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### THE ROLE OF THE TOURISM SECTOR IN THE DIGITALIZATION OF THE SERVICE ECONOMY

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**Abstract:** This article describes the role of tourism in the digitalization of the services economy. In line with global trends, the development of science and technology, information technology and telecommunications systems in Uzbekistan is leading to the development of the service sector, and tourism is becoming a significant sector in the digitalization of the service economy.

**Keywords:** service economy, digital economy, tourism, digital tourism, information technology, telecommunication systems.

Аннотация: Ушбу мақолада хизматлар иқтисодиётининг рақамлашувида туризм соҳасининг тутган ўрни баён этилган. Жаҳон тенденциясига ҳамоҳанг равишда Ўзбекистонда ҳам фан-техника тараққиёти, ахборот технологиялари ва телекоммуникацион тизимларнинг ривожланиши хизмат кўрсатиш соҳасини тараққий этишига сабаб бўлмоқда, ҳамда хизматлар иқтисодиётининг рақамлашувида туризм соҳаси салмоқли соҳа сифатида намоён бўлмоқда.

**Калит сўзлар**: хизматлар иқтисодиёти, рақамли иқтисодиёт, туризм, рақамли туризм, ахборот технологиялари, телекоммуникацион тизимлар

#### Introduction

Today, the services sector is one of the most promising and rapidly developing sectors of the economy. The development of the service sector is the basis for the successful development of society. Changes in the system of social needs are a factor in the growth of the services sector. The needs of production and the population are gradually expanding due to the complexity of machinery, technology, production structures, the increase in living standards of the population, as well as the improvement of human self-improvement, ie education and culture.

As one of the largest tourist destinations in Central Asia, the country has great potential for the development of this sector of the economy. Over the past three years, the country has paid great attention to the further development of the regulatory framework in the field of tourism, the development of tourism infrastructure, promotion of tourism potential, strengthening human resources. Such ongoing reforms in the tourism sector will certainly serve to increase the number of tourists.

At the present stage, the development trends of the global tourism industry are inextricably linked with the development of information and communication technologies, in other words, the modern development of tourism is taking place in the digital economy. That is, the process of digitization has not bypassed the tourism industry, as in many other areas.

The digital economy is a virtual environment that creates products and services that provide convenience for people in a manufacturing complex, and is an economic production system using digital technologies.

Today, the issue of developing the digital sector of the economy in Uzbekistan has also risen to the state level, and large-scale measures are being taken in this direction. In particular, electronic document management systems are being introduced, electronic payments are being developed and the regulatory framework created in the field of ecommerce is being improved. At the same time, the digital economy, operating on information technology platforms, is developing rapidly.

It is necessary and necessary for us to acquire digital knowledge and modern information technologies in order to achieve development. This allows us to take the shortest path to the ascent. Therefore, the active transition to the digital economy will be one of our top priorities for the next 5 years. Digital technologies not only improve the quality of products and services, but also reduce overhead costs [1].

Great work is being done in our country on the development of modern information and communication technologies, the creation of an integrated system of e-government services, the introduction of new mechanisms of communication between government agencies and the population.

At the same time, it is planned to take measures to develop the concept of "Digital Uzbekistan" by 2030. In order to further improve the system of public administration, create conditions for the introduction and development of the digital economy, improve the investment climate, as well as to implement the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021. "On measures to develop the digital economy."

According to the resolution, one of the most important tasks for the development of the digital economy is to diversify various forms of investment and business activities. support activities), smart contracts (electronic contract with the rights and obligations to perform digital transactions automatically), consulting, issuance, exchange, storage, distribution, management, insurance, crowdfunding, as well as "blockchain" introduction and development of technologies; training of qualified personnel; cooperation with cryptocurrencies and foreign organizations; the creation of a legal framework in this regard.

#### Literature review

The main trends in the formation of the service sector economy, T.D. Burmenko [3], S.E. Sarkisov [4], M.I. Baranovsky [5], G. Assel [6], G.Emirson [7], E.L.Shikova [8], R.A.Vinokurov [9], D.Djobber [10], G.A.Avanesova [11], V.K. Romanovich [12], J.A. Romanov [13], V.L.Inozemtsev [14], V.G.Fedtsov [15], M.D.Markova [16], V.Baumol [17] conducted scientific research.

Uzbek scientists K.Kh. Abdurahmonov [18], A.Olmasov [19], A.Vakhobov [20], M.Q.Pardaev [21], I.S.Tukhliev [22], Yo.A.Abdullaev [23], I.Ivatov [24], B.A.Abdukarimov [25], G'.H.Qudratov [26], B.X.To'raev [27], E.S. Fayziev [28], I. The scientific work of Ochilov et al. [29] also covers in detail some aspects of the development and efficiency of the service sector.

#### Research methodology

The methodology used by this study was based on the study and analysis of the relevant literature. In doing so, we used the integrated literature review method. The study examines past and present research focusing on the digitization of sectors of the economy. Lectures, conference proceedings, Internet publications and journals devoted to the study of this field, as well as new literature on the subject and prospective project data were studied, and methods such as analysis, synthesis, critical thinking, generalization were used.

#### **Analysis and results**

In the context of innovative development of the economy, the organizational and economic correct formation of the service sector is important. Because the development of this industry is organizationally optimal and flexible in relation to the market situation of services, the quality and efficiency of services will be so high. Proper functioning of the service sector will lead to the elimination of a number of social and economic problems at the national economy level.

The main factors in the growth of services in the economy are factors such as the integration of scientific knowledge, intangible assets, information technology and entrepreneurship.

As of January 1, 2020, 398.1 thousand enterprises and organizations were registered in the country. Of these, more than 261,000 enterprises and organizations operate in the services sector. This figure increased by 23.0% compared to the same period last year. The share of enterprises and organizations operating in the services sector is significant, ie as of January 1, 2020 it was 65.8%. In particular, during the period under review, the share of enterprises and organizations operating in the industrial sector - 17.7%, construction - 9.1%, and only 7.4% fell to the share of agriculture, forestry and fisheries.

Today, the urgent development of the service sector in the country, increasing the role and share of services in GDP, radically changing the structure of services, primarily due to their modern high-tech types.

In 2019, the gross domestic product (GDP) of the Republic of Uzbekistan in current prices reached 511,838.1 billion soums and increased by 5.6% compared to 2018 [36]. We can see that the share of the services sector in GDP has increased almost 3 times in the last six years.

Table 1
The volume of GDP in Uzbekistan in 2014-2019 and the share of services in it

	2014	2015	2016	2017	2018	2019
GDP production volume (billion soums)	177 153,9	210 183,1	242 495,5	302 536,8	406 648,5	511 838,1
GDP deflator index	114,3	110,4	108,7	119,4	127,5	119,2
The share of the services sector (billion soums)	68 032,1	78 530,4	97 050,0	118 811,0	150 889,8	190 356,0

Source: author's work based on https://stat.uz

Today, the information and communication technology (ICT) sector, which includes computer and telecommunications technologies, software development and the provision of a wide range of interactive services, is becoming increasingly important in the global

economy. The experience of developed countries shows that the development of ICT has a direct impact on the level of competitiveness of the country, allows the collection and aggregation of large amounts of data, opens up great opportunities for management at the strategic level.

The volume of communication and information services in January-December 2019 amounted to 10 869.2 billion. soums. Compared to 2018, the growth rate of this type of services reached 108.0%. The share of market services in the total volume of rendered services was 5.7%. In turn, in 2019, the share of information and communication networks in the country's economy was 1.6%. The main share in the value added of information and communication networks fell to telecommunications services (wired and mobile services, Internet, etc.) and amounted to 76.2%.

Tourism is one of the most promising areas of the service sector in our country, as well as around the world. The history of tourism development dates back to ancient times, and tourism has served to strengthen the bonds of friendship between peoples. In addition, people traveled to explore new lands, see and know the world, develop trade, and establish cultural and diplomatic ties. In ancient times, the Central Asian region played an important role in this process, as trade caravan routes intersected and were located at the crossroads of cultures and civilizations.

As one of the largest tourist destinations in Central Asia, the country has great potential in the digitization of this sector of the economy. Uzbekistan's extremely favorable geographical location and excellent natural and climatic conditions also play an important role in the cultural development of mankind. Uzbekistan is one of the most economically stable countries in the world, with its unique historical and architectural monuments, sweet fruits, a variety of dishes, wonderful national traditions and customs, and the hospitality of its people. All this attracts the attention of foreign tourists and encourages them to go on tourist trips.

During the years of independence, Uzbekistan has adopted and implemented presidential decrees, laws and government decrees aimed at improving the regulatory framework in this area, the further development of tourism and tourism infrastructure not only in our country but also in its regions.

In particular, the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 pays special attention to the rapid development of the tourism industry, increasing its role and share in the economy, diversifying and improving the quality of tourism services, expanding tourism infrastructure.

On December 2, 2016, the Decree of the President of the Republic of Uzbekistan Sh.M.Mirzieyev "On measures to ensure the accelerated development of the tourism sector of the Republic of Uzbekistan" was issued to further develop this sector. The purpose of this decree is to create favorable economic and organizational conditions for the rapid development of tourism as a strategic sector of the economy, more complete and effective use of the huge tourism potential of the regions, radically improve the management of the tourism industry, create national tourism products and promote them in world markets. formation of a positive image of Uzbekistan in the field of tourism [2].

On February 3, 2018, the Decree of the President of the Republic of Uzbekistan No. 5326 "On additional organizational measures to create favorable conditions for the development of tourism potential in the Republic of Uzbekistan" was signed. According to

the document, a 30-day visa regime will be introduced for citizens of Israel, Indonesia, the Republic of Korea, Malaysia, Singapore, Turkey and Japan. Today, citizens of the following nine countries enjoy a visa-free regime: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Russia, Ukraine and Kyrgyzstan (up to 60 days).

Resolution of the President of the Republic of Uzbekistan No. 3509 of February 6, 2018 "On measures to develop inbound tourism" on the development of tourism The Cabinet of Ministers of the Republic of Uzbekistan on November 15, 2018 "On the first international investment forum in tourism November 19-21, 2018 in Tashkent Resolution No. 931 "On additional measures for the effective organization" also signed agreements on cooperation in the field of tourism with the governments of the Republic of India (from 01.10.2018) and the Arab Republic of Egypt (from 05.09.2018).

In addition, in order to accelerate the development of this sector, the Decree of the President of the Republic of Uzbekistan dated January 5, 2019 No PF-5611 "On additional measures to accelerate the development of tourism in the Republic of Uzbekistan" and PQ-4095 "On measures to develop the tourism industry" gi decision can be cited. This resolution sets target parameters for the construction of hotels in the Republic of Uzbekistan in 2019-2021, promising investment projects, cultural facilities and institutions where modern information technologies are applied.

The tourism potential of the Republic of Uzbekistan is developing rapidly. In turn, in recent years, the number and geography of tourists visiting our country from near and far abroad is growing and expanding rapidly.

In 2019, the number of foreigners arriving in the Republic of Uzbekistan amounted to 8279.0 thousand people, which is an increase of 28% compared to 2018.

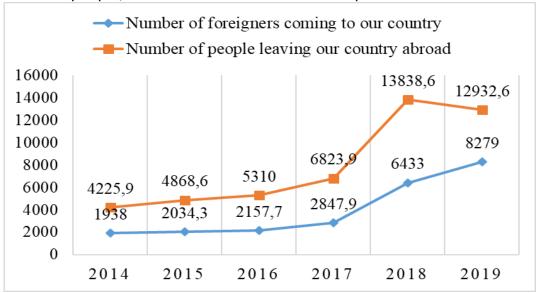


Figure 1. The number of foreigners arriving and the number of citizens of the Republic of Uzbekistan who went abroad

Source: Author's work based on https://stat.uz

According to the data, the number of tourists visiting the country has been growing over the years. The main factor in the growing trend of tourist flows is the further expansion of economic cooperation with Kazakhstan, Russia, Tajikistan and other European countries.

We can also see from the diagram that in 2019 the number of citizens of the Republic of Uzbekistan who went abroad amounted to 12,932.6 thousand people.

It should be noted that important trends of digital transformation are emerging in the field of tourism, and the integration of these technologies into tourism products and services is a key element of the innovative process leading to digital tourism.

The current state of the tourism industry largely depends on the Internet, electronic transactions and services provided through the network, in this regard, the expansion of the use of digital solutions is a prerequisite for adapting tourism enterprises to business needs.

It is clear that a similar situation is occurring in other sectors of the economy, but it should be noted that the tourism industry is unique in that it differs from other sectors, so there is a growing need for the use of Internet technologies.

According to Datareportal.com's Digital 2020 report in January 2020, 59 percent of the world's 7.75 billion people, or 4.54 billion, are Internet users, 67 percent (5.19 billion) are mobile phone users, and 3.80 billion people, or 49 percent of the world's population, are social users. is an active user of the media [37]. In turn, these numbers are growing every year. However, Internet users are people of different ages, different incomes and social status. Interestingly, among the active users of Internet resources, every year there is an increase in older and younger people who communicate on social networks and use the Internet to search for information.

In line with global trends, the total number of Internet users in Uzbekistan has exceeded 22 million, and the number of mobile Internet users has exceeded 19 million [38]. Also, the number of mobile base stations is increasing and the capacity of the international data transmission network is accelerating.

Table 2
Digitalization indicators of the economy of the Republic of Uzbekistan

Nº	INDICATORS	2014	2015	2016	2017	2018	2019
1	Total number of Internet users (mln.)	4.9	10.2	12.1	14.7	20	22
2	Number of mobile subscribers (mln.)	19.6	20.1	20.6	21.4	22.8	23.9
3	Number of mobile base stations (units)	14309	14921	16265	18194	22178	26017
4	Bandwidth of the international data network (Gbit/s)	10	16.07	25.7	64.2	1 200	1200
5	Total distance of fiber-optic communication lines (thousand km.)	14.4	16.4	17.9	20.3	24.5	36.6

Source: author's work based on stat.uz and mitc.uz.

Targeted work is underway to accelerate the development of tourism, create a decent infrastructure for tourists, further improve the quality of services, effectively use the tourist potential of the regions and create new jobs, increase the production of national tourism products.

#### **Conclusions and suggestions**

Thus, in recent years, as one of the strategic sectors of the national economy, comprehensive measures have been taken to develop tourism, which is aimed at its rapid

development, creating new jobs, increasing incomes, improving living standards and quality of life, as well as increasing investment attractiveness.

Tourism as a leading sector of service requires modern innovative forms and technologies of customer service. Therefore, the development of the tourism industry is one of the directions of economic development of the country. These indicators of digitalization in the economy of our country make it necessary to develop digital tourism in Uzbekistan.

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