
Development of Tourist and Recreational Cluster of Samarkand Region and its Impact on Domestic Business

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Abstract: The tourism as one of cluster structures is an essential part of sustainable economical development of the country. It is regarded to be the important requirement for effective strategic partnership of many local businesses. According to international experience, the effective tourism cluster helps to form entrepreneur competencies, utilize and develop the resources and strategic opportunities, and obtain multiplicative economic benefits.

Keywords: tourist and recreational cluster, recreation, tourism product, tourist resources, competitiveness, entrepreneur competencies, multiplicative economic benefits, economic structure.

Over the last thirty years, tourism has been one of the activities with the highest potential for expansion in Uzbekistan. Since the 1990s, after the independence of the Republic of Uzbekistan, the quickening internationalization process and the opening of national economies have boosted tourism to becoming the second most important sector following the financial sectors. Improved transport and communications systems that have reduced traveling time and costs, as well as the increasing number of business trips and social gains, such as paid holidays and long weekends, have accelerated the growth of tourism and the internationalization process.

Owing to its potential for growth and due to the fact that it is a tourism and recreation product that can only be consumed in the proper place, tourism takes on an important role as a strategy for local development. The tourism as one of cluster structures is an essential part of sustainable economical development of the country. It is regarded to be the important requirement for effective strategic partnership of many local businesses. According to international experience, the effective tourism cluster helps to form entrepreneur competencies, utilize and develop the resources and strategic opportunities, and obtain multiplicative economic benefits. The field of tourism clusters development is extremely important for contemporary scientific research as one of the most promising formats of strategic partnership in the country.

The characteristics of tourism activity, besides being strongly linked to physical space (territory) and abstract space (interactions among local and social actors) is closely linked to culture and the preservation of nature, since it should be used without being destroyed. While industry destroys to produce, tourism should preserve to produce. Harmonizing tourism

with the environment is a change in the way of thinking, a concept innovation to overcome and opposition that easily happens between destructive tourism and the protection of an environment that must be preserved. (Ruschmann, 2001, p. 69)

The concept of cluster is suited to specific characteristics of tourism activities. The tourism product interacts with local base (physical space and social actors), leading to joint actions of

inter-related enterprises with great power to create conglomerates. Furthermore, other characteristics define the cluster potential of tourism activities: the complementarities and interdependence among the parts of a tourism conglomerate occur through the interaction and organization of the local actors; the necessary integration of culture, economy and nature results in actions and interventions which come true in a systemic way, and the power of attraction depends on the differing potential of the tourism product and the supporting services.

The central hypothesis of the formulation of the evaluation model of tourism impact in local development proposed in this article is that tourism activity should be one of the main sources of sustainable regional development, with positive effects on the creation of jobs, the generation of income and improvements in the quality of local life. Meanwhile, sustainable development requires actions as a means of reducing destructive pressures on the environment, cultural integrity and the quality of life of the local population. The actions and integrated creation of tourism's sustainable development must be based on studies that evaluate the positive and negative impact of the activity, with the economic, socio-cultural and environmental variables dimensioned in a systemic way.

If we look at the world practice, the process of cluster formation has accelerated over the last two decades. According to experts, clusters cover 50 percent of the economies of the world's leading countries. There are 168 clusters in the UK covering biotechnology, bioresources and other industries, 34 clusters in medicine and pharmaceuticals in Denmark, 206 clusters in the agro-industrial and food industries in Italy, 96 clusters in France and 20 in the Netherlands (Porter, 2005). In our country, which is becoming more and more involved in the world community, the organization of clusters is becoming increasingly important. In particular, the formation and development of tourism clusters in regions with high tourist potential is important for the country's economy.

The characteristics of clusters are:

- Simultaneous partnership and competition between organizations and the interdependence of these relationships;
- Investments in cluster development will benefit several organizations participating in the cluster at the same time;
- Cooperation between business, science and government in the development of innovative projects;
- Reduction of transaction costs due to the equal use of resources and raw materials in the region due to the geographical proximity of the organizations included in the cluster, as well as a significant increase in the economy of the region and the country as a result of synergistic effects in regional clusters.

Based on the definitions and characteristics of tourist clusters, the following principles of their formation and operation can be distinguished: 1) regional concentration of economic units; 2) complex internal structure; 3) harmony of cooperation and competition; 4) specificity of innovation processes; 5) public-private partnership. The application of these principles can be explained as follows:

First, the main condition for the formation of a tourist recreation cluster is the geographical proximity of economic entities, which, in turn, provides opportunities for reduction of transport and communication costs, savings through rapid economic impact and exchange with social capital.

Second, the tourist cluster has a complex internal structure. Within its framework, there are tourism organizations (tour operators and travel agents) that develop and sell tourism products, their counterparties, partner organizations, as well as educational institutions, research organizations.

Third, the essence of the cluster is reflected in the specificity of interaction and competition between its member organizations. Organizations that produce the same or similar products and participate in a single link in the value-added chain are direct competitors, but within a tourism cluster, they simultaneously join strategic alliances in different directions.

Fourth, tourism clusters are characterized by a high level of internal competition. This environment is achieved by increasing the number and quality of tourism products created in a limited geographical area by a large number of tourism organizations, their affiliated organizations and a large amount of information that ensures the effective functioning of economic resources and the tourism market.

Fifth, tourism clusters are formed and developed on the basis of public-private partnership. The state plays a coordinating, regulatory and stimulating role in the formation and development of the tourism cluster. Its role is especially important in the early stages of cluster formation.

The basis for the formation of the tourist cluster is the provision of free movement of necessary information at all stages of the creation and sale of tourism products between enterprises of different industries within the cluster. In order to gain an advantage in the competition, the desire of these enterprises to use the available information for their own purposes may hinder the free movement of information between business entities. However, the creation of conditions that allow these organizations to gain an advantage over external competitors through the free exchange of information between them creates an interest that outweighs their concerns, such as “non-competitiveness” in the domestic market.

In the territory of Samarkand region, the possibility of forming a tourist cluster is due to the following factors:

1. Availability of unique tourist resources.
2. Presence of tourist organizations selling competitive tourist products in the region.
3. Existence of infrastructure which is sufficient for organizing tourist activities in the territory.
4. The existence of stable economic ties between organizations focused on meeting social needs for recreation.
5. The ability of the territory's travel agencies to attract tourists who are distinguished by high demands on the quality and composition of tourist services.
6. Availability of state and non-profit institutions to support tourist activities in the region.

We will analyse these criteria in details below:

1. Availability of unique tourist resources. They are a prerequisite for the creation of competitive tourism products by tour operators and their successful promotion on the national and world markets. Destinations with unique tourism resources gain a competitive advantage over other territories, as tour operators can create strong travel brands that require less financial and organizational effort to promote. The Registan ensemble, the mausoleums of Amir Temur, Shahi Zinda and Bibi Khanym, as well as tours of the Great Silk Road are truly unique tourist resources. Every year more and more people, not only from different regions of

Uzbekistan, but also from all over the world, strive to come to Uzbekistan, mainly to visit abovementioned sites. In the course of the research, we asked a question to all tourists - foreign and internal, who chose our region as a travel destination: Why did you decide to spend your trip here? Two-thirds of the respondents answered that they had long dreamed of seeing the Registan Square with their own eyes. Despite the long distances, many people are ready to overcome them in order to touch a piece of the world heritage of mankind (the architectural monuments of Samarkand are included in the list of world heritage). This necessitates the development of the hospitality industry around such unique historical sites.

2. Presence of tourist organizations selling competitive tourist products in the territory. The presence of such tourism products, on the one hand, suggests that this territory is interesting for tourists, on the other hand, it creates the basis for the development of industries related to tourism, and the involvement of the local inhabitants in tourism activities.

The impact of the industry of tourism and recreation on the region's economy is still small.

Currently, there are 54 tour agencies operating in the territory of Samarkand region (against 44 in 2016). These organizations, although their share in the total number of registered private enterprises is very small, still work quite effectively in the domestic and foreign markets. The level of services provided is quite high, as evidenced by the constantly growing share of VIP tourists and the persistence of partnerships with European and Asian tour operators and travel agents.

3. Existence of infrastructure sufficient for the organization of tourist activities in the territory. Infrastructure is needed for the production of competitive tourism products (a second sign of the existence of a cluster), since even with high attractive properties of tourist resources the tourism business would be impossible for a wide range of consumers without the availability of transport communications, means of communications, utilities infrastructure and other structures.

In the tourist recreation cluster, there is a general infrastructure, as well as specialized tourism and information ones. Creation and maintenance of common infrastructure (construction of roads, provision of light, heat, water supply, etc.) is the concern of the government, which, with proper planning, can shift this completely or partially onto private business. Roads in the region, of course, are being built and reconstructed, but their length and quality leave much to be desired. Insufficient development of basic infrastructure is the main obstacle to attracting private investment in tourism infrastructure facilities, and it should become a priority area of state support in the regional concept for the development of the tourism industry. Specialized tourism infrastructure is a purely private business area. And the higher the competition, the higher the quality of services.

Another important aspect of the infrastructure is the provision of the cluster with qualified and competent personnel. In the territory of the Samarkand region, the training of specialists for the tourism sector is carried out by two universities, namely Samarkand Institute of Economics and Service, Silk Road International Tourism University and one secondary specialized educational vocational college. In educational institutions of the Samarkand region, specialists for the tourism sector are trained in 8 specialties. But in the tourist service, about 80% of the personnel are not required high qualifications, and the population does not consider their work and their lifestyle as the main resource for achieving prosperity. Private business alone cannot cope with this problem; it requires systematic partnership work of government agencies and private business.

The information infrastructure also suffers from inadequacy: there are not enough information centers open in places where tourists gather. The main source of information on

the spot is often only the tour operator who organizes the trip. Although at present, through the joint efforts of tour operators and state institutions, information resources are being created that are available on the streets of the city and on the Internet for both internal and foreign tourists.

4. The existence of stable economic ties between organizations focused on meeting social needs for recreation. Economic ties between firms are necessary for organizing tourist business processes, lobbying interests, overcoming common problems, supporting coordination of actions, and implementing joint projects. It is impossible to create a high-quality and competitive tourism product without stable economic ties.

Tour operators that organize standard and customized tour packages work closely with a variety of specific service providers - hotels, transport companies, museums, tour guides, information services, insurance companies, etc. Most companies were registered no later than 2005, and their employees have at least 10 years of experience in this field. Tour operators' databases of partner companies have been accumulating over the years and passed down from generation to generation. Most of the tours sold to foreign tourists are travels around Samarkand, Tashkent, Bukhara and Khiva, therefore, clear coordination of many partners is the key to successful work and customer loyalty.

5. The ability of tourist agencies of the territory is to attract tourists who are distinguished by high demands on the quality and composition of tourist services. This criterion directly follows from the first and second signs, since the presence of these categories of tourists among the consumers of tourist services suggests that this territory has some unique characteristics that are interesting for tourists who have dozens of alternative options for their rest. And, the local tourist complex is able to create such tourism products and conditions for recreation, which are acceptable for demanding tourists.

The structure of foreign tourist traffic changes over time, and travel agencies are forced to respond in a timely manner to such changes: in addition to the language, the content of tours, the quality of hotel service, food preferences and modes of travel are changing. Nevertheless, the most demanding client is most often a European tourist: the cost of a tour for tourists consists of the cost of travel + the cost of accommodation, food, service, and if 2-5 years ago the cost of travel was two-thirds of the cost of the entire tour, now tourists prefer to pay for comfortable accommodation, additional entertainment (folklore, personal transfers, personal guide, etc.) much more often, and the requirements for the quality of the services provided, accordingly, have also increased. Tour operators are flexible enough to such requests and in 90% of cases such clients leave Samarkand with good memories and impressions, and become regular customers. More than half of these tourists visit Uzbekistan on the recommendation of their friends and/or colleagues.

6. The presence of state and non-profit institutions to support tourism activities in the region. Such institutions appear as a fact of recognizing the importance of this activity for the economy of the territory, and secondly, as a realized need for the regulation and development of the region's tourism business.

Although there are barriers to the development of tourism: this is a pronounced seasonality of the tourist arrival in the spring and autumn. Currently, the authorities are not sufficiently involved in the development of tourism services. In particular, the conditions for interaction between authorities, enterprises and organizations of the tourism industry have not been determined, there are no substantiated and budget-supported programs for the development of tourism, there is a weak coordinating interaction of government bodies, and incentive mechanisms for business participation in projects for the development of infrastructure

facilities have not been developed. It should also be recognized that there is no hospitality industry organized as a single system in Uzbekistan, capable of influencing the formation of tourist flows and providing services at the level of international standards.

Thus, we have studied the practice of using a cluster approach in increasing the competitiveness of an individual country or region and the experience of leading countries in this regard, and have come to the following conclusion: "Currently, in practice, there are no tools and methods based on a single approach to the formation and development of tourism clusters in a particular area." Therefore, in our opinion, it is expedient to develop a cluster policy on the formation of a tourism cluster, taking into account the existing features and opportunities in the economic structure of each region.

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