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Development Trends and Efficiency Factors of Entrepreneurial Activity in The Tourism Sector of Uzbekistan

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Abstract: Entrepreneurship in the tourism sector is a key driver of economic diversification and employment in Uzbekistan. As the country positions itself as a growing tourism destination, analyzing the development and efficiency of private sector participation becomes increasingly significant. While tourism's contribution to Uzbekistan's economy is recognized, there is limited empirical research that evaluates the regional disparities, investment dynamics, and socio-economic outcomes of entrepreneurial activity within this sector. Existing studies often lack integrated approaches combining spatial, statistical, and policy perspectives. This research applies SWOT analysis, comparative evaluation, and statistical analysis to assess the pace and impact of entrepreneurial development in Uzbekistan's tourism sector. Key indicators include the number of active tourism entities, investment volumes, private sector participation, and job creation. The study reveals significant growth in tourism entrepreneurship, driven by increased private sector engagement and investment activity. However, regional imbalances persist certain areas show high levels of entrepreneurship, while others lag behind due to infrastructural and institutional limitations. Factors such as limited access to finance, bureaucratic obstacles, and skills shortages were identified as key barriers. The article emphasizes the need for targeted regional policies to reduce territorial inequality and stimulate balanced tourism growth. Policy recommendations include improving access to credit, enhancing human capital, and creating favorable investment conditions. Strengthening tourism entrepreneurship can significantly contribute to Uzbekistan's socio-economic development and help achieve long-term sustainability in the tourism industry.

Citation: Kosimovna, D. K. Development Trends and Efficiency Factors of Entrepreneurial Activity in The Tourism Sector of Uzbekistan. Central Asian Journal of Innovations on Tourism Management and Finance 2025, 6(3), 754-759.

Received: 20th Apr 2025

Revised: 28th Apr 2025

Accepted: 7th May 2025

Published: 17th May 2025



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Keywords: Tourism, Entrepreneurship, Private Sector, Investment, Service Sector, Regional Analysis, Economic Efficiency, Innovation, Employment, Public-Private Partnership

1. Introduction

Today, the tourism industry is one of the fastest growing sectors of the global economy, serving as an important source of income for countries, creating new jobs and strengthening international cultural ties. In particular, the role of entrepreneurship in the development of tourism is incomparable. This is because it is the services, innovative approaches and investment projects created by entrepreneurs that increase the efficiency of the tourism complex [1].

With the entry of entrepreneurship into the tourism sector, significant changes are occurring in the quality of service, types of services, territorial coverage and marketing approaches. In particular, through the active participation of small and medium - sized businesses, there is an opportunity to strengthen the competitive environment in tourism, ensure a balance between price and quality, and maximize customer satisfaction [2].

Uzbekistan, large-scale reforms are being implemented to make tourism one of the priority areas of the national economy. The favorable environment created by the state, tax and credit incentives, infrastructure development programs - all this ensures the rapid development of tourism activities on an entrepreneurial basis [3].

2. Materials and Methods

Scientific research in the field of tourism and entrepreneurship shows the interdependence and complementary function of these two areas. International and local researchers have put forward various approaches and theoretical views on this topic [4].

The famous English economist John Tribe, in his work "The Economics of Recreation, Leisure and Tourism", assesses entrepreneurial activity in tourism as a key factor that diversifies the offer of tourist services and shapes market competition. In his opinion, entrepreneurship acts as a "bridge" connecting tourism to the local economy[5].

Peter Drucker sees innovative entrepreneurship as one of the key factors for success in the service sector, especially in tourism. According to him, every successful business idea is about identifying a customer problem and offering an effective solution to it [6].

Strategic reports on tourism published by the OECD (Organization for Economic Co-operation and Development) emphasize that supporting entrepreneurship plays an important role in increasing competitiveness in tourism and creating new types of services[7].

Uzbek scientists such as economists Ya.Abdullayev, N.Abdukarimov, Sh.G'ulomov in their research indicate entrepreneurship as one of the main driving forces in the development of tourism [8].

In particular, Ya.Abdullayev noted that as a result of increased entrepreneurial activity in tourism, the share of services in the country's gross domestic product increases and the local economy stabilizes[9].

According to Sh. Gulyamov, Uzbekistan's historical and cultural monuments, natural resources, and unique territorial opportunities serve as a rich source of investment for local entrepreneurs. However, to fully utilize these opportunities, it is necessary to have infrastructure, financial resources, and study foreign experience [10].

Also, authors such as D. Kurbonov and M. Yusupov have studied the prospects for developing business entities in tourism through public-private partnership mechanisms[11].

The methodology of this study is grounded in a comprehensive qualitative and quantitative research framework aimed at understanding the dynamics of entrepreneurship in the tourism sector. To investigate the developmental patterns, influencing factors, and socio-economic impact of entrepreneurial activity in tourism, the study utilizes a mixed-method approach. First, a detailed literature review was conducted, analyzing the works of both foreign and domestic scholars on tourism development, entrepreneurship theory, service economics, innovative business models, and strategic management. This review provided the theoretical foundation necessary for identifying key variables and conceptual frameworks relevant to tourism entrepreneurship. To evaluate the current trends and challenges, a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis was employed, enabling the identification of internal capabilities and external conditions affecting the sector. Furthermore, statistical methods were applied using available regional and national data, including indicators such as the number of active tourism entities, private investment volumes, and employment levels. Comparative analysis was also used to contrast entrepreneurial activity across different regions of Uzbekistan, helping to highlight spatial disparities and their underlying causes. Data sources included government publications, official statistics, and reports from relevant ministries and tourism agencies. By triangulating SWOT, statistical analysis, and

comparative methods, the study ensured robustness and objectivity in interpreting patterns and drawing conclusions. This integrative methodological approach enabled a nuanced understanding of both macro-level trends and micro-level barriers, ultimately informing practical policy recommendations aimed at fostering inclusive and sustainable growth in Uzbekistan's tourism entrepreneurship landscape [12].

3. Results and Discussion

Tourism and entrepreneurship are two important economic sectors that are closely related, and their integration creates new economic opportunities. The following theoretical aspects of entrepreneurial activity in tourism were substantiated during the study:

Entrepreneurship is the main driving force in the formation of tourism infrastructure. The development of hotels, transport, catering, cultural and entertainment services is ensured by entrepreneurs [13].

Innovative approaches in the service sector, such as digital technologies, online booking systems, electronic payments, and interactive guide services, are often introduced by representatives of the private sector [14].

National heritage and traditions are promoted through local entrepreneurs, which contributes to the development of cultural tourism [15].

Private sector activity in tourism increases competition, maintains a fair price-quality ratio, and ensures a variety of services [16].

According to an analysis of foreign literature the basis of success in the tourism sector in the experience of developed countries is mechanisms that support private entrepreneurship and an effective regulatory system [17].

Between 2017 and 2019, the number of tourism entities increased from 980 to 1,750. During this period, a significant increase was observed as a result of liberalization measures and international promotional campaigns in the tourism sector. In 2020, the number of entities decreased to 1,630. This decrease was caused by the COVID-19 pandemic, which temporarily suspended or closed the activities of entrepreneurs. Between 2021 and 2023, the number of tourism entities steadily increased in the post-pandemic years. In particular, in 2022 and 2023, the annual growth rate reached more than 20%. This is due to the state's policy of supporting local tourism, see Figure 1.

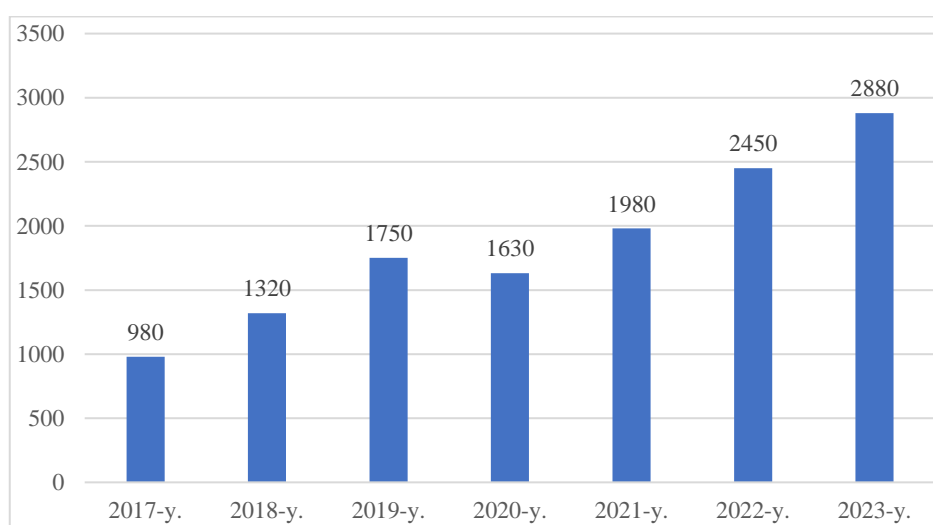


Figure 1. Number of private business entities engaged in tourism in the Republic of Uzbekistan.

Be seen from Figure 2, the share of the private sector increased from 67% to 75% in 2017–2019. This is the initial result of reforms aimed at private business. Tourism companies, hotels, and transport services were privatized. In 2020, the share decreased to 70% - the pandemic primarily negatively affected small and medium-sized private enterprises. Many temporarily suspended their activities. By 2021–2023, a period of recovery and growth began. The share of the private sector reached 81% by 2023. This means that industry-specific services are developing mainly on market principles, and the state has a more regulatory and supporting role, see Figure 2.

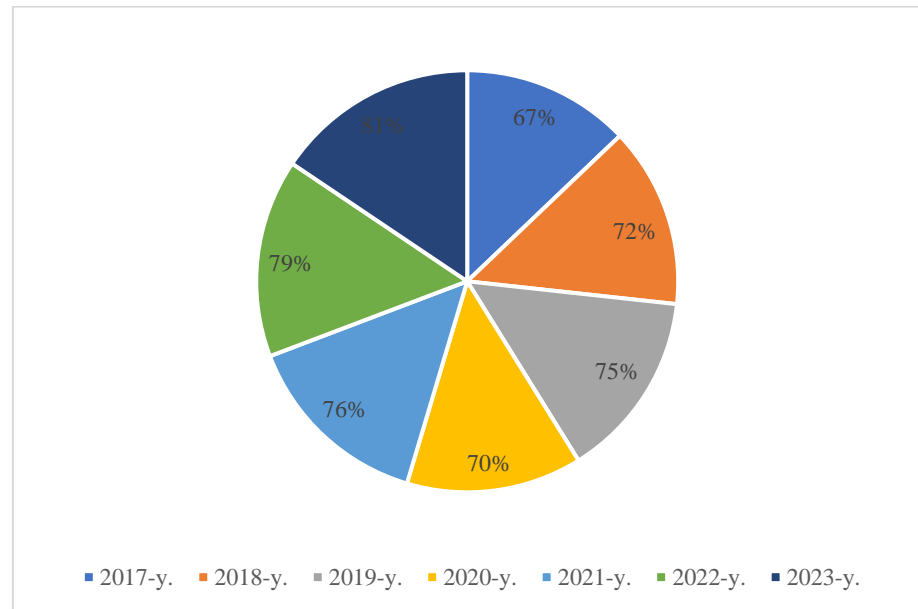


Figure 2. Share of private business entities engaged in tourism %.

Annual changes in investment volumes reflect the level of interest and confidence in tourism. Although a decline was recorded in the pandemic year of 2020, a significant recovery has occurred since 2021. In particular, investments attracted by the private sector in 2023 exceeded 1.2 trillion soums, indicating an expansion in the scale of capital investments in the sector. This process is being implemented mainly through hotels, family homestay projects, modern tourism infrastructure, see Figure 3.

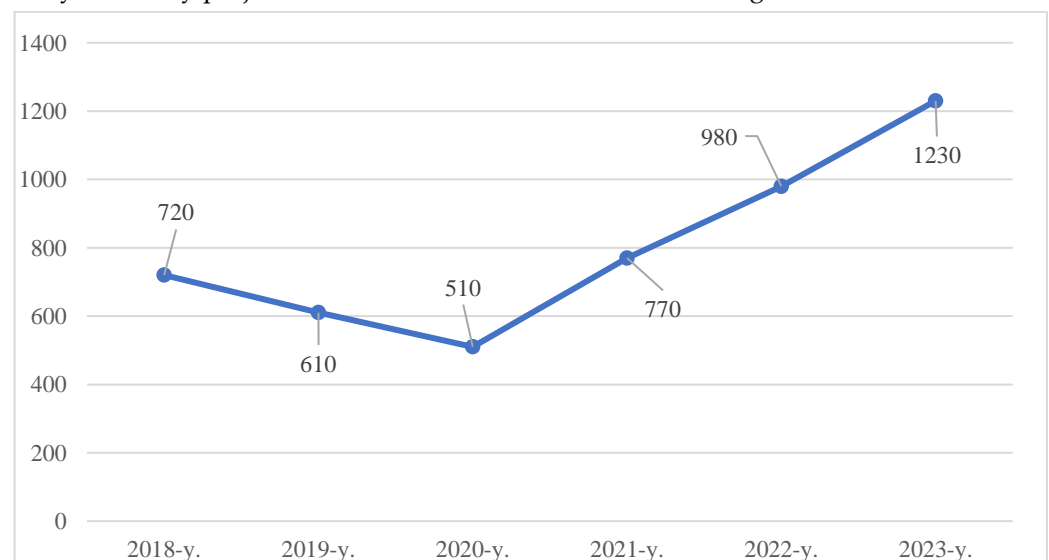


Figure 3. Volume of investments attracted by the private sector in tourism (in billion soums).

The above data reflect the social effectiveness of entrepreneurial activity in tourism. The increase in new jobs plays an important role in increasing employment, restoring regional economic activity, and reducing migration. Although there was a decline in 2020 due to the pandemic, in recent years there has been a recovery as a result of grants, loans, and incentives provided by the state to entrepreneurship. The creation of more than 13 thousand new jobs in 2023 confirms that tourism entrepreneurship is making a real contribution to employment policy, see Figure 4.

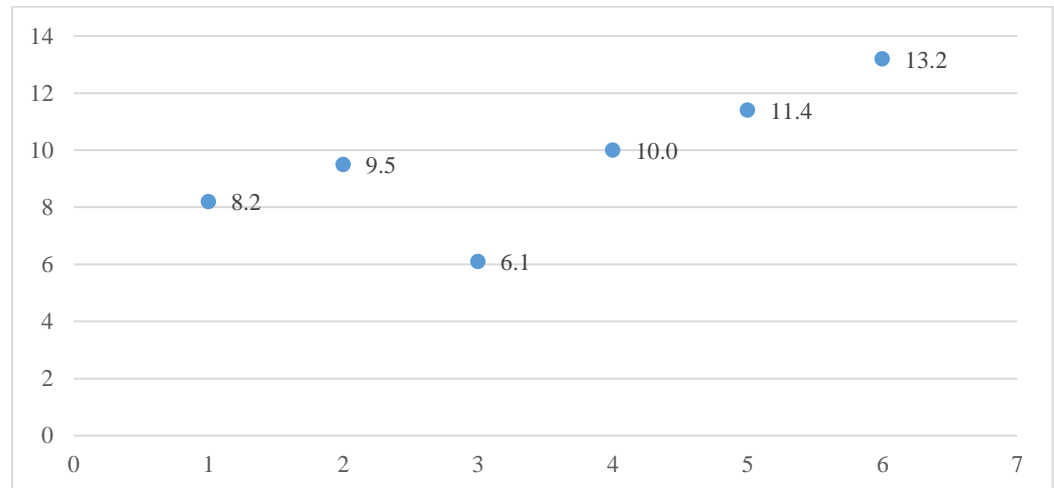


Figure 4. Creation of new jobs in the tourism sector (2018–2023, thousand people).

Analysis by region shows that Tashkent and historical cities (Samarkand, Bukhara) are among the most active areas of the private sector in tourism. In particular, the expansion of the network of family guest houses in Bukhara is giving national tourism a unique character. At the same time, there is still untapped potential in remote regions such as the Fergana Valley and Karakalpakstan. This indicates the need for strategic measures to address the problem of territorial inequality, see Table 1.

Table 1. Indicator of tourism entrepreneurship activity by region (2023).

Province	Number of active subjects	Private sector share (%)	Main directions
Tashkent	840	84%	Gastro-tourism, congress service
Bukhara	460	87%	Cultural heritage, family guesthouses
Samarkand	510	82%	Excursions, large travel agencies
Fergana	260	78%	Mountain ecotourism, handicrafts
Karakalpakstan	130	74%	Archaeology, ecological routes

4. Conclusion

This study aims to systematically analyze the development trends of entrepreneurial activity in the tourism sector of Uzbekistan. The results obtained show that the process of mutual integration between tourism and entrepreneurship plays an important role in the national economy. Factors such as increased activity and investment activity of the private sector, diversification of types of tourism services, innovative approaches and the introduction of new technologies can increase the efficiency of the sector. In particular,

innovative and integrated approaches to entrepreneurship are important in improving the quality of services in tourism and strengthening market competition.

However, the success of entrepreneurial activity in the tourism sector is influenced by various factors. Tourism development serves as a key mechanism for creating new jobs, ensuring regional economic development and increasing employment. At the same time, the analyzed regional data show that large tourism centers such as Tashkent, Samarkand and Bukhara reflect a high level of private sector activity, but in remote regions such as the Fergana Valley and Karakalpakstan, special strategies need to be developed to fully utilize this sector.

The study also confirms that tax and credit incentives, infrastructure programs, and public-private partnership mechanisms provided by the state are decisive factors in the development of entrepreneurship in the tourism sector. At the same time, it is recommended to further strengthen cooperation between tourism and entrepreneurship, support the private sector, and further expand financial resources organized by the state.

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