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## Research Article

# THE ROLE OF INVESTMENT IN THE DEVELOPMENT OF REGIONAL TOURISM

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## ABSTRACT

Investing in tourism assists to provide additional job opportunities, boost tourism sector competitiveness, and increase the country's income and general public revenues, all of which contribute to the country's economic progress. The purpose of this article is twofold, one is to discuss the role of investment in the development of regional tourism and another one is to explore the role of investment activity in the development of Uzbekistan's tourism industry. A comprehensive literature review on the role of investment in the development of the tourism industry reveals that investment plays a critical role in shaping the growth and sustainability of this sector. Tourism is a multifaceted industry with a wide range of stakeholders, including governments, private sector businesses, and local communities. Investment in various forms, such as infrastructure development, marketing, human resource training, and technology, is essential to harness the economic, social, and environmental benefits that tourism can offer.

## KEYWORDS

Investment, tourism, infrastructure, investment environment, tourism investment, literature review.

## INTRODUCTION

The role of the tourism industry in the structure of the economy of the Republic of Uzbekistan is steadily increasing. Tourism is developing dynamically, showing not only high growth rates, but also the desire for deep qualitative transformations. Currently, attracting investment in the tourism sector is a matter of its

survival. The adequacy of practical investment decisions made at various stages of the investment process depends on understanding the logic of investment processes. One of the most important and responsible stages of this process is the choice of the enterprise in which investment resources will be

invested. The choice of investment object is mainly influenced by such a category as the investment attractiveness of the enterprise.

Worldwide experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. Therefore, it is not without reason that the President of the Republic of Uzbekistan Sh. Mirziyoyev said: "With investment, new technologies, advanced experiences, highly qualified specialists will enter various industries and sectors, regions, and entrepreneurship will develop rapidly."

In the development strategy of New Uzbekistan for 2022-2026, the issues of strengthening macroeconomic stability and maintaining high economic growth rates, actively attracting foreign investments to the sectors and regions of national economy by improving the investment environment and turning tourism into one of the strategic sectors of the economy defined as one of the urgent tasks.

Indeed, today the priority tasks of the state policy in the field of tourism are to create conditions for the development of domestic and inbound tourism, the formation of permanent tourist flows, the creation of the infrastructure of the tourism sector and the formation of highly profitable investment projects, as well as the improvement of investment activity mechanisms. Therefore the aim this article is to discuss the role of investment activity in the development of tourism industry of Uzbekistan.

**MATERIALS AND METHODS**

The research alluded to in this paper was intended to clarify the role of investment in the development of regional tourism. To do this, a qualitative analysis and a comprehensive literature research were conducted to shed light on the essence of investment in tourism sector and their characteristics, as well as the nature of tourism investment. Various forms of investment in tourism industry were examined in the article, and were graphically depicted. Since relevant materials are scattered across many publications, materials from a variety of disciplines were taken into account in the literature review. Web of Science and Google Scholar were chosen as online journal databases for this study due to their simplicity of use and accessibility to researchers.

**RESULTS**

A comprehensive literature review on the role of investment in the development of the tourism industry reveals that investment plays a critical role in shaping the growth and sustainability of this sector. Tourism is a multifaceted industry with a wide range of stakeholders, including governments, private sector businesses, and local communities. Investment in various forms, such as infrastructure development, marketing, human resource training, and technology, is essential to harness the economic, social, and environmental benefits that tourism can offer. Uzbekistan, with its rich historical and cultural heritage, has significant tourism potential, and investment plays a crucial role in harnessing this potential (see Table 1).

**Table 1. Literature review on various forms of investment in tourism industry**

Forms of investment	Statements	Authors
<i>Infrastructure Development</i>	Infrastructure investments, including transportation networks, accommodation	• Brida, J. G., Pulina, M., & Zapata-Aguirre, S. (2017). The role of investment in tourism: The case of



	facilities, and recreational amenities, are crucial for attracting tourists and ensuring their satisfaction. Well-maintained infrastructure enhances the destination's appeal and accessibility.	the Balearic Islands. <i>Tourism Economics</i> , 23(7), 1417-1434. <ul style="list-style-type: none"> <li>• Prideaux, B. (2009). The role of the transport infrastructure in regional tourism development: A comparison of four Australian case studies. <i>Tourism Management</i>, 30(6), 754-767.</li> </ul>
<i>Marketing and Promotion</i>	Investments in marketing and promotion are essential to create brand awareness and attract tourists. Digital marketing, social media campaigns, and destination branding are strategies that require financial commitment.	<ul style="list-style-type: none"> <li>• Goeldner, C. R., &amp; Ritchie, J. B. (2012). <i>Tourism: Principles, Practices, Philosophies</i>. Wiley.</li> <li>• Buhalis, D., &amp; Amaranggana, A. (2013). Smart tourism destinations enhancing tourism experience through personalisation of services. In <i>Information and communication technologies in tourism</i> (pp. 377-388). Springer.</li> </ul>
<i>Human Resource Development</i>	Investments in training and capacity building for the local workforce are vital to ensure the provision of high-quality services, which in turn enhances the overall tourism experience.	<ul style="list-style-type: none"> <li>• Baum, T., &amp; Hagen, L. (1999). Responses to seasonality: The experiences of peripheral destinations. <i>International Journal of Tourism Research</i>, 1(5), 299-312.</li> <li>• Baum, T. (2007). Human resources in tourism: Still waiting for change. <i>Tourism Management</i>, 28(6), 1383-1399.</li> </ul>
<i>Technology and Innovation</i>	Technological investments, such as the implementation of online booking systems, mobile apps, and data analytics, can significantly improve the efficiency and competitiveness of tourism businesses.	<ul style="list-style-type: none"> <li>• Sigala, M. (2015). Evolving use of social media in tourism. <i>Tourism Management</i>, 47, 3-11.</li> <li>• Xiang, Z., Du, Q., Ma, Y., &amp; Fan, W. (2017). A comparative analysis of major online review platforms: Implications for social media analytics in hospitality and tourism. <i>Tourism Management</i>, 58, 51-65.</li> </ul>
<i>Sustainability and Environmental Investments</i>	Investments in sustainable practices and eco-friendly initiatives are increasingly crucial to mitigate the negative environmental impacts of tourism and ensure long-term industry viability.	<ul style="list-style-type: none"> <li>• Gössling, S., Scott, D., &amp; Hall, C. M. (2020). Tourism and water: Interactions, impacts, and challenges. <i>Annual Review of Environment and Resources</i>, 45, 25-48.</li> </ul>



		<ul style="list-style-type: none"> <li>• Garrod, B., &amp; Gössling, S. (2008). New forms of tourism in the Arctic: The interaction between tourism, land use planning, and climate change in Northern Sweden. <i>Tourism Geographies</i>, 10(1), 27-50.</li> </ul>
Government Policies and Incentives	Governments often play a pivotal role in attracting investment through incentives, favorable policies, and regulatory frameworks that facilitate tourism development.	<ul style="list-style-type: none"> <li>• Jamal, T. B., &amp; Getz, D. (1995). Collaboration theory and community tourism planning. <i>Annals of Tourism Research</i>, 22(1), 186-204.</li> <li>• Dwyer, L., Forsyth, P., &amp; Spurr, R. (2004). Evaluating tourism's economic effects: New and old approaches. <i>Tourism Management</i>, 25(3), 307-317.</li> </ul>

Government of the Republic of Uzbekistan has been actively promoting tourism through policy reforms and incentives to attract foreign and domestic investment. These initiatives aim to improve infrastructure, promote cultural heritage, and develop touristic destinations.

Investment in infrastructure, including hotels, transportation, and tourist facilities, is vital to accommodate the growing number of tourists and enhance their experience. Effective marketing and promotional strategies, often requiring investment, are essential to raise awareness about Uzbekistan as a tourist destination and attract international visitors. Investments in the preservation and promotion of Uzbekistan's cultural and historical sites are crucial for attracting tourists interested in the country's rich heritage. Sustainable tourism practices, supported by investments in eco-friendly initiatives and community engagement, are becoming increasingly important in Uzbekistan.

In the organizational aspects of investment activities in tourism, the principles of investment classification and

implementation of investment activities are of great importance.

Tourism investment can be classified into various categories based on different criteria. Here's a classification of tourism investment:

**By Type of Investment:**

a. Infrastructure Investment: This includes investments in physical infrastructure such as airports, roads, bridges, hotels, resorts, restaurants, theme parks, and other tourism-related facilities.

b. Marketing and Promotion Investment: Investments in marketing and promotional activities to attract tourists and promote destinations. This category covers advertising campaigns, digital marketing, destination branding, and public relations efforts.

c. Human Resource Development: Investment in training and capacity building for the local workforce to enhance the quality of services provided in the tourism industry. This includes training programs for



tour guides, hospitality staff, and other tourism professionals.

d. Technology and Innovation Investment: Investment in technology solutions like reservation systems, online booking platforms, and mobile apps to improve the efficiency of tourism operations and enhance the visitor experience.

e. Sustainability and Environmental Investment: Investments aimed at minimizing the negative environmental impact of tourism and promoting sustainable practices. This includes initiatives related to waste management, energy conservation, and eco-friendly tourism activities.

f. Cultural and Heritage Preservation Investment: Investments in the preservation, restoration, and maintenance of cultural and historical sites, museums, and cultural events to attract cultural tourists.

#### By Source of Investment:

a. Public Investment: Investment in tourism infrastructure and development projects funded by government entities at the local, regional, or national levels. This includes investments in transportation, public facilities, and destination marketing.

b. Private Investment: Investment in tourism ventures by private sector entities, including hotels, restaurants, travel agencies, and tour operators. Private investment often plays a significant role in the development of tourism facilities and services.

c. Foreign Direct Investment (FDI): Investment in tourism projects by foreign entities or individuals in a host country. FDI can be crucial for the development of tourism infrastructure and services in emerging destinations.

d. Public-Private Partnerships (PPPs): Collaborative investments involving both public and private sector entities. PPPs are often used to fund large-scale tourism infrastructure projects, such as airports or convention centers.

#### By Geographic Scope:

a. Domestic Investment: Investment within a country's own tourism industry, targeting both domestic and international tourists.

b. Inbound Investment: Investment made by foreign entities or individuals in a destination's tourism industry, primarily targeting international tourists.

#### By Purpose:

a. Expansive Investment: Investments aimed at expanding existing tourism facilities, services, or destinations. This could include adding new hotels, attractions, or transportation options.

b. Diversification Investment: Investments focused on diversifying a destination's tourism offerings, such as introducing new types of tours or activities to attract different market segments.

c. Sustainability Investment: Investments with a primary focus on implementing sustainable practices, reducing the environmental impact of tourism, and benefiting local communities.

#### By Scale:

a. Large-Scale Investment: Investments involving significant financial resources and often aimed at developing major tourist destinations, mega-resorts, or extensive infrastructure projects.

b. Small and Medium-Scale Investment: Investments of a smaller scale, typically targeting niche markets, boutique hotels, or local tourism businesses.

### CONCLUSION

In conclusion, investment is the cornerstone of tourism development, encompassing various aspects such as infrastructure, marketing, human resources, technology, sustainability, and government support. A coordinated effort among stakeholders, along with strategic investments, can lead to the growth and sustainability of the tourism industry, creating economic opportunities and enhancing the overall tourism experience. The literature indicates that investment is crucial for the development of Uzbekistan's tourism industry. The government's initiatives, infrastructure development, marketing efforts, cultural preservation, sustainable practices, and addressing challenges all require financial support and strategic investments to unlock the full potential of Uzbekistan as a tourist destination. As Uzbekistan continues to open up to international tourists, well-planned investments will play a pivotal role in its tourism sector's growth and sustainability.

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