



FEATURES, TRENDS AND WAYS OF FURTHER DEVELOPMENT OF THE DIGITAL ECONOMY

Toshmamatova Marjona Olimjon qizi

Tashkent State University of Economics

Foundation doctoral student

olimjonovamarjona36@gmail.com

Annotation

The tourism industry is becoming one of the leading sector in the global economy which has a major impact to national and regional development. This paper examines the priority directions for increasing the economic efficiency of regional tourism services by utilizing PESTEL framework. By studying political, economic, social, technological, environmental and legal factors effecting tourism services results indicate encouraging investments in infrastructure, enhancing policy support, diversification of tourism services, implying new technologies and involvement of private sectors could refine industry and the economic efficiency of tourism services in regions.

Key words

tourism services, socio-economic efficiency, visa regime, infrastructure, sustainable development, ecotourism.

Introduction

In recent years, the tourism industry has become one of the fastest growing economic sectors and today the share of the tourism industry is equal to or even exceeds that of oil exports, food products and automobiles¹. Tourism industry has become one of the main players in international trade and is also one of the main sources of income for developing countries. The constant growth of the tourism market and the increasing number of new directions have made the industry the main factor of socio-economic development. The contribution of tourism to economic efficiency depends on the quality and income of tourism services. Tourism industry has a direct and indirect economic impact on national, regional and global GDP,

¹ <https://www.com/growth-of-tourism>

investments and market relations. According to statistics², in 2023, the tourism sector contributed 9.1% of the world GDP, 27 million new jobs were created. In addition, there was a 33.1% increase in international spending by tourists. As is apparent, tourism plays a vital role in employment generation, GDP contribution, and cultural exchange. However, to maximize its economic efficiency, tourism services must be strategically planned and managed at the regional level.

Although the tourism sector in Uzbekistan has grown rapidly, a number of obstacles stand in the way of realizing its full economic potential. For example, many regions lack adequate infrastructure, which limits accessibility and service quality; inadequate transportation networks, a lack of high-quality lodging, and a lack of digital integration make regional tourism destinations less competitive. Regulatory and policy barriers hinder investment in regional tourism development, complicated business registration procedures and tax laws discourage private sector participation in tourism-related projects and, in the absence of significant policy reforms, the potential economic benefits of regional tourism remain underutilized. Furthermore, in some touristic destinations should be created facilities for eco-tourism and eco-friendly practices which are currently in increasing demand globally.

In order to tackle these challenges, this research suggests several key solutions focused on enhancing the economic efficiency of regional tourism services in Uzbekistan. To improve accessibility and service quality, it is essential to invest in modern transportation systems, building high-quality hotels, and upgrade digital infrastructure. Implementing smart tourism strategies, including the utilization of AI-driven platforms and mobile applications, can further improve efficiency. Additionally, streamlining the business registration process, providing tax incentives for tourism-related investments, and strengthening public-private partnerships will foster economic involvement and growth within the sector. Promoting an eco-destination image and practicing for responsible tourism can also support integrating economic expansion with environmental sustainability. This study will explore these elements in depth through a PESTEL analysis to offer strategic recommendations for policymakers and stakeholders.

Literature Review on the Topic

The economic efficiency of regional tourism services is a widely researched topic in tourism and economic studies. Various scholars have explored the key factors affecting tourism development, including infrastructure, policy reforms, digitalization, and sustainability. To collect relevant data, studies from Uzbekistan and international perspectives were reviewed.

Tourism efficiency is a comprehensive measure reflecting the utilization of tourism resources and the sustainable development capacity of a region. According to Qiao et al. (2023), achieving high tourism efficiency requires optimal resource allocation, strategic investments, and well-structured policies. Ratnasari et al. (2020) emphasize that innovation and marketing strategies significantly impact tourism competitiveness. Additionally, Rahman, Z. & Salahudin, S. (2021) stated, regional

² <https://www.unwto.org/tourism-data/un-tourism-tourism>

tourism development cannot be separated from the support of business people, political parties, private sectors and other stakeholders. The primary factor influencing the success of regional tourism development is collaboration among the public, business, and community sectors. Due to the fact that each stakeholder is an expert in their own sector, the collaboration will promote the success of regional tourism development. In addition to collaboration, effective marketing is required to draw both domestic and international visitors in order to grow regional tourism.

In the context of Uzbekistan, researchers (Abduvohidov A.M., Baxodirov M.Q., (2019)) highlight the importance of developing tourism infrastructure and regulatory frameworks to attract more international tourists. Infrastructure such as transportation networks, accommodation facilities, and digital services plays a crucial role in attracting tourists. Studies by Turdiyeva N.A., (2023) suggest that Uzbekistan's recent visa liberalization policies have directly influenced inbound tourism growth, contributing to the economic efficiency of the sector. Government policies play a significant role in shaping the tourism industry. Researches indicate that visa-free travel agreements and simplified visa application processes have boosted international arrivals in Uzbekistan.

Despite significant improvements, challenges remain in increasing the economic efficiency of regional tourism services. Studies by Dustmurodov, O.I. (2022,2023) point to issues such as limited foreign direct investment, inconsistent service quality, and seasonality in tourism demand. Addressing these challenges through strategic planning and enhanced collaboration among stakeholders is essential for the sustainable growth of Uzbekistan's tourism industry.

Research Methodology

The main goal of the article is to present priority directions for increasing economic efficiency of regional tourism services, especially in regions of Uzbekistan. In the developing world, competition is also increasing in the tourism market. In order to increase the flow of tourists in the industry new offers and services are being provided in tourism destinations. This study employs a qualitative research approach, utilizing PESTEL analysis to examine the factors influencing regional tourism efficiency. Primary data was collected through observational studies, government reports, and big data analytics. The research focuses on Uzbekistan's tourism sector, assessing policy initiatives, infrastructure investments, and market trends.

Analysis and Results

To comprehensively assess the impact of external factors on regional tourism services in Uzbekistan, this study employs the PESTEL analysis framework, which evaluates Political, Economic, Social, Technological, Environmental, and Legal influences. PESTEL analysis is widely used in economic and business research to systematically examine the external macro-environmental factors affecting industries. Scholars such as Porter (2008) emphasizes that understanding external factors is crucial for sustainable development and competitiveness in global markets. In tourism, this analysis helps policymakers and stakeholders identify barriers and opportunities for growth by evaluating non-controllable external influences. Moreover, several studies, including Hall & Williams (2008), confirm that successful tourism destinations integrate macro-environmental analysis into their strategic

planning. By applying PESTEL analysis, regional tourism authorities can make informed decisions regarding investment, policy-making, infrastructure development, and sustainability initiatives.

Below PESTEL analysis presents an in-depth examination of priority directions for increasing the economic efficiency of regional tourism services, incorporating statistical evidence, case studies, and comparative analysis with other countries.

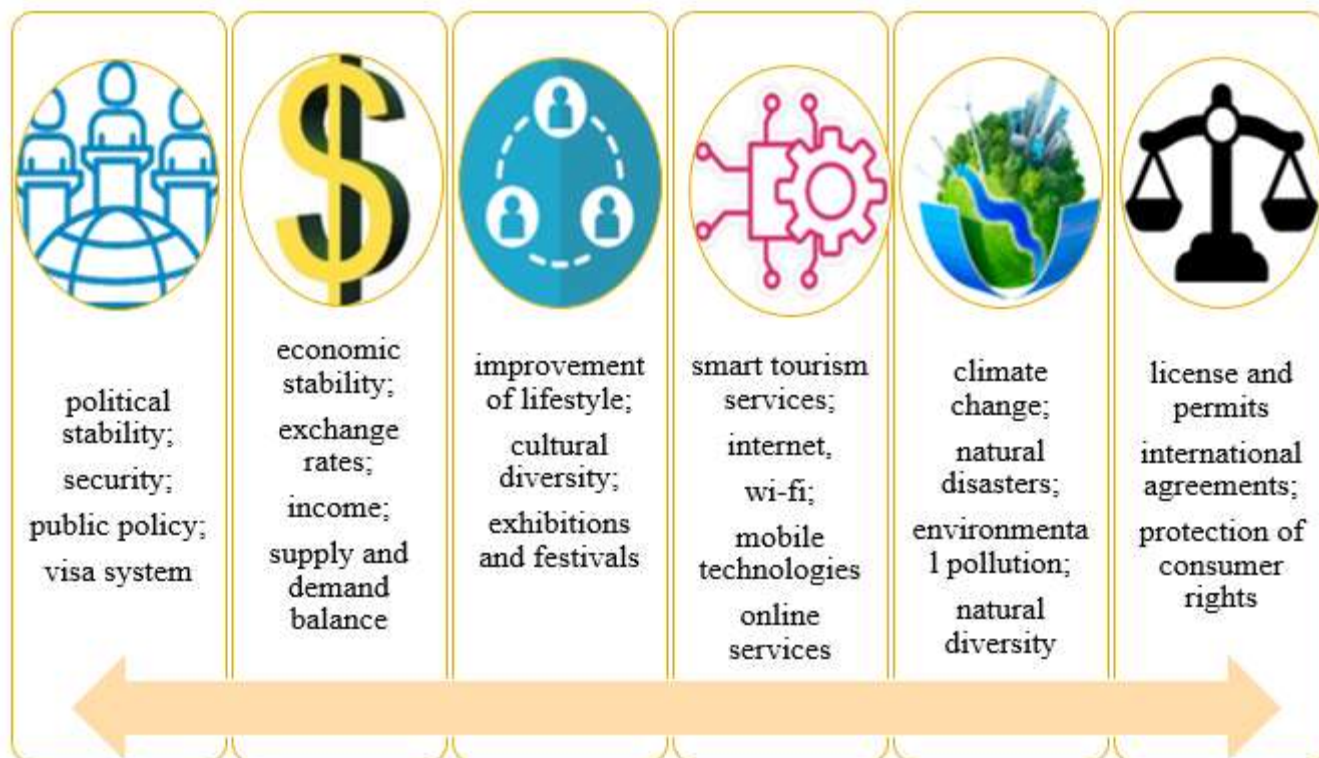


Figure 2: Priority directions for increasing the economic efficiency of regional tourism services³

Government policies, political stability, and international relations significantly affect tourism development. Countries with a stable political environment are recognized as safe and convenient for travelling. On the contrary, unrest in the region, changes in the government (such as in Iran, Iraq, Syria) have a negative impact on the tourism industry. In particular, our country took first place in the "Safety Perception Index 2023" ranking⁴ of the world's safest countries, which includes 121 countries. It was analyzed based on five important factors: food and water, violent crime, weather conditions, mental health and workplace safety. The fact that Uzbekistan is on the first place in this rating ensures that foreign tourists can easily come and travel safely. In addition, it will increase the image of our country as a safe touristic destination.

It is known that the visa policy is considered crucial when traveling from one country to another, and it affects the convenience of travelers entering and staying in the country. Citizens of our country can enter 31 countries without a visa, and in order to increase the number of foreign tourists and create convenience, measures such as

³ Prepared by the author

⁴ <https://www.uzbekistan.de/frontend/web/news/228?language=en>

a simplified visa regime, visa-free regime, electronic visa and visa on arrival have been implemented for citizens of several countries in our republic. causes the number to increase. According to "Passport index"⁵, citizens with a Singapore passport can enter 195 countries around the world without a visa, and this country will take the first place in the "Passport ranking" in 2024 . Uzbekistan is on the 83rd place in this index, and citizens of our country have the opportunity to visit 61 countries without a visa. Below table 1 shows the visa regime of the top-3 and Central Asian countries:

Table 1

Visa regime in 2024⁶

Top#	Name of a country	Visa-free entry	Visa on arrival	E-visa	Online visa	Visa-required
1	Singapore	155	30	10	14	20
2	Spain	149	31	13	19	17
3	South Korea	141	40	11	17	20
Central Asian countries						
70	Kazakhstan	39	36	3	29	122
82	Kyrgyzstan	26	34	2	38	129
83	Uzbekistan	27	32	2	37	131
87	Tadjikistan	22	32	3	38	134
96	Turkmenistan	14	32	2	44	137

In the table above, the top three countries in the Passport index rating in 2024, Singapore, Spain and South Korea and the visa regime of the Central Asian countries, i.e. visa-free entry, obtaining a visa after the arrival of tourists, Electronic permit, online visa application and visa-required countries number is listed. The visa-free regime provides tourists with many conveniences, for example, to enter Uzbekistan, it is necessary to pay at least 10-20 US dollars, depending on the type of visa. Simplified visa regulations or visa-free travel agreements with other countries are important in attracting tourists to the country. On the contrary, the complicated visa system is an obstacle for tourists.

Economic stability, government spending, and foreign investments shape the efficiency of the tourism industry. According to the World Travel & Tourism Council⁷, Uzbekistan's tourism sector contributes approximately 3.2% to the country's GDP, with an expected growth rate of 6.8% per year. Foreign direct investments (FDI) in tourism infrastructure reached \$2.1 billion in 2022, funding the construction of new hotels, airports, and railway lines. A case study from Samarkand, where the government invested \$580 million in building the "Silk Road Samarkand" tourism complex⁸, demonstrates the economic potential. The project created over 5,000 jobs and increased regional tourism revenue by 25% within one year. These

⁵ <https://www.passportindex.org/>

⁶ Prepared by the author using data from [visaindex.com](https://www.visaindex.com)

⁷ <https://wtcc.org/research/economic-impact>

⁸ <https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2023-10/uzbekistan-final-report>

findings indicate that economic incentives significantly enhance tourism sector efficiency.

Moreover, social factors such as enhancements in lifestyle, cultural variety, exhibitions, and festivals significantly influence the tourism sector by improving visitor experiences and attracting diverse tourist groups drawing. Improved lifestyles, driven by economic growth and urbanization, increase domestic travel demand, as people have higher disposable incomes and seek leisure activities. Furthermore, cultural diversity enriches tourism by providing distinctive traditions, cuisines, and historical stories that attract international travelers. Nations that highlight their multicultural backgrounds, like Uzbekistan with its blend of Silk Road heritage, Islamic architecture, and local crafts, appeal to tourists in search of authentic experiences. Additionally, exhibitions and festivals serve as powerful tourism drivers by showcasing a country's cultural richness and providing engaging, time-sensitive attractions. Events such as the Sharq Taronalari International Music Festival in Samarkand and the Bakhshi Storytelling Festival in Uzbekistan attract thousands of visitors each year, which boost local economy and international recognition.

Technological advancements in tourism significantly impact accessibility and efficiency. In this regard, the development of innovative ideas and approaches of Smart tourism is becoming increasingly stronger. In the age of technology, we cannot imagine any industry without advanced technologies. Because innovative technologies are creating convenience in each field. In particular, in the tourism industry, the use of mobile applications, chatbots based on artificial intelligence, information and suggestions about the tourism potential of the region are important in the development of the tourism industry and serve to create a smart tourism image of the region and economic growth. Smart tourism services serve to increase tourism impressions, increase efficiency in resource management and increase the competitiveness of a tourist destination.

Also, in introducing the tourist image of the region to the world, using technologies, preparing various infographics and videos about the tourism destinations and tourism services of the region and posting them on social networks attracts the attention of tourists as tourists choose destinations based on content on social media. And tourists themselves have a high desire to share their tourist destination with their relatives on social networks.

Sustainable tourism practices are crucial for preserving natural and cultural heritage. One of the priorities for achieving economic efficiency in the region is the rational use of natural resources in the tourism industry. In this case, it is appropriate to use renewable energy sources, use energy-saving practices in accommodation, transport and tourist facilities. In many countries, there is a shortage of drinking water, which can affect the tourism industry. Sustainable water resource management practices are important for the development of tourism.

Currently, the demand for ecotourism is increasing, and the main reason for this is to reduce the negative impact of tourism on the environment. Biodiversity places, nature reserve, reservoirs, mountains attract the attention of tourists. Also, government guidelines on nature conservation and protection of natural resources ensure sustainable development of the art of tourism. Also, the practice of waste

disposal among tourists and local residents is of great importance in maintaining the ecological integrity of the tourist destinations of the region. Disorder in a tourist destination causes environmental pollution and can damage the natural beauty that attracts tourists. The level of pollution, including air and water pollution, significantly affects the number of tourists.

The effective regulation of the tourism industry relies on licenses, permits, international agreements, and consumer protection laws, which are important for sustainable development of tourism. Licenses and permits are essential for maintaining quality standards among tourism service providers, including hotels, tour operators, and transportation companies. Supporting tourism industry legally is vital in guaranteeing tourist safety, fair pricing, and transparent service delivery and provides services increase trust and promotes long-term industry growth. The presence of consumer protection policies provides higher levels of international tourism, as visitors feel more secure in their travel choices. By strengthening these regulatory measures, Uzbekistan can enhance its tourism sector's competitiveness, attract foreign investors, and improve the overall travel experience of tourists.

Conclusions

The study concludes, to increase the economic efficiency of regional tourism services, priority directions include: diversifying tourism products, enhancing digital infrastructure, promoting sustainable practices, developing local community involvement, improving accessibility to attractions, investing in quality training for tourism workforce, leveraging data analytics, attracting foreign investment, and strategically marketing the region to targeted audiences which focus on emphasizing responsible tourism practices to maximize positive economic impacts while minimizing environmental strain. Moreover, supportive government policies such as subsidies, grants, and tax incentives encourage the economic efficiency of tourism services in the region. By addressing priority directions for increasing the economic efficiency of tourism services, tourism industry can refine strategies, make improvements in regional tourism services which align with global best practices and industry trends and all these provide a growth regional and national level and competitive tourism sector.

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