



 Research Article

## ASSESSMENT OF THE SYNERGY EFFECT IN TOURISM

**Submission Date:** February 09, 2022, **Accepted Date:** February 18, 2022,

**Published Date:** February 28, 2022 |

**Crossref doi:** <https://doi.org/10.37547/tajmei/Volume04Issue02-05>

**Journal Website:**  
<https://theamericanjournals.com/index.php/tajmei>

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### ABSTRACT

The issues of assessing synergistic effects in the field of tourism in Uzbekistan are currently only at the initial stage of discussion. A study of scientific sources devoted to synergy, especially in this area, has shown that there is still no optimal methodology for assessing synergistic efficiency from internal and horizontal integration in a tourist destination. An analysis of the presented methods allows us to state that for the most part they are focused on calculating a purely economic (quantitative) synergistic effect and economic efficiency. In the article, the author proposes methods for calculating the synergistic effect based on the coefficient of social and economic efficiency, which differs from the developed methods by using programming, which facilitates the calculation of the effect of synergy.

### KEYWORDS

Synergy, synergistic effect, vertical, horizontal integration, social efficiency, economic efficiency, tourism cluster.

### INTRODUCTION

In the unpredictable conditions of the post-COVID economy, companies are in dire need of finding and implementing competitive advantages, various areas

and ways to improve efficiency, which determined the feasibility of a wide range of synergistic effects, the competent disclosure and management of which will



qualitatively improve the efficiency of the organization as a whole. Thus, a number of organizations and enterprises found a way out in diversifying their activities, while others found a solution to the “problem” through mergers and acquisitions, as well as the competent use of economies of scale based on strategic business units. This, in turn, determines the urgent need to use synergistic processes, effects for the development and efficiency of organizations, and, accordingly, the development of the economy as a whole. In the current pandemic situation, economic development is very difficult<sup>1</sup>.

PricewaterhouseCoopers и Оксфордский университет прогнозируют, что к 2030, robots will take up 30% of jobs. This means that the unemployment rate, which is still high, will rise.<sup>2</sup>.

The term synergy is of Greek origin and consists of two components - "syn" - "together", "ergeia" - "labor" and is a special effect achieved through the interaction of a group of factors. Synergy in the economy is revealed as an increase in the efficiency of activity as a result of a combination, connection, integration, merging of individual parts into a single system due to the so-called system effect or emergence, that is, the emergence of new qualities of the resulting system<sup>3</sup>. In modern business practice, synergy, synergy is seen as a joint, complementary and interdependent action of two or more factors in any one direction. At the same time, the relevance at the present stage of synergetics is determined by the special state of rather complex systems in conditions of instability, in the field

of unstable position, equilibrium, and, accordingly, the dynamics of their self-organization.

In other words, synergy can be defined as a kind of cooperation, interrelated and coordinated actions that can manifest themselves in the form of a strategic partnership, mutually beneficial cooperation, merger and cooperative interaction.

The degree of knowledge of the research topic. Leading experts in the field of strategic management David A. Aaker and Jerry Johnson defined the essence of "synergy" - the whole becomes more than the sum of the parts, that is, the interaction of two or more strategic business units of the company in total gives more than the activity of each of them separately. At the same time, the emerging synergy can increase not only the value of the product or service for the consumer, but also the sales volume in general, as well as contribute to a significant reduction in production costs in the organization..

The term synergetics was first explained in the "Great Economic Dictionary"<sup>4</sup>, prepared by a team led by A.N. Azriliyan in 1999. This publication does not define “synergy” itself, but considers the concept of “synergy” as a result of achieving high efficiency through the merger of companies compared to the previous disparate state. The 2007 edition already defines “synergy”<sup>5</sup>. According to this dictionary, a synergistic effect is an increase in work efficiency under the influence of the effect of integrating individual parts into a single system.

<sup>1</sup> Ortikniyozovich, F. U. (2021). The role of health in improving the living standards and welfare of the population. *ACADEMICIA: An International Multidisciplinary Research Journal*, 11(4), 401-405.

<sup>2</sup> Nematovich, K. A. (2020). Directions for improving the methodology for analyzing the efficiency of service enterprises. *European Journal of Molecular & Clinical Medicine*, 7(3), 3228-3234.

<sup>3</sup> Rubtsova N.V. Methodological aspects of evaluating the effectiveness of network interaction in the field of tourist and recreational services in the region. *Vestnik Volgogradskogo gosudarstvennogo universiteta. Economy*. - 2020. - V. 22, No. 1. - S. 68–82. – DOI: <https://doi.org/10.15688/ek.jvolsu.2020.1.7>

<sup>4</sup> Big economic dictionary. - M.: Institute of New Economics, 1999, 906 p.

<sup>5</sup> Great economic encyclopedia. – M.: Eksmo, 2007, 581p.



The synergistic effect is a universal category that includes a number of key aspects, one of which is economic, and determines the excess of the results (total results) of the collective action of the elements of the economic system over the sum of their individual actions. <sup>6</sup>. All targeted synergistic effects can be described by three variables - an increase in profits, a decrease in operating costs and a decrease in the need for investment.

It is important to note that synergy in modern conditions can occur both vertically and horizontally. At the same time, the synergy effect, both positive and negative, can arise as a result of the interaction of all the constituent elements and factors of the organization.

Accordingly, we can say that synergy is the ability to competently use the organization's strategic potential in the management process, the elements and factors that contribute to the production of new goods and services, the entry and conquest of new markets, the qualitative and effective achievement of the organization's development strategy - this is the ability to assess joint effects.

It should be noted that it is rather difficult to identify the result, the possible result, both positive and negative, and, accordingly, to quantify it in units, since today there is no specific scientific method for its detection and measurement. It is important to note that not only managers, the management apparatus, but also employees of the organization should know about the law of synergy and its operation, as this can contribute to achieving maximum results.

At the present stage of development in the modern economy, numerous synergistic properties are manifested. Thus, E. Campbell<sup>7</sup> argues that the advantage of synergy arises if the activities or process complement each other in such a way that the cumulative effect exceeds the simple sum of its components.

It should be noted that today managers are not always able to obtain the desired synergy effect, since they cannot objectively assess the situation and clearly calculate the real effect of carrying out various activities, making a specific management decision. It is important to take into account possible risks, both from the external environment, and the sources of possible risks within the organization itself, which, accordingly, can hinder the effective process of implementing management decisions. Thus, Michael Porter<sup>8</sup> notes: "The reason for the fiasco of synergy is the inability of companies to understand its essence and translate it into reality, and not the flaws of the concept itself." As you know, the income approach to managing an organization is the most appropriate and effective procedure for a qualitative assessment of the synergy effect. Accordingly, when assessing from this position, the focus is primarily on income, as one of the main factors that determines the magnitude of the synergistic effect. In this regard, the more income that the object of assessment brings, the better the parts of the organization interact with each other, all other things being equal. At the same time, the duration of the period for obtaining potential income, the degree and type of risks that accompany this process are also important. A specialist, an appraiser, carefully studies the relevant market information, and then recalculates these benefits into a single amount of present value.

<sup>6</sup> Abdokova L.Z. Synergetic effect as a result of effective management // Fundamental research. - 2016. - No. 10-3. - S. 581-584; URL: <https://fundamental-research.ru/ru/article/view?id=40899> (date of access: 01/05/2022).

<sup>7</sup> Campbell E. Summers Lachs K. Strategic synergy. St. Petersburg: Piter, 2004. - 416 p. ISBN 5-94723-127-1

<sup>8</sup> Porter, M. Competitive strategy: A methodology for analyzing industries and competitors / M. Porter; per. from English. I. Minervina. - M. : Alpina Business Books, 2005. - 464p.



Scientists M.K. Pardaev, O.M. Pardaev, A. Kholikulov and S. Bobonazarova<sup>9</sup> in their textbook, they gave the following definition of synergy - this is an association that integrates a number of forces formed as a result of the merger of economic entities in order to achieve higher efficiency than in the previous dispersed state.

Therefore, the synergy effect is not only a favorable combination of resources, but also coordinated behavior, connections, relationships; in a word, the whole set of parameters characterizing a complex developing system. It is important for each organization to evaluate the synergies of any changes that may affect different areas and may occur quite often. After all, synergy allows the organization to significantly reduce management costs, accelerate the process of introducing innovations, optimize the loading of production equipment, and increase sales. In addition to improving the financial performance of an organization, a synergistic effect can help improve the climate and increase labor productivity. It is important that, in addition to top managers, the search for a possible positive synergy effect should also involve middle and lower managers, as well as the employees themselves.

Thus, the role of synergy as a tool in improving the efficiency of the organization in modern conditions is growing significantly today, as it is able to clearly reveal the mechanism of interaction of key elements and factors of the organization, which in turn can lead to the effective functioning and effective development of complex various economic systems. At the same time, the use of synergistic processes reflects a wide range of opportunities for improving the efficiency of activities in the direction of the development of the Russian economy as a whole.

The issues of assessing synergistic effects in the field of tourism in Uzbekistan are currently only at the initial stage of discussion. A study of scientific sources devoted to synergy, especially in this area, has shown that there is still no optimal methodology for assessing synergistic efficiency from internal and horizontal integration in a tourist destination. An analysis of the presented methods allows us to state that for the most part they are focused on calculating a purely economic (quantitative) synergistic effect and economic efficiency. Also, the presented methods have significant limitations in terms of their practical use, which, in particular, makes it difficult to apply the tools developed within their framework, including in relation to the field of tourist and recreational services in the region. One of the few attempts to develop a specialized methodology for assessing the synergistic effect of an interorganizational network (cluster) in relation to the field of tourist and recreational services can be called the work of A.A. Garmider<sup>10</sup>. According to the approach presented by Garmider, the synergistic effect of network interaction in the tourist and recreational sphere is estimated according to the following formula:

$$Iec = \sqrt[3]{Ie * Igc * Isoc}$$

where  $Iec$  – generalizing integral coefficient of the synergistic effect;  $Ie$ ,  $Igc$ ,  $Isoc$  – integral coefficients characterizing synergistic effects in the economic, environmental and social spheres of the destination. The integral coefficients of synergistic economic, environmental and social effects are calculated in a similar way - by extracting the cube root of three indicators. Wherein the initial data for calculating the economic synergy effect are  $E_{c.f.}$ ,  $E_{t.p.}$ ,  $E_{h.c.}$  - the effects of growth in cash flows, tax payments, investment in human capital, respectively; ecological -

<sup>9</sup> Pardaev M.Q., Pardaev O.M., Kholikulov A.N. Babanazarova S.A. Cluster and synergistic efficiency analysis in strengthening competitiveness. Study guide. - Samarkand SIES, 2021. - 196 pages.

<sup>10</sup> Garmider, A. A. An approach to assessing the synergistic effect of clustering the tourism sector of the region / A. A. Garmider // Theory and practice of social development. - 2015. - No. 14. - P. 54–56.



E e., E r.w.c., E w.p – effects of reduced water consumption, waste production and conservation of land resources, respectively; social - Ek.o., Er.s.p., Em.s.t. - the effects of improving the quality of health improvement, the implementation of social programs, material incentives for employees, respectively. The advantage of this approach can be called a focus on a multidimensional assessment of the synergistic effect in the field of tourist and recreational services in the region. However, this method, in our opinion, also has

**Ef e=**

*Revenues from the sale of tourism services in the destination*  
*The cost of creating tourism products*

The economic efficiency of the national tourism product can be calculated on the basis of official data and reports of large tour operators that sell tourism services to both domestic and foreign tourists. At the destination level, economic efficiency can be calculated on the basis of the 2nd form of financial statements of all travel agencies operating in the destination. The costs of creating a destination tourist product include not only the costs of the organization itself, but also the costs of third-party organizations that are interested in the development of national tourism, such as the local community, local authorities, departments and scientific societies. These costs can be in the form of investments, subsidies, concessional loans, the cost of promoting national tourism, improving the country's image in the world market. Synergy is manifested in the implementation of systemic programs for the development of tourism in the region, the country. An example is the creation of a large-scale tourist cluster "Silk Road" in Samarkand. The creation of a cluster requires both investments by

the organization itself and the costs of regional governments, joint projects in the form of public-private partnerships in the reconstruction of large tourist facilities, the international airport in Samarkand. For example, in the "Targeted program for the launch of large production facilities and capacities in 2021", which is the second annex to the presidential decree "On measures to implement the investment program of the Republic of Uzbekistan for 2021-2023", it is indicated that the reconstruction of Samarkand International Airport from the state budget will be spent 62 million US dollars. After the reconstruction, the direct transfer of the modernization and management rights of the Samarkand International Airport, on which so much budget money has been spent, and the airfield complex (except for air navigation) to Air Marakanda LLC on the basis of a public-private partnership for a period of 20 years is expected. Air Marakanda will invest \$ 80 million in development infrastructure of the Samarkand International Airport, and it is also planned to turn it into a major center of transport and tourism in cooperation with specialists from Munich International Airport (Germany), Istanbul International Airport (Turkey).

Synergy efficiency is determined after the implementation of major integration projects, and integration can be both vertical and horizontal. In fact, any integration process requires capital investments, which in the future will determine both economic, social and environmental synergistic efficiency. Economic efficiency will manifest itself in the growth of the company's profitability, liquidity, competitiveness, tax revenues compared to the same indicator before the implementation of integrating measures. Social efficiency will be manifested in the creation of additional jobs in the region, new professions, the development of skills reorientation programs, and the



diversification of the company's social packages. The employment of the population in the region will also make it possible to intensify domestic tourism, since the low purchasing power of domestic tourists compared to foreign tourists has so far determined the priority and profitability of international tourism. However, in the post-COVID period, many domestic tour operators were forced to switch their resources to the domestic market, which allowed many tour operators to maintain their positions in the market and opened up the reserves of domestic tourism. The creation of a tourism cluster that has a powerful economic and social effect in the post-COVID period should take into account the potential of the internal reserve, which is not yet fully used both in the region and in the republic. Improving the well-being of the population of the republic, increasing the share of secondary needs, the need for health rehabilitation after viral diseases will lead to the creation of programs for the development of tourist clusters that operate both in the domestic and international markets at the same time.

$$I.c = \frac{Ee.n.t}{Een.t.p}$$

I c - integral coefficient characterizing synergistic effects in the economic sphere

Ee.n.t.p- Economic efficiency of the national tourism product after the implementation of synergistic measures;

Ee.n.t.p - Economic efficiency of the national tourism product after the implementation of synergistic measures

$$E e = \frac{Is}{Cco+Cps}^{11}, \text{ wherein}$$

Is-Income from the sale of tourism products;

Cco-The cost of creating tourism products of the organization;

Cp.s-costs for third party services.

The environmental efficiency of the national tourism product is to increase the greening of national tourism through the creation of unique eco-products, deductions for the transformation of the traditional economy of the region into green, resource-saving technologies. reduction of tourist load in the region where environmental degradation is observed. It is very difficult to take into account all these aspects due to the lack of separate accounting for the costs of these activities.

Conclusions. As a rule, tourism organizations, implementing synergistic measures, aim to maximize profits, increase competitiveness, then social benefits, and last but not least, environmental efficiency. The issue of ensuring environmental efficiency is the main one in those regions where ecotourism is developed, where there is a high demand of tourists for unique natural resources. It is impossible to calculate this indicator on the basis of data from statistical and financial reports. It is necessary to conduct a separate selective observation with the participation of local authorities, the regional department for ecology and environmental protection.

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