



THE ROLE OF HOTEL SERVICES IN ECONOMIC DEVELOPMENT

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Abstract: The article analyzes the trends in the growing relevance and role of the hotel industry within the tourism sector in Uzbekistan during the years of independence, particularly in terms of its economic efficiency.

Key words: Tourism, hotel, restaurant, service provision, economy, efficiency, income, growth.

INTRODUCTION

Tourism is one of the most profitable sectors of the economy. Both international and domestic tourism impact a country's economy, living standards, and other economic indicators. The development of international tourism contributes to employment in various countries. In addition to skilled, multilingual personnel, ordinary service workers are also needed to operate in hotels, restaurants, shops, museums, household service enterprises, and other organizations. For some countries, tourism has become a rapidly developing area of large-scale business. For instance, tourism accounts for 60% of export revenue in Spain, 40% in Austria, and 80% in Switzerland. International tourism is also referred to as "invisible export," as tourists visiting a country purchase its material and cultural assets and use local services, thereby generating foreign currency revenue [1].

Today, tourism is considered one of the most rapidly growing sectors of the global economy. Since 2000, it has outpaced the automotive, chemical, food, and electronics industries in terms of goods and services exports, taking the lead globally. Currently, 195 million people, or about 8% of the employed population worldwide, work in the tourism industry. According to the World Tourism Organization, the number of tourists is increasing annually by an average of 4–5%. For example, in 2012, the number of tourists exceeded one billion for the first time [2]. This sector serves as a cultural bridge in the practical communication between the nations of the world. Currently, over 235 million people work in this field. According to the UN World Tourism Organization, tourist flows globally increase by 4–5% annually. Uzbekistan possesses great potential in the tourism sector [3].

To realize this potential, it is necessary to grant economic independence to tourism enterprises and foster competition among them. In addition, the development of tourism requires the attraction of foreign capital. The benefits and incentives granted to individuals and enterprises engaged in tourism should be expanded. In 2000, over 600,000 foreign tourists visited Uzbekistan. Each of them spent more than \$1,000 in foreign currency. This is a clear example of the economic efficiency of tourism. Uzbekistan is world-famous for its tourism-compatible resources. Historically, the ancient Great Silk Road passed through the territory of our country, facilitating international relations and cultural exchanges. The favorable climate allowed for year-round reception of visitors. Uzbekistan's architectural monuments continue to attract the attention of foreign tourists [1].



Both domestic and foreign tourist numbers are increasing annually in the country. For instance, in 2006, 559.5 thousand foreign citizens used tourism services for various purposes, and in 2007, this number reached 903.1 thousand. The annual income of tourist organizations affiliated with the national company "Uzbektourism" amounted to 40 billion soums in 2005 and 46 billion soums in 2006 [4, p.145].

In 2007, the volume of tourism services amounted to 23.4 billion soums, while hotel services reached 45.1 billion soums. By 2008, the income generated from these types of services had increased to 45.9 billion soums and 63.8 billion soums, respectively [5].

The volume of foreign currency entering our country has also been increasing year by year. For example, in 1993, it amounted to 5 million USD, whereas by 2007, this figure had reached 47.3 million USD—an almost 9.5-fold increase. The average income per foreign tourist was 54.15 USD in 1993 and rose to 191.0 USD in 2007 [4, pp. 141–142].

In the Khorezm region, a number of initiatives have been implemented to comprehensively develop the sector. In 2007, the number of tourists visiting the region reached 61,819—twice the figure recorded in 2006. The export revenue of tourism organizations approached 1.5 million USD. The total volume of services provided also increased significantly. Currently, 19 tourism organizations and companies are operating in the region. The number of hotels serving tourists has reached 20, which is twice as many as in previous years. New buildings have been added to existing hotels. Last year, the private hotels "Isoqjon-Umidabonu" and "Khiva-Shahrizoda" were newly constructed and put into operation. These hotels are fully equipped to serve more than a thousand tourists per day.

It is also noteworthy that foreign investors are being attracted to the tourism sector. The "Jaykhun" tourism complex was transferred to a foreign investor on the condition of investing 5.5286 million USD over two years. Currently, construction and renovation work based on a new project is underway at the site. The complex is scheduled to be commissioned in 2009 [6]. In Tashkent region, the types and scale of tourism services have also been expanding year by year. At present, the number of business entities operating in this field has reached nearly 100, including 19 hotels, 9 specialized recreation centers, 3 boarding houses, 22 sanatoriums, and more than 50 wellness and recreation facilities. In 2012 alone, these entities provided tourism services worth over 20 billion soums.

In this context, it is appropriate to highlight the large-scale construction works being carried out along the national highway passing through the region. The total length of the section of the national highway within the region is 253 kilometers, and 24 large and modern service facilities are planned to be built along it. So far, three luxurious hotels and one car parking area have begun serving customers.

In this regard, the targeted program "Measures for the Development of the Tourism Sector and Enhancement of Tourism Services Export Potential in Tashkent Region for 2012–2015," developed in cooperation with the National Company "Uzbektourism," plays a significant role. According to the program, it is planned to allocate a total of 72.3 million USD from all sources for the step-by-step implementation of the outlined objectives. It is noteworthy that approximately 50 million USD of this amount is direct foreign investment [7].

By 2013, during the years of independence, a total of 27 hotels and 9 travel agencies had been established in the Khorezm region. New organizations engaged in tour operations also began functioning. Naturally, this contributed to an increase in the number of visitors to Khorezm. For



instance, in the past year, 51,400 tourists from 86 countries visited the region, which is nearly 3,000 more than in 2011. It is especially worth noting that the Resolution “On the Program for the Development of the Tourism Sector in Khorezm Region for 2013–2015,” signed on March 20, 2013, marked the beginning of a new stage in the development of tourism. According to this document, numerous measures were outlined to strengthen the tourism infrastructure in the region. Among them were attracting investments totaling 86.8 million USD, constructing 24 new hotels, renovating 4 existing hotels, and increasing the number of hotel beds from 1,550 to 2,688 [8].

Comprehensive measures have been taken to develop tourism, improve infrastructure, and establish new, attractive tourist routes. As a result, the flow of tourists to the Bukhara region has been increasing year by year. For example, nearly 40 tourist companies were operating in the region, and 96 hotels served more than 500,000 guests in 2015. Due to the opening of more than 30 new hotels in the Bukhara region between 2013 and 2015, nearly 5,000 jobs were created [9].

As of 2014, over 900 tourism organizations were operating in Uzbekistan, including 430 hotels and more than 530 travel companies. The number of recreational facilities has been growing annually, the quality of services provided has been improving, and new tourist routes have been introduced—laying the foundation for a significant increase in tourist flows. In 2013 alone, more than 30,000 tourists visited Singapore [10].

As of 2017, there were 114 hotels operating in the Bukhara region. In general, the resolution outlines this and several other important tasks, and large-scale, consistent measures are currently being implemented. These efforts, as stated in the resolution, are expected to increase the volume of tourism services in the region by 2.1 times and the number of tourists by 1.9 times between 2017 and 2021 [11].

Starting from February 10, 2018, tourists from Japan, South Korea, Singapore, Malaysia, Indonesia, Turkey, and Israel were granted visa-free entry to Uzbekistan for up to 30 days. Additionally, visa issuance procedures were simplified for citizens of 39 countries. Electronic visas were introduced on July 1, 2018. In 2017, nearly 2.7 million tourists visited Uzbekistan. According to a qualitative analysis, most of them came for purposes such as visiting relatives, receiving medical treatment, studying, or conducting business [12].

In 2018 alone, visa-free entry for citizens of 9 countries was introduced, raising the total number of countries with such an agreement to 18. Entry visa procedures were radically simplified for citizens of 50 countries. Citizens of 101 countries were granted the right to stay in the Republic for up to 5 days without a visa when transiting through the country. In Samarkand region, in order to provide quality services to incoming guests, 15 modern hotels with a total capacity of 800 beds were built and put into operation in 2018 [13].

On the occasion of the 33rd anniversary of Uzbekistan’s independence, several hotels built by private entrepreneurs began operations in the city of Samarkand. The “Emily Grand Palace” hotel, located in the Mingtut neighborhood and accommodating 90 guests, has a project value of 2.5 million USD. The elegant four-story building meets all modern tourism requirements. The opening of this hotel created 18 permanent jobs. At the inauguration of the 100-bed “Siab” hotel

in the Qo'rgoncha neighborhood, it was noted that 3 million USD had been spent on construction and furnishing. The hotel has 48 rooms, a conference hall, gym, sauna, open swimming pool, and both indoor and outdoor restaurants. This project created 20 new jobs. The "Bog'ishamol Hotel" LLC established a 92-bed hotel in the Shahriobod neighborhood with a total investment of 4 million USD. This four-story hotel includes 46 rooms, a restaurant, gym, pool, and transfer services. With the opening of these hotels, the number of accommodation facilities in the region reached 177. All three hotels were built and equipped in accordance with international standards and contribute to the development of tourism in Samarkand [14].

In conclusion, the economic potential of hotels is increasing year by year. On a global scale, tourism has become one of the most important sectors of the economy. This process shows that demand for hotels is growing and that hotel services are developing alongside tourism. In Uzbekistan, various types of hotels are being developed. Significant progress is being made in terms of both the quantity and quality of hotels, which deserves special mention. Indeed, the hotel business in Uzbekistan is entering a new stage, thanks to the favorable conditions created for entrepreneurship.

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