structured systems are the biological systems that served as the foundation for the idea of functional systems. These systems' adaptability, dependability, and efficiency are proven realities;
- The theory of functional systems has found several practical applications across many different branches of science and technology over the period of many years of development;
- Because of the degree of complexity of individual subsystems and the ambiguity of goals and criteria, the acquired approach to the theory of functional systems is fairly acceptable in economic systems.

The method we've developed for addressing issues with planning, design, and organization in economic systems enables us to reconsider a number of managerial, technological, and organizational choices that are frequently unrelated to achieving the desired outcome. A systematic study of the issue is the first step in putting a systematic approach into practice.

A systematic approach focuses methodically on the investigation of entities that function as systems. In general, the systems approach creates a theory for the analysis of complex ordered things as well as instruments for addressing complicated issues.

The idea of a system is the most crucial in the systems approach. A system, in general, is an objective collection of objects, occurrences, and knowledge that are connected to one another according to certain laws. An economic system is a collection of interconnected economic components or subsystems that function as a single, stable entity. Any economic system in this situation can be thought of as an autonomous system as well as a component of another, bigger system.

A methodical approach to evaluating vehicles is based on the idea that they are an essential part of the enterprise system and contribute to the overall value of the organization (business).

An enterprise is viewed from a systematic perspective as a moving system made up of specific components that strives to manage and run. This perspective on the business enables you to look at it from the outside in.

The system approach makes the assumption that the business is a system with a meaningful function, composed of interrelated parts that use resources to generate goods. As a result of its operations, the system (business) generates and consumes services, products, and profit.

A systematic strategy that emphasizes system efficiency, which represents the quality of the complete system or the effectiveness of employing system components and management relationships, is what distinguishes a business as a system. By comparing the values of the overall system and its components, experts from assessment firms ascertain the system's efficacy. The discrepancy between the business's worth (revenue) and its salvage value (value of the pieces) represents the systemic efficiency of an enterprise.

In order to evaluate the worth of the firm, business valuation based on a systematic method considers all obligations, assets, and management in a specific scenario of the business.

The enterprise has a few components if we think of it as a system. When evaluating the cost of cars, the cost of vehicles is evaluated as an element of the enterprise on the basis of a methodical methodology. In this instance, the cost of the motor vehicles may be calculated by subtracting the value of other assets (property) from the enterprise's (business') overall worth. This procedure is completed in a certain order.

Initially, the cost of the C<sub>veh</sub> vehicle fleet is determined by subtracting the cost of land, buildings and structures from the cost of the entire system:

$$C_{\text{veh}} = C - C_{\text{land}} - C_{\text{bl}}$$

here C<sub>land</sub> – land value;

C<sub>bl</sub> - the cost of buildings and structures.

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If it is necessary to determine the price per vehicle unit in the fleet, then this is done using the share coefficient:

$$C_{unite} = C_{veh} \times K_{unit}$$

here K<sub>unit</sub> – coefficient of the share of the estimated unit of the motor vehicle.

Example (calculation of the cost of the machine complex). Determine the cost of the machine complex, which is part of the property, under the following conditions:

The facility is a fleet of \$220,000 passenger buses located on land leased for \$130,000 with an option to buy in 5 years.

The rent is \$9,000 per year.

The cost of buildings and structures in the total value of real estate is 75%.

Solution:

1. By discounting the annual rent for 5 years and the future purchase price, the current value of the land was determined:

$$C_{land} = P_{mt} \frac{1 - (1+r)^{-N}}{r} + \frac{V_{land}}{(1+r)^{N}}$$

here P<sub>mt</sub> — annual rent before purchase;

V<sub>land</sub> – land purchase price;

N – term of lease payments:

r — discount rate.

Current value of land:

$$C_{land} = 9000 \frac{1 - (1 + 0.14)^{-5}}{0.14} + \frac{130000}{(1 + 0.14)^{5}} \approx 98416 \text{ USD}$$

2. Current value of buildings and structures:

$$C_{bl} = 2200000 \times 0.75 = 1650000 USD$$

3. Vehicle fleet cost:

$$C_{\text{veh}} = 2200000 - 1650000 - 98416 = 451584 \, USD$$

Conclusions and recommendations. In summary, everything in existence is built up of systems, which are made up of subsystems. Existence itself is a system. It is advisable to analyze an item or phenomena while taking into consideration the system to which it belongs and its level of impact. When analyzing automobiles using a functional-system approach, the cost of the vehicles is determined using the enterprise value. The widespread use of a systematic approach to valuation operations can strengthen the realism and dependability of its outcomes. The following, in our opinion, must be put into place when a functional-systemic approach to the task of evaluating cars is introduced:

- 1) Establishing a knowledge base on the automotive industry;
- 2) Use systems analysis to determine the components of the enterprise and investigate their effects on the price of automobiles;
- 3) Research the functional link between the cost of the components that comprise businesses and the cost of cars, and use this information to build a mathematical model for the cost of

## automobiles:

- 4) Researching how cars affect system (or company) outcomes and developing a module for computing costs from this perspective;
  - 5) Lessening the impact of arbitrary factors in figuring out how much cars cost.

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# THE ESSENCE OF RURAL TOURISM, REGIONAL RURAL TOURISTIC CLUSTER AND ITS DEVELOPMENT MECHANIZMIS

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#### **ABSTRACT**

In determining the role of rural tourism in the socio-economic life of the population, it was originally emphasized that the tourism has been merged with other types of tourism. This article proposes a cluster model and mechanism for the development of public private partnership of regional rural tourism.

**Key words**: civilization, economy, rural, tourism, agriculture, culture, social, farm, market, industry, infrastructure, cluster, model, region, mechanism, public, private, partnership, service, tourist, mausoleum, wedding.

#### INTRODUCTION

In the world, the tourism sector is embodied as a socio-economic phenomenon that directly and indirectly affects the development of all infrastructures. Modern tourism is based on a high level of development of transport, social and service sectors, which ultimately makes it a highly profitable sector of the economy. In the Republic of Uzbekistan, from the first days of our independence, the state support of the tourism sector, the creation of incentives for enterprises engaged in this sector, as well as the formation of the infrastructure for the tourism sector, are being continued at a rapid pace. Should be noted that on October 4, 1993, Uzbekistan became the first member of the World Tourism Organization among the Central Asian countries. This, in turn, gave a great positive impetus to the development of international tourism in Uzbekistan.

According to the decision of the President of the Republic of Uzbekistan dated January 5, 2019 "On additional measures for the rapid development of tourism in the Republic of Uzbekistan" No. PF 5611, trade with European and South-East Asian countries in accordance with the "Concept for the development of the tourism sector in the Republic of Uzbekistan in 2019-2025", In order to increase the number of transported passengers and investments, special attention was paid to further strengthening of foreign relations in order to fundamentally improve the transport communication system in the republic [1].

It is clear to all of us that the development of tourism in our republic has a great economic effect, because it allows importing foreign currency without taking resources abroad (cotton, gas, oil). Analysis shows that in many developed countries, income from tourism generates much more foreign exchange earnings than other sectors. For example: Turkey 4-5 billion per year. 10 bln. earns more than dollars. We can see the same high figures in Austria, England, Italy, France, Spain.

Observers of this field agree that travel and tourism are the driving force of economic development, these sectors contribute to social development while creating new jobs (according to ICAO, in 2017, one out of every 10 jobs was in this sector). Tourism encourages the creation and development of a service-based economy. This range of activities ranges from large hotels in Tashkent to small hostels in Samarkand, boutiques at international airports, and small craft shops on the picturesque streets of Bukhara and Khiva. It improves people's economic skills and broadens their horizons of knowledge. Today, in most countries, including the 10 most developed countries, all efforts are focused on attracting foreign tourists. It is well known that tourism is beneficial for developing

countries, especially in terms of increasing cash flow[2]. In our country, the development of rural tourism has not yet taken place seriously. Forest tourism is a kind of touristic, prospective development of other types of tourism. In addition, the fact that in our country the resources for international tourism development are great, the development of rural tourism plays an important role in the socio-economic life of the population of the country. One of the main reasons for rural tourism's incompetence in our country is the lack of knowledge on rural tourism development, the lack of advertising campaigns among the rural population, recommendations on the creation of tourist opportunities in the villages, lack of touristic firms organizing rural tourism, and many other problematic issues.

## Literature analysis on the topic

With the development of rural tourism, the definition of this type of tourism continues to this day. Researchers conducting research on rural tourism have been evaluating, defining and describing it based on its special features. Many researchers interpret "tourism in rural areas" and "rural tourism" in confusing terms.

In addition, those who explain rural tourism as a branch of ecological tourism also consider themselves right. For example, ecotourism often takes place in villages located in the heart of nature, or tourists buy tourist infrastructures and tourist services from villagers during ecotours. If we pay attention to the naming of ecological tourism in the world scientific literature, we can quickly understand this situation:

- mountain tourism (MountainTourismus);
- nature tourism (NatureTourismus);
- green tourism (GreenTourismus);
- adventure tourism (AdventureTourismus);
- rural tourism (AgroTourismus);
- ecotourism (Ekotourismus).

All the mentioned types of tourism and their names certainly remind of nature and its resources. From the mentioned requirements, it is clear that rural tourism is quite different from ecotourism in terms of many activities. In rural tourism, tourists live together with villagers (farmers, peasants, shepherds), often work together, and are interested in their way of life. From these aspects, we believe that adding rural tourism to ecotourism leads to wrong conclusions. In the scientific literature, there are different approaches and terms to define the essence of this concept related to recreation in rural areas. For example, rural tourism is similar to ecotourism - A.D. Chudnovsky and M.A. Zhukova noted in their research [3].

In foreign studies, concepts such as "green rural tourism" or agrotourism, popular in the USA and Western Europe, are also used. The term "rural tourism" ("rural+tourism") appeared for the first time in European sociological literature. French sociologist and economist F. Moane, in his Rural Tourism, provided a comprehensive, realistic definition of rural tourism. According to the concept created by him, rural tourism is a special form of tourist recreation in rural areas associated with the active participation of tourists not only in rural life, but also in agricultural production. This definition fits the nature of rural tourism and embodies generality and is important for understanding the European model of rural tourism. .

Foreign authors describe rural tourism E. Wanda George, H. Mair, D.G. Reid's monographs entitled "Development of Rural Tourism: Localization and Cultural Change" tried to explain the localization of rural tourism as one of the main types of activities of rural residents outside the city on the basis of valid evidence [4].

### **Analysis and results**

That's why we have to study the state of the rural tourism in developed countries. From this point of view, it would be appropriate to present the experiences of developed countries in rural tourism.

Studying the geography of rural tourism abroad, it is clear that the most developed countries in rural tourism are mostly developed economies of Europe. The socio - economic role of rural tourism development can also be found in the programs of rural development of European countries.

In determining the role of rural tourism in the socio-economic life of the population, it should be borne in mind that this type of tourism has merge with other types of tourism. The reasons for the initial development of rural tourism have been the historical monuments, buildings and places left in ancient Europe (for example, the Great Monument of England) [5].

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In Ireland, rural tourism has grown in ancient cemeteries since the people's interest. At present, rural tourism is at an advanced stage in all European countries. According to European Union statistics, about 30% of Europeans want to enjoy rural tourism.

The main features or symbols of rural tourism popularization are that tourists in rural areas feel deprived of the city's tiredness. Because the same life in the city (work, recreation and more, repetition, atmospheric poisoning, transportation service, the same discipline, report preparation or job search, banana advertising, etc.) are both psychologically and physically it is very tired and fatigued. As a result, nervousness develops later.

Tourism is a strongly developed United States of America, with 95% of the internal flow of tourists. 48% of tourists are tourists in rural tourism. Americans are traveling on their own territory for various purposes. For example, 82% of Americans live in rural areas, mostly in the natural resources (mountains, forests, springs, water reservoirs, mineral waters, etc.), 14% are traveling on business trips, and 11% of Americans are exclusively engaged in agricultural activities show.

In the United States, 17 percent of tourists from most of the country's touristic tourism share their tourism activity in American farms. They specialize in American farms ranging from farms (farming, livestock, horse-breeding, etc.) for months to farming business practices and eating together. These are mostly urban family or group tourists [6].

And most importantly, American farmers give them city tourists (separate houses), feeding (separate kitchens) and transportation. All these services are paid by tourists to farmers. In particular, they purchase most of the food (milk, meat, and agricultural products) from local villages.

Another important aspect is that American farmers offer land, livestock, and agricultural machinery for tourists if they want to grow their own agricultural or livestock products.

Urban tourists (often married) who are tired of city weather and "tension - stress" are delighted to work with farmers all summer. That is why urban Americans are less likely to travel far into far abroad. One of the main reasons for this is physical rest and relaxation, while children enjoy rural life and winter crops are consumed. Another of the developed countries of the region is France. In 2010, the country's tourist flow totaled \$ 185 million. organized the exit. Of these, 87 million. In the evening, the nightmare is a rural tourism. As a result of the high socioeconomic status of the country, farangs are traveling to a rural "rural family", mostly driven by rural tourism. So far, rural tourism is also called autotourism.

Rural tourism in France is strongly developed in the central agricultural region of the country. Fuchs often like to be in the valley of the Champagne and participate fully in the preparation of "Champagne" wine. It is well known that the central platters of France are famous for its vino varieties. Those who want to travel to the countryside will spend their whole season building their tents around the vineyards and work with the gardener, swim in their pools in their free time and learn how to prepare local dishes. That is why villagers earn good income from tourists. Secondly, in rural tourism, the majority of mushrooms are harvested, cultivating cannabis, horticulture and melons' canned goods for the winter season by methods of farming. These canned vegetables are really manufactured [7].

Japan is one of the countries with developed rural tourism. In 2010, every Japanese traveled 1.3 times to tour the countryside. Japan does not pay much attention to the types of tourism. It is called single-nature tourism, combining ecological, rural tourism, adventure tourism and agrotourism.

Another reason for rural tourism development in Japan is that more than 40% of the 92.5% of the tourist flows are family tourism, and most of these families enjoy weekly worship in villages and mountain temples, and in the free time they go on a mountain ride.

Another good feature of the Japanese is that even when they are in the mountains or in the

forests and in nature, they learn the plants and collect the healer. In such cases, the Japanese usually leases the rural houses and arranges their meals. But most people bring it either to the car park or to the trolley. Another important aspect of this is that in such conditions, the Japanese often teach their children to walk, cook local dishes, and work with local children to make rice.

Japan, USA, France, England, Switzerland, Spain, Germany, Belgium, Italy are mostly strongly developed countries in rural tourism. Because tourism in rural tourism is much cheaper than international tourism.

In recent years, thanks to the great work of rural tourism, its popularity has grown in the world. Tourists from rural tourism in Europe have grown to 60 million by the year 2000 to 2010. In Germany, France, Italy, England, thousands of tourist companies are engaged in rural tourism [8].

From the aforementioned it is known that rural tourism increases the economy of the country's rural population, creates a strong internal tourism flow, improves the health, well-being of the population, nature and the local population. Therefore, we have to use the experiences of countries registered in rural tourism development.

The analysis of the presented data is based on the following conclusions:

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- Forest tourism creates enormous opportunities for additional workforce provision;
- attracts new technologies in the use of natural and natural resources;
- Forest tourism provides for the production of environmentally friendly food;
- Forest tourism informs investment in nature conservation and improves rural services:
- Forest tourism enhances the socio economic level of the local population in rural areas;
- Forest tourism opens up a wide range of local products, national craftsmanship;
- Forest tourism promotes the development of local nature conservation and promotes spiritual, material incentives:
  - Forest tourism promotes links between peoples;
  - Forest tourism promotes, renovates and renders tourist resources:
  - Forest tourism restores people spiritually, physically;
- Forest tourism teaches farming, horticulture and livestock farming, making them more productive to their products.
  - Forest tourism enhances trade in rural areas.
  - Forest tourism enhances rural infrastructure.

Under the current market economy, many countries in the world are developing their national economy through the development of tourism infrastructure. The twentieth century brought huge changes to all branches of humanity's life and activities. These developments were evident in science and research, technology development, new materials, technology creation and production management. The market economy is a phenomenon that deals with all opportunities and is an indispensable step towards the development of world civilization. The ultimate goal of the market economy is primarily to create decent living conditions and bring the country to the peak of culture and development. Transition to market relations should create a powerful economic foundation that will allow the new state to utilize its resources and ensure that the nation's economy is shifted to a prosperous and economically developed country .

At present the world and Uzbekistan are also increasingly focusing on the non-manufacturing sectors of the economy, in particular, tourism. People are trying to spend their leisure time, relaxing, restoring their health, learning the world, traditions and values of people. These services represent the tourism industry. Humanity has always been changing its sphere of action and trying to find new lands. By the 20th century, such aspirations increased and became a stimulus for the development of tourism industry. In some countries, the tourism industry is steadily developing, with an annual growth rate of between 8% and 10%.

This testifies to the crucial importance of tourism in the system of countries' economies. Interestingly, as a result of tourism development, transport, market infrastructure,trade, food, construction, craftsmanship and other services. The main source of our success is the fact that the ability of any foreign country to develop our country's tourism infrastructure is beyond our

expectations. Taking this into consideration, the ongoing reforms in the country since the early years of independence to the present time to develop tourism infrastructure and to develop infrastructure that meet modern requirements have been yielding positive results. The wide-ranging recognition of the independence of our country in the world community, the further stabilizing of friendly relations with the world's developed economies, the ever-increasing number of tourists flowing, the new discoveries of new tourism opportunities, such as rural tourism, is a clear proof of our beliefs. As in other economic sectors, there is a need to pay particular attention to the development of rural tourism. The main goal is to attract the attention of the world community as a country with a countryside tourism industry that will further improve the quality of service for tourists visiting our country and meet the market requirements. Because, the basis of the development of international economic relations in the rural tourism of our Republic is the development of tourist organizations, accommodation facilities and other activities. Forest tourism infrastructure include agro-tourism organizations, tourist destinations in rural areas, hotels, food networks, transport, roads and rural tourism professionals [9].

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Is there any need for rural tourism development in Uzbekistan? Based on the results of our theoretical and practical research on the question of what constitutes the boundaries and bases of its capabilities, we have tried to explain the following: First of all, the development of rural tourism in our country is an important integral component of linking and sustaining agriculture with the world economy, and secondly, it has a new opportunity limit that we have not yet encountered in our practice, and thirdly, the economic entity, such as a farmer developing in the country for twenty-five years, and that there is a close link between rural tourism and farming we count. Therefore, we tried to substantiate first of all the factors that farmers can now contribute to the development of the history, international experience in world countries, the state of development in our country, and the development of rural tourism.

From the aforementioned it is known that rural tourism increases the economy of the country's rural population, creates a strong internal tourism flow, improves the health, well-being of the population, nature and the local population. Therefore, we have to use the experiences of countries registered in rural tourism development.

In conclusion, it should be noted that the formation of the rural tourism infrastructure currently in our country is one of the most important issues of its organization and management. Because the rural tourism infrastructure, as we have already mentioned, is interconnected with the agricultural sector of the country. These tools, which form the basis of rural tourism infrastructure, fully satisfy the needs of people for travel and agricultural products and services. Forest tourism infrastructures also have a positive effect on the economic potential of the state and provide foreign exchange gains to the country.

In addition to ensuring the effective use of existing tourist resources for tourism development, it is important to develop the tourism infrastructure of each region at the required level.

Tourism infrastructure refers to a set of facilities that provide access to the use of tourist facilities, engineering and communications networks, including roads, tourism businesses and tourism businesses. These include automobile and railways, traffic control systems, air traffic control systems, sea and river routes, heat, electricity and telephone communications. At present, the Law "On Tourism" in the Republic of Uzbekistan, as well as a number of normative documents on the State Program for the Development of Tourism in Uzbekistan for 2006-2010, serve as a powerful state program for the development of tourism infrastructures. The legal basis for solving this problem has been created.

More than 20 tourist routes attract foreign tourists. These trends are mainly based on the UNESCO-sponsored program of cultural exchanges, with Uzbekistan being one of the coordinating centers in Central Asia.

In the development of tourism infrastructure in Uzbekistan, it is necessary to bring all infrastructural facilities to the level of world standards and to meet the needs of tourists. For this purpose, the components of the tourism infrastructure: hotel, transport, food, leisure, medical and other entertainment services should be established at a high level.

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Forest tourism The role of the transport infrastructure plays an important role in the effective use of tourist resources. Significant share of the national air company "Uzbekistan Airways" is being added to the development of tourism in Uzbekistan. At present, there are 12 airports in the national airline, of which six international airports - Tashkent, Samarkand, Bukhara, Urgench and Termez have international status. The Navoi Airport is also included to this level.

The Tashkent airport was renovated in 2001, with a capacity of up to 1,000 passengers per hour. Annually more than 2 million people use Tashkent airport services. The Tashkent airport provides passengers with extensive and comfortable furniture, day-by-day passports, customs, border control services, information, freight conveyor transportation, international telephone, ticket purchase and reservation, Duty-free shops, restaurants, bars, services such as cafeterias, currency exchange offices, VIP area for service of prestigious guests, as well as convenience services. Tashkent Airport can accept all kinds of aircraft manufactured worldwide.

Samarkand Airport has the capacity to service 400 passengers per hour. From Samarkand to Tashkent, Moscow, St. Petersburg, Simferopol, Kazan, as well as to Japan and European countries, it is possible to receive and receive airline passengers. At the airport, there are VIP and CIP areas, waiting areas, maternity and child room, medical center, airline, post office, international and long distance telephone service, bars, restaurants, currency exchange. At present, work is underway to open a new "Duty-free" shop.

The new airport in Bukhara was commissioned in 1997 and reached an international status in 1999, serving 150 passengers per hour. It has large waiting areas, buffets, shops, medical center, storage room, VIP and CIP areas decorated in national traditions. From Bukhara airport you can fly to major cities such as Tashkent, Moscow, St. Petersburg, as well as CIS and other countries.

The new Urgench Airport serves 300 passengers per hour. It has a waiting area, medical center, bars, café, currency exchange, souvenir shop. The airport has connections with Tashkent, Moscow and other countries of the world [10].

Uzbekistan Railways State Joint-Stock Railway Company also contributes to the development of tourism in Uzbekistan. This organization was founded on November 7, 1994 and has about 4000 kilometers of railroad tracks across Uzbekistan. Organized by the organization for the speedy train between Tashkent - Samarkand, Tashkent - Bukhara, Tashkent - Karshi, the tourists provided great comfort. Railway system is being improved by the organization from Samarkand to Surkhandarya region, which facilitates the movement of tourists. Also, construction of the railway from Tashkent to the neighboring countries via the Fergana valley on the basis of the international Traseka project, which is the main network of independent Uzbekistan, can also increase the flow of international traffic to Uzbekistan.

Forest tourism is the main place in the development of hotel services to increase the efficiency of tourist resources use. The hospitality classification plays a major role in solving hospitality quality management issues. In addition, the staff and their training are subject to several requirements to their education, qualifications, age, health, knowledge of foreign languages and appearance. Today, many hotels are being built in our country. Particularly, the number of private tourist destinations, including only one hotel in Samarkand, has more than 50 modern and national style hotels. During 2008, 10 hotels, built in modern and national style, have been commissioned and the hotel reception capacity has increased by 320 places. This situation continued in 2008-2010. The main goal here is to provide quality service.

The Dining Infrastructure serves not only tourists but also indigenous people, with restaurants, bars, cafés or well-equipped restaurants. While some feeding facilities have developed a high level of service, in some cases the situation is not risky. The quality of services is lower in them. Sanitation can be monitored at feeding sites, and if the various forms of food and service are introduced, more positive results can be achieved.

The information service is also crucial for rural tourism to use tourism resources. When traveling for a tourist trip and on a journey, you will need more information about the place of your trip, about

the rules, customs, hospitality of the country or destination, as well as the map of that place, the scheme of transport routes. Traveling and tourists' adventure information is published in the form of popular and special literature, which encourages tourists to travel [11].

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The current President of the Republic of Uzbekistan Sh.Mirziyoev and the government have adopted a number of decrees and resolutions on the socioeconomic development of the country, reforming various spheres of national economy and raising the sphere to a new level through the further development of tourism infrastructure.

In particular, the President of the Republic of Uzbekistan for 2016 Decree of the Cabinet of Ministers of the Republic of Uzbekistan from December 2, 2005 of No. UP-4861 "About measures on maintenance of accelerated development of the tourism industry of the Republic of Uzbekistan" and the Decree of the Cabinet of Ministers of the Republic of Uzbekistan from December 2, 2016 "About organization of the State Committee of the Republic of Uzbekistan on tourism development".

Resolution of the Cabinet of Ministers № 38 dated January 26, 201 "On additional measures to improve social and economic development of Samarkand region regions and further improve the living standards of the population" was adopted. The resolution envisages the establishment of additional workplaces to create additional jobs and further improve the living standards of the population through the socio-economic development of the regions, development of industry, construction, services in the region. In Samarkand region, the governor of the region adopted the 35th edition of the same resolution as of January 28, 2017. The decision consists of 4 chapters, 25 points, financial value of 46.0 million US dollars. \$ 18.4 million. euro and 3.4 billion soums were approved. The program consists of 10 chapters covering tasks that are directly implemented in tourism. In 2017, 40 new hotels, ecotourism and rural tourism, tourism complexes in the direction of agrotourism, the Shabestan Shabestan in Pakhtachi, Payariq and Nurabad districts, the Kuktepa monument, the Hazrati Dovud mosque, conservation of cultural heritage sites restoration, restoration of a craft center in Urgut district, an information center at the Samarkand International Airport and Railway Station, and theatrical performances at Registan Square.

Resolution of the Cabinet of Ministers of March 15, 2017 "On Measures for Further Support and Development of Tourism in the Republic of Uzbekistan" was adopted. Its main purpose is further support to the development of tourism and tourism infrastructure, promotion of national tourism products and brands on international tourist markets. One of the key innovations in the world is the formation and use of the Budgetary Support Fund under the State Committee for Tourism Development Regulations on the procedure for collection of tourist (hotel) tax on the territory of the Republic of Uzbekistan approved by the State Committee for Tourism Development, envisages the creation of a control mechanism envisaging the application of a special electronic automated software to the account of residents and other persons living in the premises and the inclusion of all hotels in the system.

On the basis of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 6, 2017, №356-Q "On measures to accelerate the development of tourism potential of Samarkand city and Samarkand region for 2017-2019 years" №450 of June 30, 2017 Cabinet of Ministers of the Republic of Uzbekistan and the Samarkand mayor's decisions in this context have identified tasks for the tourism sector in the field of tourism in 2017-2019, and the creation of new infrastructure in 23 areas.

Although the aforementioned meeting minutes and the Cabinet of Ministers' directive, reference, interim and assignment letters were sent simultaneously for execution, it was noted that some of the submissions were not completed in full, failure to comply with the deadline, and the lack of a comprehensive approach to managerial positions and network management available.

There are 1105 archeological, 670 architectural, 37 attraction, 18 monumental, 21 memorials, and 1851 sites of cultural and historical heritage in the Samarkand region. In the Samarkand region, 176 tourist subjects dealing with tourism activity, of which 71 are tour operators and 105 modern hotels with a capacity of 4500 guests at the same time. The tourist routes and tourist attractions of the tourists are almost all of Samarkand.

There are tourist routes for tourists visiting Samarkand. The routes include Amir Temur and Ruhobod mausoleums, Registan ensemble (Sherdor, Tillakori, Mirzo Ulugbek), Bibixonim and Hazrati Khizr mosques, Shakhi Zinda monument, Khuzha Doniyor, Observatory of Mirzo Ulugbek, Nodir Devanbegi complex, Gavsul Azam, Urgench Omon, Chor Chinor, Urgench, Imam al-Bukhari complex in Payariq district, Hazrati Dovud Temple of Nurabad district [12].

At Alpomish, formerly located in the city of Samarkand, along with foreign investors, modern hotels, cottages, entertainment and shopping centers, as well as amphitheater, restaurants, cafes, bowling centers providing different conditions for tourists, Samarkand City Tourism Zone, which includes the Karaoke-bar, souvenir shops and other tourism infrastructures in Samarkand. mumkin. Shuningdek say that the draft, the university square, the city demolished the old hotel "Intourist" the appearance of a new, modern hotel complex will be built in the district of Samarkand rowing channel in the center of the city of Samarkand construction projects should be emphasized that.

In 2017-2021 40 new hotels will be put into operation, cultural events will be held at tourist sites, and 2017-2018 will be worth \$ 26 billion. 150 million The project proposals and project initiatives for the construction of 14 new hotels worth a total of \$ 5 million were identified and construction works were commenced. The reconstruction of the hotel and business complexes in Tashkent region, Tashkent, Samarkand and Bukhara with the involvement of Turkish investment and construction companies in the framework of the Uzbek-Turkish Business Forum, timely construction of hotels, proposals for further development of tourism potential, new tourist zones white.

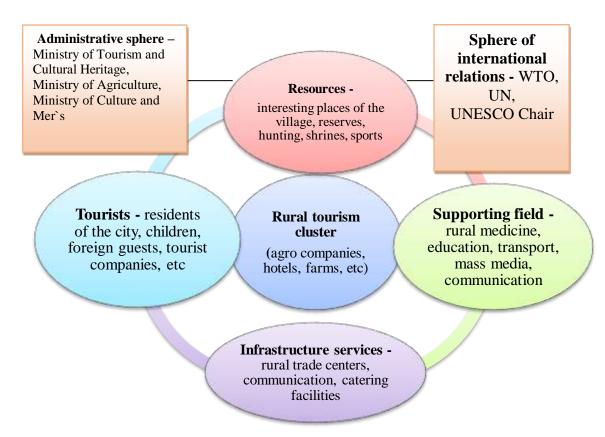
The purpose of creating a cluster is to integrate and centralize the rural tourism tourism services of individual tourism firms into a single system of providing tourist services. This system should also include other tourism resources: museum and historical sites, recreation, culture, food, folk crafts, tourism and transportation services. In addition, it is desirable to include other interested objects, such as farms, agricultural enterprises, schools, etc., in the cluster.

As a result, the rural tourism cluster helps to strengthen the infrastructure of the regional tourism market and plays an important role in the growth of the local economy. In addition, it allows solving a number of social and economic problems: creating tourism infrastructure at the expense of small businesses, creating new jobs and improving the well-being of rural residents. Below we present the rural tourism cluster model in the Samarkand region (Figure -1).

Currently, there are a number of factors that hinder the development of the rural tourism cluster, among which we can mention the following: the quality of the business environment and the low efficiency of network associations, a sufficiently high level of trust between representatives of business and science, weak connections between scientific research institutions and business, non-availability of educational programs of educational institutions in relation to the needs of the cluster, etc.

Based on the above-mentioned points, we will comment on the features of the regional cluster model of rural tourism in the Samarkand region:

- 1. Prospective types of products and services are determined in accordance with the existing specialization and resource potential of the region, taking into account marketing research, analysis of relevant market segments and the world market;
- 2. Forecast stage (market trends for selected goods and services). At this stage, mid- and long-term forecasting of regional, republican and world production price dynamics and volumes of goods and services is carried out;
- 3. Determining the efficiency of the enterprises capable of creating a rural tourism cluster nucleus (service provision). At this stage, indicators of financial stability and performance of relevant enterprises and organizations are analyzed;
- 4. Resources are selected for the development of rural tourism cluster. Enterprises provided with promising products, raw materials, financial resources, production capacities and other opportunities are analyzed;



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(Figure -1). The rural tourism cluster model in the Samarkand region <sup>1</sup>.

- 5. Analysis of the possibilities of creating infrastructure elements necessary for rural tourism cluster activity. The potential of the cluster infrastructure (transport, logistics, energy, information) is evaluated:
- 6. Determination of the level of interaction between potential participants (producers, suppliers) of the rural tourism cluster. At this final stage, a conclusion is made on the level of mutual cooperation between the potential participants of the cluster based on a questionnaire survey of leaders of prospective enterprises and organizations;
- 7. The development of activities of agricultural industrial complex enterprises, peasant farms and regional rural tourism cluster model will not only help to ensure employment of the population as a result of reorganization of production and the introduction of innovations, but also to ensure the rational use of the unique resource potential of the regions and the development of rural areas. As a result of the activity of the cluster system, in order to obtain maximum economic, social and political benefits, the activity of rural tourism enterprises will be supported and fully coordinated by state and intermediary structures.

In short, the rural tourism cluster can be divided into regional, urban and rural areas at any geographical location level. Studying the economy not in terms of traditional networks, but in terms of clusters, allows to determine the interdependence and coherence of networks, the ways of diffusion of technology, investment, information and professional skills, as well as to identify weak links that need state support.

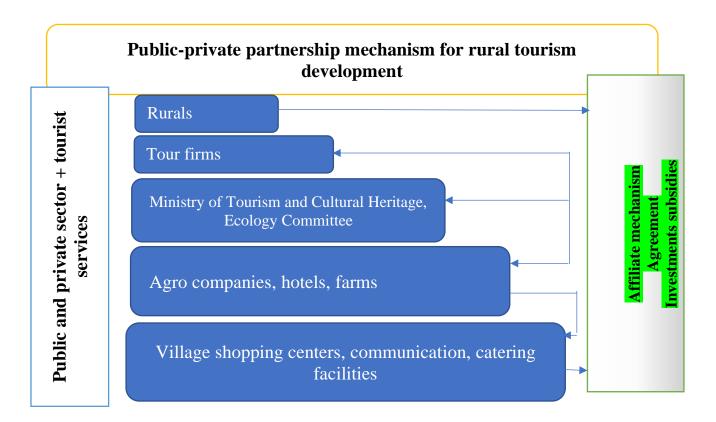
A cluster model of rural tourism cannot be developed without cross-industry partnerships and interactions. The main idea of the rural tourism cluster is to develop cooperation. Of course, this is not easy to achieve. The establishment and operation of a rural tourism cluster is a rather complex process with its own logic. The cluster is not only an analytical tool, but also an organizational tool in the development of the network and region. The technological component of the rural tourism cluster is very important, which in turn provides a high level of specialized

<sup>&</sup>lt;sup>1</sup> Developed by the author as a result of research

services. These are management, marketing, logistics and information technology. Therefore, it is important to pay attention to marketing research at all stages of the development of the rural cluster system, to develop its new strategic directions and to constantly conduct research.

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Based on the above, we came to the conclusion that it is appropriate to combine the opportunities of the public sector and the private sector in the development of rural tourism. Our conclusion was based on the Law of the Republic of Uzbekistan "On Public-Private Partnership" aimed at regulating relations in the sphere of public and private business. In this matter, it is appropriate for social organizations to work together with the private sector. Based on the results of the analysis, below we present a public-private partnership model for the development of rural tourism (Picture-2).



(Picture -2) Public-private partnership mechanism for rural tourism development<sup>2</sup>.

In our opinion, the implementation of the proposed public-private partnership model of rural tourism development will contribute to the development of tourism industry organizations, increase their efficiency, encourage the creation of new organizations, introduce competitive new tourism products, accelerate the investment activities of industry enterprises, increase their investment potential, and improve tourism infrastructure helps to develop.

# **Conclusions and offers**

In conclusion, we present the following proposals and recommendations developed as a result of the analysis of foreign experience, acquired theoretical knowledge and a number of regulatory and legal documents in the field of rural tourism:

- 1. In order to develop rural tourism in the Republic of Uzbekistan, development and approval of a separate document on the order of movement of tourists moving in the territory of the country, the conditions and privileges created for them;
- 2. To create a special software system for upgrading the qualifications of guides operating in the field of rural tourism, to evaluate their skills and knowledge, to develop and implement a separate

<sup>&</sup>lt;sup>2</sup> Developed by the author as a result of research

exams and upgrading the qualifications of guides;

project aimed at limiting the participation of the human factor as much as possible in conducting

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- 3. Development of the legal basis for the activities of persons engaged in independent guiding activities in the field of rural tourism, as well as the establishment of special educational centers for the training of guide-interpreters, and the wide involvement of non-governmental and non-profit organizations in this process;
- 4. In the field of rural tourism, the issue of responsibility for the correctness and validity of the information given to tourists by guide-interpreters, who provide information about historical monuments, historical figures, the territorial and administrative structure of the country, as well as customs and traditions, should be clearly defined in the rural tourism legislation, as well as the type of punishment given to them. Enshrining in the Code "On Administrative Responsibility" of the Republic of Uzbekistan;
- 5. In order to further encourage the introduction of foreign currencies to Uzbekistan by tourist organizations, to give them tax benefits, that is, to exempt a certain part of their income in foreign currency from taxes. This will cause entrepreneurs to invest more in the industry.
- 6. Revision and further simplification of the procedure for licensing tourist activities in the Republic of Uzbekistan;
- 7. Creation of normative legal documents regulating and developing inter-sectoral relations for further development of the tourism sector in the Republic of Uzbekistan. In doing so, creating the legal basis for expanding the participation of the non-state sector in the development of the sector;
- 8. Establishment of the "Tourism Development Bank" in order to further expand the amount of investments allocated to the field of rural tourism and expand credit opportunities for entrepreneurs engaged in this activity;
- 9. Development of a special project on the introduction of new information and communication technologies in the field of tourism in Uzbekistan and organization of international conferences on this topic;
  - 10 Effective use of "Smart tourism" tools in the development of rural tourism;
- 11. In every business entity engaged in tourism activities in the field of rural tourism, a base of regulatory and legal documents, which are the basis for activities in the field of tourism, should be created and constantly updated.

In conclusion, it should be emphasized that today in our country, great progress can be made in the field of rural tourism development and legal regulation by the state. The main factor in the development of the sector was the creation of great privileges and opportunities for entrepreneurs in order to develop this sector. At the same time, there are some shortcomings and unused opportunities that are important to eliminate and effectively use the positive experiences of developed foreign countries.

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# INCREASING THE LEVEL OF URBANIZATION BY DEEPENING STRUCTURAL CHANGES

SJIF 8.001 & GIF 0.626

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#### **ABSTRACT**

Service sector enterprises in the cities of Uzbekistan are developing more slowly compared to similar enterprises in the city of Tashkent. In particular, Tashkent city accounts for more than 1/5 of the value added to the GDP of the service sector. The level of concentration is especially high in the sphere of trade, accommodation and catering services, in 2022 the share of the capital in this sector exceeded 35 percent. 16% of the total urban population of the country is permanently registered in Tashkent, and these figures indicate the need to increase the level of urbanization in the regions due to structural transformations. With this in mind, this study analyzes the causal relationship between the level of urbanization and structural changes implemented in Uzbekistan. The results show that structural changes are serving to increase the level of urbanization, but an increase in the level of urbanization is not causing changes in the structure of the economy.

Key words: structural changes, urbanization, causal relationship, territory, gross domestic product, economic growth, agriculture.

#### INTRODUCTION

Urbanization is a remarkable global phenomenon, as over half of the world's population currently resides in cities, and this percentage is projected to rise to 68 percent by 2050. The impact of urbanization on the global economy has been profound, fueling economic growth and advancement. The process has brought forth the establishment of fresh job opportunities and industries, as well as the expansion of existing ones. Cities serve as hubs of innovation, fostering the creation and testing of novel ideas and technologies. Consequently, this has given rise to transformative industries like technology and finance, which have reshaped the global economic landscape. Moreover, urbanization has facilitated the growth of manufacturing sectors, with cities acting as concentrated centers for factories and production facilities, enabling economies of scale and leveraging efficient transportation networks. Thus, urbanization plays a crucial role in shaping and developing the structure of the global economy, particularly within individual nations.

If we look at the experiences, China has undergone a rapid urbanization process, akin to the experiences of developed nations, resulting in the migration of millions from rural areas to cities. In response, the country has implemented a range of policies and initiatives to foster the development of new cities, expand existing ones, and promote sustainable urbanization.

One notable policy, the 1986 "Law on Land Management," emphasized the requisition of communal land, with a particular focus on rural areas. Consequently, collective land in the countryside, particularly in close proximity to cities and villages, became the primary source for urban construction. China effectively employed the policy of "land financing," which yielded positive outcomes. This approach involved offering land for industrial and urbanization purposes at affordable prices, mitigating the challenge posed by limited land resources.

The government has made significant investments in infrastructure development to support city growth. This includes the construction of new roads, bridges, and public transportation systems. Additionally, measures were taken to facilitate affordable housing in urban areas, such as providing subsidies for first-time home buyers and implementing rent controls. To encourage business investment in cities, the government introduced tax incentives, particularly lower tax rates for

companies relocating to designated urban zones.

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With a high level of urbanization, Japan stands as one of the nations where over 90 percent of its population resides in urban areas. This urban transformation took root in the late 19th century during the Meiji period when Japan embraced global engagement and initiated economic modernization. Urbanization gained momentum through the expansion of the manufacturing sector, which served as a major impetus. The government actively promoted industries like textiles, steel, and shipbuilding, resulting in the clustering of factories and laborers within cities.

Following the Second World War, Japan experienced a rapid economic boom, further propelling the process of urbanization. To accommodate the growing population and sustain the thriving economy, the government made substantial investments in infrastructure. Extensive efforts were made to develop transportation networks, housing facilities, and utilities across the country. These endeavors aimed to provide essential support for the expanding populace and their economic activities.

Japan's urbanization process exhibits a significant level of centralization, and this is exemplified by the dominance of Tokyo, the nation's largest urban area, housing a population exceeding 13 million. Additionally, major cities like Yokohama, Osaka, and Nagoya contribute to this trend. Despite the substantial urbanization, Japan has actively implemented policies aimed at fostering sustainable development and mitigating the adverse environmental effects associated with urban growth. These initiatives encompass enhancements in energy efficiency, reduction of greenhouse gas emissions, and the creation of green spaces within urban centers. Collectively, Japan's experience with urbanization underscores the significance of meticulous planning and effective management in ensuring cities that are livable, sustainable, and capable of facilitating economic growth and social progress.

From our perspective, urbanization plays a significant role in fostering economic growth by cultivating the economy of a city. The World Bank's analysis suggests that the cities in Uzbekistan have yet to reach their full potential. In countries where urbanization is closely linked to economic progress, cities, especially large ones, have been at the forefront of growth. The sluggish advancement of structural transformations in Uzbekistan can be attributed to the underdeveloped state of the city's economy. In high-income nations, which are predominantly urbanized, agriculture constituted merely 3 percent of the workforce on average in 2020, whereas the service sector employed over 64 percent. Uzbekistan falls considerably below this threshold, and the inadequate growth of non-agricultural sectors in the economy might have impeded structural changes [8]. Consequently, expediting the pace of such changes through city development in Uzbekistan emerges as a crucial task in the present day.

There exists a robust causal connection between urbanization and structural changes. Structural changes denote the transformation of the economy from agriculture to industry and services, while urbanization signifies the expansion of cities and settlements. When countries undergo structural changes, it typically results in a migration of people from rural areas to urban areas. The concentration of industries and service sectors in cities fosters increased job opportunities and higher wages, compelling individuals to flock to urban centers in pursuit of improved economic prospects.

Simultaneously, urbanization can initiate structural changes by fostering the emergence of new industries and services that cater to the needs of urban dwellers. The growth of cities, for instance, has facilitated the development of innovative technologies like transportation systems and communication networks, thereby supporting the expansion of service industries. Overall, the causal relationship between structural changes and urbanization is intricate and multi-faceted. While structural changes can drive urbanization through the creation of fresh economic possibilities, urbanization can also propel structural changes by giving rise to new industries and services.

#### Literature review

According to numerous researchers, the process of urbanization is driven by structural transformations. X. Yang, in particular, explores the connection between development, structural changes, and urbanization. He highlights how changes in urbanization levels, policies, and institutional structures lead to an increase in transaction efficiency, ultimately driving the evolution of the division of labor. These structural changes are key factors in urbanization [9]. Another study conducted by G. Michaels, F. Rauch, and S. Redding investigates the population dynamics in rural and urban areas of the United States of America between 1880 and 2000. They discover a positive correlation between initial population density and subsequent growth, emphasizing the importance of the initial distribution of employment in agriculture as a determinant of urban population growth. They also note that structural changes play a crucial role in shifting employment away from agriculture [6].

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According to R. Jedwab, certain studies propose that urbanization can take place without undergoing significant structural changes. This phenomenon is particularly evident in the case of Africa, where the rapid increase in urbanization cannot be accounted for by conventional theories of structural transformation. Instead, it is attributed to the exploitation and exportation of natural resources. Jedwab elucidates that when countries experience windfall gains from resources, a disproportionate amount of these funds is allocated to urban goods and services. This trend leads to the emergence of what he refers to as "consumer cities," which can be explained using the Engel curve. To support this theory, Jedwab utilizes new data spanning a hundred years and employs two identification strategies: instrumental variables and fixed effects approaches. These strategies incorporate both cross-country and within-country data, specifically focusing on Ivory Coast and Ghana. The findings of the study reveal a strong correlation between cocoa production, a natural resource primarily found in rural areas, and the growth of cities. The long-term implications of urbanization without significant structural changes are subsequently analyzed [5].

In a separate study involving participation from Jedwab, it was observed that the majority of developing nations adhere to a conventional framework and reach the conclusion that "urbanization is a consequence of the shift away from agricultural productivity and towards industrial productivity" [3]. The study's authors suggest that urbanization in these countries is accompanied by significant structural transformations, turning cities into hubs of production.

# Methodology

The aim of the study is to examine the relationship between urbanization levels in Uzbekistan and the implemented structural changes. To accomplish this, the researchers employed a correlation analysis using the Granger test for panel data, which was proposed by Dumitrescu and Hurlin in 2012 [2]. The Granger test [4] is commonly utilized to assess whether one time series can serve as a predictor for another. In this test, the null hypothesis states that time series x does not Grangercause time series y, while the alternative hypothesis suggests that time series x causes changes in time series y. If the p-value obtained is less than 0.05, it indicates that the null hypothesis can be rejected, and the alternative hypothesis can be accepted. If the p-value is less than 0.05 in both cases where the Granger test is conducted in the correct and reverse order, it can be inferred that a two-way relationship exists.

Additionally, to gauge the degree of urbanization, researchers often employ the population ratio of a city to the overall population. When assessing the level of structural transformations, numerous studies adopt the norm of absolute value (NAV) index, initially introduced by Ditrix [1]. This index serves to quantify the extent of changes within a system. A value of zero on the NAV index indicates no alterations in the structural composition when it ranges between zero and one. Conversely, if the index reaches one, it signifies a complete overhaul of the entire economy, implying the highest level of change across all sectors. The calculation of the index follows this formula:

$$NAV_{s,t} = 0.5 \sum_{i=1}^{n} |x_{i,s} - x_{i,t}|$$
 (1)

where  $x_{-}(i,s)$  and  $x_{-}(i,t)$  are the shares of the i-industry in the total GDP at time s and t.

Nonetheless, it is important to note that this index does not provide insight into the specific network whose share has experienced growth. The calculation method used for the index equates 88 a 1% shift in the agricultural sector's contribution to the GDP with an equivalent change in the industrial sector's share. Considering the unstable nature of changes in the economic sector distribution across Uzbekistan's regions, the study measures the level of structural transformation by analyzing alterations in the proportion of agriculture, forestry, and fisheries in the GDP.

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Among the regions of the Republic of Uzbekistan, the city of Tashkent has the status of a city, and the level of urbanization is 100 percent. A study examined causality among the 13 regions, dividing them into two groups based on their average GDP per capita growth rate over a span of 12 years. The first group comprises regions with slower growth rates, namely Kashkadarya, Navoi, Sirdarya, Surkhandarya, Fergana, and Samarkand. The second group consists of regions with relatively faster growth rates, including Andijan, Khorezm, Tashkent, Bukhara, Jizzakh, Namangan, and the Republic of Karakalpakstan.

# **Analysis and Results**

As of the beginning of 2022, the urban population in Uzbekistan accounted for 50.8 percent. Among the regions, Tashkent city, Namangan, Fergana, and Andijan stood out as having the highest proportion of urban residents. Conversely, Khorezm, Surkhandarya, Bukhara, and Samarkand regions had the lowest urban population shares. Tashkent specifically held a significant portion, with 8.1 percent of the country's population being permanently registered there, amounting to 16.0 percent of the city's total population.

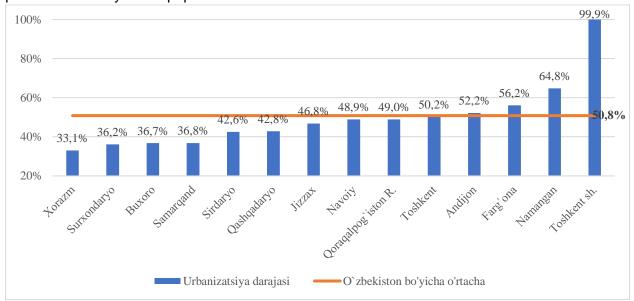


Figure 1. The level of urbanization in the regions of Uzbekistan (as of the beginning of 2022) Source: Author's development based on the data of the Statistics Agency under the President of the Republic of Uzbekistan

In major urban centers around the world, the service sector plays a prominent role in the economy. In Uzbekistan, the service sector's contribution to the gross value added (GVA) was 41.5 percent in 2022, marking a decline of 3.8 percentage points compared to 2010. The concentration of the service network within the country is notably high, with over one-fifth of the GDP's value-added attributed to Tashkent, the capital city. This concentration is particularly pronounced in trade, accommodation, and catering services. In 2010, Tashkent accounted for 20.4 percent of the added value in this sector, and this figure was 35.4 percent in 2022.

Moreover, Tashkent's share of added value in transportation and storage, as well as information and communication services, was 25.3 percent in 2010 and this figure reached 29.8 percent by 2022. This situation highlights the significant disparity between Tashkent and other regions in terms of service provision. It also indicates the sluggish progress of service enterprises in these cities, leading to a slower pace of urbanization overall.

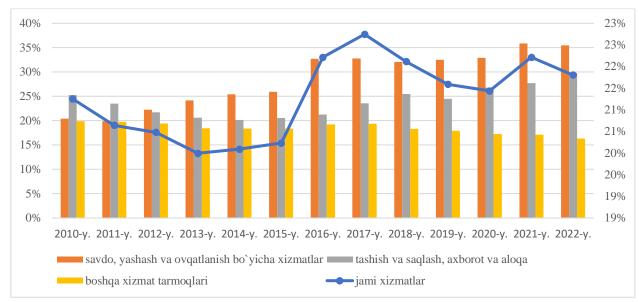


Figure 2. The share of Tashkent city in the added value of the services sector, as a percentage of the total

Source: Author's development based on the data of the Statistics Agency under the President of the Republic of Uzbekistan

The services sector contributes to 56.4% of the gross value added (GVA) in Tashkent city, marking a decline of 15.4 percentage points compared to the figures in 2010. Specifically, during this period, there was a reduction of 1.6 percentage points in trade, living, and catering services across the country, along with a decrease of 3.6 percentage points in transportation, storage, information, and communication services. However, in Tashkent city, the trade, living, and dining services experienced a 2-point increase, while transportation, storage, information, and communication services witnessed a decrease of 7.0 percentage points.

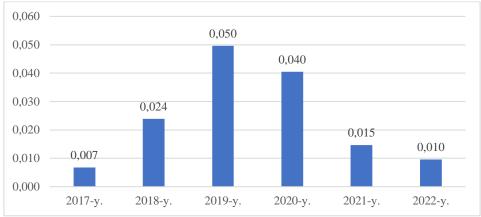


Figure 3. Level of structural changes in the economy of Uzbekistan (NAV)

Source: Author's development based on the data of the Statistics Agency under the President of the Republic of Uzbekistan

Analyzing the structural changes reveals that the NAV index in Uzbekistan peaked at its highest point (0.05) in 2019. This indicates that during that period, the overall shifts in the distribution of value added by industries within the GDP accounted for a 5 percent change. However, there has been a decline in the level of structural changes since 2020, and by 2022, the NAV index had dropped to 0.01.

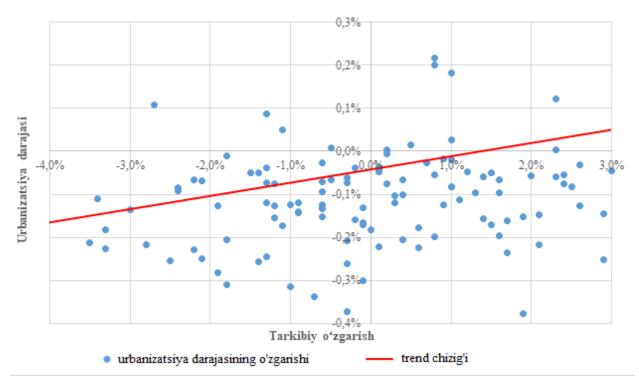


Figure 4. Structural changes and changes in the level of urbanization (in percent for 13 regions)

Source: Author's development based on the data of the Statistics Agency under the President of the Republic of Uzbekistan

The analysis of the causal relationship between urbanization and the level of structural changes showed that there is a one-way relationship between these two indicators in the case of all regions of Uzbekistan. In the 1st group, the results of Zbar statistics also show that there is a one-way correlation in the 1st group, and a two-way correlation was observed in the 2nd group. In group 2, only one-way correlation was noted according to Zbar statistics.

Table 1. Causality between urbanization and the level of structural changes (Granger test)

Relationship	Lag	Zbar	Ztilde				
$(cause \to effect)$							
All regions (13 regions)							
structural changes → urbanization	1	9.9733***	5,1725***				
	2	3.9923***	0,4263				
urbanization → structural changes	1	0.5962	-0,1438				
	2	1.5074	-0,2405				
Group 1 (6 regions)							
atmost and about a companient and	1	12.134***	6,5519***				
structural changes → urbanization	2	2.3959*	0,2047				
urbanization → structural changes	1	1.7415	0,6600				
dibanization → structural changes	2	1.9985*	0,0980				
Group 2 (7 regions)							
atructural changesurbanization	1	2.3575*	0,9830				
structural changes → urbanization	2	3.2225**	0,39139				
urbanization → structural changes	1	-0.7998	-0,8070				
	2	0.2040	-0,41854				

Source: Prepared by the authors

The Zbar statistic results from the causality test indicate that structural changes have an impact on urbanization levels in all groups. However, the Granger test, which assesses predictive

relationships between variables, does not determine the direction of the effect. Therefore, a regression analysis is necessary to determine whether the effect of structural changes on urbanization is positive or negative. In this study, fixed and random effect models were utilized to evaluate the direction of the effect. Additionally, controlling variables such as economic activity of the population in the regions and construction works carried out in those regions were selected. The correlation analysis (VIF test) results demonstrate that all independent variables had VIF values ranging from 1 to 1.5, indicating the absence of multicollinearity.

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Table 2. Fixed and Random effect models results

		Fixed effect		Random effect					
Constant (β₀)   Constant (go)   Constant (g	Variables	Coefficient	standard errors	Coefficient	standard errors				
Constant (β₀)   Constant (go)   Constant (g									
Constant (β₀)         -         0.4915         0.0387 (12.6466) ****           share of agriculture in regional product, in %         0.0389         0.0192         0.0371         0.0191           population economic activity, in %         -0.0005         0.0003         -0.0005         0.0003           logarithmic value of construction works, in billion sum         -0.0032         0.0016         -0.0033         0.0016           Model summary (n = 6, T = 11, N = 66)         R²: 0.2599; Adj. R²: 0.1561; F-statistic: 6.67336 on 3 and 57 DF, p-value: 0.00061209         R²: 0.2400; Adj. R²: 0.2033         Chi²: 19.5814 on 3 DF, p-value: 0.0002           Hausman test         Chi² = 1.9524, df = 3, p-value = 0.5824. Appropriate model: Fixed effect           Group 2 (6 regions)           (Intercept)         -         0.5265         0.0457 (11.5145) ****           share of agriculture in regional product, in %         -0.0662         0.0214 (-3.0949) **         -0.0663         0.0212 (-3.1310) ***           population economic activity, in %         0.0005         0.0002 (0.0005 (0.0002) (0.0005 (0.0002) (0.0005 (0.0002) (0.0005) (0.0002) (0.0018)         0.0018 (-3.7901) ***           Model summary (n = 7, T = 11, N = 77)         R²: 0.2084; Adj. R²: 0.1021; F-statistic: 5.87905 on 3 and 67 (DF; pr-value: 0.0004         R²: 0.1972; Adj. R²: 0.1642; F-statistic: 5.87905 on 3 and 67 (DF; 17.9356 on 3 DF, p-value: 0.0004 <td></td> <td colspan="8"></td>									
share of agriculture in regional product, in % (2.0305) * (1.9376) (1.9376)  population economic activity, in % (-1.7006) (-1.6340)  logarithmic value of construction works, in billion sum  Model summary (n = 6, T = 11, N = 66)  (Intercept) (1.9524, df = 3, p-value = 0.5824. Appropriate model: Fixed effect  Group 2 (6 regions)  (Intercept) - 0.0662 (2.4564) * (2.31310) ***  share of agriculture in regional product, in % population economic activity, in % (-3.0949) ***  logarithmic value of construction works, in billion sum  Share of agriculture in regional product, in % population economic activity, in % (-3.07651) ***  logarithmic value of construction works, in billion sum  Model summary (n = 7, T = 11, N = 77)  Ref: 0.2084; Adj. R <sup>2</sup> : 0.15852, df = 3, p-value = 0.9995. Appropriate model: O.0004  Regional product, in % (-3.0949) ***  Population economic activity, in % (-3.7901) ***  Ref: 0.2084; Adj. R <sup>2</sup> : 0.1021; R <sup>2</sup> : 0.1972; Adj. R <sup>2</sup> : 0.1642; (n = 7, T = 11, N = 77)  Regional product, in % (-3.7901) ***  Ref: 0.2084; Adj. R <sup>2</sup> : 0.1021; R <sup>2</sup> : 0.1972; Adj. R <sup>2</sup> : 0.1642; (n = 7, T = 11, N = 77)  Chi <sup>2</sup> = 0.015852, df = 3, p-value = 0.9995. Appropriate model:	Constant (β <sub>0</sub> )	-	-	0.4915	0.0387				
regional product, in % (2.0305) * (1.9376)  population economic activity, in % (-1.7006) (-1.6340)  logarithmic value of construction works, in billion sum  Model summary (n = 6, T = 11, N = 66)  Hausman test  Croup 2 (6 regions)  (Intercept)  Croup 3 (6 regions)  (Intercept)  Croup 4 (Figure 4)  Croup 5 (Figure 4)  Croup 6 (Figure 4)  Croup 6 (Figure 4)  Croup 7 (Figure 4)  Croup 8 (Figure 4)  Croup 8 (Figure 4)  Croup 9 (Figure 4)  Cr	/				(12.6466) ***				
Dopulation   economic   activity, in %	share of agriculture in	0.0389	0.0192	0.0371	0.0191				
Construction   Cons	regional product, in %		(2.0305) *		(1.9376)				
Digarithmic value of construction works, in billion sum	population economic	-0.0005	0.0003	-0.0005	0.0003				
construction works, in billion sum         (-1.9676)         (-2.0217) *           Model summary (n = 6, T = 11, N = 66)         R²: 0.2599; Adj. R²: 0.1561; P-statistic: 6.67336 on 3 and 57 DF, p-value: 0.00061209         R²: 0.2400; Adj. R²: 0.2033 Chi²: 19.5814 on 3 DF, p-value: 0.0002           Hausman test         Chi² = 1.9524, df = 3, p-value = 0.5824. Appropriate model: Fixed effect           Group 2 (6 regions)           (Intercept)         -         0.5265         0.0457 (11.5145) ****           share of agriculture in regional product, in %         (-3.0949) **         (-0.0663         0.0212 (-3.1310) **           population economic activity, in %         0.0005         0.0002 (2.4564) *         (2.4638) *           logarithmic value of construction works, in billion sum         (-3.7651) ****         (-3.7651) ****         (-3.7901) ***           Model summary (n = 7, T = 11, N = 77)         R²: 0.2084; Adj. R²: 0.1021; P-statistic: 5.87905 on 3 and 67 DF, p-value: 0.0013         R²: 0.1972; Adj. R²: 0.1642; Chi²: 17.9356 on 3 DF, p-value: 0.0004           Hausman test         Chi² = 0.015852, df = 3, p-value = 0.9995. Appropriate model:	activity, in %		(-1.7006)		(-1.6340)				
billion sum         R2: 0.2599; Adj. R2: 0.1561;         R2: 0.2400; Adj. R2: 0.2033           (n = 6, T = 11, N = 66)         F-statistic: 6.67336 on 3 and 57 DF, p-value: 0.00061209         Chi²: 19.5814 on 3 DF, p-value: 0.0002           Hausman test         Chi² = 1.9524, df = 3, p-value = 0.5824. Appropriate model: Fixed effect           Group 2 (6 regions)           (Intercept)         -         0.5265         0.0457 (11.5145) ****           share of agriculture in regional product, in %         -0.0662         0.0214 -0.0663         0.0212 (-3.0949) **         (-3.1310) **           population economic activity, in %         0.0005         0.0002 0.0005         0.0002 0.0005         0.0002 0.0002           logarithmic value of construction works, in billion sum         -0.0070 0.0019 0.0019 0.0018 (-3.7651) ****         -0.0070 0.0018 (-3.7901) ***         R²: 0.1972; Adj. R²: 0.1642; Chi²: 17.9356 on 3 DF, p-value: 0.0004           Hausman test         Chi² = 0.015852, df = 3, p-value = 0.9995. Appropriate model:	logarithmic value of	-0.0032	0.0016	-0.0033	0.0016				
R2: 0.2599; Adj. R2: 0.1561; R2: 0.2400; Adj. R2: 0.2033     (n = 6, T = 11, N = 66)	construction works, in		(-1.9676)		(-2.0217) *				
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$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	(n = 6, T = 11, N = 66)	F-statistic: 6.6	7336 on 3 and 57	Chi <sup>2</sup> : 19.5814 on 3 DF, p-value:					
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(Intercept) 0.5265 0.0457 (11.5145) ***  share of agriculture in regional product, in % 0.0005 0.0002 activity, in % 0.0005 0.0002 activity, in % 0.0070 0.0019 Construction works, in billion sum  Model summary Model summary (n = 7, T = 11, N = 77)  Hausman test  Po.0662 0.0214 0.0063 0.0212 (-3.0949) ** (-3.0949) ** (-3.1310) **  0.0002 0.0005 0.0002 (2.4564) * (2.4638) *  0.0005 0.0002 (2.4564) * (-3.7651) *** (-3.7651) ***  Chi²: 0.1972; Adj. R²: 0.1642; Chi²: 17.9356 on 3 DF, p-value: 0.0004  Hausman test  Chi² = 0.015852, df = 3, p-value = 0.9995. Appropriate model:	Hausman test		, df = 3, p-value =	0.5824. <b>Appropr</b>	iate model: Fixed				
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activity, in % $ (2.4564)^* \qquad (2.4638)^* $ logarithmic value of construction works, in billion sum $ (-3.7651)^{***} \qquad (-3.7901)^{***} $ Chi²: 0.2084; Adj. R²: 0.1021; R²: 0.1972; Adj. R²: 0.1642; Chi²: 17.9356 on 3 DF, p-value: 0.0013 $ (-3.7901)^{***} $ Chi² = 0.015852, df = 3, p-value = 0.9995. Appropriate model:			,						
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	population economic	0.0005	0.0002	0.0005	0.0002				
construction works, in billion sum	activity, in %		(2.4564) *		(2.4638) *				
billion sum  Model summary $(n = 7, T = 11, N = 77)$ R2: 0.2084; Adj. R2: 0.1021; $(n = 7, T = 11, N = 77)$ R3: 0.2084; Adj. R2: 0.1021; $(n = 7, T = 11, N = 77)$ F-statistic: 5.87905 on 3 and 67 $(n = 7, T = 11, N = 77)$ DF, p-value: 0.0013  Chi2 = 0.015852, df = 3, p-value = 0.9995. Appropriate model:	logarithmic value of	-0.0070		-0.0070					
	construction works, in		(-3.7651) ***		(-3.7901) ***				
	billion sum			_					
DF, p-value: $0.0013$ $0.0004$ Hausman test   Chi <sup>2</sup> = $0.015852$ , df = 3, p-value = $0.9995$ . Appropriate model:	Model summary	R <sup>2</sup> : 0.2084; Adj. R <sup>2</sup> : 0.1021;		R <sup>2</sup> : 0.1972; Adj. R <sup>2</sup> : 0.1642;					
Hausman test $Chi^2 = 0.015852$ , df = 3, p-value = 0.9995. Appropriate model:	(n = 7, T = 11, N = 77)	F-statistic: 5.87905 on 3 and 67		Chi <sup>2</sup> : 17.9356 on 3 DF, p-value:					
		DF, p-value: 0.0013 0.0004							
Fixed effect	Hausman test	Chi <sup>2</sup> = 0.015852, df = 3, p-value = 0.9995. <b>Appropriate model:</b>							
		Fixed effect							

<sup>\*\*\*</sup> at 1% significance level, \*\* at 5% significance level, \* at 10% significance level Source: Prepared by the authors

Based on the Hausman test results, it is evident that the fixed effect model is more suitable for both groups. The coefficients of the two models did not exhibit any significant differences. It was discovered that an increase in the agricultural sector's share within the economy of group 1 will lead to a subsequent rise in urbanization in the following year. This suggests that higher income levels among the rural population in these regions motivate them to relocate to urban areas. Conversely, group 2 demonstrates an opposing trend compared to group 1, indicating a positive influence of establishing new businesses and job opportunities in the industrial and service sectors within cities on urbanization.

#### Conclusion

The research findings demonstrate that accelerating structural changes contributes to the growth of urbanization in various regions of the country. The research also yielded the following conclusions:

- 1. In regions such as Kashkadarya, Navoi, Syrdarya, Surkhandarya, Fergana, and Samarkand, where economic growth is sluggish, an increase in agricultural sector's contribution to the economy leads to improved living conditions in cities, encouraging people to reside there. However, these cities are not fulfilling their potential as economic drivers.
- 2. In Andijan, Khorezm, Tashkent, Bukhara, Jizzakh, Namangan, and the Republic of Karakalpakstan, the establishment of new industrial and service-oriented enterprises in cities positively impacts urbanization.
- 3. Enhancing regional specialization through the implementation of regional programs and improving the economic structure with the establishment of industrial and special economic zones will foster urbanization.
- 4. Structural changes, urbanization development, and the generation of new employment opportunities in industry and services will enhance the attractiveness of regions, preventing the population from migrating to other developed cities outside their territories in search of better living and working conditions.

Based on the aforementioned findings, the following proposals and recommendations were formulated:

- 1. Develop small and medium-sized cities based on successful practices from foreign countries. Collaborate with national and international scientific research institutes, think tanks, and relevant ministries and organizations to create an urban development concept.
- 2. Prepare comprehensive urban development master plans guided by the established concept. Prioritize the advancement of innovative activities within cities when formulating these plans. Incorporate the opinions of the general public, including local residents and entrepreneurs, and establish public oversight during these processes.
- 3. Establish industrial processing facilities for agricultural products in regions specializing in agricultural production, following the "one neighborhood one product" principle. This approach, as observed in China's experience, promotes urbanization by fostering industrial development in rural areas.

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# A GRADUAL ANALYSIS OF SCIENTIFIC RESEARCH TO DETERMINE THE IMPACT OF GEOECONOMIC AND TRANSPORT LOGISTICS PROBLEMS IN THE IMPLEMENTATION OF TRANSPORT COMPLEX PROJECTS

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#### **ABSTRACT**

In this review, the geopolitical problems of the Central Asian region, transport corridors, transit potential, the concept of transport-logistics clusters, logistics providers, and solutions to controversial issues related to the region's transport system projects, which are the object of our research, are offered through research and scientific and practical conclusions of the scientists themselves.

**Key words**: transport, corridor, economic, automobile, region, transit, project, area, customs, unified transport.

#### INTRODUCTION

In this review, the scientists gave their noteworthy scientific and practical conclusions in the researches devoted to the geopolitical problems of the Central Asian region, transport corridors, transit potential, the concept of transport-logistics clusters, logistics providers, and solutions to controversial issues related to the projects of the region's transport system. From our point of view, the gradual analysis of the works of the noted authors in the formation of the purpose, tasks, scientific-theoretical concept of our research and its significance for the development of the country's economy acquires a certain relevance. For example, In A.A. Zohidov's article "The trans-Afghan transport corridor: state interests and development prospects"[1] the interests and perspectives of the participating countries in the formation of the Trans-Afghan transport corridor are analyzed and highlighted.

The interests of the regional countries from the launch of the Trans-Afghan transport corridor are stated.

Iran's interests. In their economic relations, Afghanistan and Iran are focusing on building and restoring the transport infrastructure that connects them. These two countries are brought closer to each other by their geographical borders and the national-ethnic relationship of their peoples, as well as similar cultural and religious traditions;

China's interests. China tries to give special attention to the assimilation of Afghanistan's natural resources, taking into account its economic interests. In order to use Afghanistan's natural resources, build transport infrastructure, develop energy and construction industry, this project is considered to be interested;

Pakistan's interests. The corridor serves to develop bilateral economic relations between the Islamic Republic of Pakistan and the countries of Central Asia. It should be noted that the Trans-Afghan Corridor has an alternative route through Afghanistan to Pakistani ports. Through this corridor, Pakistan provides access to the Central Asian countries to the ports of Karachi and Gwadar 94

while increasing its transit capacity. Moreover, it will help increase the volume of Pakistan's exports to Afghanistan, and the fact that Pakistan has a vested interest in developing Afghanistan's natural resources also increases the value of this project for Pakistan;

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Interests of Turkmenistan. According to experts, the implementation of this project will also increase the volume of cargo turnover.

The implementation of transportation from European countries to Afghanistan through the Caspian and the expansion of trade relations between Europe and South Asia will ensure additional income from transit for Turkmenistan:

Tajikistan's interests. Tajikistan wants to use the Trans-Afghan corridor to strengthen the country's economic relations with the countries of the region and to provide for its transportation problems. Experts believe that the implementation of this project will be beneficial for the country in developing economic relations with Iran. Also, the improvement of Tajikistan's transport infrastructure will increase NATO's ability to deliver military and humanitarian aid to Afghanistan through Tajikistan;

Interests of Uzbekistan. Uzbekistan is also interested in the Trans-Afghan corridor from the point of view of economic development and security in the region. Uzbekistan takes regular initiatives to resolve the Afghan problem peacefully. First of all, this initiative envisages the restoration of Afghanistan's economy and increasing its social development. The implementation of the project will increase the foreign trade turnover between Afghanistan and Uzbekistan and will ensure the access of Uzbekistan to the waterways of the world. For example, the length of the route Tashkent-Termiz-Korachi is 2500 km.

Afghanistan's interests. Afghanistan is very interested in the creation of the Trans-Afghan corridor, as it will ensure the country's political and economic development. In particular, from a political point of view, the establishment of transport corridors will ensure peace, security and stability in Afghanistan. The establishment of transport infrastructure connecting large cities and regions leads to an increase in positive development trends in the social relations of Afghan society, which, in turn, helps to strengthen the ideological unity of the country's population.

The positive and negative sides of the Trans-Afghan transport corridor are described in the article as follows: cooperation between regional countries, the interests of countries or organizations with global influence, the use of the project by international organizations and institutions are positive consequences, and there are some negative consequences related to geographical, security, economic factors. The article also lists a number of factors that indicate the high feasibility of launching the Trans-Afghan transport corridor.

A.A. Zohidov's article which is named "Alternative transportation corridors in Central Asia: factors, interdependence, and integration problems"[2] describes alternative transportation corridors in Central Asia and the problems of their formation and defined as follows. The main factors affecting the development of transport integration in the Central Asian countries are listed, and they are divided into two parts: developing and hindering factors.

Developmental factors:

When thinking about the formation of alternative corridors, information was given about the projects within the framework of the Central Asian regional economic cooperation and the amount of investments in the field of transport until 2017.

These projects are mainly financed by six different multilateral partner institutions of the Program and these are: Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Program and World Bank. The article also analyzes the changes in the interdependence of the countries located in Central Asia in the last twenty years in the transport sector. The interests of the countries participating in each project, especially Uzbekistan's the goals and prospects of the projects are highlighted. The article provides detailed information about each alternative corridor, as well as information about the main transport corridors used by the Republic of Uzbekistan, their length and transit countries.

A.A. Zohidov, M.M. In Khamroev's article entitled "Prospects of using electronic transport services in increasing the country's transit potential"[3] the level of use of modern technologies in the work of enterprises engaged in public transportation in the Republic of Uzbekistan, the activities aimed at this, and the level of effectiveness of digitalization are highlighted. During the execution of the work, the dynamics of international goods transported by road and rail through the territory of the Republic of Uzbekistan in 2013-2015 were analyzed, and according to the results, a decrease in the volume of transportation was determined. The main reason for this is the high time spent at border customs checkpoints. In this regard, the methods of involving digital technologies in the field are considered based on foreign experiences, and the following is stated in the article: one of the factors causing a decrease in international, in particular, transit cargo transported by motor vehicle from the territory of the country, can be cited as one of the factors causing the decrease in the customs control procedures of international cargo that entered the territory of the country. In order to reduce the human factor in customs surveillance, there is a need to introduce an electronic surveillance system that is in effect in a number of foreign countries. Also, the article highlights the reforms carried out in our country on the development of the transport sector. Also, the fact that a lot of time is spent on customs inspections serves the development of alternative transport corridors that do not cross border of Uzbekistan. In particular, as a result of the full operation of the Iran-Turkmenistan-Kazakhstan transit railway since 2014, a negative trend of the volume of transit cargo entering the territory of our country from the countries of the southern direction is noticeable, a decrease of more than 50 percent has been determined.

Zohidov Azamatjon A'zamovich's thesis on "Improving the mechanism of effective management of the transport system of Central Asia" for the degree of Doctor of Economic Sciences[4] carried out research aimed at developing proposals and recommendations on the improvement of the mechanism of effective management of the transport system of Central Asia based on a systematic approach.

Terminological analysis, factor analysis, SWOT analysis, comparative analysis, correlational analysis, classification and modeling, as well as systematic, scenario and indicative approaches were used in the dissertation work, which is intended to monitor the road and railway transport complex and determine the level of impact of problems in the field. Indicators evaluating the possibility of the country's transport corridors, transit potential and efficiency of transport logistics were developed, their normative and threshold values were based, a situation model was developed that reflected the gap between the results expected from the regional transport system and the services provided by the system, the problems of the current mechanism of cooperation in the field of transport in the region, and based on the need for coordination of this system, optimistic (fully compatible with the interests of Uzbekistan), pessimistic (completely against the interests of Uzbekistan) and realistic (corridors with a high probability of implementation) scenarios that determine the prospects of regional transport projects have been developed;

The economic interests of the Republic of Uzbekistan in the field of transport are systematized, and an eight-step conceptual model of the effective coordination mechanism of the regional transport system has been developed, which provides for the regulation of potential and real threats to them with the help of scientifically based, pan-regional programs.

The first chapter of the dissertation entitled "Theoretical-methodological foundations of the management of the regional transport system" examines the general description of the regional transport system, modern approaches to the effective management of the regional transport system, and the methodology of studying problems.

Today, the existence of different interpretations in international practice and scientific circles regarding the regulation of relations related to the implementation of transit and international transportation determines the need for correct interpretation of the main concepts related to this field.

The second chapter of the research work which is entitled "Peculiarities of the Central Asian transport system and problems of its coordination", gives a general description of the Central Asian transport system, in which the stages of the formation of the regional transport system, the degree of interdependence, and the problems in the field are studied.

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The third chapter of the dissertation which is entitled "Mechanisms of international cooperation in the management of the Central Asian transport system", analyzes multilateral and bilateral cooperation in the development of the regional transport system. In particular, Uzbekistan's multilateral relations in the field of transport within the framework of regional and international organizations, in particular, the Economic Cooperation Organization, the Shanghai Cooperation Organization, the Commonwealth of Independent States, the Central Asian Regional Economic Cooperation Program, TRASEKA, the "Great Silk Road Economic Belt" and other such organizations, cooperation within programs and projects was studied. In addition, Uzbekistan's bilateral cooperation in the field of transport has been studied among the countries of the region. Strengths and weaknesses of multilateral and bilateral cooperation are also analyzed.

In the fourth chapter of the research work entitled "The factor of alternative corridors in the improvement of the regional transport system", the transport corridors being built and planned in the region are researched, the level of interest of the states of the region in these corridors, and the policy they are pursuing in this regard.

The regional alternative transport corridors, which are defined as a priority direction in the transport policy of the Central Asian countries and are promoted by leading countries, international organizations and various programs, as well as by individual countries, are classified in the interests of Uzbekistan.

They were conditionally divided into the following 3 groups:

- 1. Corridors that are completely against the interests of Uzbekistan: "Kazakhstan-Turkmenistan-Iran" railway; "Turkmenistan-Afghanistan-Tajikistan" (TAT) railway; "China-Kyrgyzstan-Tajikistan" railway; "Russia-Kazakhstan-Kyrgyzstan-Tajikistan" railway.
  - 2. Partially accessible corridor: "Western Europe-Western China" highway.
- 3. Alternative corridors suitable for the interests of Uzbekistan: "Uzbekistan-Kyrgyzstan-China" railway; "Uzbekistan-Turkmenistan-Iran-Oman" corridor; "Tashkent-Andijan-Osh-Irkeshtom-Kashghar" highway; "Uzbekistan-Afghanistan-Iran/Pakistan" (Transafghan) railway.

Based on the above-mentioned classifications, scenarios have been developed in the interests of Uzbekistan regarding the perspective of the corridors.

The fifth chapter of the dissertation entitled "Ways to improve the efficiency of the Central Asian transport system management mechanism" explores the prospects of effective management of the Central Asian transport system. In particular, it studied the European Union transport system as a foreign experience. Models of transport system management have been developed at the national and regional levels.

Also, the interests of Uzbekistan in the field of transport were systematized and modern threats to them were identified.

In particular, the interests of the Republic of Uzbekistan in the field of transport are manifested in the following areas:

effectively meet the needs of the individual, society and the state for modern transport services; to achieve high economic efficiency of economic entities and safety of transport processes by modernizing the transport complex;

creation of new transport corridors connecting eastern countries with western and southern countries and modernization of existing ones;

bringing the transport security of the country to the level of international standards, which is an important factor in increasing the transit potential of the transport complex;

in order to increase the economic efficiency of the transit system, to expand the carrying capacity of transport highways;

Beneficial participation in the integration and development of the Central Asian transport system, increasing the opportunities of Uzbekistan in this system and using it effectively;

development of international trade by minimizing transport costs in export-import operations; prevention and elimination of crimes occurring in transport, including terrorism.

A. In the article "Osobennosti koordinatsii Tsentralno-Aziatskoy transportnoy sistemy initsiativy i reshenia"[5], agreements on increasing foreign trade turnover of Central Asia with China and India and projects for the formation of interconnected international transport corridors, the transport policy of the Central Asian states, and its problems explained.

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As noted in the article about the transport system of the region, the exact goal of the Central Asian transport system or the expected results of this system have not been officially established.

the regional transport system is not coordinated and, in turn, does not meet the requirements; Today, the development of a unified transport strategy (policy) for the countries of the region remains one of the most important tasks among the current issues of the development of the regional transport system.

The pan-regional programs developed within the framework of this strategy should include useful proposals that ensure equal protection of the interests of all countries in the region. This article has developed proposals aimed at solving problems in the transport system by conducting a unified transport policy in the region.

V.G. Egorov's scientific article "O vliyanii transportnyx proektov na geopolitechskoe polozhenie strany"[6] contains the following points. Implementation of international transport corridor projects requires not only capital, but also political influence. The effect of international transport corridors is achieved in a single customs and economic zone. In addition, the country that is the initiator of the creation of the CSIs must have a certain geopolitical power.

When evaluating the effectiveness and efficiency of the implementation of large transport projects, it is appropriate to consider their impact on the country's geopolitical position.

The geopolitical position of the state can be determined by the following parameters:

- depending on the location of the state in relation to the main "power" centers and it can be divided as follows: central (center of power), peripheral, buffer (middle position between the centers of power), the shape of the territory (circle - ideal), the size of the territory - independent management of state economic processes and should have such resources to maintain territorial security. Countries that have always chosen the intensive path of development have given priority to the advanced development of transport in their economic policy. As an example of the impact of transport projects on the geopolitical position of the country, it is possible to show the complex project on the construction of the Selikhino-Nish railway line. It was emphasized that access to waterways and the world market through the construction and use of transport corridors is important for the countries located in the center of the continent. If these plans are successfully implemented, Uzbekistan will have the opportunity to enter the world ocean, and Pakistan will have the opportunity to enter the markets of Central Asia.

In the Gamze Gungarmus Kona's article which is named "Social, political and economic problems face Central Asian Republics and the rule of Central Asian Region"[7] is given the following points. There are two main reasons for the interest of Central Asia, the first of which is the historical integrity of the region in terms of ethnicity, culture, religion and language, and the second is related to security issues and Turkey's international relations. The Central Asian region is a geopolitically and geoeconomically strategically important region with a long history due to its location and natural resources. From a geopolitical point of view, this region is the main part of the world's largest landmass, commonly referred to as the heart of the continent. promoted to superiority. It is noted that Central Asia is geo-economically and geopolitically very important for the Russian Federation.

In the scientific research work "Central Asia undergoing a remarkable transformation: belt and road initiative and intraregional cooperation"[8] by Daisuke Kitade, who is a scientific researcher of the "Global Strategic Studies Institute", China's "Belt and road initiative" in Central Asia actively invested in infrastructure within the framework of the BRI. The economic reforms and "good neighborliness" policy carried out by the President of the Republic of Uzbekistan have strengthened interregional dialogue and integration, and have a positive effect on the whole of Central Asia. On the other hand, some negative effects of the BRI, such as an increase in debt, are emerging.

The One Space One Road initiative is a global development strategy adopted by China to

connect Asia to Europe and Africa.

China's investment to launch railway logistics routes connecting Central Asia and Central Asia is having a positive impact on the transport infrastructure. The BRI provides opportunities for Central Asia, connecting China with West Asia and Europe, and also serves to reduce logistics costs, expand trade, and attract and build foreign investment with China's financial support.

In the formation of open-neighborly relations in the region, special emphasis was placed on the open and friendly policy of the President of the Republic of Uzbekistan Shavkat Mirziyoyev. The author made the following comments about the negative impact of the One Belt One Road initiative on the countries of Central Asia:

The risk of indebtedness to China may increase and this may have very negative consequences. The author cited China's "debt diplomacy" as an example of the US assistant president Mike Pence's criticism of the Trump administration's use of the Sri Lankan port to China, and noted that regional countries may lose their independence in managing their natural resources and geographical areas due to financial indebtedness;

In the article "Location of logistics hubs at national and subnational level with consideration of the structure of the location choice" by French scientific researchers Imane Essaadi, Bernard Grabot, Pierre Fenylar[9], the location of logistics centers is a strategic decision that should be made after a multi-criteria analysis developed analyzes and instructions in this regard. It is emphasized that the transport potential is a means of increasing the economic power of the state, and it is emphasized that the location of logistics centers within the country or in the region depends on geopolitical factors. It states that the location of logistic centers should play a permanent and active role in the management of transport operations carried out through them, the geopolitical views of the regional countries and the stable economic and political relations there should be taken into account when choosing logistics centers at the regional level.

In N.O. Dunaeva's dissertation entitled "Upravlenie modernizatsiei transportnoy infrastruktury regiona dlya realizatsii tranzitnogo potensiala"[10], the role of transport infrastructures in raising the transit potential of countries and issues of its development was conducted by Dunaeva. In his thesis, the researcher separately analyzed the transport infrastructure, geo-economic level, geographical location and geopolitical aspects to increase the transit potential. He also developed recommendations for evaluating the effectiveness of new transport projects.

In the dissertation of P.E. Biryukov's which is named "Mejdunarodnye transportnye koridory v usloviyax formirovania novogo miroustroystva"[11] research was conducted about international transport corridors, their main nature, development, implementation problems and national interests of countries in international transport corridors. The purpose of the dissertation research is to determine the prospects for the development of international transport corridors and to develop proposals for increasing the effectiveness of the implementation of the national interests of the countries connected with them. researches were carried out on ways to effectively realize the interests of the countries with the aim of determining the impact, the current state of international transport corridors, studying the existing problems in their operation and ways to eliminate conflicts arising around them, and setting priority directions in their development. The results of the study and the recommendations developed by the author reveal how important international transport corridors are from a geopolitical point of view.

Scientific researchers from Tajikistan P.Kh. Azimov, D.I. Nadjmiddinov's article "Razvitie regionalnoy transportno-logisticheskoy sistemy stran tsentralnoy Azii v usloviyax globalizatsii mirovoy ekonomiki"[12] provides a detailed systematic analysis of the existing problems in the field of transport in Central Asia, their origin and possible new problems, as well as the geopolitical role of the region. The main problems of the region are the presence of high wear and low throughput in the transport infrastructure, the technological imperfection of the logistics system organization and transportation process, the problems caused by the national borders of the countries of the region in 1924 and 1991 (changes in the road infrastructure, waiting times at the border, etc.), China and the European Union and The problems that are formed behind the interests and policies of regional states like Russia towards Central Asia.

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At the same time, in order to increase the transport potential of the region, it is necessary to properly organize the work of multimodal and intermodal logistics centers, where all types of transport are coordinated on the basis of a single system. Today, the level of integration of the transport system of Central Asia with the transport system of Europe, CIS and Eastern countries is slow.

The main deficiency in the logistics system of the Central Asian countries is the aspect of technical management, which includes vehicles staying at border points for a long time, the types of controls when crossing borders are not in the same order based on the same law, transit vehicles are stopped and checked on the roads, payments from motor vehicles are not regulated. the low level of acceptance is a drawback in the implementation of a bilateral contract in the implementation of international transportation in automobile transport.

In S.V. Yevseev's dissertation work entitled "Problema razvitiya transporta v usloviyax globalizatsii mirovogo khozyaystva"[13] relevant information was given about the fact that the interaction of geopolitical conditions in the region and the internal politics of states directly affects export and import products and transport processes in the development of the transport complex and increasing the transit capacity of countries. according to which "Taking control over the transport system of another country as one of the results of transport development, firstly, allows to integrate it into one's own transport system, and secondly, to a certain extent, it contributes to absorption by the concentration of productive forces".

Scientists of "Central Asia-Caucasus Institute and Silk Road Studies Program - A Joint Transatlantic Research and Policy Center" S. Frederick, S. Svante., Niklas Norlings in the scientific research paper entitled "The EU, Central Asia, and the Development of Continental Transport and Trade"[14] After the collapse of the USSR, a series of initiatives to create trade and transport arteries between Europe and Asia through Central Asia and the Caucasus emphasizing that it has begun to perform an important task of reconstruction, it was carried out based on two different logics: to reconnect the new landlocked countries of the region with their neighbors and historical trading partners, and to turn the countries that are the heart of Asia into a land corridor connecting Europe and Asia. For this, the TRACEKA project, the historical silk road restoration project, the "New Silk Road" project, which was promoted by America in 2010, and the "One Belt, One Road" project, which was promoted by China in 2013, were implemented. The beginning and importance of the "Silk Road Economic Belt", which is a part of the "One Belt One Road" project, which is being implemented on the basis of the Central Asia Regional Economic Cooperation Program of the Asian Development Bank (CAREC), India is also beginning to formulate its own version of the emerging transport network in Eurasia, and the European Union, which created the concept of reopening continental transport a generation ago, is now among the leaders of this massive project, with about 90 percent of cargo from Europe to China being transported by ship through the Suez Canal, and most of the rest. Given the non-stop air transport in Central Asia, the fact that the land corridors through Central Asia are shorter compared to the sea route, opening transport corridors in the region is very important for Europe, China, India and Russia. It is reported that this will increase the geopolitical influence of the region.

U.N. Ibragimov's article "Multtimodalnye perevozki-odin iz etapov stabilnogo razvitiya tranzitnogo zheznodorozhnogo koridora Kitay-porty Persidskogo zaliva"[15] analyzed the work carried out on the organization of international transport corridors in Uzbekistan and the region during the period from 2003 to 2010. The work carried out on the establishment of the international transport corridor connecting the countries of Uzbekistan-Turkmenistan-Iran-Qatar, Trans-Avghan corridor, Turkmenistan-Uzbekistan-Kazakhstan-China and China-Kazakhstan-Russia has been highlighted. The role of the organized corridors in increasing the transit potential of Uzbekistan has been thoroughly evaluated. The article states that increasing the transport-transit potential of the Republic of Uzbekistan increases the efficiency of the country's international foreign transportation and

ensures their implementation through international agreements and contracts, increases the economic security of the state, and also brings additional income due to the transit transportation of third-country carriers. Proposals for solving the problems arising in the organization of international transport corridors have been developed:

- implementation of transit policy agreements with relevant countries;
- carrying out work on harmonization of the legal-normative base in the field of international transport corridors with international standards;
  - modernization and restoration of some parts of transit corridors:
  - implementation and expansion of multilateral international agreements;
  - carrying out well-thought-out investments and tariff policy;
- development of projects and programs for the development of international transport corridors and their infrastructure, as well as providing information to the market of transport services and developing the service system for vehicles:
  - development of multimodal transportation.

The article is written in the form of a general introduction, specific problems are not considered and analysis is not carried out on them.

U.N. Ibragimov, Sh.M. Bekmuradov's article "Zheleznodorojnye perevozki turistov: problemy i puti ix resheniya"[16] describes the circumstances, problems and prospects of organizing tourist routes through Uzbekistan in railway transport. It contains information on the location of Uzbekistan, historical monuments and how to attract tourists through them. The following points are given as the main problem and its solution, which has been formed since the early establishment of tourism in railway transport. One of the main problems in the development of railway tourism is the varying width of railway tracks. As a result of this, switching from one train to another is carried out, which causes inconvenience to passengers. This reduces the desire of tourists to travel along the railway corridors. In order to solve this problem, it was proposed to manufacture the national wagons produced in Uzbekistan with the same equipment as the wagons working in the "Talgo" train system. However, the article did not set a clearly analyzed problem for the development of the railway transport system, did not provide statistical data, and did not conduct analyzes on the improvement of railway tourism.

Effective construction of the logistics chain, but not the development of new types of services; not only external, but also internal logistics of the client, to the consumer[17]. A 3PL provides a range of logistics services, from delivery and warehousing to order management and tracking of goods movement. The tasks of the 3PL provider include the organization and management of transport, accounting and management of inventory, preparation of import-export-transit documents, storage of warehouses, cargo processing, delivery to the end user. International practice shows that the use of 3PL services has a positive effect on customer interaction, and the use of a 3PL operator has a positive effect on the efficiency of business processes. Providing logistics services is a relatively young type of business. Born in the 1970s and 1980s as an independent provision of logistics needs by companies, today this type of service has completely outsourced logistics. In this environment, customer-oriented 3PLs still seem to sell luxury goods to a limited range of consumers with their own unique requests. This practice is significantly different from that adopted in the North American market, where the world's largest 3PL players operate and the development of 3PL services has already been completed, and this market is characterized by the following in its current state.

In the context of strict and transparent international price competition, the main criteria for choosing a 3PL provider in the western market are the tariff rate and the penalty amount[18]. When contacting this type of logistics operator, the client can expect comprehensive service, help to adapt to constantly changing environmental conditions, which is an additional factor to increase their competitiveness. However, a 3PL generation provider does not solve the problems of freight management: this function is still performed by the cargo owner. Therefore, the emergence of a 4RLprovider in the market of logistics services can be called natural and predictable. The term 4RL was first registered in 1996 by the consulting firm Andersen Consulting, now Accenture, with the following

interpretation: "a fourth-tier logistics provider is a supply chain manager who combines the resources, capabilities and technology of his organization with the resources, capabilities and technology of another logistics enterprise and manages to offer customers the most complete solution to supply chain problems" [18]. It is important to note that 4RL providers or Level 4 providers are necessarily related to the manufacturing process.

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In order for such companies to appear in the international market, they must be in demand. As a rule, 4RL providers are large logistics providers with large infrastructure and modern supply chain management systems, implementing high-tech processes and implementing complex logistics schemes.

International experience shows that the company's services are usually used by large corporations such as Intel and General Motors. Rs. 5PL refers to an Internet-based 4RL provider. This direction is the youngest direction mentioned above, which implies its further development and is still considered to be in low demand[19].

The seller does not bear any additional costs after the goods are loaded; "D" - all cases where the seller bears all costs and bears all risks until the goods are delivered to the destination country[20].

The existing information supply structure can implement the initial stage of interaction of transport companies and customers with the infrastructure of railway administrations.

In order to improve the efficiency of automation of business units and IT solutions for business support, first of all, it is necessary to formalize the activities of the units[21].

Another way to classify logistics providers is to classify logistics companies based on whether or not they own actual logistics assets. All logistics companies can be divided into two main categories: companies with real physical assets and companies that use outsourcing in their operations.

International logistics centers that use outsourcing services enter into contracts with other similar companies that provide all or part of the services in the field of physical distribution. Information service companies are a type of companies that do not have physical assets, which are intermediaries in the optimization of the logistics system of enterprises and interact on the basis of contracts with firms that have other assets. The market segmentation criterion "logistics assets" does not exclude the third option: personal logistics capabilities and outsourcing. At the same time, depending on the operating conditions of companies in the logistics services market, not all logistics capacities are always used for segmentation[22].

Referring to the experience of the Western market, it is possible to note the main problems that arise in interaction with 3PL providers or stop such interaction. The first of them is the non-fulfillment of the conditions set in the SLA and the lack of expected cost optimization.

4PL logistics is a further development of the concept of 3PL or third party logistics. In the 4PL methodology, the supply chain is a joint venture between the client firm and the logistics operator, which operates according to the 3PL methodology. A 4PL provider acts as a single point of contact between a customer and many 3PL companies. All or most of the customer's supply chain is under the control of the 4PL operator. A 4PL firm is a supply chain integrator that combines its own resources with those of subcontractors. 4PL firms link the capabilities of 3 PL firms and business process firms so that supply chain solutions reach the customer through a centralized system of relationship management, governance and information technology services style[18].

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# GLOBAL PRACTICE OF APPLYING REGTECH AND SUPTECH **TECHNOLOGIES: EXPLORING THEIR POTENTIAL IN THE BANKING SECTOR**

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## **ABSTRACT**

The increasing complexity of financial regulations has led to a rise in the use of regulatory technology (RegTech) and supervisory technology (SupTech) solutions. This article explores the global practice of using these technologies and their potential application in the banking sector. The article provides an overview of various RegTech and SupTech solutions and their benefits, including improved compliance, risk management, and operational efficiency. The article also discusses potential challenges that may arise from implementing these technologies in banks, such as data privacy concerns, regulatory barriers, and integration issues. Overall, this article suggests that RegTech and SupTech solutions have significant potential to enhance banking operations through improved compliance and risk management practices.

**Key words**: RegTech; SupTech; Banking sector; Global practice; Technology implementation.

The financial industry has undergone significant transformations in recent years, driven by technological advancements and legislative changes. The emergence of RegTech (Regulatory Technology) and SupTech (Supervisory Technology) has played a pivotal role in this transformation. RegTech and SupTech are innovative solutions that harness technology to streamline compliance processes and enhance supervisory oversight, respectively. These solutions have gained widespread adoption across various sectors, including banking, insurance, and securities.

## INTRODUCTION

The rise of RegTech and SupTech has been driven by the increasing complexity of regulatory requirements, which has made compliance a challenging task for financial institutions. The utilization of these technologies has allowed organizations to automate their compliance processes, reduce operational expenses, and enhance overall efficiency. Furthermore, RegTech solutions have also aided institutions in mitigating risks associated with fraud and money laundering by providing advanced analytical tools capable of real-time detection of suspicious transactions.

In recent years, the banking sector has been at the forefront of adopting RegTech and SupTech solutions. Banks are investing significant resources in these technologies to adhere to rules such as Anti-Money Laundering (AML), Customer Due Diligence (CDD), Know Your Customer (KYC), and others. The incorporation of these technologies has not only improved the effectiveness of compliance processes but has also enabled banks to enhance customer service quality by reducing the time required for adaptation and other regulatory procedures.

However, despite the widespread implementation of these technologies across various industries, a significant gap still exists between what is practiced and what is possible with these technologies. The potential of RegTech and SupTech solutions to revolutionize the banking sector is immense, but banks need to explore innovative ways of fully harnessing these technologies.

This article aims to explore the global practice of utilizing RegTech and SupTech technologies and the potential applications within the banking sphere. We will delve into how banks can leverage these technologies to enhance compliance processes, strengthen supervisory oversight, and elevate customer service quality. We will also discuss the challenges associated with implementing RegTech 105

and SupTech solutions and the strategies banks can employ to overcome them. Overall, this article provides valuable insights into the future of RegTech and SupTech in the banking sector and how banks can stay ahead by embracing these innovative technologies.

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#### **METHODOLOGY**

The data for this study was gathered through a comprehensive review of the literature on existing research concerning RegTech and SupTech technologies. This encompasses scientific articles, reports, thematic studies, and other relevant publications from various sources, such as online databases, academic journals, and reputable organizations.

#### **RESULTS**

The findings reveal a global trend towards the adoption of RegTech and SupTech technologies due to their potential benefits for financial institutions. Despite encountering challenges in some cases, these technologies offer significant potential for the banking sector to enhance efficiency and reduce costs while complying with regulatory standards mandated by supervisory authorities worldwide.

Technological innovations are not only fundamentally transforming banking business models but also enabling banks to enhance their ability to comply with the rapidly evolving landscape of banking regulations. The term "RegTech" (derived from Regulatory Technology) broadly refers to new categories of technologies that facilitate easier, quicker, and more efficient fulfillment of regulatory requirements for participants in financial markets. Although in scholarly literature, RegTech is often viewed as a subset of financial technology (FinTech), a unified understanding of this term has been lacking until now1.

In particular, some experts interpret RegTech as the utilization of digital technologies to enhance financial regulation<sup>2</sup>. However, this description aligns more closely with the concept of SupTech, which aims to enhance the efficiency of supervising compliance with regulatory requirements, as illustrated in Figure 1.

Aspect	FinTech	RegTech	SupTech
Main Focus	Financial services	Regulatory compliance	Supervision of financial
	innovation		institutions
Primary Users	Banks, financial	Financial institutions,	Regulatory bodies
	institutions, consumers	compliance professionals	
Technology	Use of technology to	Technology to comply	Technology to support
Usage	improve financial services	with regulations	supervision and oversight
Key Benefits	Efficiency, customer	Efficiency in compliance,	Improved oversight, data
	experience, cost	risk management	analysis, risk monitoring
	reduction		
Challenges	Security, regulation	Integration with existing	Data handling, technology
	compliance	systems, data privacy	adoption, coordination with
			regulated entities
Examples	Mobile banking,	Compliance monitoring,	Supervision of banks' capital
	crowdfunding, robo-	reporting automation	adequacy, risk monitoring
	advisors		

Fig. 1 - Distinctions between FinTech, RegTech, and SupTech<sup>3</sup>

In support of this article, it is appropriate to present the perspectives of international

<sup>&</sup>lt;sup>1</sup> Feedback Statement on Call for Input: Supporting the development and adopters of RegTech URL:https://www.fca.org.uk/ publications/ feedback-statements/fs16-4-feedbackstatement-call-input-supporting-development-and

<sup>&</sup>lt;sup>2</sup> What is «regtech» for? BBVA research URL: https://www.bbva.com/en/what-is-regtechfor

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organizations. For instance, the Basel Committee on Banking Supervision interprets RegTech as the "use of innovative technologies by financial institutions to better comply with regulatory requirements and objectives (prudential requirements, including reporting, consumer protection, AML/CTF)"4.

According to experts from the Institute of International Finance, RegTech can be characterized as "technological solutions for more efficient and effective fulfillment of regulatory requirements and minimizing compliance risks"5.

The Spanish international bank BBVA notes that the RegTech sector focuses on automating manual processes, establishing connections between analysis stages and subsequent reporting, improving data quality, conducting automated data analysis based on algorithms that can learn during the process, and enhancing the quality of reports sent to regulators<sup>6</sup>.

In contrast to FinTech, RegTech has the potential for application across various regulatory contexts. Furthermore, the development of these two directions has been driven by different forces. The growth of FinTech was spurred by the emergence of startups responding to public distrust in the financial services industry after the global crisis, as well as the widespread penetration of technology. RegTech, on the other hand, emerged in response to the exponential increase in compliance costs.

Similar viewpoints are held by domestic scholars (O.I. Lavrushin, O.S. Rudakova, N.E. Sokolinskaya). In their view, the RegTech sector emerged in response to the growing influence and complexity of regulation, providing necessary solutions for regulatory issues and tasks. The application of RegTech solutions in terms of process automation enables banks to better and more effectively identify risks and take measures to minimize them<sup>7</sup>.

As highlighted in their research by Australian economists from the University of New South Wales, traditional financial institutions, primarily the largest multinational banks, played a pivotal role as drivers of RegTech evolution after 2008. Their interest in this field was driven by the need for efficient tools to comply with increasingly complex regulatory requirements.

According to specialists from Stanford University, USA, as expressed in their "Handbook on Blockchain, Digital Finance, and Financial Inclusion," financial institutions began extensively applying risk management technologies as early as the 1990s<sup>8</sup>. However, as the authors note, the global financial crisis profoundly altered this trend. Post-crisis, regulatory bodies worldwide conducted a significant number of reforms that led to the evolution of information technologies used by major financial institutions. It is precisely to address these issues that financial institutions are currently developing RegTech solutions to timely respond to regulatory changes.

#### DISCUSSION

In the modern world, the incorporation of technology has become an integral part of every sector, and the banking industry is no exception. As regulatory requirements continue to expand, financial institutions are increasingly adopting RegTech (Regulatory Technology) and SupTech (Supervisory Technology) to comply with regulations, reduce compliance costs, and enhance operational efficiency<sup>9</sup>.

RegTech represents a novel field that employs technologies to help financial institutions adhere to regulatory requirements. It encompasses the use of advanced analytical tools and

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<sup>&</sup>lt;sup>4</sup> URL: https://www.bis.org/bcbs/publ/d431.pdf

<sup>&</sup>lt;sup>5</sup> URL: https://www.iif.com/Portals/0/Files/private/iif-regtech in financial services solutions for compliance and reporting.pdf?ver=2019-01-04-142943-690

<sup>&</sup>lt;sup>6</sup> What is RegTech for Regulators? Research by United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, URL: <a href="https://www.unsgsa.org/files/4315/3574/9389/RegT">https://www.unsgsa.org/files/4315/3574/9389/RegT</a> ech.pdf

<sup>&</sup>lt;sup>7</sup> Лаврушин, О.И. О модернизации регулирования и новых моделях развития банковской деятельности / О.И. Лаврушин // Экономика. Налоги. Право. – 2018. – № 3. – С. 14–19. – ISSN 1999-849X.

<sup>&</sup>lt;sup>8</sup> Buckley, R. The Evolution of Fintech: A New Post-Crisis Paradigm // SSRN Electronic Journal, 2016. – № 47(4). – P. 1271-1319. DOI: 10.2139/ssrn.2676553.

RegTech and SupTech in banking: the future of compliance." Deloitte, 2020, https://www2.deloitte.com/us/en/insights/industry/financial-services/regtech-and-suptech-in-banking-future-ofcompliance.html.

algorithms, enabling firms to automate intricate regulatory processes such as risk management, reporting, and compliance. This aids financial institutions in staying updated on evolving regulatory demands, offering real-time monitoring and automated compliance checks.

On the other hand, SupTech involves the utilization of technologies by regulatory bodies to oversee financial institutions. It includes advanced analytics and data processing tools that empower regulatory bodies to effectively monitor financial institutions in real time. Through SupTech, regulatory bodies can identify potential risks at an early stage and take appropriate measures to mitigate them.

Over the years, the global practice of employing RegTech and SupTech technologies has gained momentum. These technologies offer several advantages for both financial institutions and regulatory bodies. For instance, RegTech solutions enable companies to significantly reduce compliance expenses by automating complex compliance processes. By doing so, firms can enhance operational efficiency while ensuring compliance with regulatory requirements<sup>10</sup>.

Similarly, SupTech solutions provide regulatory bodies with greater control over financial markets, enabling them to efficiently track transactions in real time. Enhanced data processing capabilities empower supervisors to identify potential issues at an early stage and swiftly take action to address them<sup>11</sup>.

Despite these benefits, the adoption rate of these technologies in the banking sector remains relatively low due to various challenges such as high implementation costs, lack of skilled professionals, resistance from traditional stakeholders, and more<sup>12</sup>.

However, as regulatory requirements continue to escalate worldwide, banks are increasingly compelled to integrate these technologies to remain competitive and meet regulatory demands. Recent regulations like MiFID II, GDPR, and PSD2 require banks to collect, store, and process more data than ever before. RegTech solutions can automate these processes, ensuring compliance with new rules13.

In conclusion, the fusion of technology and the banking sector is an ongoing trend driven by the need for compliance, cost reduction, and operational excellence. The convergence of RegTech and SupTech provides a way for financial institutions to navigate the evolving regulatory landscape efficiently, ensuring their sustainability and responsiveness to industry changes.

Advantages of Using RegTech and SupTech Technologies in the Banking Sector:

- 1. Enhanced Compliance: RegTech and SupTech can help banks adhere to regulatory requirements faster and more accurately, reducing the risk of non-compliance, penalties, and reputational damage<sup>14</sup>.
- 2. Increased Efficiency: RegTech and SupTech can automate many manual processes, reducing the time and costs associated with regulatory compliance.
- 3. Improved Data Management: With RegTech and SupTech, banks can gather, store, and process data more efficiently. This enables them to make more informed decisions while reducing the risk of errors.
- Better Risk Management: RegTech and SupTech allow banks to proactively identify potential risks, enabling them to take preemptive measures to mitigate those risks.

<sup>&</sup>quot;RegTech: Future Compliance 2019. The of in Financial Services." Deloitte. www2.deloitte.com/content/dam/Deloitte/global/Documents/Financial-Services/gx-fsi-regtech.pdf.

<sup>&</sup>quot;SupTech and RegTech: A Revolution in Financial Supervision." International Monetary Fund. https://www.imf.org/en/Publications/fintech-notes/Issues/2020/08/24/suptech-and-regtech-a-revolution-in-financialsupervision-49322. Accessed 12 May 2021.

<sup>12 &</sup>quot;RegTech and SupTech: Technology innovation in financial supervision" by the Bank for International Settlements (BIS), published on 27 June 2019.

<sup>&</sup>quot;RegTech: new industry in Deloitte, https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/deloitte-uk-regtech.pdf

<sup>&</sup>lt;sup>14</sup> "RegTech and SupTech: Technology solutions for regulatory compliance" by Deloitte, accessed on November 16, 2021. Available at: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Financial-Services/gx-fsiregtech-suptech.pdf 108

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- 5. Enhanced Customer Service: RegTech and SupTech technologies can help banks improve customer service quality by optimizing processes such as registration, KYC (Know Your Customer), and AML (Anti-Money Laundering) checks.
- 6. Increased Transparency: RegTech and SupTech can enhance transparency by providing regulatory bodies with real-time access to data, reducing the likelihood of fraud or mismanagement.
- 7. Cost Savings: By automating processes and improving efficiency, RegTech and SupTech can reduce compliance-related costs for banks.

Potential Challenges of Using RegTech and SupTech Technologies in the Banking Sector:

- 1. Implementation and Integration: One of the biggest challenges with RegTech and SupTech technologies is the implementation process. Many banks might already have existing systems, which can create integration issues when implementing new technologies. Additionally, integrating new technologies can be time-consuming and expensive.
- 2. Cybersecurity Risks: Like any technology, there is a risk of cyberattacks that could compromise confidential information.
- 3. Lack of Standardization: Currently, there is no standardized approach to regulatory reporting across different jurisdictions. The lack of standardization can hinder the implementation of RegTech and SupTech solutions in different regions.
- 4. Cost: Implementing RegTech and SupTech solutions can be costly for small banks or those with limited budgets.
- 5. Resistance to Change: Some employees might resist change or the adoption of new technologies, creating additional challenges during implementation.
- 6. Regulatory Uncertainty: The regulatory environment is constantly evolving, making it challenging for banks to keep up with changing rules and requirements. This uncertainty can complicate the implementation of effective RegTech or SupTech solutions that align with all applicable norms.

# CONCLUSION

In conclusion, the global adoption of RegTech and SupTech technologies has transformed the operations of financial institutions, bringing notable benefits such as increased efficiency, reduced costs, and improved compliance. The banking sector can also leverage these technologies to optimize operations, mitigate regulatory risks, and enhance customer service. However, there are still challenges that need to be addressed in terms of standardization and functional compatibility to ensure seamless integration between different systems. Overall, it is expected that the broader adoption of RegTech and SupTech technologies will continue to drive innovation and revolutionize the financial services industry in the coming years.

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# SCIENTIFIC-THEORETICAL BASIS OF RESEARCHING THE RELATIONSHIP BETWEEN INNOVATION PROCESSES AND VENTURE CAPITAL

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#### **ABSTRACT**

The increasing complexity of financial regulations has led to a rise in the use of regulatory technology (RegTech) and supervisory technology (SupTech) solutions. This article explores the global practice of using these technologies and their potential application in the banking sector. The article provides an overview of various RegTech and SupTech solutions and their benefits, including improved compliance, risk management, and operational efficiency. The article also discusses potential challenges that may arise from implementing these technologies in banks, such as data privacy concerns, regulatory barriers, and integration issues. Overall, this article suggests that RegTech and SupTech solutions have significant potential to enhance banking operations through improved compliance and risk management practices.

**Key words**: RegTech; SupTech; Banking sector; Global practice; Technology implementation.

#### INTRODUCTION

Venture capital is the main source of funding for innovation, which is able to provide capital inflows for the development of innovative activities in modern conditions. Developed countries achieved effective results in using venture capital as a means of financing innovation. The existence of a number of systemic problems in the country that hinder the further improvement of conditions for the development of active entrepreneurship and innovation led to the development of a number of decisions and decrees by the government to address them.

The following were the important steps in this direction.

Resolution No. RP-3697 of May 5, 2018 "On additional measures to create conditions for the development of active entrepreneurship and innovative activities."

Resolution No. 414 of May 17, 2019 of the Cabinet of Ministers of the Republic of Uzbekistan "On Approving the Regulations on the Activities of Investment and Management Companies".

Decree of the President of the Republic of Uzbekistan No. PF-165 dated July 6, 2022 "On approval of the innovative development strategy of the Republic of Uzbekistan in 2022-2026".

Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 545 of August 27, 2021 "On measures to establish a management system for scientific and innovative activities".

The purpose of this research is to study and analyze researching the relationship between innovation processes and venture capital.

#### LITERATURE REVIEW

A clear approach to venture capital, the definition of the growth of the monetary value of venture capital used in entrepreneurial activities to make a profit, is reflected in the work of the famous 20th century economists J. M. Keynes and J. R. Hicks [1,2].

In their work, foreign scholars P. Gompers and J. Lerner [3] analyzed the importance of venture capital, its role in the financial market, and the many mechanisms developed by venture capitalists to address the challenges that arise at each stage of innovation processes.

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In his book, the Russian scientist Yu.P.Ammosov [4] examined the history of the emergence and development of venture capitalism, its role in the development of high technology and the creation of new fast-growing technology companies. His work analyzes the economic, legal, political, technological and cultural aspects of venture capital.

In his work, M.A. Fedotov [5] described venture financing as a key factor in innovative development.

Uzbek scientists OM Abdullayev, AA Fattakhov, K. Akhmedov [6] in their work considered venture capital as one of the sources of commercial financing of the firm's innovative activities.

In his research, D.G. Gozibekov [7] interpreted venture capital as the issuance of new shares in new areas of activity, associated with great risks.

# RESEARCH METHODOLOGY

This paper uses the methods of analysis, comparison, induction and deduction of the concept of venture capital and innovation processes.

## **ANALYSIS AND RESULTS**

Venture business originated in the United States in the 1950s and later spread to other countries. The venture business is a part of the direct investment network that focuses on equity.

The current giants of the information technology business, which is an integral part of the digital economy, DEC, Apple Computers, Compaq, Sun Microsystems, Microsoft, Lotus, Intel, Facebook (Meta), Amazon have achieved their current position in many respects due to venture capital investment. In addition, the rapid growth of new industries such as personal computers, nanotechnology, hi-tech and biotechnology has been largely driven by venture capital.

An integral component of the concept of venture capital is risk. The risk is directly related to the expected return on venture capital. The more risk a venture capitalist takes on financing an innovative project, the more he expects to make a profit as a result of its successful implementation. A distinctive feature of venture capital in the implementation of an investment project is the principle of "high risk - high return." This distinguishes it from bank financing and strategic financing.

#### ANALYSIS AND RESULTS

The European Venture Capital and Direct Investment Association [18] defines this concept as follows: -Venture capital is a share capital provided by professional firms that invest in private enterprises that simultaneously manage these enterprises, demonstrating significant growth potential in the early stages of expansion and transformation.

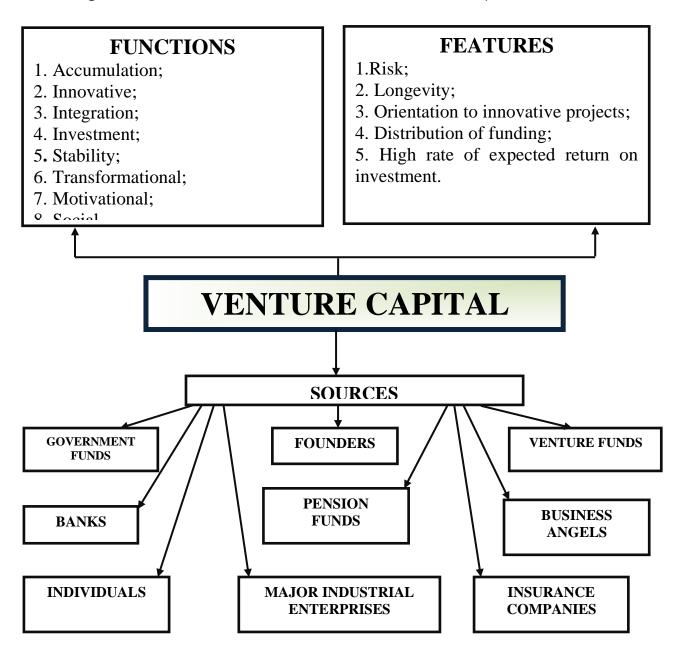
The American approach to defining this concept seems much narrower than the European approach. The National Venture Capital Association [17] (NVCA) defines "venture capital" as capital provided by professionals in their field who support young, fast-growing companies with significant competitive development potential in the field of management. In the American interpretation, venture capital is understood as one of the forms of direct investment.

By the UzVCA [16] (Uzbekistan venture capital association) venture capital firms are professional, institutional managers of risk capital that enable and support the most innovative and promising companies. Venture capital supports new ideas that:

- Could not be financed with traditional bank financing:
- Threaten established products and services in a corporation or industry;
- Typically require five to eight years to reach maturity.

The category of venture capital is widely used in modern literature, but there is no uniform approach to its interpretation: along with changes in the economic environment, the content and specifics of venture capital also change. Summarizing research in the field of venture capital, the following definitions can be made: Venture capital is a long-term, high-risk capital that combines a symbiosis of financial and intellectual capital directed to small high-tech companies with high growth potential, whose shares are not listed on the stock exchange. Based on this definition, the main features, functions and sources of venture capital are identified in this figure.

**Figure.** The main features, functions and sources of venture capital



**Source:** Created by the author using the scientific literature. [8,9,10,11,12,13,14]

The use of venture capital to finance innovation is beneficial for innovative firms, but the technical innovation and technological efficiency of the products produced does not always guarantee the success of small innovative firms financed by risk capital. Only 20 percent of such firms benefit the risky capitalists, 40 percent make losses, and the rest barely cover the money spent on them.

Venture business is a specific form of investment process in which financial resources are financed in the form of investment in the securities of enterprises with the potential for rapid development. This type of business is more suitable for funding research in science and high technology. However, the fact that the results of this study are not guaranteed to be positive suggests a high risk. Experience has shown that venture capitalists try to invest their capital mainly in the securities of joint-stock companies. Investment funds are provided in the form of commercial loans for up to 7 years.

The following are some of the most common types of investment applications available today:

- 1. Seed is a business idea that needs to be funded for further research.
- 2. Start up is a new, young company with a short history in the market. It is necessary to invest

in such enterprises to carry out research work.

- 3. Early stage an enterprise in which the first samples of the finished product are available, and funds are required for the stage of commercialization of these products.
- 4. Expansion is an enterprise that needs additional funding to expand its operations. These companies can use the investment funds to expand their activities, including production, sales or services, additional marketing research, expansion of charter capital or working capital.

Venture firms in the digital economy are formed on the basis of agreements between a number of legal entities and individuals, or on the basis of bank loans, or on the basis of funds of banks and large companies. The following conditions must be met in order to establish a venture firm:

- The basic idea of creating an innovative innovation a new technology, invention, production process, service, programming, creation of Internet resources, 3D, 4D technology, intelligent systems, etc.;
- the desire of society at the global, national, regional or enterprise level for the realization of this idea:
- there is a demand for products or services in the domestic and foreign markets as a result of the implementation of this idea;
- the existence of a real entrepreneur who can create and manage a new company at risk based on this idea;
  - the possibility of finding the necessary amount of "risky" capital to finance this venture firm.

Venture capital firms can operate in two different organizational forms. One is an independent venture capital firm and the other is a venture capital firm. When choosing a project to create a new product or service, two things must be taken into account: first, the goals and objectives of the project do not coincide with the traditional activities of the parent company - that is, the main goal of the internal venture - new profits is to find and apply it to the company's activities. Second, when selecting new ideas, the economic benefits that can be derived from them must be large enough to not only justify the costs but also the benefits.

The connection between the innovative development of the economy and venture capital is manifested in:

- first of all, venture capital, with its activity, helps to create new economic subjects of the market, which can affect the distribution of forces in the environment of scientific research. This, in turn, can lead to a change in the composition of GDP in the country. For example, companies such as Apple Computer, Intel, Federal Express, Dec, Microsoft, Amazon, Facebook (META) have become world leaders thanks to the support of venture capital;
- secondly, by supporting industries with dynamic, high expansion and development potential, venture capital helps these companies achieve competitiveness in the domestic market, as well as increase the competitiveness of the country's economy at the international level. For example, the development of biotechnology, broad information and communication technologies, nanotechnologies, fintech and other fields at the international level;
- thirdly, venture capital contributes to the growth of employment of highly qualified specialists, development and support of human capital. This, in turn, underpins the assessment of the knowledge economy by the country's government;
- fourthly, the use of venture capital helps to renew and modernize traditional sectors of the economy;
- fifthly, large integrated structures and corporations will have to improve their management principles and organizational structures in order to attract venture capital.

#### CONCLUSION

The role of venture capital in the innovative development of the economy can be summarized as follows:

1. At the micro level, venture capital helps increase the level of technological knowledge, management resources and access to information.

- 2. At the micro level, venture capital appears as a source of development of small and medium-sized innovative enterprises.
- 3. At the meso level, venture capital performs the function of stimulating the development of a number of high-tech industries.
- 4. At the macro level, venture capital serves as a basis for structural modernization of the economy, its transition to an innovative scenario of development.
- 5. Venture capital at the mega level, taking the form of transnational venture capital, helps to strengthen the global world economic relations, activating the process of international transfer of knowledge and technologies and increasing the general scientific and technological level of the entire world community.

Thus, by studying the concept and economic nature of venture capital, we can conclude that venture capital plays a key role in the formation of an economy designed for an innovative path of development. This is achieved due to the fact that venture capital is directed to high-risk objects, such as innovative enterprises in the early stages of development and formation - a special feature compared to other alternative sources of investment. At the same time, venture capital contributes to the innovative modernization of the economy through the development and production of advanced products and services, if their ideas and initiatives are successfully implemented and properly funded.

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# ANALYSIS OF ECOTOURISM DEVELOPMENT PRACTICE IN **DEVELOPED COUNTRIES**

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#### **ABSTRACT**

In the article, based on a comparative analysis of advanced foreign experience in the development of ecotourism, the possibilities of creative use of the advanced, rich experience accumulated in the world in our country are revealed.

Key words: tourism, ecotourism, ecotourism objects, ecotourism services, nature tourism services, tourist, ecotourist.

#### Introduction

Recent years have seen an increase in global socio-economic issues, including the worsening of processes that degrade natural resources as a result of global climate change. This has prompted the need for responsible use of natural and recreational resources. According to the official statistics of the company "Tripadvisor," which is well known for supporting the international tourist flow, ecotourists make up about 30% of the foreign tourist flow on average each year, and 71% of them said they prefer safety and the preservation of the natural world when using ecotourism services. 65 The use of ecotourism services by visitors has been confirmed to be constant year after year.1

#### Literature review

Numerous economists have conducted research in the economic literature to determine the potential for ecotourism in their respective nations. A. Avila-Robinson, S.Q. Cutler, M. Santeiro, N. Somerio, A. Avila-Robinson, and A.G. Theoretical perspectives on the scientific and methodological underpinnings of ecotourism potential evaluation have been examined by foreign economists like Asmelash.

# Methodology

In the study, categorization, systematic method, theoretical and practical learning, induction and deduction, statistical observation, and comparative analysis were all employed.

#### Result and discussion

Annual surveys of the nation's ecotourists are conducted by experts from the International Ecotourism Society (TIES)<sup>2</sup> of the USA to examine the objectives of ecotourism. Companies that provide tourist services do this kind of survey as they market ecotourism packages. According to the survey's findings, the majority of US ecotourists prefer to plan a nature trip (37.1%) and prefer to visit natural parks (55.8%), hike through the wilderness (55.0%), visit protected areas (47.8%), and observe wildlife (45.8%). This circumstance demonstrates the strong desire US ecotourists have to appreciate and explore pristine environment.

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<sup>&</sup>lt;sup>1</sup> Center for Responsible Travel Transforming the Way the World The Case for Responsible Travel [Electronic source] // Trends and Statistics Stanford University & Washington, DC. – URL: www. responsibletravel.org.

<sup>&</sup>lt;sup>2</sup> The International Ecotourism Society, https://ecotourism.org/

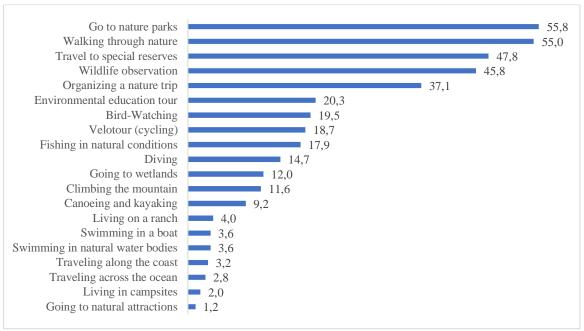


Figure 1. Percent willingness of US ecotourists to use ecotourism services for ecotourism purpose <sup>3</sup>

Due to its enormous potential for ecotourism, the United States leads the globe in terms of the number of travelers who engage in this activity. Ten percent of the USA is made up of protected natural areas, which are frequented by both domestic and international ecotourists. Additionally, in the reforms carried out in the nation for the development of the tourism industry, the issues of national (domestic) and international (external) ecotourism development are given equal priority, and regional programs aimed at the development of regional ecotourism in each region are developed in accordance with the federal ecotourism development strategy.<sup>4</sup> At the same time, domestic ecotourism services account for 10% of the USA's gross income from the supply of foreign tourist services and provide 50% of the gross demand in the global ecotourism industry.<sup>5</sup> Due to this circumstance, we may draw the conclusion that the US ecotourism services market has a highly established practice of offering both local and international ecotourism services.

Since Yellowstone National Park was initially formed in 1872, the United States has adopted national wildlife conservation programs; nowadays, these programs are regarded as a part of state programs targeted at the growth of ecotourism on a federal level. With 76 natural monuments covering a total of 280 thousand km2, 53 protected natural areas (parks, green spaces, etc.), 12 nature reserves, and 10 marine reserves, the USA has a strong potential for the development of ecotourism. At the same time, it was discovered that the nation's network of non-state reserves has more than a thousand ecotourism sites.<sup>6</sup>

Additionally, according to "The Lonely Planet" program, the US state of Virginia dominates the global market for bicycle excursions that are part of ecotourism. According to sources, the "Virginia Mountain Bike Trail" established in this region is intended to allow cyclists to go 770 kilometers via the "Blue Ridge" tributary situated in the state's rugged terrain. Bicycle tours are offered all throughout the Shenandoah Valley for people who are utilizing this kind of ecotourism services for the first time.<sup>7</sup>

<sup>3</sup> Бочкарева Т.В. Экотуризм: анализ существующего международного опыта. [Электронный ресурс] – URL: https://tourlib.net/statti\_tourism/bochkareva.htm

<sup>&</sup>lt;sup>4</sup> Усенбаева Г.Ж., Шакирова Д.Н. Анализ развития экологического туризма в мире. [Электронный ресурс] – URL: https://articlekz.com/article/13812

<sup>&</sup>lt;sup>6</sup> Усенбаева Г.Ж., Шакирова Д.Н. Анализ развития экологического туризма в мире. [Электронный ресурс] − URL: https://articlekz.com/article/13812

One of the most lucrative regional economic areas in the state's regional economy is ecotourism, which has played a significant role in the growth of US tourism. While Williams Strait is a popular destination for ecotourists to see lions and seals, the state's Denali National Park is home to many species of big eagles. With a total area of 78 thousand km2, the Arctic National Faunal Reserve is one of the largest reserves in the USA. It is situated in the state of Alaska, where visitors can get to know more than 132 thousand species of fauna, including grizzly bears, Dall sheep, birds, deer, wolves, and arctic foxes. More than 300,000 hot springs, steam streams, hot lakes, mud volcanoes, and geysers may be found inside the 900,000 hectares of the world-famous Yellowstone National Park, which is located in the state's hilly areas.

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Due to the establishment of a total of six national parks of this sort in the state, California is widely recognized on the international ecotourism market for its long-standing parks. For instance, there are dinosaur-era trees that are between 6,000 and 8,000 years old at the Kings Canyon National Park. The "Yosemite" natural and ecological national park has also built around 750 ecotourist routes, with the "John Muir" path being at least 340 km long.8

The USA, which has a wealth of ecotourism resources to support the growth of ecotourism, is one of the top nations in the world for offering domestic and international ecotourism services, according to the report. The ecotourism services offered are also distinguished by a much better quality because the USA leads other nations in terms of inventive development globally. Particularly in terms of providing ecotourism services, the USA has a wealth of expertise in making wise and effective use of the world's natural resources. Researching the potential for innovative application of US practice in the growth of the national ecotourism sector is of scientific and practical relevance given that our nation is a country rich in natural and ecological resources.

In terms of demand for ecotourism services, inhabitants of Western Europe and North America are in the lead, according to an examination of figures from the global market for such services. The nations of Africa, Latin America, Asia, Australia, and Oceania are also among those having the greatest levels of ecotourism worldwide. The data shows that a sizable portion of ecotourists using ecotourism services in Latin America, the Caribbean, and the Pacific region come from North American, South Asian, and African nations. In order to learn more about the environment, it has been discovered that citizens of the European Union prefer to travel to the nearby nations on vacation. The European Union region stands out from other places in the globe because internal regional ecotourism has developed to a high degree there. In the EU, nations with significant internal regional ecotourism traffic include those in Italy, France, Germany, Ireland, Poland, Greece, Norway, Iceland, and Sweden.<sup>9</sup>

In the practice of the member states of the European Union, the growth of ecotourism in Germany is crucial. Due to the emphasis placed on industrialization in the nation's economy following World War II, there are practically no natural ecotourism places that have not been impacted by people. The National Tourism Association has created the "forest action" as a result, and environmental initiatives are being carried out in the North Carolina region of Mecklenburg. Each ecotourist visiting the Mecklenburg region will take part in this initiative by buying one seedling of an ornamental or fruit tree and planting it in an appropriate forest or parkland. Additionally, ecotourists are given the chance to care for the tree seedlings they planted themselves. The average price of tree saplings sold within the framework of the event is 10.0 euros, and a total of 7.5 thousand tree saplings have been planted on 7.5 thousand hectares of land. In the areas planted with these trees, a "forest climate" has almost formed. 10

Germany holds a special position in the practice of ecotourism development, both inside the EU and on the global market for ecotourism services. The nation sets itself apart from other nations

<sup>8</sup> Усенбаева Г.Ж., Шакирова Д.Н. Анализ развития экологического туризма в мире. [Электронный ресурс] – URL: https://articlekz.com/article/13812

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<sup>10</sup> Усенбаева Г.Ж., Шакирова Д.Н. Анализ развития экологического туризма в мире. [Электронный ресурс] – URL: https://articlekz.com/article/13812 119

by offering special eco-hotel services to eco-tourists. For instance, no plastic, glue, nails, or other chemical materials were used in the construction of the hotel "Berghotel Mattlihues" that opened in Bavaria in 2011. Instead, only real wood was utilized. In order to make wise use of water resources, rainwater is also utilised in the hotel's toilet system. Tourists may order food from the hotel's restaurant that is entirely made using regional ingredients. 11

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One of the top nations in the world for implementing eco-technologies and fostering ecotourism is Germany. One of the top goals of the state's strategy is the adoption of cutting-edge eco-technologies to provide hotel services to visitors to the nation for all types of tourism reasons. not only eco-tourists. A notable example of a hotel that leads the nation in the use of energy-saving technology is the "Felderberger Hof" in Schwarzald, a city that is well-known in the German hotel sector. It was able to cut the volume of CO<sub>2</sub> gas (carbon dioxide) emissions into the environment by 700 tons by switching this hotel's single oil heating system with a block heating system. 12

The protection of the environment is the primary objective of the reforms for the growth of ecotourism in Germany. 13 The "Atmosfair" accreditation system for air transport has been specifically created by the tourism organization "Berliner atmosfair GmbH," which is regarded as one of the major businesses in the nation's tourist services sector. It makes advantage of penalty practice. Environmental protection programs in the nation will be financed from the fines-based budget. The government also recognizes tourist businesses that are leaders in environmental conservation by giving them the "Viabono" designation, which goes along with the provision of ecotourism services in the nation.<sup>14</sup> The largest number of nature travel programs in the country is offered by the Deutsche Bahn company, which organizes tours for ecotourists on foot and bicycle tours of a total of 17 nature reserves and national parks in Germany. 15 Also, in the market of ecotourism services of the country, large ecotourism complexes<sup>16</sup> such as "Garmisch Panthenkirchen", "Obserfdorf", "Berchtesgarden", national parks such as "Taunus Wunderland", "Phantasieland", "Minidom de Ratigen", "Rust", "Traumland" serve ecotourists, they lead not only in the country, but also in the EU region.

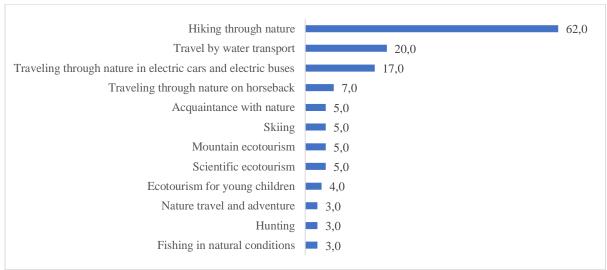


Figure 2. The most provided ecotourism services in Germany, in percent<sup>17</sup>

<sup>&</sup>lt;sup>11</sup> Озеров А.С., Романенко А.И. Экотуризм в Германии и Великобритании. [Электронный ресурс] – URL: https://schoolscience.ru/11/3/45836

<sup>12</sup> Никитин А.И., Федорова С.В. Экологический туризм в Германии // СтройМного, 2017. № 2 (7). С. 6 https://cyberleninka.ru/article/n/ekologicheskiy-turizm-v-germanii

<sup>13</sup> Березина М.М. Экология // Эко, 2017. – № 12 – с. 8-18

<sup>14</sup> Аверова Н.Г. Экологичекий туризм // Экономика туризма, 2017. – № 3. – с. 12-21

<sup>15</sup> Никитин А.И., Федорова С.В. Экологический туризм в Германии // СтройМного, 2017. № 2 (7). С. 6 https://cyberleninka.ru/article/n/ekologicheskiy-turizm-v-germanii

<sup>16</sup> Бортникова Н.А. Основные виды туризма в Германии // Туризм сегодня, 2015. № 4. – с. 3

<sup>&</sup>lt;sup>17</sup> Озеров А.С., Романенко А.И. Экотуризм в Германии и Великобритании. [Электронный ресурс] – URL: https://schoolscience.ru/11/3/45836 маълумотлари асосида тузилган\_

The majority of ecotourists who go to Germany enjoy nature trekking, according to the government's yearly study of those who do so. At the same time, 17.0% of visitors are ecotourists who come to the nation to ride in electric vehicles like automobiles and buses as they traverse the countryside (see Figure 2). This circumstance shows that alternative energy consumption is becoming increasingly significant to the German economy.

The analysis of German ecotourism development practices reveals that despite the fact that there are almost no natural and ecotourism resources that have not been harmed by the negative effects of humans, the reforms implemented by the state in the fields of ecotourism development, environmental protection, and innovative development are simultaneously and mutually reinforcing because of the priority given to industrialization policy in the country after the Second World War. Applying it led researchers to the conclusion that Germany's national ecotourism industry now holds the top spot in the global ecotourism services market, including the EU area. This condition makes it even more important to research German ecotourism development methods.

The formation of "ecological villages" distinguishes British practice in the development of ecotourism services. Currently, the nation's average cost to build such settlements is 16 million. It is equivalent to US dollars, and ecotourists will be able to enjoy the services of numerous restaurants, service stations, retail stores selling souvenirs, and marketplaces selling local goods in addition to learning about the natural village life. Additionally, visitors to the ecovillage may enjoy additional forest and water ecotourist services due to the ecovillage's vicinity to the Whinlatter Fores and tributaries on the motorway close to Preston.<sup>18</sup>

National ecological parks make up 7.0% of the total area of the UK when it comes to ecotourism services. The ecological park "Caringorms National Nature Reserve" in the Scottish islands, with a total size of 26,000 hectares, is the biggest national park in Great Yurita. The country's national parks are visited by the bulk of ecotourists (55.0 percent) who come to the country (see Figure 3). The Cairngorms, Exmoor, Brecon Beacons, New Forest, and Peak District national parks are the most frequented eco-parks by eco-tourists, according to research done by "The Times." 19

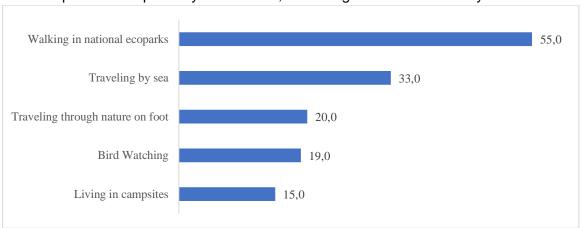


Figure 3. Top ecotourism services in the UK, in percentage<sup>20</sup>

The research finds that the creation of national ecoparks is crucial to the growth of ecotourism in the United Kingdom. At the same time, a large number of ecotourists go to the nation each year in order to traverse its "green zones." It is suitable to creatively adapt the British practice of creating national parks and camping places for ecotourists given that there are sufficient land areas with the potential to build ecoparks on the territory of our country.

#### Conclusion and recommendation

It should be mentioned at this point that because to its relationship to nature and the

<sup>&</sup>lt;sup>18</sup> Озеров А.С., Романенко А.И. Экотуризм в Германии и Великобритании. [Электронный ресурс] – URL: https://schoolscience.ru/11/3/45836

<sup>&</sup>lt;sup>19</sup> Озеров А.С., Романенко А.И. Экотуризм в Германии и Великобритании. [Электронный ресурс] – URL: https://schoolscience.ru/11/3/45836

<sup>&</sup>lt;sup>20</sup> Озеров А.С., Романенко А.И. Экотуризм в Германии и Великобритании. [Электронный ресурс] – URL: https://schoolscience.ru/11/3/45836 маълумотлари асосида тузилган\_

environment, agrotourism includes ecotourism in certain European Union nations, including France, Italy, Spain, and the Netherlands.

The following opportunities that can be creatively employed in our country's practice were recognized after analyzing the practice of growing ecotourism in developed countries:

- creation of a network of national eco-parks (US, UK, Germany);

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- planning secure ecotourist excursions through national parks on the nation's soil (USA);
- government support for the use of cutting-edge ecotechnologies in the delivery of ecotourism services (USA, Germany);
- the growth of scientific ecotourism in the United States, France, and Italy for the study of nature and the environment:
- the establishment of nature museums in Germany that employ cutting-edge ecotechnologies;
- to build "small ecological villages" in rural regions (Great Britain) to provide the chance for ecotourists to become familiar with the character of our nation's territory and its eco-resources;
- Implementing state programs to ensure environmental stability at the expense of the financial budget established on the basis of fining businesses that release harmful gases into the atmosphere above the legal limit and air transport companies by establishing the legal limit of harmful gases released into the environment in terms of environmental safety for production enterprises and air transport (Germany).
- supporting the practice of employees working in the areas affiliated to state companies (Germany) planting fruit and decorative trees, etc. - fostering the creation of "green zones" in the regions.

Based on the aforementioned suggestions, in our opinion, it will be possible to strengthen our nation's position in the market for international ecotourist services by promoting ecotourism in our nation and increasing the volume of foreign ecotourists visiting the republic's territory in the medium term. In particular, our nation's ecological potential will be used more effectively.

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# THE IMPORTANCE OF CULTIVATED AGRICULTURAL CROPS IN THE DEVELOPMENT OF THE AGRICULTURAL NETWORK

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#### **ABSTRACT**

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Currently, an important issue is to provide the population with nutritious and high-quality food. Therefore, the need to preserve and effectively use the wild ancestors of cultivated crops is emphasized..

**Key words:** Agriculture, domesticated agricultural crops, gene pool, wild ancestor, passion, anzur onion, raw material, nutritious feed, extreme climatic conditions, economic operators, consumer

#### Introduction

It is known that the agricultural sector is not only a producer of agricultural products, but also a supplier of raw materials for industry.

In addition, the fact that the agricultural industry plays a major role in the employment of people in rural areas and the formation of the income part of their family budgets shows its important social function in the life of the society.

Based on this, the importance of the agricultural network as a supplier of resources and raw materials is considered great. This shows that the participation of the economic entities of the agricultural sector as a permanent and stable consumer of industrial products in the market, and as a financing sector for the development of industrial sectors, is also important.

In recent years, dozens of scientific institutions, higher educational institutions, scientific laboratories and centers have been established as a result of strengthening the fundamental and applied scientific potential in the direction of the development of the agrarian sector at the level of modern requirements. If we approach the mentioned issue from a different angle, there is another important task of the agricultural network for the country's economy, agrarian science and humanity in general, and this task has been put forward by the world population as an urgent issue only in the last 20-25 years.

This task is the task of agriculture to "preserve and pass on the gene pool of agricultural crops to future generations".

It is known that the market demand for food products around the world is constantly increasing in terms of both quantity and quality, insufficient attention to economy in the use of agricultural resources, environmental problems related to the activity of the agrarian network, the deterioration of the quality of the environment and natural resources (agricultural land, lack of water resources, drought, atmosphere, flora) and the emergence of environmental problems, the "cruelty" of man in relation to natural resources, the issue of preserving the gene pool of igi crops is under threat.

The basis of such a gene pool is usually the wild ancestors of cultivated agricultural crops. In our republic, the wild ancestors of agricultural crops are mainly manifested in the quality of crops growing wild in specially protected parts of mountainous and sub-mountain areas, as well as protected and unprotected forest lands. Also, some wild species can be found around residential areas and on the edges of cultivated fields.

Among such unique types of wild plants (perennial trees), the following plants related to the agriculture of our republic can be included (Fig. 1):

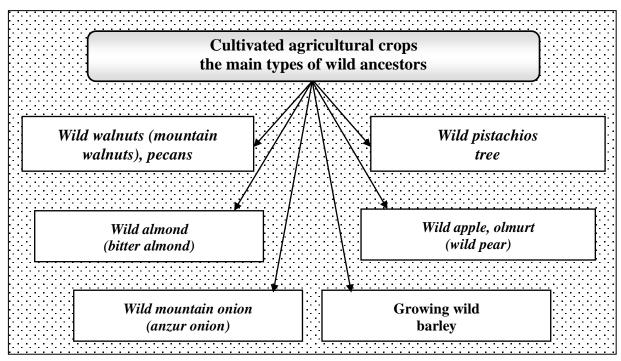


Figure 1. The composition of wild ancestors of agricultural crops of significant economic importance, characteristic of our republic<sup>1</sup>

Perennial trees such as walnut, wild pistachio tree, wild almond, wild apple, wild mountain onion (anzur), wild barley can be included in the mountainous areas and foothills of our country. Failure to understand the important importance of these plants not only for nature, but also for the economy of our republic, causes neglect among local residents and scientists. It is necessary to search for effective ways of their protection.Таҳлиллар шуни кўрсатмоқдаки, қишлоқ хўжалиги экинларининг ёввойи аждодларини сақлаб қолиш ва улардан самарали фойдаланиш имконияти қўрикланадиган ўрмон хўжалиги худудларида анча юкори.

The wild ancestors of agricultural crops are a unique genetic fund that cannot be replaced in the creation of new varieties of crops with high productivity, resistant to diseases and pests, drought, extreme climatic conditions, with high nutritional properties, improvement of existing varieties. Because, as a result of human activities, the varieties of cultivated agricultural crops change during the period of planting and use, and require constant updating due to the fact that they have the characteristics of losing fertility indicators.

In general, the need to preserve the wild ancestors of cultivated agricultural crops is primarily due to the disappearance of these species due to the human factor, material destruction by humans for various purposes (for example, material destruction due to the cutting of wild apples, pears, almonds as firewood, cutting them as construction materials, physical destruction due to livestock feeding, and the creation of an obstacle to their natural reproduction, the local population does not want the harvest of wild almonds, pistachios, apples, anzur onions) (such as destroying their natural reproduction system at the expense of harvesting), cutting and harvesting aims to reduce the consequences.

If we pay attention to statistical materials, the indicator of forest coverage of the territory of the republic was 6.5% in 2020. At the same time, as a result of the organizational and economic promotion activities carried out in our republic in recent years, the area of forests is increasing. Especially in recent years, the work of establishing new forests has been gaining momentum. In particular, in 2000, the area of newly established forests was 41.3 thousand hectares, in 2006 - 42.2 thousand hectares, and by 2020 it was 45.3 thousand hectares.

If we pay attention from the territorial point of view, the forests that are being newly created

<sup>&</sup>lt;sup>1</sup> Source: Developed by the author.

are mostly contributed by the desert regions of the republic (Karakalpakstan, Bukhara region, Navoi region).

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The wild ancestors of cultivated agricultural crops growing in protected and unprotected forest lands in the republic are the main types of plants and trees that produce a large amount of yield today, and their harvest is collected by forest farms and also by the people living in these areas.

If the problem is approached from the point of view of sustainable development of agriculture and ensuring the country's food security, the solutions to the problem will largely depend on the use of wild ancestors of agricultural crops as genetic resources. Therefore, there is an increasing need for effective use of organizational and economic tools along with administrative protection of crops in the foothills and mountainous regions where the wild ancestors of agricultural crops grow. However, protected areas (special reserves) create relatively large opportunities for the preservation and effective use of wild ancestors of agricultural crops.

At the same time, it should be noted that despite the fact that the areas where the wild ancestors of cultivated agricultural crops grow are protected by the state and maintained by special forestry farms, the risk of extinction of certain species is increasing year by year. According to research, the basis of such threats is manifested today in the following areas:

- as a result of the negative impact of diseases and pests that have entered the areas where important wild species grow from other areas where they did not exist historically;
- as a result of continuous water shortage, which is not typical for areas where wild ancestors of agricultural crops grow, and livestock grazing in areas where wild species grow;
- cutting down and destroying perennial trees growing in the mountains as firewood for heating homes and preparing food, as well as the fact that firewood is made from wild trees in mountainous areas not only for family needs, but also for commercial purposes, leads to a more brutal process of using wild trees;

-wild ancestors of cultivated agricultural crops and wild plants are unsystematically harvested by local people for sale in markets, as food or for non-traditional medicinal purposes, leading to excessive use of wildlife resources.

This is negatively affected by the very small area of nature reserves and protected mountain areas in our republic. In particular, only about 1 percent of forest areas are protected.

In 1995, as a result of the signing of the Convention "Biological Diversity - Protecting the Environment" by the leadership of the Republic, the legal basis for the expansion of protected natural forests and reserves became. However, the issue of effective use of wild ancestors of cultivated agricultural crops and their preservation for future generations is not completely solved by the expansion of reserves, and a comprehensive approach is required in this regard. One of these approaches is to develop organizational, economic and legal grounds for involving interested parties in the area to solve the problem on the basis of arousing material and moral interest (personal, family, collective, social or state interest) in relation to the use of wild ancestors of cultivated agricultural crops (material enthusiasm approach)<sup>2</sup>.

There is an opportunity to preserve the wild ancestors of cultivated agricultural crops by planting them in the collection areas of scientific research institutes, and to involve them in the selection process in the field of science. However, in this case, stress factors (such as abnormal colds, abnormal heat and drought, effects of diseases and insects, soil salinization and erosion) are not fully preserved for wild crop species, and the level of tolerance of crop species decreases, and their importance as an important selection material is also reduced.

If we evaluate the need to preserve the wild ancestors of cultivated agricultural crops in terms of their direct economic importance for society:

firstly, use in the fields of agricultural science in order to provide the members of the society with quality food;

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 $<sup>^{2}</sup>$ Костаньеда-Альварез. Диких родственников культурных растений также нужно сохранять в генетических банках. Биотехнология, генетические банки, генетические разнообразия, культурные растения. -ИА. Научная Россия. -2016. -№23.

secondly, to strengthen the biological potential of agricultural crops (productivity, product quality based on the improvement of existing varieties, creation of new varieties) for the supply of raw materials to the industry;

thirdly, the importance of providing jobs and income to the population living in rural areas is taken into account.

As we noted above, a number of important interests and interested entities are active in the use of wild ancestors of cultivated agricultural crops. At this time, it is critical to understand what interests drive special interests in making effective use of the wild ancestors of cultivated agricultural crops and preserving them for future generations. In addition, in the process of introducing methods of distribution of the results of the use of wildlife objects among interested parties, there is a need to constantly use the passions that call the subjects to action.

At the moment, wild pistachios, walnuts, wild almond species, wild apple species, barley, anzur onion (wild mountain onion) growing mainly in the mountainous and sub-mountain regions of our republic are being considered as wild ancestors of cultivated agricultural crops. These species are distinguished by the most important economic and economic importance among cultivated agricultural crops.

Satisfying the various needs of interested parties is the driving force behind the use of wild ancestors of cultivated agricultural crops and the criterion of action. In this, the desire to satisfy physical needs (having food), socio-economic needs, scientific and cultural needs motivates every interested entity to act.

The agrarian economic reforms implemented in our country are implemented in parallel with the reforms implemented in all aspects of the economic and social life of the society. These reforms also have a strong impact on the process of formation of the system of enthusiasm for work in the agrarian sector.

Therefore, based on the social-psychological, organizational-economic nature of work enthusiasm and motivation associated with the use of wild ancestors of cultivated agricultural crops, it is possible to recommend a system of enthusiasm with the following content:

- material and economic interest in the use of wild ancestors of cultivated agricultural crops;
- socio-economic interest in the use of wild ancestors of cultivated agricultural crops;
- scientific and cultural interest in the use of wild ancestors of cultivated agricultural crops.

The activities of economic entities that use the wild ancestors of cultivated agricultural crops are carried out directly within the framework of the above-mentioned passions. In this, each interested economic entity (in the form of a physical or legal entity) is motivated by the desire and interested in the process of reproduction of property relations by owning the benefits obtained from the use of wild ancestors of cultivated agricultural crops.

The conclusions in the above-mentioned case are mainly related to private entities operating within the framework of private interests, and the enthusiasm that motivates entities operating on the basis of state ownership or scientific-research interests to use wild ancestors of agricultural crops differs greatly in nature. However, at the same time, it should be noted that the manifestation of scientific and cultural passions in the process of using wildlife objects, especially the feelings of approaching wildlife objects as a national treasure under the threat of disappearance from interested subjects, is very weak.

According to the results of the research, the willingness to use the wild ancestors of cultivated agricultural crops will have sharp differences depending on the form of economic management, socio-economic status of the interested subjects and their role in the society. For example, it is not necessary to prove that the entities operating on the basis of private ownership and the entities operating on the basis of state ownership have differences in terms of the extent of their passion for the use of wildlife objects and the characteristics of their implementation.

Today, global climate change, which is becoming a reality beyond scientific hypotheses and various forecasts, requires the creation of new varieties of agricultural crops that can withstand the negative consequences of climate change and adapt quickly. Because today's speed of global

climate changes, progressive increase may not allow evolutionary adaptation of agricultural crops, which are products of nature.

Therefore, in order to solve the problem of effective use and protection of wild ancestors of cultivated agricultural crops, it is appropriate to combine economic methods with conservation measures in the set of organizational and economic measures. Only then will it be possible to achieve the expected results at a high level.

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# FOREIGN RESEARCH AND MANAGEMENT DIRECTIONS IN THE FORMATION OF YOUTH TOURISM

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#### **ABSTRACT**

This article discusses the ongoing work in Uzbekistan on the comprehensive development and support of tourism, the existing problems in the tourism of our country and the possibility of their effective solution. Attention is drawn to the need to attract young people to internal and external tourism in order to maintain a healthy lifestyle, as well as the state and development of youth tourism.

**Key words:** Tourism, economy, youth tourism, tourists, camping, hotels, national values, events.

#### Introduction

Since the first days of independence, tourism activity in our country has been considered at the level of the main state policy. All the necessary organizational and legal mechanisms for the development of the industry have been created, important regulatory documents have also been adopted, and this work is still ongoing. In order to develop tourism in our country, raise it to a new level and make our country one of the world's tourism centers, first of all, it is necessary to create a legal framework. In this regard, the laws and codes of the Oliy Majlis of the Republic of Uzbekistan, a number of decrees of the President of the Republic of Uzbekistan on tourism issues, resolutions of the Cabinet of Ministers of the Republic, instructions and procedures of the Ministry of Justice, as well as other competent state bodies are being developed and implemented. 1

The state policy in the field of tourism is one of the manifestations of the socioeconomic policy of the state.

The state policy in the field of tourism is the state's activity on the development of the tourism industry and the subjects of the tourism market (tour operators and travel agents), improving the forms of tourist services for citizens and strengthening on this basis their political, economic and social potential. Tourism policy is implemented in all regions of the Republic of Uzbekistan, primarily at the level of individual subjects of the region, in order to eliminate the contradictions between the existing tourism and the economy of the region.

The tourist policy of the state consists of a set of forms, methods and ways of influencing the activities of the tourism sector in order to develop the national economic complex and achieve specific goals.

Due to the complex application of certain measures, it is possible to increase the effectiveness of the strategic management system in the development of tourism. Currently, more than 20 local and national tourism development programs are being implemented in the republic and major projects are being adopted.

#### State directions of tourism industry management

The main objectives of state regulation of tourism activities are:

•  $\square$  ensuring the rights of citizens to rest, freedom of movement on the road and other rights;

<sup>&</sup>lt;sup>1</sup> The program for the accelerated development of tourism in Uzbekistan for 2017-2021, Decree of the President of the Republic of Uzbekistan Sh.M. Mirziyoyey dated December 2, 2016, OF - No. 4861 -lex uz.

- protection of the natural environment;
- $\square$  ereation of conditions for activities aimed at improving, educating and training tourists;
- development of the tourism industry that meets the needs of citizens for travel, creation of new jobs, development of international relations, preservation of tourism facilities, rational use of our natural and cultural heritage.

# Methods and functions of state tourism management

1-Table

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Functions	Methods
General organizations and legal norms of tourism activities	<ul> <li>give general concepts and definitions</li> <li>signing of agreements on cooperation and purchase and sale</li> <li>obtaining a visa</li> <li>cases related to the movement of products across the border</li> </ul>
2. Tourism development planning	<ul> <li>development of a common strategy and concept for the development of tourism</li> <li>management of the regional location of tourism objects</li> <li>infrastructure development planning</li> </ul>
3. Various activities	-licensing - standardization - certification
4. Staffing of the tourism industry	<ul> <li>preparation of state standards and guidelines for the continuous development of the personnel training system</li> <li>to promote professional development of workers of travel agencies.</li> </ul>
5. Tourism market research process	- conducting marketing research on the market of tourist services - creation of national tourism research centers.
6. Support for foreign economic activity of travel companies	<ul> <li>opening of representative offices and branches in foreign countries</li> <li>conclusion of international treaties</li> <li>creation of advertising and brand of national products</li> </ul>
7. Protection of historical monuments and the environment	<ul> <li>creation of appropriate procedures and laws for the restoration and conservation of natural resources</li> <li>restoration of historical monuments</li> <li>distribution of tourist rent</li> </ul>
Creation of significant and high prestige of the country and regions	<ul><li>marketing</li><li>advertising, information and analytical process</li><li>tax relief</li><li>investments</li></ul>

The priority areas of state regulation of tourism activities are the support and development of domestic, inbound, social and initiative types of tourism. <sup>2</sup>

The regulation of tourism activities by the state is carried out in the following ways: <sup>3</sup>

- creation of regulatory legal acts aimed at improving relations in the tourism industry;
- □ cooperation in promoting tourism products in the domestic and global tourism markets;
- □ protection of the rights and interests of tourists, ensuring their safety;
- □ standardization, licensing, certification of tourist products in the field of tourism;

<sup>&</sup>lt;sup>2</sup> Decree of the President of the Republic of Uzbekistan on the establishment of the State Committee for Tourism Development No.

<sup>&</sup>lt;sup>3</sup> Decree of the President of the Republic of Uzbekistan "On the development of the service sector and the service sector" No. UP-

•	□ determination of the procedure for entry into the Republic of Uzbekistan, exit from the Republic
	of Uzbekistan and visiting the territory of the Republic of Uzbekistan, taking into account the
	interests of tourism development;

- □increase in direct budget allocations for the development and implementation of the state target program for the development of tourism;
- Creation of favorable conditions for investment in the tourism industry;
- □ organization of the tax and customs system;
- Providing preferential loans, tax and customs benefits to tour operators and travel agents engaged in tourism activities in the territory of the Republic of Uzbekistan and attracting foreign citizens to engage in tourism in the territory of the Republic of Uzbekistan;
- □cooperation in the training of personnel for tourism activities;
- Cooperation with the participation of Uzbek tourists, tour operators, travel agents and their associations in international tourism programs;
- supply of cartographic products;
- □ other methods used in accordance with the legislation of the Republic of Uzbekistan. 4

In order to implement the Decree of the President of the Republic of Uzbekistan dated December 2, 2016 No. PP-4861 "On measures to ensure the rapid development of the tourism sector of the Republic of Uzbekistan" and to ensure the effective organization of the activities of the State Committee for the Development of Tourism of the Republic of Uzbekistan, the following activities are being carried out: <sup>5</sup>

- 1. The following main tasks and activities of the State Committee of the Republic of Uzbekistan for the development of tourism have been determined:
- to ensure the formation and implementation of a holistic concept of tourism development aimed at a radical increase in the country's tourism potential, giving tourism the status of a strategic sector of the economy, and pursuing a unified state policy in the field of tourism;
- implementation of an active advertising and information policy aimed at conducting marketing research in the external and internal markets of tourism services, wide promotion of historical and cultural heritage, preservation and development of the tourism image of the Republic of Uzbekistan, penetration of national tourism products and brands into international tourism markets:
- coordination of the development of national and regional programs for the integrated development of domestic, inbound and outbound tourism and control over their implementation, intensive development of a wide range of types of tourism, attraction of foreign investment, as well as loans and grants from international financial institutions and other organizations, for the development of tourism infrastructure in accordance with international standards of achievement:
- coordination of the development of tourism activities, ensuring the creation of new tourist areas in the regions, their certification, the formation of unified state registers of tourist destinations and tourism facilities:
- coordination of the development of quality and safety standards for tourism services aimed at
  ensuring the safety and health of tourists in the organization of tourism services, primarily in
  places of accommodation for tourists, in catering points, when moving around the territory of the
  republic and organizing visits to tourism facilities, licensing services in in the field of tourism and
  certification of tourist services, inspection control for compliance with established requirements
  and standards;
- to optimize the state regulation of the tourism sector and, on the basis of market relations, develop competition in the tourism services market, develop proposals aimed at eliminating all problems and obstacles hindering the development of tourism, contribute in every possible way

<sup>&</sup>lt;sup>4</sup> www.uza.uz - National News Agency of Uzbekistan.

<sup>&</sup>lt;sup>5</sup> lex.uz . From Decree No. PP-4861 on the establishment of the Committee of the Republic of Uzbekistan for Tourism. 130

to increase entrepreneurial activity in the tourism sector, actively apply information and communication technologies to implementation of this industry;

- ☐ in the field of tourism activities, primarily the UN World Tourism Organization, international and national tourism organizations and foreign companies operating in the field of tourism, expanding international cooperation, introducing international and interstate standards and norms into tourism activities and practice;
- organization of regular retraining of employees of subjects of tourism activity and improvement of their skills at a high level, support for the development of industry tourism sciences. 6

The State Committee of the Republic of Uzbekistan for the Development of Tourism is the legal successor of the National Company "Uzbek tourism" for all obligations and agreements, including international obligations and agreements, with the exception of labor contracts. 7

As independent units within the State Committee for the Development of Tourism of the Republic of Uzbekistan:

State Unitary Enterprise "Center for the Promotion of National Tourism Products" on the basis of the State Unitary Enterprise "Buyuk Ipak Yuli" advertising agency under the National Company "Uzbektourism":

On the basis of the unitary enterprise "Certification Center for Tourist Services".

State Unitary Enterprise "Certification Center for Tourist Services";

SJIF 8.001 & GIF 0.626

State unitary enterprise "Center for dispatching and tourism services" on the basis of the state enterprise "Main Department for dispatching and tourism services";

On the basis of the state enterprise "Republican scientific and educational consulting center" to create a state unitary enterprise "Republican center for advanced training and retraining of personnel in the field of tourism."

The heads of the regional departments of the State Committee for the Development of Tourism of the Republic of Uzbekistan are appointed by the Chairman of the Committee on the proposal of the Chairman of the Council of Ministers of the Republic of Karakalpakstan and the khakims of the respective regions.

According to experts, as a result of the implementation of these proposals, income from the tourism sector in the next 5 years will increase 10 times, and Uzbekistan will become one of the leading tourist countries in the international market.

To do this, first of all, we need to be able to wisely use the resources we have, to optimally allocate income from the tourism industry. We need to explore all the ways of development and use the one that suits us in our country, as well as in countries with developed tourism.

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# IMPROVING THE MANAGEMENT OF THE PROCESS OF MOTIVATION OF TOURISTS IN THE HOSPITALITY INDUSTRY

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#### **ABSTRACT**

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This article is based on the need to develop a program of upcoming events based on consumer motives in the formation of a type product. The motives of different segments of consumers have been studied.

**Keywords:** hospitality industry, motivation of tourists, competition, tourist area, consumer of tourist services, tourist destination, tourist needs, tourist demand, Samarkand region, management, quality of service, cultural experience.

# Introduction

At the present stage of the development of the hospitality industry of Uzbekistan, it is considered to ensure the growth of the industry, based on scientific-based Modern Management. Among the factors that form the basis of this process can be distinguished the presence of opportunities for hospitality induction in attracting a number of tourists, the correct Organization of motivational processes and effective use. In ensuring the development of hospitality induction in the Republic and the effective use of available tourist opportunities, the management of the processes of motivating tourists expresses primary importance.

The total number of foreign citizens who arrived in the Republic of Uzbekistan in January 2023 amounted to 1487.7 thousand people. Compared to 2022, their number has increased 2.4 times.

In the first guarter of 2023, there were 198.3 thousand tourists arriving by air (13.3%), 21.8 thousand people arriving by rail (1.5%), 6.5 thousand people arriving by road (0.4%). The largest number of tourists, namely 1,261.1 thousand (84.8%), arrived on foot(stat.uz).

The induction of hospitality and its effective impact on consumers in the beginning is a close link with the concept of motivation. Considering this, it is important to justify the concept of motivating tourists and its methods.

Leisure and entertainment tours are becoming more and more popular. Tourists are repeatedly attracted by objects of a unique nature, their unique beauty and grandeur through amazing legends and advertising.

Tourist motives are the most important components of the tourist activity system, which can be considered as the basis for the selection of demand-determining components, travel and recreation program.

The object of the study is tourist motivation, the motivation of which is attracted by the selection of a tourist product is studied.

### Literature review

When it comes to motivating tourists, there is no single approach to determining the managerial content of "managing the processes of motivating tourists" in our country and foreign scientific literature, which is being published in hospitality industry, devoted to the problems of motivating tourists and managing the use of various ways of motivation.

Includina.

The concept of motivation; it is derived from the Latin word "movere", which means to act, to stimulate, to be in action[1].

Motivation; it is" the behavior and actions of people on the way to achieving a certain goal by their own desires and desires "[2].

In other words, motivation is a variety of psychological and physiological factors that cause a

person to behave in a given time frame [3]. Motivation often arises after personal desires to meet needs [4].

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In general, the concept of motivation includes various internal and external causes that motivate the human body to behavior, which determine the degree of violence and energy of the behavior, give a certain direction to the behavior and ensure its continuation, and their mechanisms of functioning [5]. There are reasons that motivate a person to behave. Behavior is always formed by motives. Motive is a concept associated with desires, desires and impulses that stimulate the organism and allow the organism to act according to a certain purpose. Motive is a general concept that includes desires, desires, needs and impulses [6].

Motives are impulses that arise from within a person, which motivate people in a certain direction, forcing them to achieve certain behaviors or certain situations [7]. Physiological motives such as hunger, thirst and sex are called impulses. The needs of the organism, in which various resources are used to bring body processes into balance, are identified as needs. These are behaviors such as desire to achieve, social approval, and desire for status.

Understanding and using tourist motives, knowledge of various travel models that affect the choice of a particular tourist product can become the key to the successful operation of a tourist enterprise, the promotion of a tourist route and the introduction of new forms of interaction with the client. After determining the motives, it is possible to develop effective methods that will help attract a potential tourist and, ultimately, affect the nature and size of tourist demand and sales [8].

Basically, there are two levels of motivation: survival and success. A person needs safety, nutrition and shelter to survive. These are the basic physical needs of our daily lives. If these basic needs are met, we begin to look at other areas of need, such as success, emotional satisfaction, personal growth, being valued, being accepted, and we strive to meet these needs. In other words, it is their thoughts, hopes, beliefs, so to speak, their desires, needs and fears that make people move, determine the direction of action. It follows from this that is active and driving forces.

## Research methodology

The research process used a systematic approach, abstract-logical reasoning, grouping, comparison, factor analysis, and sampling observation.

# **Analysis and results**

The motives described in the research work were considered in the context of two main groups: natural and artificial. Natural motives for choosing one or another tourist area or tourist destination imply that this destination, its geographical and other characteristics are capable of satisfying the main purpose of the trip. Artificial motivations are additional measures that involve the creation of new tourist facilities, as well as other actions aimed at increasing the flow of tourists to a particular region and the development of all types of domestic tourism in Uzbekistan.

Natural motivations are basic if they belong to a tourist region. In this case, artificial motivations are defined as an addition to the main ones. If the natural motivations for the initial location of the tourist region are not identified or clearly identified, one or more artificial motivations should be chosen as the main motivations and may be supplemented with other artificial motives if necessary.

The formation of artificial motivation among consumers of the Uzbekistan tourism services market pursues the following goal - this is an increase in the domestic tourist flow. There are two main ways to increase the flow of tourists by introducing artificial motivation:

- increase the volume of tourist services consumed by the main target audience:
- expanding the target audience (attracting new groups of consumers of the tourism services market).

In addition, the formation of artificial motivation in consumers of the tourism services market should be aimed at solving the problems of seasonality in the tourism sector, which will make it possible to increase tourism revenues in the region with a constant level/minimum increase in capital costs. Also, the region should consider maximum functional differentiation of the tourist area by types of Tourism and the target audience, which will avoid excessive competition between neighbouring tourist areas.

The most correct solution, which allows each region to successfully operate, avoiding competition with other tourist regions, is to maximize the orientation of each of them to a certain type of motivation and the types of Tourism corresponding to these motives. This approach is especially important for tourist regions that are located close to each other, as well as for regions that do not have the initial attractiveness / competitiveness of one or another type of Tourism and Recreation.

It is possible that these regions are similar both in terms of geographical characteristics and in terms of the types of tourism that can be developed based on the available natural and recreational resources.

Based on the research carried out, the work developed a methodology for forming a list of artificial motivations for tourists in the development of tourism in the regions of the Samarkand region (Figure 1). The application of this technique solves the following problems:

- taking into account the content of potential demand for tourist products in the region;
- determination of the possibilities of placement of territories;
- placement of territories in different market spaces;
- offer unique tourist products in each region;
- expanding the audience of the main target consumers at the expense of other groups of potential tourists.

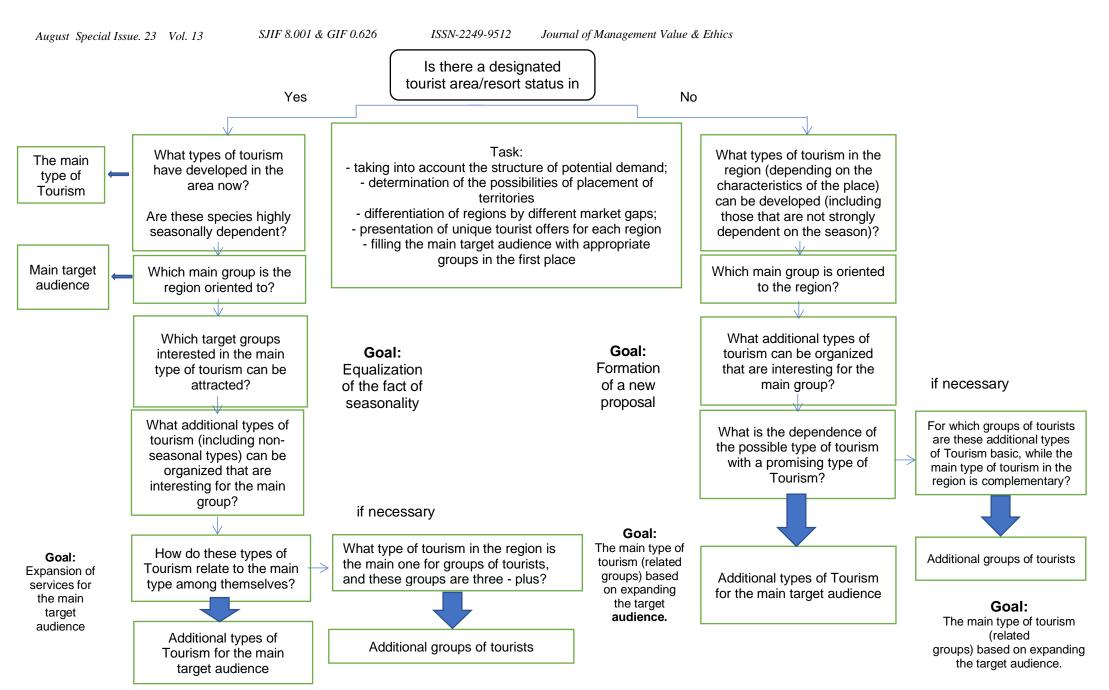


Figure 1. Methodology for developing a list of artificial motivations for the formation of consumer flows in the hospitality industry

The use of the methodology allows each region of the Samarkand region to identify a potential

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target audience, as well as the most promising types of tourism that complement each other and meet the needs of the main target groups of tourists. At the same time, it should be noted that within the framework of this study, we can say the main target groups of consumers, which are desirable to attract, as well as the main types of tourism (with

the use of artificial motivations), which should develop purposefully. The formation of regional demand by other Target groups, as well as the development of other types of tourism, is not excluded, but special measures to attract/organize them are not necessary.

This methodology defines the following sequence of actions. At the initial stage for each area, it is determined that the region has the status of an established tourist area. If the region has the status of an established tourist area, the main steps are carried out along the left branch of the methodology algorithm; otherwise, the main steps are performed along the right branch of the algorithm.

The purpose of the development of these regions is to form a new proposal, taking into account the potential competition and competitiveness of each tourist area.

#### Conclusions and Recommendations

In conclusion, based on the studies carried out, the following conclusions can be drawn:

- 1. The main goal of the formation of artificial motivation among tourists is to increase the flow of domestic tourism. It is possible to form two main directions of increasing the flow of tourists to the regions of the Samarkand region by introducing artificial motivational techniques outlined in the research work: increasing the volume of services consumed by the main target audience; expanding the target audience (attracting new groups of tourists). In addition, the formation of artificial motivation for the consumer should be aimed at solving the problems of seasonality in the field of tourism, which will allow capital costs to increase tourism revenues in the region with a constant level/minimum increase. At the same time, it is necessary to consider the maximum functional differentiation of the tourist area by types of tourism in the region and the target consumer audience, which will avoid excessive competition between neighboring tourist areas.
- 2. The most correct solution that allows each region to successfully operate in the tourism sector is to avoid competition with other tourist areas, to maximize the orientation of each of them to a certain type of motivation, which increases the flow of tourists, and to correctly choose the types of tourism that correspond to these tourist motivations. This approach is especially important for tourist regions that are located close to each other, as well as for regions that do not have the initial attractiveness / competitiveness of one or another type of Tourism and Recreation.
- 3. Regardless of the specialization of the infrastructure of the tourist tourist area, it is formed on the basis of compliance with the list of typical spatial zones common to almost all tourist centers. The research work identified the need to have eight areas/zones (Sports, natural, commercial, medical, cultural and educational areas/zones, placement vehicle areas, entertainment and transportation infrastructure) in each tourist area. However, each tourist area has its own characteristics of development, depending on what type of tourism it specializes in. Therefore, in the research work, it defines two groups of territories: 1) Mandatory - the placement of objects of the trade zone and the hospitality industry, and 2) additional territories (zones of a cultural-educational nature, entertainment, transport, medical, etc.).
- 4. The methodology for developing a list of artificial motivations for the formation of the flow of consumers presented in the research work contributes to the formation of artificial motivations of tourists in each tourist region, and again, depending on the requirements of the target consumer segment, provides the opportunity to form residential means and objects of the territory's infrastructure.

Thus, understanding and using tourist motives, knowledge of various travel models that affect the choice of a particular tourist product can become the key to the successful activities of a tourist enterprise, the promotion of a tourist route and the introduction of new forms of interaction with the client. By identifying the motives, it is possible to develop effective methods that will help attract a potential tourist and, ultimately, affect the nature and size of tourist demand and sales.

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# THE STATISTICAL AND ECONOMETRIC ANALYSIS OF PHARMACEUTICAL SYSTEM AND FUTURE DEVELOPMENT IN THE REPUBLIC OF UZBEKISTAN

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#### **ABSTRACT**

This article is dedicated to the econometric analyze in the basis of exponential models and volume trend of import and export pharmaceutical products, production volume of basic pharmaceutical products and preparations in the Republic of Uzbekistan. Appropriately to the results of analyze made a forecast parameter for 2023-2027. In order to study the development of retail sales of pharmaceutical products, it was evaluated based on a multifactor regression model.

**Key words:** Production volume of the main pharmaceutical products and preparations, import and export, retail sale of pharmaceutical products, pharmacies, international experience.

#### Introduction

The pharmaceutical industry is revolutionizing the healthcare industry. New technologies and innovations allow pharmaceutical companies to advance medicine and improve patient care. At the same time, improving the processes of working with customers of medical and pharmaceutical companies, monitoring the formation of demand and supply processes for drugs, achieving the improvement of the effectiveness of drugs and the quality of life of patients, and identifying problems in other similar directions, as well as certain fundamental problems in terms of their solutions, issues related to systematic, methodological and practical foundations are important.

Large-scale scientific research is being conducted in the world on the effective development of the pharmaceutical industry. In particular, despite the fact that there are studies conducted on a comprehensive approach to the issues of economic development of the pharmaceutical industry, ways to increase its competitiveness, and ways to reduce dependence on imported drugs, a comprehensive opinion about the direction and scope of these problems has not been formed. Based on this, it is necessary to conduct additional research on ways to further develop and increase the competitiveness of the pharmaceutical industry.

Special attention is paid to the development of the pharmaceutical industry during the period of rapid socio-economic reforms in the new Uzbekistan. On January 21, 2022, the decree of the president of the Republic of Uzbekistan "on additional measures for the rapid development of the pharmaceutical sector of the Republic in 2022-2026"was adopted PF-55. According to him, the task was to increase the volume of production of domestic drugs by 3 times, to bring the level of supply of the domestic market to 80% in natural volume[1].

# Analysis of literature on the topic.

The theoretical and methodological foundations for the development of the pharmaceutical industry are reflected in the scientific research of a number of local and foreign scientists. Frank Lichtenberg is an American economist known for his research in the fields of health economics and pharmaceutical economics. He is a prominent scholar and has made significant contributions to understanding the economic impacts of pharmaceutical innovation and healthcare interventions. Lichtenberg's studies have also explored the cost-effectiveness of pharmaceutical treatments compared to other healthcare interventions. His work has implications for public policy and decision 138

making in healthcare systems, as it provides evidence on the value of investing in pharmaceutical research and development. One of Lichtenberg's seminal contributions is the "Lichtenberg Effect," which refers to the finding that pharmaceutical innovation leads to significant health improvements, and the value of these health gains often outweighs the costs of the drugs. His research has shown that pharmaceutical innovation not only extends life expectancy but also improves patients' quality of life and productivity[2].

Patricia M. Danzon is a prominent health economist known for her research in the areas of health economics, pharmaceutical economics, and the economics of the healthcare industry. According to important contributions of Patricia Danzon is her research on the international comparison of pharmaceutical pricing and its impact on access to medicines. Her studies have shed light on the complex interactions between drug prices, market structures, and health outcomes across different countries[3].

Among the scientists of our country E.R. Toshmuhamedov and H.S. Zaynutdinov, the sectors engaged in the production, distribution and exchange of services for the health care of the population are related to each other. In their research, the main economic laws regulating the financial activity of pharmacies, the role of consumers in the pharmaceutical market, the basis of drug pricing, the analysis of pharmacy sales volume and the preparation of drugs, the analysis of profits and the determination of the perspective of pharmacy institutions are covered[4].

# Research methodology

In this regard, we will consider the progress of the pharmaceutical industry development processes in the Republic of Uzbekistan, increasing the competitiveness of pharmaceutical industry enterprises in the regions, and increasing the export volume of pharmaceutical products based on the analysis. It is important to use correlation-regression analysis for the statistical study of the dynamics of changes of statistical indicators and the interrelationships between generalized indicators. Also, in this regard, factor analysis methods are especially convenient for quickly and effectively expressing the analysis of cases on the development processes of the pharmaceutical industry at the regional level. SPSS 24 and MINITAB 10 programs, which are the most convenient nowadays, were widely used to perform such complex analyzes.

## **Analysis and results**

The pharmaceutical industry in Uzbekistan has been experiencing steady growth and development. The market size has been expanding, driven by increasing demand for medicines due to population growth and the prevalence of various diseases. The government has been proactive in regulating the industry to ensure the safety, efficacy, and quality of pharmaceutical products.

Uzbekistan has shown a commitment to developing its domestic pharmaceutical manufacturing capabilities. The government has provided support and incentives to promote local drug production, aiming to reduce dependence on imported pharmaceutical products and enhance self-sufficiency in meeting healthcare needs.

From the analysis of the cited data for the years 2011-2022, it can be seen that the production volume of the main pharmaceutical products and preparations in the Republic of Uzbekistan has a tendency to grow. According to it, the following trend model was determined to express the dynamics of change of this indicator:

$$Y_{pr}=215,701 * e (0,249 * t), t=1,2,3,...$$
 (1)

1-table The result of the assessment of the adequacy of the trend model of the production volume of the main pharmaceutical products and preparations according to the criteria

Variable	Coefficient	Standard error	t-statistics	Probability	
b <sub>1</sub>	0,249	0,011	22,486	0,00	
С	215,701	17,594	12,26	0,00	
R-square		0,99			
F-statistics		505,63			
Probability (F-statistic)		0.000			

R2=0.99 indicates that 99.6 percent of the variation in production volume of basic pharmaceutical products and drugs is represented by the model. It can be seen from the results of the table that all the parameters selected for the identified model were found to be significant at the 0.05 level of significance under the condition t<t\_. In conclusion, it can be said that model (1) is reliable and adequate.

In 2011-2022, the production volume of the main pharmaceutical products and preparations in Uzbekistan, corresponding to the values of the exponential model, and the forecast values for the years 2023-2027 based on the model are shown in Figure 1.

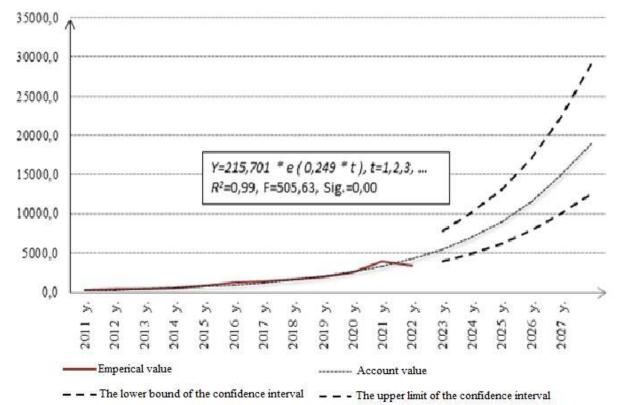


Figure 1. In 2011-2022, the values of the production volume of the main pharmaceutical products and preparations in Uzbekistan and the compatibility of the values of the exponential model and the values of the forecast

Source: Compiled by the author based on the research conducted.

The extrapolation method is usually used in the formation of forecast values based on onedimensional series of dynamics. Firstly, this is connected to the simplicity of this method. The basis of making this forecast is the transfer of the laws of the development of past events to the future. According to the results of the forecast, the production volume of the main pharmaceutical products and preparations will have a stable growth trend in the next years 2023-2027. According to forecast calculations, the production volume of basic pharmaceutical products and preparations in 2027 will be 14920.7 billion. expected to be UzbSums (Table 2). This indicator is 4.4 times more than in 2022, respectively.

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2- table
Production volume of the main pharmaceutical products and preparations in Uzbekistan
forecast values obtained by the trend extrapolation method

	Current period	Forecast period				
	2022	2023	2024	2025	2026	2027
The volume of production of the main pharmaceutical products and preparations, bln. UzbSums	3413,2	5506,3	7064,7	9064,1	11629,4	14920,7
The lower bound of the confidence interval	-	3892,9	4934,6	6247,2	7900,1	9980,5
The upper limit of the confidence interval	-	7788,5	10114,4	13151,3	17119,1	22306,4

It is known that comprehensive measures to improve the system of circulation of pharmaceutical products are systematically implemented in our country, favorable conditions have been created for the development of the local pharmaceutical industry. In this regard, it is important to further improve the supply of quality, effective and safe pharmaceutical products to the population, increase the production volume, scientific-technical and export potential of local manufacturers, as well as attract foreign direct investments. emphasis is placed.

According to the information of the The pharmaceutical industry development agency:

- In 2018, the total value of the pharmaceutical industry in the territories of the republic was 92.8 million. 34 USD projects were launched (including USD 14,214 million foreign investment) and 1,501 new jobs were created,
- In 2019, 36 projects with a total value of \$120.3 million were launched (including \$40.9 million of foreign investment) and 1,760 new jobs were created,
- In 2020, 34 projects worth \$92.8 million were launched (including \$14,214 million of foreign investment) and as a result, 1,622 new jobs were created.

Within the framework of cooperation in the field of pharmaceuticals with countries such as China, Russia, USA, Belarus, Egypt, Germany, Kazakhstan, Korea, India, Japan, the total value is 354.7 million., 42 dollar projects are being implemented.

As a result of attracting investment funds of 83.3 million dollars and launching 10 projects with a total value of 31.5 million dollars, 437 new jobs were created within the framework of 42 investment projects included in the investment program. We will carry out a regression analysis in order to assess the impact of investments in fixed capital on the production volume of the main pharmaceutical products and preparations in Uzbekistan according to the type of economic activity of the production of the main pharmaceutical products and preparations.

According to the results of the analysis

$$Y_{pr}=120,806+3,454*X_{inv}$$
 (2)

a normalized regression equation was created.

Here

 $Y_{pr}$  - production volume of the main pharmaceutical products and preparations, billion,

# UzbSums:

 $X_{inv}$ - Production of basic pharmaceutical products and preparations Investments in fixed capital by type of economic activity, billion, UzbSums.

3-table The result of the assessment of the adequacy of the regression model of the production volume of the main pharmaceutical products and preparations according to the criteria<sup>1</sup>

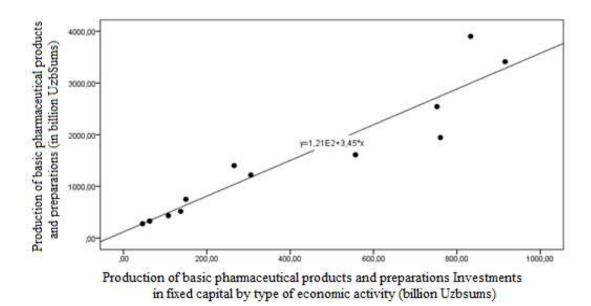
Variable	Coefficient	Standard t-statistics		Probability	
		error			
X	3,454	0,391	8,841	0,000	
С	120,806	202,055	0,598	0,563	
R-squared	0,887	The mean of the dependent variable		1529,228	
Smoothed R-squared	0,875	The standard deviation of the dependent variable		1147,59683	
Standard error of the regression		430,526			
F-statistics	78,158	The sum of squ	14486763,26		
Probability (F-statistic)	0.000000	Darbin-Watson statistics 1,662			

According to the value of R2=0.887, - 88.7 percent of the change in the volume of production of the main pharmaceutical products and preparations is represented by the model. It can be seen from the results of the table that all the parameters selected for the identified model were found to be significant at the 0.05 level of significance under the condition t<t\_. In conclusion, it can be said that model (2) is highly reliable and adequate. The multivariate regression model determined for the volume of production of the main pharmaceutical products and preparations and the production of the main pharmaceutical products and preparations as an influencing factor, the investment in fixed capital by the type of economic activity is reliable at all levels of significance and is an adequate model.

As an explanation to the model, it can be said that if the volume of investments in fixed capital by the type of economic activity, production of basic pharmaceutical products and preparations, increases by one billion UzbSums, the production volume of basic pharmaceutical products and preparations will increase by half increases to 3.454 billion UzbSums, respectively.

The compatibility of the values of the multifactor regression model determined for the volume of production of the main pharmaceutical products and preparations and the production of the main pharmaceutical products and preparations as an influencing factor, the investment in fixed capital by the type of economic activity is shown in Figure 2.

<sup>&</sup>lt;sup>1</sup>Author development



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Figure 2. The compatibility of the values of the multifactor regression model determined for the investment in fixed capital by the type of economic activity. Source: Compiled by the author based on the research conducted.

The pharmaceutical market of Uzbekistan is the third largest market in the CIS after Russia and Ukraine. Among the fastest growing markets in the CIS region in terms of growth dynamics (8-10 percent per year). Pharmaceutical products are mainly imported from India, Latvia, Russia, Georgia, USA. In 2011, more than 522 million dollars of drugs were imported, and in 2022, this figure was 1585 million dollars.

International and national standards have been introduced in 103 pharmaceutical enterprises operating in our country. In 2022 alone, 18 new pharmaceutical enterprises were launched, 335 names of medicines are being produced. Today, the geography of exporting pharmaceutical products has expanded from 34 to 39. Orientation of local enterprises to export, in turn, ensures the production of quality products. In particular, in 2022, compared to 2011, the export volume increased almost 5.5 times and amounted to 24.98 million dollars. A large part of the export of pharmaceutical products is accounted for by drugs and gauze, medical cotton.

### Conclusion

It can be concluded from the mentioned models that in 2011-2022, the exponential model of the production volume of the main pharmaceutical products and preparations in Uzbekistan was determined. According to the results of the forecast, the production volume of the main pharmaceutical products and preparations will have a stable growth trend in the next years 2023-2027. According to the forecast, the production volume of the main pharmaceutical products and preparations is expected to be 14,920.7 billion soums in 2027. This indicator is 4.4 times more than in 2022, respectively.

A regression model was created in order to assess the impact of capital investments on the production volume of the main pharmaceutical products and preparations by type of economic activity. As an explanation to the model, it can be said that if the volume of investments in fixed capital by the type of economic activity of the production of basic pharmaceutical products and preparations at the level of the republic increases by one billion UzbSums, the production volume of basic pharmaceutical products and preparations will be it is possible to achieve an increase in the amount of 3.454 billion UzbSums.

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# FURTHER DEVELOPMENT OF ECOTOURISM IN ARAL SEA REGION OF **UZBEKISTAN: OPPORTUNITIES AND CHALLENGES**

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#### **ABSTRACT**

the current paper studies the future tendencies to develop ecotourism in Aral Sea region of Uzbekistan. The available ecotourism destinations in the region, such as Aral Sea shore, ancient fortresses of Khorezm serves as a hub for prosperity of the industry. As a results, inbound tourists to Tashkent, Samarkand, Bukhara and Khiva will have opportunity to enjoy desert nature of western part of Uzbekistan. Especially, visitors are more willing to be close to the nature after pandemic conditions and try to avoid visiting to mass-tourism destinations, such as city center and museums.

**Key words:** ecotourism, Aral Sea region, Uzbekistan.

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#### Introduction

Relevance of the topic. Tourism industry has emerged as one of the leading industries in the global economy in recent decades. Contributing significantly to the global gross national product and the total employment of many countries, tourism has taken the leading role in the economic development of many countries. Even so, tourism has potential to produce negative outcomes for host communities, and so, ensuring tourism protects the environment and generates benefits for host destinations, is a critical task. Export earnings generated by tourism in Uzbekistan have grown to USD 1.7 trillion which makes the sector a truly global force for economic growth and development, driving the creation of more and better jobs and serving as a catalyst for innovation and entrepreneurship (UNWTO, 2019) while the number of worldwide tourists reached to 1.5 billion (UNWTO, 2020). It is believed to increase further in future years but the COVID-19 pandemic changed the situation dramatically and now this field is said to have been affected worse than other sectors. Since January 2020, various kinds of restrictions have been imposed on tourists' visit to tourist destinations. According to the second report of WTO dated April 28, 100% of worldwide destinations have had pandemic related travel restrictions (UNWTO, 2020).

Analysis of literature on the topic. Theoretical and methodological issues of tourism development in Uzbekistan are deeply studied by K.H.Abdurahmonov, M.R.Boltaboev, M.E.Pulatov, N.T.Tukhliev, M.K.Pardaev, I.S.Tukhliev, M.M.Mukhammedov, K.Usmanova, A.N.Norchaev, O.H.Khamidov, U.R.Matyakubov, S.S.Ruziev, N.E.Ibadullaev and others. comprehensive research on the development of ecotourism and its organizational, financial aspects in post-pacdemic conditions can be considered as a key motives to conduct this research in the conditions of Aral Sea region of Uzbekistan (including the Republic of Karakalpakstan and Khorezm region).

In recent years, the Aral Sea region of Uzbekistan has emerged as a new attractive destination for incoming foreign and domestic tourists. The development of tourism in ASR contributes more employment and income opportunities for local people while the generated revenue can be further used to update the infrastructure in the respecting territory (Saidmamatov et al, 2020). From a practical point of view, as of January 1, 2021, over 1500 tour operators have been registered in Uzbekistan and only 4% of them are registered in Khorezm region and 2% in Karakalpakstan. It means that most of the incoming investment via tourism is staying in the capital city Tashkent and the second-largest city Samarkand leading to an imbalance of the regional economic growth in the country as well as poor destination management, marketing, logistics of tourism in general in Aral Sea region (UzbekTourism, 2020).

The research gap that motivated the author to write this article is that there are very few academic articles available revealing the situation of ecotourism development, challenges and opportunities in Central Asia, mainly in the Aral Sea basin which is an ecologically catastrophic region. The research question is to assess the current situation of ecotourism development in the ASB. Indeed, the role of state support is elaborated to strengthen the economic conditions of tourism business units during the pandemic.

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Research methodology. The methodology is review of the all available literature and generating recommendations to further improvement of the industry in Uzbekistan.

## Analysis and results.

Tourism contributes to strengthening foreign exchange rates, drives regional development, directly supports several types of jobs and businesses and sets up many local communities. The tourism sector generates 4.4% of GDP and 21.5% of service exports in OECD countries. These shares are much higher for several OECD countries. For example, tourism in Spain contributes 11.8% of GDP while travel represents 52.3% of total service exports, in Mexico, these figures are 8.7% and 78.3%, in Iceland 8.6% and 47.7%, in Portugal 8.0% and 51.1%, and in France 7.4% and 22.2% (UNWTO, 2020).

Ecotourism is one of the most important activities that can reserve natural and cultural resources and bring economic benefits to both local people and government at the same time. A successful plan of ecotourism is a function of developing precise goals and criteria (Demir et al, 2016). It is a fact that ecotourism if developed sustainably, can have less negative environmental impact, reduce adverse externalities, increase cultural and environmental integrity, make resource management more effective and bring extra financial wellbeing (UNEP, 2013).

Ecotourism is about integrating conservation, communities and sustainable development. It means that ecotourism activities should be in line with the key principles: to minimize negative environmental impacts; to build environmental and cultural awareness and respect; to provide positive engagement for both visitors and hosts; to provide direct economic interests for conservation; grant financial benefits and empowerment for local people; and establish sensitivity to host countries' environmental and social climate (Higham, 2007; Holden, 2007; Das & Chatterjee, 2015). Ecotourism can be explained as "environmentally engaged travel to comparatively undisturbed areas to enjoy and respect nature that supports conservation with low negative visitor impacts while offering active socio-economic wellbeing for local people" (Jalani, 2012). Ecotourism is a new type of tourism that is a consumable resource, it is for an educational and adventurous character, focused on undeveloped and sparsely visited natural, cultural and historical sites.

Ecotourism calls for low-impact tourism, participation in decisive manners, sensitive approaches to biodiversity and local cultures. It supports local conservation efforts and can bring financial and physical benefits to home communities as well as educational opportunities to travelers. An applicable ecotourism destination should include both original nature and cultural heritage (Weaver & Opperman 2000; Rahemtulla & Wellstead 2001; Dowling & Fennel 2003; Rein 2005; Yilmaz 2005).

Evaluating the ecotourism development prospects of the Aral sea can open the concept of ecotourism, which allows local communities to benefit from recreational activity. If ecotourism is organised well, it is the best way to protect natural places and benefits both natural heritage and the local people. Through tourism, public awareness can be raised to become environmental respect and can also stimulate the emergence of new local economic activities (Salvatore et al, 2019).

Conclusions and suggestions. The research addresses an identified need in tourism development in Uzbekistan. While there is considerable awareness of the importance of cultural heritage, there is opportunity for growth in ecotourism in natural locations. Developing capacity for travel industry personnel, particularly tour guides and travel agents, in ecotourism will assist in the development of new markets for Uzbekistan, including international markets with high value consumers. Due to current lack of theoretical knowledge and practical experience in ecotourism

tourism industry practitioners cannot offer high quality ecotourism products to the foreign tourists. If the tourism personnel (i.e., guides, tour agents, hotel reception) are well-trained in applying the principles of ecotourism to their high potential destinations, they will be able to sustainably develop and promote new locations for tourism in Uzbekistan.

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# THE IMPACT OF TRAVEL WEB PLATFORMS ON THE TOURISM INDUSTRY

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## **ABSTRACT**

The article highlights the role of web platforms in the development of travel and tourism. The dynamics of visits per month for the top 10 best web platforms is analyzed, and the first placed performing platform: booking.com's web page is also explored. Moreover, we worked out our own web platform ichkiturizm.uz, and its web page design is also studied in detail.

Keywords: web platform, tourism, transformation, efficiency, design, ergonomics

#### Introduction

Travel is one of the most dynamic and transformative human activities. It connects people, cultures, and destinations across the globe. It also generates economic, social, and environmental benefits for individuals and communities. However, travel also involves challenges and costs that need to be addressed and minimized. In this context, digital technologies and services have emerged as powerful tools to facilitate and enhance travel experiences. These are known as travel platforms, and they have revolutionized the way people plan, book, and enjoy their trips. But how effective are these platforms in meeting the needs and expectations of travelers and providers? What are the advantages and disadvantages of using them? How do they affect the tourism sector and its impacts? This article will explore these questions and provide an overview of the current state and future trends of travel platforms worldwide.

Travel platforms are digital technologies and services that enable consumers and providers to access, book, and manage travel-related products and experiences<sup>1</sup>. They include websites, apps, APIs, and software that facilitate the search, comparison, reservation, payment, and delivery of travel services<sup>2</sup>.

The effectiveness of travel platforms worldwide depends on various factors, such as their usability, reliability, cost-efficiency, convenience, and customer satisfaction<sup>3</sup>. Some of the benefits of travel platforms are that they save time, offer global access, provide personalized recommendations, and enhance the competitiveness and sustainability of the tourism sector. Some of the challenges of travel platforms are that they may cause technical issues, fluctuating prices, incorrect bookings, security risks, and environmental impact.

# Literature review

The literature on travel platforms is diverse and multidisciplinary, covering various aspects such as their definition, classification, characteristics, functions, benefits, drawbacks, impacts, and trends. However, there is a lack of consensus and clarity on some of these issues, as well as a gap in empirical evidence and comparative analysis across different regions and contexts. Moreover, most of the existing studies focus on specific types or segments of travel platforms, such as ridesharing1, gamification2, online reviews34, or online tour agents5, rather than providing a comprehensive and holistic perspective on the phenomenon. Therefore, this article aims to fill this

<sup>3</sup> Statista.com 148

vvoi iubarik.or

<sup>&</sup>lt;sup>1</sup> Worldbank.org

<sup>&</sup>lt;sup>2</sup> Amedeus.com

gap by conducting a systematic literature review of travel platforms worldwide, using a mixed-methods approach that combines quantitative and qualitative data analysis. The main research questions are:

-How are travel platforms defined and classified in the literature?

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- -What are the main characteristics and functions of travel platforms?
- -What are the benefits and drawbacks of travel platforms for travelers and providers?
- -What are the impacts of travel platforms on the tourism sector and its environment?
- -What are the current trends and future directions of travel platforms?

An Empirical Study on Travelers' Acceptance Intention of Travel Information on Social Networks<sup>4</sup>: Chen et al.(2020) used the technology acceptance model (TAM) to analyze the factors that influence travelers' intention to accept travel information on social media platforms. The results showed that perceived usefulness, perceived ease of use, perceived enjoyment, and trust had positive effects on travelers' acceptance intention, while perceived risk had a negative effect.

Examining gender differences of social media use for travel planning: an empirical study<sup>5</sup>: Karatsoli & Nathanail (2020) examined how male and female travelers use social media platforms for travel planning before and during their trips. The results revealed that female travelers used social media more frequently and extensively than male travelers, and that they were more influenced by social media in changing their travel arrangements.

Exploring the Nonlinear and Threshold Effects of Travel Distance on the Built Environment: An Empirical Study in Beijing<sup>6</sup>: He et al.,(2022) explored the nonlinear and threshold effects of travel distance on the built environment in Beijing, using a spatial econometric model. The results indicated that travel distance had different effects on different aspects of the built environment, such as population density, road density, green space ratio, and land use mix. The results also suggested that there were threshold values of travel distance for each aspect of the built environment, beyond which the effects changed significantly.

Using online travel agent platforms to determine factors influencing hotel guest satisfaction: an empirical study<sup>7</sup>: Wong et al., (2020) investigated the relationships between service quality, perceived value, and hotel guest satisfaction, using data from TripAdvisor - an online travel agent (OTA) platform. The study also examined the mediating role of perceived value on the relationship between service quality and satisfaction, as well as the moderating role of hotel star rating. The results showed that service quality and perceived value had positive effects on satisfaction, and that perceived value partially mediated the effect of service quality on satisfaction. The results also indicated that hotel star rating moderated the effects of service quality and perceived value on satisfaction.

Exploring short video apps users' travel behavior intention: Empirical analysis based on SVA-TAM model<sup>8</sup>: Wang et al., (2022) used a modified TAM model to explore the factors that influence short video apps users' travel behavior intention. The model included variables such as perceived usefulness, perceived ease of use, perceived enjoyment, social influence, trust, attitude, and intention. The results showed that all the variables had significant effects on users' intention to travel based on short video apps, except for perceived ease of use. The results also revealed that attitude fully mediated the effects of perceived usefulness, perceived enjoyment, social influence,

<sup>&</sup>lt;sup>4</sup> Jian Chen, Rui Li, Zhiyan Fu, Chi Zhang, Fatao Yuan, "An Empirical Study on Travelers' Acceptance Intention of Travel Information on Social Networks", *Mathematical Problems in Engineering*, vol. 2020, Article ID 1843073, 12 pages, 2020. https://doi.org/10.1155/2020/1843073

<sup>&</sup>lt;sup>5</sup> Karatsoli, M., Nathanail, E. Examining gender differences of social media use for activity planning and travel choices. *Eur. Transp. Res. Rev.* **12**, 44 (2020). https://doi.org/10.1186/s12544-020-00436-4

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<sup>&</sup>lt;sup>8</sup> Wang C, Cui W, Zhang Y and Shen H (2022) Exploring short video apps users' travel behavior intention: Empirical analysis based on SVA-TAM model. *Front. Psychol.* 13:912177, doi: 10.3389/fpsyg.2022.912177

and trust on intention.

For example, according to Statista, tripadvisor.com had 189 million visits worldwide in June 2023, which was a five percent increase from May 20229. Another source that provides some statistics about TripAdvisor is Review4210, which claims that TripAdvisor has 490 million monthly active users and over 702 million reviews of hotels.

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## **Analysis and Discussion**

The most popular travel website may vary depending on the source and the criteria used to measure popularity. However, based on the number of visits worldwide in June 2023, booking.com was the most visited travel and tourism website, with 614 million visits<sup>11</sup>. It was followed by tripadvisor.com with 189 million visits and airbnb.com with 109 million visits. These rankings are also consistent with the Similarweb data for July 2023, which also shows that booking.com has the highest average time spent and pages per visit among the top five travel websites 12.

We have investigated the statistics of visits to the most popular travel and tourism web platforms (figure 1). As it turned out booking.com was the most popular web platform in July 2023. It recorded more than 350 million visits per month of July, while other web platforms performed much worse not exceeding 150 million visits. So, it is important to explore why one particular web platform outdid other competitors.

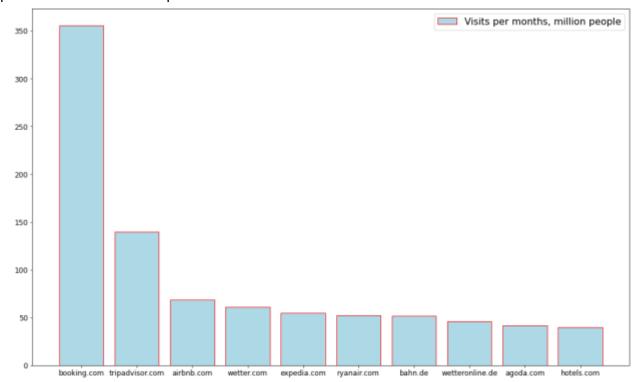


Figure 1. The dynamics of visits per months to travel and tourism web platforms as of July 2023<sup>13</sup>

Booking.com is a digital travel company that was founded in Amsterdam in 1996 1. Its mission is to make it easier for everyone to experience the world by investing in technology that takes the friction out of travel<sup>14</sup>. Booking.com seamlessly connects millions of travelers to memorable experiences, a variety of transportation options, and incredible places to stay - from homes to hotels, and much more. As one of the world's largest travel marketplaces for both

<sup>&</sup>lt;sup>9</sup> https://www.statista.com/statistics/1215473/total-visits-to-tripadvisor-website/

<sup>10</sup> https://review42.com/resources/tripadvisor-statistics/

<sup>11</sup> https://www.statista.com/statistics/1215457/most-visited-travel-and-tourism-websites-worldwide/

<sup>12</sup> https://www.similarweb.com/top-websites/travel-and-tourism/

<sup>13</sup> http://statista.com

<sup>&</sup>lt;sup>14</sup> https://www.booking.com/content/about.ru.html?aid=357028&label=bin859jc-

<sup>1</sup>DCBQoggJCBWFib3V0SDNYA2juAYgBAZgBIbgBF8gBDNgBA-

gBAYgCAagCA7gCo7CnpwbAAgHSAiQ2YTQ2MzU1ZS1IZDk0LTQyM2UtODI2YS04YzllN2VjNjMyNmXYAgTgAgE&sid=a651dc89351b4d

established brands and entrepreneurs of all sizes, Booking.com enables properties around the world to reach a global audience and grow their businesses. It offers more than 28 million reported accommodation listings, including over 6.6 million homes, apartments, and other unique places to stay in 43 languages. Booking.com also provides 24/7 customer support.

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The interface of booking.com is very compact, ergonomically organized. The menu bar is traditionally located in the upper side of the web page(Figure 2).

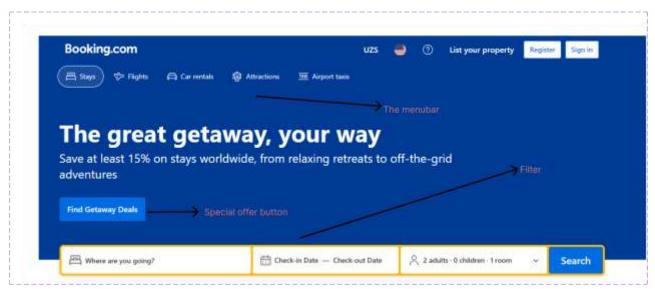


Figure 2. The web interface of the booking.com

If we look at the menu bar, it is clear that everything that a tourist might use in the travel can be booked via the one website, which is super comfortable. Moreover, the effective filter service which is based upon artificial intelligence makes search for necessary facilities much more easy. In addition, visitors can find special offers pressing the "Find getaway deals" button, which is also quite comfy for many tourists.

Based on the above-mentioned web platform designs, we are, also, proposing our own web platform called ichkiturizm.uz. The web platform is designed for local tourists and resembles popular social media websites, such as twitter, and instagram. Today, younger generation demand even more comfort than older people. So, web platforms are also trying to become more versatile and at the same time remain easy to understand and navigate. Our project reflects the new fashion of web design, and is developed to enable local tourists to look for means of transportation, accommodation, tourism attractions, as well as training courses for tourism enterprises staff. Also, there is an "Add object" button on the upper menubar, which is designed to use the effect of crowdsourcing to enhance the database of tourism attractions, accommodations, transport vehicles and other facilities.



Figure 2. The web page structure of ichkiturizm.uz

So, in general, the platform interface consists of four parts: upper menubar, menubar, filter

and content. By adding upper menubar we are trying to enable visitor to make contribution, which results in more traffic usage for the web platform. The second menubar resembles the one from booking.com and includes various types of categories. The enhanced filter enables users to find desired places, transportation, accommodation easily in a matter of seconds.

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Travel web platforms have revolutionized the way people plan and book their trips. They have increased the reach of travel and tourism industries through travel booking websites, videos, blogs, and travel photography. Digital tools and content are a vital source of information for vacationists organizing their next holiday or creating a destination wish list.

In the future, digital technologies and platforms are expected to continue disrupting the way the tourism sector operates from end to end<sup>15</sup>. Digital platforms offer global access to consumers and allow service providers to enhance the development of the tourism sector and its competitive standards. Augmented, virtual, and mixed reality technologies can offer alternative ways to travel the world and an exciting new model for the industry<sup>16</sup>.

#### Conclusion

In conclusion, travel web platforms have already had a significant impact on tourism, and they are expected to continue shaping the industry in the future. They will likely make consumers more powerful with their decision-making and make it easier to find and book with long-tail providers or book multiple categories at once.

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# USE OF MULTI-FACTOR MODELS AND FORECASTING IN THE USE OF TOURIST RESOURCES IN SURKHANDARYA REGION

SJIF 8.001 & GIF 0.626

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# **ABSTRACT**

This article presents descriptive statistics on the factors affecting the tourism potential of Surkhandarya region, graphs of normal distribution functions of the factors, checking whether the resulting factor obeys the normal distribution law, parameters of the newly calculated multifactor econometric model on the tourism potential of Surkhandarya region, private and pairwise correlation coefficients between factors matrix, the appearance of the forms of connection between the tourism potential of the region and the factors affecting it, the parameters of the multi-factor econometric model calculated on the tourism potential of the region through tables, graphs, diagrams, the use of multi-factor models in the use of tourist resources in the Surkhandarya region and the influence of a number of factors of econometric models on the resulting factor in forecasting helps to learn.

Key words: Econometric models, legal and individual deposits, (std. dev. (Standard Deviation) – coefficient of standard deviation, Skewness – coefficient of asymmetry, matrix of pair correlation coefficients, statistics, tourism potential, capital, investment, gross domestic product, EViews program, parameter of econometric models, model, forecast, local budget.

#### Introduction

During the years of independence, a number of works aimed at increasing the tourist potential of the territory of our republic were carried out. Strengthening local budget revenues by evaluating the tourist potential of the regions is an important issue for Surkhandarya region.

In this regard, it is important to study the factors influencing the strengthening of local budget revenues in the Surkhandarya region by assessing the tourism potential and to create multi-factor econometric models for their forecasting in the short and long term. A multifactor econometric model helps to study the influence of a number of factors on the resulting factor.

Based on the objectives of the research, the following factors were selected for the multifactor econometric model: as a result factor - the tourist potential of the area, billion. soums -(Y), and influencing factors - gross regional product, bln. soums - (X1), the number of tourists arriving in Surkhondarya region, (X2), the amount of investment in the tourism sector of Surkhondarya region, billion soums, (X3), the number of tourism objects in Surkhondarya region, units, (X4), the profit of enterprises in Surkhondarya region, billion Soum, (X5), loss of tourism enterprises of Surkhandarya region, billion. soums, (X6), deposits of legal entities and individuals in the region, bln. soums, (X7) and revenues from the higher budget in the region, bln. sum, (X8).

Since the units of measurement of the data included in the multifactor econometric model are different, we logarithmize them and conduct descriptive statistics on the factors (InY – touristic territory, InX1 - Surkhon Darya region's gross territorial product volume, InX2 - The number of tourists entering Surkhandarya region, InX3 - The amount of investment in the fixed capital of Surkhandarya region, InX4 - The number of tourists entering Surkhandarya region, InX5 - Profit of enterprises in Surkhandarya region, InX6 - Damage to companies in Surkhandarya region, InX7 - deposits of legal entities and individuals in the region, InX8 - revenues provided in the form of allocations from the higher budget in the region). The reason for this is that the distributions for all factors must obey the normal distribution. If it does not obey the normal distribution, then it is necessary to turn to econometric models with a curve (parabola, hyperbola, logarithmic, etc.). The results of descriptive statistics on the factors affecting the tourism potential of Surkhandarya region are presented in the following table 1.

1-table Descriptive statistics on the factors affecting the tourism potential of Surkhandarya region

	LNY	LNX1	LNX2	LNX3	LNX4	LNX5	LNX6	LNX7	LNX8
Mean				7.76698		4.60746		9.28116	6.03997
	11.76233	11.76349	12.26087	0	11.46872	2	1.827384	2	4
Median (median)				7.51947		4.69226		9.26581	6.06749
	11.70186	11.70353	12.27137	5	11.46872	5	1.098612	3	9
maximum				9.37882		5.36644		10.4650	7.00931
	12.96565	12.96534	12.59492	5	11.50062	3	4.676560	7	9
Minimum				6.48509		3.90600		8.08203	5.09986
(minimum)	10.61214	10.61592	11.90658	3	11.42889	5	0.000000	1	6
Std. dev.									
(Chetlanish				1.01131		0.41595		0.80218	0.66553
standard)	0.763823	0.762162	0.207208	5	0.022611	5	1.773174	5	7
Skewness						-			-
			-	0.43738	-	0.06398		0.07698	0.01010
	0.089329	0.091073	0.119532	1	0.248512	2	0.519817	7	1
Kurtosis				1.82816		2.57663		1.79848	1.60587
(kurtosis)	1.856097	1.857461	2.508485	6	2.057985	6	1.765412	9	3
Jarque-Bera				0.98010		0.08965		0.67253	0.89099
	0.614365	0.613512	0.136922	1	0.519945	5	1.193979	0	9
Probability				0.61259		0.95616		0.71443	0.64050
	0.735516	0.735830	0.933830	5	0.771073	2	0.550466	4	4
Sum				85.4367		50.6820		102.092	66.4397
	129.3856	129.3984	134.8695	8	126.1559	8	20.10123	8	2
SumSq. Dev.									
(sum of standard				10.2275		1.73018		6.43500	4.42940
deviation)	5.834251	5.808908	0.429353	7	0.005112	6	31.44145	6	0
Observations	11	11	11	11	11	11	11	11	11

The average value (mean), median (median), maximum and minimum values (maximum, minimum) of each factor can be seen from the table data. In addition, the values of the standard deviation of each factor (std. dev. (Standard Deviation) – the coefficient of standard deviation shows how much each variable deviates from the average value) are presented.

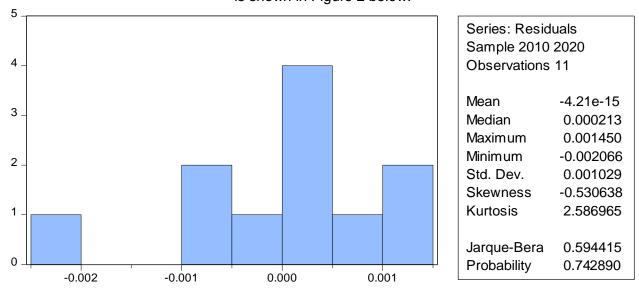
Skewness is a coefficient of asymmetry, and if it is equal to zero, it means that the distribution is normal and that the distribution is symmetrical. If this coefficient is significantly different from 0, then the distribution is asymmetric (that is, not symmetrical). If the coefficient of asymmetry is greater than 0, that is, positive, then the normal distribution graph for the studied factor is shifted to the right. If it is less than 0, that is, it is negative, then the normal distribution graph for the studied factor is shifted to the left. Graphs of normal distribution functions of all factors are presented in **Figure** -1

below.

Figure 1. Graphs of normal distribution functions of factors

1- it can be seen from the picture that almost all factors obey the normal distribution law. Since the kurtosis values of the factors InX2, InX4, InX5 and InX8 are negative, the "left curve" in their graphs is longer than the "right curve", and it can be seen that the graph of the distribution function is shifted to the right. Since the kurtosis coefficients of factors InY, InX1, InX3, InX6 and InX7 are positive, the "right curve" in their graphs is longer than the "left curve", and it can be seen that the graph of the distribution function is shifted to the left.

These shifts mainly indicate changes in the dynamics of the studied factors. In some years, some factors had a sharp increase, while others did not change significantly. In general, all the studied factors obey the law of normal distribution. A graph of the normal distribution of the resulting factor is shown in Figure 2 below.



2- Figure . Checking whether the resulting factor obeys the normal distribution law

The Jacques-Béra test is used to test whether the outcome factor (InY) obeys the normal distribution law. This criterion is a statistical criterion that checks the errors of the observations to the normal distribution with the moments of the third moment (asymmetry) and the fourth moment

(kurtosis) and and.

Figure 2, clearly shows that the resulting factor does not follow a normal distribution. This is confirmed by the calculated parameters and criteria, that is, the calculated Jacques-Bera coefficient is equal to 0.59 and its probability is greater than 0.05 (prob=0.7428).

In order to select factors for the multi-factor econometric model based on the factors affecting the tourism potential of Surkhandarya region, it is necessary to conduct a correlation analysis between the factors. For this, special and pair correlation coefficients are calculated between the factors. The matrix of individual and pairwise correlation coefficients between the factors is presented in Table 2 below.

2-Table

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# Individual and pairwise correlation coefficients between factors **Matrix**

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Covariance Analysis: Ordinary Date: 10/10/21 Time: 23:17

Sample: 2010 2020 Included observations: 11

Correlation	70001 Vati	]							
SSCP									
Probabilit									
y	LNY	LNX1	LNX2	LNX3	LNX4	LNX5	LNX6	LNX7	LNX8
,	1.00000	LIVI	LIVIL	LIVIO	LIVI	LIVIC	211710	LIVA	211710
LNY	0								
	5.83425								
	1								
	0.99999								
LNX1		1.000000							
	5.82155	1.00000							
	5	5.808908							
	0.0000								
	-								
	0.34746	_							
LNX2		0.347882	1 000000						
LIVE	_	0.017002	1.00000						
	0.54992	_							
		0.549397	0.429353						
	0.2951	0.2945							
	0.97808	0.2010	_						
LNX3	9	0.978074	0.226786	1.000000					
	7.55539		-						
	5	7.538855	0.475236	10.22757					
	0.0000	0.0000	0.5025						
	0.24733		-						
LNX4	8	0.247423	0.529847	0.203634	1.000000				
	0.04271		-						
	7	0.042638	0.024824	0.046564	0.005112				
	0.4634	0.4632	0.0937	0.5481					
	0.31960		-						
LNX5	7	0.319172	0.359132	0.322251	0.334350	1.000000			
	1.01544		-						
	2	1.011854	0.309534	1.355586	0.031446	1.730186			
	0.3380	0.3387	0.2781	0.3338	0.3149				
	0.75209		-						
LNX6	7	0.751939	0.004310	0.827549	0.034775	0.027053	1.000000		
	10.1863	10.16205	-	14.83991	0.013942	0.199533	31.44145		

0.0000

0.2244

LNX7

LNX8

0.0000

0.0000

0.3136

0.2199

0.0128

It can be seen from Table 2 that the specific correlation coefficients indicate the density of connections between the outcome factor (InY) and the factors affecting it. So, private correlation coefficients indicate the existence of various connections between the resulting factor - tourism potential of Surkhandarva region (InY) and influencing factors.

0.0000

So, the density of connection between the tourism potential of Surkhondarya region (InY) and the regional gross regional product (lnX1) is equal to 0.9999. This shows that there is a close connection between the tourism potential of the region and the gross regional product of the region. Similarly, there is a close relationship between the tourism potential of Surkhondarya region (InY) and the investment volume of Surkhondarya region in fixed capital (InX3), that is, the value of the private correlation coefficient between them is equal to 0.9781. There is a strong relationship between the tourism potential of Surkhandarya region (InY) and deposits of legal entities and individuals in the region (InX7). The private correlation coefficient between these factors is 0.9963 (Table 2). There is a close relationship between the tourism potential of Surkhandarya region (InY) and income from the higher budget allocations (InX8). The private correlation coefficient between these factors is 0.9746.

In addition, there is an inverse weak relationship between the tourism potential of Surkhondarya region (InY) and the number of tourists entering Surkhondarya region (InX2). The private correlation coefficient between these factors is -0.3474.

There is a weak relationship between the tourism potential of Surkhandarya region (InY) and the saline area of agricultural land in the region (lnX4) and the profit of enterprises in the region (InX5).

In addition to the correlations between the factors presented above, Table 2 also contains pairwise correlation coefficients, which show the correlation densities between the influencing factors (InX1, InX2, InX3, InX4, InX5, InX6, InX7, InX8). The most important thing here is that the influencing factors should not be closely related to each other. That is, there should be no multicollinearity between influencing factors. Multicollinearity is said to exist if the value of the pairwise correlation coefficient between two influencing factors is greater than 0.7. From the data of Table 2, it can be seen that the connection densities between the influencing factors are not greater than 0.7. Judging by the pairwise correlation coefficients in the correlation matrix, there is no multicollinearity between the influencing factors.

# Conclusion

In short, although the tourism potential of the Surkhondarya region has a tendency to increase in the scenario created on the basis of the Trend model, achieving financial independence and providing financial resources for the strategic programs of the socio-economic development of the region until 2025 are shown in our analysis of the forecast to be developed until 2025. However, based on the criteria of the intermediate index coefficient developed above, only when the conditions of the tourism potential of 0.76-1.0 are met, the income base of the local budget will be sufficiently provided, the volume of goods production will increase, the population will be provided with work and the welfare will increase, and the region will have the status of a donor.

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# STRATEGY FOR CREATION AND MODERNIZATION OF TOURISM INFRASTRUCTURE IN SAMARKAND REGION

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Journal of Management Value & Ethics

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#### **ABSTRACT**

This article describes the strategic trends in the development of the tourism industry. In this, the main problems faced by the trends of strategic development in the field of tourism in the regions and the trends of strategic development at the global and regional levels are covered.

**Keywords:** diversification, potential, destination, strategy, tourism, communication, technology, innovation.

#### Introduction

Infrastructure development is one of the most important directions in the development of tourism. The tourism sector is strongly linked to the state of the infrastructure around the main tourist route. The strategy of creating and modernizing infrastructure around important tourism destinations is consistent with the goals of sustainable development.

Tourism booming countries such as the UAE and Singapore have created worldclass air transport hubs. The sharp increase in tourist trips around the world is due to the development of air transport. Tourist infrastructure has a very broad meaning. Infrastructure also includes residential facilities. For example, the touristic infrastructure can include the development of urban infrastructure and facilities for universal access, restoration of areas and support for the preservation of natural heritage.

Our state has formed an infrastructural mission to manage projects in various fields. With a total investment requirement of USD 1 billion by 2027,

In 2023, the government's infrastructure capital spending will be approx

He allocated 9 percent for tourism. Development and promotion of tourism is one of the main tasks in the infrastructure mission of Samarkand region.

Currently, our state is paying special attention to the following measures for the development of tourism infrastructure in Samarkand region:

- 1. "Silk Road" tourist center;
- 2. "Imam al-Bukhari" pilgrimage center
- 3. City transport;
- 4. Healthcare;
- 5 Sports infrastructure;
- 6. Theme parks;
- 7. Conference centers;

In planning the regional infrastructure of the government of our country, attention should be paid to the following tourism development program proposed in Samarkand region in 2023-2025:

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Table 1
Tourism development program in Samarkand region in 2023-2025

Major tourism projects					
Implementation of major projects and	In this:				
established tasks in the field of tourism;	a) Reconstruction of the Imam Bukhari complex;				
	b) Establishment of the "Samarkand Tourism Center" on				
	the 212-hectare area, which includes the historical				
	complex of "Abadii city".				
	c) increase the volume of tourism services by 10 times.				
To improve the activities of culture and art	Opening of the aviation academy in Samarkand				
educational institutions in the region, to					
provide them with qualified specialists.					
Reconstruction and preservation of cultural	"Registon", "Rukhabad", "Shahi-Zinda", "Dari Zanjir",				
heritage objects in the region.	"Nadir Devon Begi", "Former Saint Nicholas Church" and				
	"Chor-Su cavdo-gombazi" complexes in Samarkand,				
	"Amir Temur", " Restoration of the White Palace, Khoja				
	Daniyor, Saray Mulk Khanim and Ashrat-Khona				
	mausoleums, Mahdumi Khorezmi complex, Bibi-Khonim,				
	Kosh-Khavuz mosques and Ulugbek Observatory.				
Modernization of Samarkand International	As a result of the reconstruction of "Samarkand				
Airport	International Airport", the number of flights increased to				
	3,723 and the number of passengers increased to 1.5				
	million. promotion				
	In order to attract tourists from Indonesia, Malaysia,				
	Japan, and Bangladesh in order to develop pilgrimage				
	tourism and increase the number of tourists to the target				
	indicators, to carry out flights within the framework of the				
	"Open Sky" regime introduced by foreign and third-state				
	airlines at international airports.				
	Creation of a system aimed at launching intercity and				
	international bus (minibus) services through information				
	technologies, involving business entities and investors.				
Construction of tourist facilities in "Samarkand	Organization of museums, galleries, cultural-viewing and				
Tourism Center".	cultural-educational organizations and other entertainment				
	and sports facilities that attract tourists in the territory of				
	the Samarkand tourist center.				
Organization of tourism facilities and	Construction of a new building for 2 cultural centers in				
recreation areas, development of tourism	the region.				
infrastructure	2. Providing a building for the Philharmonic Department of				
	Samarkand Region.				

Special attention should be paid to the development of the airport, railway and highway infrastructure as the main links of the transport infrastructure. Currently, only one "Samarkand International Airport" serves tourists in Samarkand region. Modernization of the airport, persuading foreign airlines to serve the region is a complex task and requires the development of accommodation facilities and entertainment infrastructure to ensure the development and expansion of the tourism network.

Although the railway service in Uzbekistan is relatively well developed, it is managed by only one monopoly. The emergence of competition in the field creates an incentive for the reduction of transport costs and the introduction of innovations in the railway sector. Therefore, the privatization of the railway infrastructure should be included in the tourism development strategy.

Ease of access from railway stations to highways and airports is essential. It is appropriate to

use PPP models in cities such as Samarkand, Bukhara, Urganch when creating new transport nodes under the PPP (public-private partnership) model.

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It is also important to create amenities on highways. In Samarkand region, as in Jizzakh, work on the improvement of roadsides should be carried out. Recently, a successful model of roadside beautification was developed and implemented in Jizzakh region.

The current level of inventory of accommodation facilities for tourists and the lack of highquality brand hotels can seriously hinder the development of tourism in the regions. It is estimated that 2,500 hotels are needed for every additional million tourists. Over the next 5 years, more than 10,000 additional rooms will be needed for business travelers alone. Expansion of hotel capacity is required to meet the demand of travelers visiting the area.

With the growth of economic activity in the region, to meet the demand for business tourism, it remains an urgent task to significantly increase city hotels and hospitality facilities in the centers of economic activity to receive business travelers.

Due to the possibility of long-term arrival of business tourists, it is desirable to build rental houses, workers' dormitories, self-service, rest houses, roadside hotels for drivers, guest houses, especially around the business center areas. Conditions for staying in camps and tents should be created in ecologically protected areas. To do this, an approved housing program should be developed in the respective districts. Due to the risk of seasonality in the hotel business, it is necessary to find ways to effectively use economic resources to encourage investment in this sector and to attract tourists even during the off-season.

There are reliable models that have been tested before to do this. Residential land prices are often a deterrent. Ideally, land for the tourism sector should not exceed 20% of the project cost. Land can be leased on a long-term basis and projects can be supported by job guarantee/soft loan, grant, low interest rate and extended moratorium. Fiscal incentives, repatriation of foreign direct investment funds, employment of foreigners, development of import of equipment are other mechanisms of implementation of tourism projects. The state should develop a plan of measures to make tourist destinations and trips safe for tourists, especially children, the elderly and women. As a precautionary measure, by installing security infrastructure such as CCTV cameras at major tourist spots, regional administrations will take additional measures to respond to potential problems with tourists.

Currently, there is a special tourism police with posts in all major tourist areas. The state organizes tourism safety and orientation centers in order to ensure a pleasant trip for tourists. A twenty-four-hour tourist contact center provides continuous service to tourists.

While hygiene factors are a necessary element of infrastructure, they are not always considered sufficient to attract high-spending travelers. The main problems facing foreign tourists planning their trip to Uzbekistan are women's safety, poor infrastructure and sanitation. Our country has a high potential to attract visitors, offer high-quality culinary experiences, and generate additional income from the purchase of souvenirs, local handicrafts and textiles. Attractions are continuously used for cultural events, music, dance, cultural heritage display.

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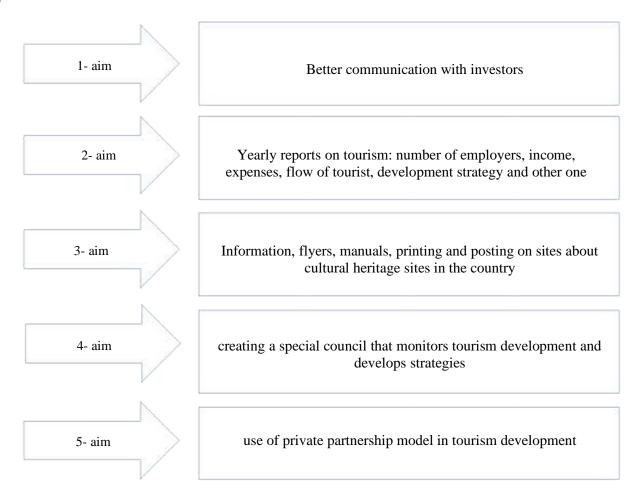
1- pic. Integrated structure of tourist destination infrastructure

In the future, the state will develop auxiliary and additional resorts around the main tourist destinations. These facilities will depend on the number of tourists arriving, the profile of tourists, the nature of the destination, etc. Some main facilities and supporting infrastructure areas are designated as theme parks around pilgrimage sites, safari tourism, eco-tourism.

To date, guides and interpreters are not sufficiently trained in tourism areas such as cave exploration, so we still have a lot of room for development in this area. Similarly, adventure, natural areas, bird watching, wildlife require different skills, and having infrastructure that meets the quality standards of urban dwellers will keep tourists coming back. Special tourism destinations require appropriate infrastructure and strategy, which we do not yet have developed sufficiently.

It should be said that the main task of the tourism development department in the Samarkand region is the promotion and development of infrastructure. This makes the role of private sector investments even more important in achieving the ambitious goal that Samarkand region has set for itself. The region aims to increase tourism exports by 3-4 times within 7 years until 2030. We proposed a mission to the Department of Tourism to create a new institutional structure for investment in tourism, with a special focus on investors in this strategy. In order to improve the investment environment at different stages of investment, attention should be paid to the following areas

(Figure 2).



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2- pic. Institutional building mission to invest in tourism for tourism development.

It is necessary to adopt an integrated system of managing the life cycle of tourism investments in order to develop specific initiatives aimed at facilitating the business of investors in Samarkand region. Table 1 shows the main stages of the investment life cycle and specific initiatives are planned for each stage as part of a detailed roadmap. Some of the planned main initiatives are presented in the table below (Table 1).

Table 1

## Life cycle management of investments

Pre-investment stage	First level	Realization stage	Next stage		
Information access to the	Study tours,	Development of the	Access to target		
market,	background	MICE center according	markets, training,		
Identify potential projects	checks of	to PPP strategies,	branding of products		
Project shelf	investors	maximum attraction of	and services		
		business tourists			
1. Annual reports on tourism,	Dating Product	Skilled workforce	After investment		
reflecting the state of tourism	and asset	Support for suppliers to	regulatory seals		
development, investments,	development	enter the market and	Access to target		
potential projects		develop local	markets, roadshow		
2. A complete guide to tourism		relationships	Development of skills		
development			Certification		
3. Website for the portal			Services		
4. Project profile, banks,			A new tourist product		
financing options			Marketing		

The state aims to attract large investments in the tourism sector by 2027 and, accordingly, is creating favorable conditions for investors in the country. The government is trying to create tourism infrastructure projects in the region in three main directions, namely private investment, PPP projects and government projects. In order to support the implementation of the national program "Masterpieces of Ancient History", the following initiatives were put forward by the Department of Tourism:

1. The new tourism policy for 2023-2028 will also require the creation of a strong and competitive market-supporting institutional framework to complement investments.

Accordingly, the government should develop a tourism policy project that will give the necessary impetus to the development of the tourism sector. The incentives provided by this policy work in three ways. Vacant land will be important for tourism infrastructure projects, and secondly, the availability of concessions in the form of project support is essential. Finally, to start tourism projects, it is envisaged that tax incentives will apply to investors who want to start new infrastructure projects in this sector at the initial stage. There are 12 categories of tourism infrastructure projects and 20 categories of tourism services with different benefits according to the tourism development strategy of the regions.

The Department of Tourism is responsible for creating and maintaining the land base for the implementation of tourism infrastructure projects. These plots of land are offered to private investors who intend to start PPP projects. In addition, land plots for public-private enterprise projects will continue to be leased on a long-term basis for tourism projects with a maximum lease term of 50 years. This strategy reflects the need for private investors to be confident about future developments.

Fiscal incentives are also given to private investment projects in the form of additional support for infrastructure development. In this case, it is required to provide support to the tourism department from the local budget of the region. Private investors must obtain permission to participate in government projects. Entrepreneurs will have to apply for all necessary permits to create and strengthen tourism infrastructure.

The draft tourism policy should also take into account the waiver of tax credits and other fees, such as registration, etc. New tourism infrastructure development projects are offered 100% tax credits for the first three years. In order to be eligible for the loan, the supporting industries for tourism infrastructure projects must be specified in the tourism infrastructure project promotion policy. Accordingly, the government should develop a tourism policy project that will give the necessary impetus to the development of the tourism sector.

In addition to the above-mentioned features of regional policy, efforts should be made to expand financial incentives for projects, as well as to create new segments in the tourism sector and encourage alternative and innovative strategies for the development of tourism in Samarkand region. In our opinion, the following stages should be implemented in the development of tourism:

- 1. Focus on business tourism. In recent years, Uzbekistan has been implementing huge economic projects that require large investments and increased business travel. Business tourism development can be taken advantage of by allocating a certain percentage of land for recreational use in business parks or SEZs.
- 2. Interagency coordination. Interagency coordination is critical for tourism infrastructure projects, where other sectors of the economy work with the tourism department to help implement tourism projects in the region.
- 3. Mediator role of the government. At the moment, the administration is engaged in the creation and use of tourism infrastructure, including roads and other tourism facilities. Given the inefficiently managed infrastructure facilities and the lack of capacity and skills needed to maintain and operate the infrastructure, the administration should consider redefining roles and handing over public facilities to private entrepreneurs.

- 4. Collection of statistical data. Data availability Another issue that requires special attention in this area is the openness of statistics and the impartiality of their collection. Innovative data collection methods should be applied to tourism destinations in the region to better understand the industry. The method of data collection is subject to discussion and debate among stakeholders.
- 5. Increase housing opportunities. Efforts should be made to include alternative accommodation options such as apartments and self-catering houses.
- 6. Participation of PPPs in tourism development. Government authorities should encourage companies to use their budgets to develop entrepreneurship in the tourism sector. For example, it is appropriate to establish a PPP to promote and develop local textiles and handicrafts. This strategy benefits both private enterprises and local artisans.
  - 2. Institutional reorganization.

It is necessary to review the structure of tourism management in Samarkand region and related organizations in order to ensure more private participation, increase the qualifications and capacity of employees, provide reliable measurement and evaluation criteria, improve cooperation with other departments and the regional government.

First, a regional tourism planning council should be established. This council will further act as a decision-making body for project approval, project promotion, network policy and project implementation monitoring. This council is headed by the governor of the region.

Secondly, it is necessary to create an authorized committee for project approval. The Committee also functions as an "Investment Support Unit" and "One Stop Shop" for tourism. It is responsible for reviewing and processing (roadshow, investment attraction, pre-screening) tourism proposals received by the government, while the competent authority facilitates all relevant permits/licenses/approvals for tourism investments.

Thirdly, it is proposed to establish a tourism planning committee. It is an evaluation and implementation committee that develops tourism projects in the region. This committee is an important component of the hokimity's activities in the field of tourism, and is responsible for developing the concept and monitoring of public-private partnership (PPP) projects in the field of tourism. The committee should have a strong team of experts in financing, project structuring, project management, legal support, procurement, media and public relations. For example, the PPP team, with the support of industry experts, should thoroughly study prospective tourism projects and their parameters, such as total project size, investment, required land, revenue and cost estimates, etc., and submit an appropriate PPP proposal.

The transformation of tourism destination management organizations to address new trends, competitive forces, sustainability challenges and changing demographics, to continuously revitalize their tourism assets, improve infrastructure, attract and support investment, and generally encourage the creation of an enabling environment is required. At the same time, ensuring the quality of international trade, business cooperation, investment in technology, inter-ministerial coordination, public involvement and implementation of the monitoring and evaluation process are also very important.

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# MURABAHA: A COST-PLUS FINANCING STRUCTURE

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#### **ABSTRACT**

Murabaha is a popular financing structure in Islamic finance because it is compliant with Sharia law. Sharia law prohibits the charging of interest, which is considered to be riba. Murabaha does not involve the charging of interest, as the buyer is simply paying the seller the cost of the asset plus a profit margin. This article examines the use of murabaha in Islamic finance. It discusses the advantages and disadvantages of murabaha, and it provides an overview of the different types of murabaha contracts. The article also discusses the legal and regulatory framework for murabaha in different jurisdictions. The article concludes that murabaha is a complex but versatile financing structure that can be used to finance a variety of assets. Murabaha can be a useful tool for businesses and individuals who want to finance assets without having to pay interest. However, it is important to understand the risks and limitations of murabaha before using it.

Keywords: Murabaha, Islamic finance, cost-plus financing, Sharia law, interest-free financing

#### Introduction

Murabaha, also referred to as cost-plus financing, is an Islamic financing structure in which the seller and buyer agree to the cost and markup of an asset. The markup takes place of interest, which is illegal in Islamic law. As such, murabaha is not an interest-bearing loan (gardh ribawi) but is an acceptable form of credit sale under Islamic law. As with a rent-to-own arrangement, the purchaser does not become the true owner until the loan is fully paid.

Murabahah, murabaha, or murabahah was originally a term of figh (Islamic jurisprudence) for a sales contract where the buyer and seller agree on the markup (profit) or "cost-plus" price [1] for the item(s) being sold. [2] In recent decades it has become a term for a very common form of Islamic (i.e., "shariah compliant") financing, where the price is marked up in exchange for allowing the buyer to pay over time—for example with monthly payments (a contract with deferred payment being known as bai-muajjal). Murabaha financing is similar to a rent-to-own arrangement in the non-Muslim world, with the intermediary (e.g., the lending bank) retaining ownership of the item being sold until the loan is paid in full. There are also Islamic investment funds and sukuk (Islamic bonds) that use murabahah contracts.[4]

Murabaha is a cost-plus financing structure that is used in Islamic finance. It is a type of sale in which the seller discloses the cost of the asset to the buyer, and then adds a profit margin. The buyer then pays the seller the total price, which includes the cost and the profit margin, in installments. Murabaha is a popular financing structure in Islamic finance because it is compliant with Sharia law. Sharia law prohibits the charging of interest, which is considered to be riba. Murabaha does not involve the charging of interest, as the buyer is simply paying the seller the cost of the asset plus a profit margin. Murabaha can be used to finance a variety of assets, including cars, homes, and equipment. It can also be used to finance working capital needs.

There are two main types of murabaha:

Direct murabaha: In direct murabaha, the bank purchases the asset that the customer wants to finance. The bank then sells the asset to the customer at a price that includes the cost of the asset plus a profit margin.

Indirect murabaha: In indirect murabaha, the bank does not purchase the asset directly. Instead, the bank enters into a murabaha contract with a third-party supplier. The bank then sells the asset to the customer at a price that includes the cost of the asset plus the profit margin that the bank agreed to with the supplier.

Murabaha is a complex financing structure, and there are a number of factors that need to be considered when using it. These factors include the cost of the asset, the profit margin, the term of the financing, and the repayment schedule. Murabaha can be a useful financing structure for businesses and individuals who want to finance assets without having to pay interest. However, it is important to understand the risks and limitations of murabaha before using it.

The purpose of murabaha is to finance a purchase without involving interest payments, which most Muslims scholars) consider riba (usury) and thus haram (forbidden).[5] Murabaha has come to be "the most prevalent" [5] or "default" type of Islamic finance. [1]

A proper murâbaḥah transaction differs from conventional interest-charging loans in several ways. The buyer/borrower pays the seller/lender at an agreed-upon higher price; instead of interest charges, the seller/lender makes a religiously permissible "profit on the sale of goods". The seller/financer must take actual possession of the good before selling it to the customer, and must assume "any liability from delivering defective goods".[6] Sources differ as to whether the seller is permitted to charge extra when payments are late,[7] with some authors stating any late fees ought to be donated to charity, [8][9][10] or not collected unless the buyer has "deliberately refused" to make a payment.[11] For the rate of markup, murabaha contracts "may openly use" riba interest rates such as LIBOR "as a benchmark", a practice approved of by the scholar Taqi Usmani.[12]

Conservative scholars promoting Islamic finance consider murabaha to be a "transitory step" towards a "true profit-and-loss-sharing mode of financing",[1] and a "weak"[13] or "permissible but undesirable"[14] form of finance to be used where profit-and-loss-sharing is practicable."[1][2] Critics note that in practice most "murabaḥah" transactions are merely cashflows between banks, brokers, and borrowers, with no buying or selling of commodities;[15] that the profit or markup is based on the prevailing interest rate used in haram lending by the non-Muslim world;[2] that "the financial outlook" of Islamic murabaha financing and conventional debt/loan financing is "the same",[16] as is most everything else besides the terminology used.[17]

Islamic expressed orthodox scholars have а lack for murabaha transactions,[18] calling them "no more than a second-best solution"[19] or a "borderline transaction" (Islamic scholar Taqi Usmani),[20] nonetheless they are defended as Islamically permitted.

According to Tagi Usmani, the reference to permitted "trade" or "trafficking" in Quran aya 2:275:[21]

"... they say, 'Trafficking (trade) is like usury,' [but] God has permitted trafficking, and forbidden usury ..."

refers to credit sales such as murabaha, the "forbidden usury" refers to charging extra for late payment (late fees), and the "they" refers to non-Muslims who didn't understand why if one was allowed both were not:[20]

the objection of the infidels ... was that when they increase the price at the initial stage of sale, it has not been held as prohibited but when the purchaser fails to pay on the due date, and they claim an additional amount for giving him more time, it is termed as "riba" and haram. The Holy Qur'an answered this objection by saying: "Allah has allowed sale and forbidden riba." [20]

Usmani states that while it may appear to some people that allowing a buyer more time to pay for some product/commodity (deferred payment) in exchange for their paying a higher price is effectively the same as paying interest on a loan, [20] this is incorrect. In fact, just as a buyer may

pay more for a product/commodity when the seller has a cleaner shop or more courteous staff, so too the buyer may pay more when given more time to complete payment for that product or commodity.[20] When this happens, the extra they pay is not riba but just "an ancillary factor to determining the price". In such a case, according to Usmani, the "price is against a commodity and not against money" — and so permitted in Islam.[20] When a credit transaction is made without the purchase of a specific commodity or product, (i.e. a loan is made charging interest), the added charge for deferred payment is for "nothing but time", and so is forbidden riba.[20] However according to another Islamic finance promoter—Faleel Jamaldeen -- "murabaha payments represent debt" and because of that are not "negotiable or tradable" as Islamic finance instruments, making them (according to Jamaldeen) unpopular among investors.[21]

Hadith also supports use of credit-sales transactions such as murabaha. Another scholar, M.O.Farooq, states "it is well-known and supported by many hadiths that the Prophet had entered into credit-purchase transactions (nasi'ah) and also that he paid more than the original amount" in his repayment.[22]

Usmani states that "this position" is accepted "unanimously" by the "four [ Sunni ] schools" of Islamic law and "the majority" of the Muslim jurists.[20] Murabahah and related fixed financing has been approved by a number of government reports in the Islamic Republic of Pakistan on how to eliminate Interest.

Usmani presents a theory of why sellers are allowed to charge for providing credit to the lender/buyer, but are guilty of riba when charging for late payment. In a true (nonriba) murâbaḥah transaction (Usmani states) "the whole price ... is against a commodity and not against money" and so "... once the price is fixed, it relates to the commodity, and not to the time". Consequently "the price will remain the same and can never be increased by the seller." If the price had "been against time", (which is forbidden) "it might have been increased, if the seller allows ... more time" for repayment when the bill is past due.[20]

(Usmani and other Islamic finance scholars [6][22] agree that not being able to penalize a lender/buyer for late payment has led to late payments in murâbaḥah and other Islamic finance transactions. Usmani states that a "problem" of murabahah financing is that "if the client defaults in payment of the price at the due date, the price cannot be increased".[2] According to one source (Mushtak Parker), Islamic financial institutions "have long tried to grapple with the issue of delayed payments or defaults, but thus far there is no universal consensus across jurisdictions in this respect."[23])

In its 1980 Report on the Elimination of Interest from the Economy,[24] the Council of Islamic Ideology of Pakistan stated that murabahah should

be undertaken only when the borrower wants to borrow to purchase a some item

must involve

the item being purchased by the bank;

coming under the ownership and possession of the bank;

which must assume the risk for that item;

the item then being sold to the customer through a valid sale:

be used to the "minimum extent" and

only in cases where profit and loss sharing is not practicable.[19]

Murâbaḥah is one of three types of bayu-al-amanah (fiduciary sale), requiring an "honest declaration of cost". (The other two types are tawliyah—sale at cost—and wadiah—sale at specified loss.)

According to Tagi Usmani "in exceptional cases" an Islamic bank or financial institution may lend cash to the customer for a murâbahah, but this is when the customer is acting as an agent of the bank in buying the good the customer needs financed.

Where direct purchase from the supplier is not practicable for some reason, it is also allowed that he makes the customer himself his agent to buy the commodity on his behalf. In this case the

client first purchases the commodity on behalf of his financier and takes its possession as such. Thereafter, he purchases the commodity from the financier for a deferred price.[2]

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The idea that the seller may not use murâbaḥah if profit-sharing modes of financing such as mudarabah or musharakah are practicable, is supported by other scholars that those in the Council of Islamic Ideology.[1][2]

But these involve risks of loss, profit-sharing modes of financing cannot guarantee banks income. Murabahah, with its fixed margin, offers the seller (i.e. the bank/financier) a more predictable income stream. One estimate is that 80% of Islamic lending is by murabahah.[25] M. Kabir Hassan reports that murabaha accounts are quite profitable. As of 2005, "the average cost efficiency" for murabaha was "74%, whereas average profit efficiency" even higher at 84%. Hassan states, "although Islamic banks are less efficient in containing cost, they are generally efficient in generating profit."[26]

Islamic banker and author Harris Irfan writes that use of murabaha "has become so distorted from its original intent that it has become the single most common method of funding inter-bank liquidity and corporate loans in the Islamic finance industry."[1] A number of economists have noted the dominance of murabahah in Islamic finance, despite its theological inferiority to profit and loss sharing.[26][27]28] One scholar has coined the term "the murabaha syndrome" to describe this.[29]

The accounting treatment of murâbaḥah, and its disclosure and presentation in financial statements, vary from bank to bank. If the exact cost of the item(s) cannot be or are not ascertained, they are sold on the basis of musawamah (bargaining).[4] Different banks use this Typically, banks use murabaha in instrument in varying ratios. property, microfinance and commodity import-export.[30] The International Monetary Fund reports that, Murâbaḥah transactions are "widely used to finance international trade, as well as for interbank financing and liquidity management through a multistep transaction known as tawarrug, often using commodities traded on the London Metal Exchange" (LME).[6]

The basic murabaha transaction is a cost-plus-profit purchase where the item the bank purchases is something the customer wants but does not have cash at the time to buy directly.[30] However, there are other murabaha transactions where the customer wants/needs cash and the product/commodity the bank buys is a means to an end. In addition to being used by Islamic banks, murabahah contracts have been used by Islamic investment funds (such as SHUAA Capital of Saudi Arabia and Al Bilad Investment Company), and sukuk (also called Islamic bonds)(an example being a 2005 sukuk issued by Arcapita Bank sukuk in 2005).

Bay' bithaman 'ajil

(Also called Bai' muajjal [31] abbreviated BBA, and known as credit sale or deferred payment sale). Reportedly the most popular mode of Islamic financing is cost-plus murabaha in a credit sale setting (Bay bithaman 'ajil) with "an added binding promise on the customer to purchase the property, thus replicating secured lending in `Shari'a compliant` manner." The concept was developed by Sami Humud, and shortly after it became popular Islamic Banking began its strong growth in the late 1970s. [32]

Another source (Skrine law firm) distinguishes between Murabahah and Bay' bithaman 'ajil (BBA) banking products, saying that in BBA disclosure of the cost price of the item being financed is not a condition of the contract.[33]

One variation on murabahah (known as "Murabahah to the Purchase Orderer" according to Muhammad Tayyab Raza) allows the customer to serve as the "agent" of the bank, so that the customer buys the product using the bank's borrowed funds.[2] The customer then repays the bank similar to a cash loan. While this is not "preferable" from a Sharia point of view, it avoids extra cost and the problem of a financial institution lacking the expertise to identify the exact or best product or the ability to negotiate a good price.[34]

Bay' al-Ina

(Also Bay' al-'Inah). This simple form of murabahah involves the Islamic bank buying some object from the customer (such as their house or motor vehicle) for cash, then selling the object back to the customer at a higher price, with payment to be deferred over time. The customer now has cash and will be paying the bank back a larger sum of money over time. This resemblance to a conventional loan has led to bay' al-ina being criticized as a ruse for a cash loan repaid with interest.[35] It was used by a number of modern Islamic financial institutions despite condemnation by jurists, but in recent years its use is "very much limited" according to Harris Irfan.[1]

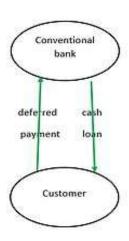
Bay' al-Tawarruq

#### Reverse murabaha or Tawarruq

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# payment for commodity Commodity seller Islamic bank commodity deferred payment commodity for commodity commodity Commodity buyer Customer cash payment for commodity

#### Conventional Loan



Tawarruq (also called a "reverse murabaha"[14] and sometimes a "commodity murabaha") [36] also allows the banking customer to borrow cash instead of finance a purchase, [56] and has also been criticized by some jurists.[37] Unlike a bay al-ina it involves another party in addition to the customer, Islamic bank and seller of the commodity. In Tawarrug the customer would buy some amount of a commodity (a commodity which is not a "medium of exchange" or forbidden in riba al-fadl such as gold, silver, wheat, barley, salt, etc.)[4] from the bank to be paid in installments over a period of time and sell that commodity on the spot market (the commodity buyer being the additional party) for cash.[1][38][39] (The commodity buying and selling is usually done by the bank on behalf of the customer,[4] so that "all that changes hands is papers being signed and then handed back" according to one researcher).[40] An example would be buying \$10,000 worth of copper on credit for \$12,000 to be paid over two years, and immediately selling that copper to the third party spot buyer for \$10,000 in cash. There are additional fees involved for the commodity purchases and sales compared to a cash loan, but the additional \$2000 is considered "profit" not "interest" and so not haram according to proponents.

According to Islamic banker Harris Irfan, this complication has "not persuaded the majority of scholars that this series of transactions is valid in the Sharia."[1] Because the buying and selling of the commodities in Tawarrug served no functional purpose, banks/financers are strongly tempted to forgo it. Islamic scholars have noticed that while there have been "billions of dollars of commodity-based tawarrug transactions" there have not been a matching value of commodity being traded.[41] The IMF states that "tawarruq has become controversial among Shari'ah scholars because of its divergence of its use from the spirit of Islamic finance".[6] But some prominent scholars have tolerated commodity murabaha "for the growth of the [Islamic finance] industry".[1] Irfan states that (at least as of 2015) Sharia boards of some banks (such as Abu Dhabi Islamic Bank), have taken a stand against Tawarruq and were "looking at 'purer' forms of funding" (such as mudarabah).[1] To "counter the obvious violation of the spirit of the riba ban",

some banks have required the complication (and expense) of two additional commodity brokers in addition to the customer and financier.

On the other hand, Faleel Jamaldeen states that "commodity murabaha" contracts are used to fund short-term liquidity requirements for Islamic interbank transactions, although they may not use gold, silver, barley, salt, wheat or dates for commodities as this is forbidden under Riba al-Fadl. Among the Islamic banks using Tawarruq (as of 2012) according to Jamaldeen, include the United Arab Bank, QNB Al Islamic, Standard Chartered of United Arab Emirates, and Bank Muaamalat of Malaysia.

Conclision

As a conclusion we can see some advantages and disadvantages of Murabaha

There are a number of advantages to using murabaha, including:

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Compliance with Sharia law: Murabaha is a Sharia-compliant financing structure, which means that it does not involve the charging of interest. This is important to many businesses and individuals who want to avoid interest-based financing.

Flexibility: Murabaha can be used to finance a variety of assets, including cars, homes, and equipment. It can also be used to finance working capital needs.

Transparency: In a murabaha transaction, the buyer knows the exact cost of the asset that they are buying, as well as the profit margin that the seller is making. This transparency can help to reduce the risk of fraud and misunderstanding.

Disadvantages of Murabaha

There are also a number of disadvantages to using murabaha, including:

Cost: Murabaha can be more expensive than other forms of financing, such as conventional loans. This is because the seller needs to add a profit margin to the cost of the asset.

Complexity: Murabaha is a complex financing structure, and it can be difficult to understand all of the terms and conditions of a murabaha contract. This complexity can lead to misunderstandings and disputes.

Risk: Murabaha involves some risk, as the buyer is not actually purchasing the asset until the full purchase price has been paid. This risk can be mitigated by using a murabaha contract that includes a guarantee from the seller.

Murabaha is a cost-plus financing structure that is used in Islamic finance. It is a popular financing structure because it is compliant with Sharia law and can be used to finance a variety of assets. However, it is important to understand the advantages and disadvantages of murabaha before using it.

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