



# IMPACT OF COVID-19 ON TOURISM: THE RESTORATION OF TOURISM AND THE ROLE OF YOUNG ENTREPRENEURS IN IT

Narzullayeva G.S.<sup>1</sup>,  
Mukhtarov M.M.<sup>2</sup>

<sup>1</sup>Narzullayeva Gulchehra Salimovna – teacher;  
Department of Economics,  
Bukhara State University,

<sup>2</sup>Mukhtarov Murodjon Muhammadjon ugli - master student of  
Tashkent State University of Economics

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<p><b>Received:</b> June, 20<sup>th</sup> 2021 <b>Accepted:</b> July, 17<sup>th</sup> 2021 <b>Published:</b> August 26<sup>th</sup> 2021</p>	<p>Due to the coronavirus pandemic, the temporary reduction of cooperation as a result of restrictive measures imposed in the Republic of Uzbekistan and other countries has had a negative impact on almost all sectors of the economy. In particular, the negative impact of the pandemic on the tourism sector was reflected in a significant decrease in the flow of visitors to the country and the export of tourism services. Also, the growing investment attractiveness of business entities, including young and new entrepreneurs, has led to a decrease in entrepreneurial activity in this area.</p> <p>One of the primary tasks in the field of tourism today is to effectively address the negative consequences of the post-crisis crisis, to identify areas for recovery and, ultimately, to ensure the sustainable development of the tourism industry. At the same time, the best international experience in combating and recovering from the global crisis, the recommendations of various international organizations in the current crisis and the specifics of the country's tourism industry are the main sources of investment in the tourism industry.</p>

**Keywords:** Tourism, anti-crisis, tax benefits, pandemic, multiplier effect, economy, business, flow of foreign tourists, domestic tourism, Covid-19, crisis, investment, innovation, young entrepreneurs, IT, human capital.

## INTRODUCTION

In the Republic of Uzbekistan in 2017-2019, high growth rates of tourism were observed, which led to an increase in the importance of the industry in the country's economy. In particular, in 2019, the tourism sector will affect all sectors, except for the metallurgical and metal processing industries (36.3 trillion soums) and food, beverage and tobacco production (13.8 trillion soums). created added value and gained a significant place in the country's economy. The outbreak of the COVID-19 pandemic in early 2020 and the consequent restrictive measures imposed on countries around the world have had a significant negative impact on the world economy, including tourism.

## MAIN PART

According to the International Monetary Fund, the global economy was in crisis as a result of the negative impact of the coronavirus pandemic in 2009 (IMF, 2020). Due to the coronavirus pandemic, the temporary reduction of cooperation as a result of restrictive measures imposed in the Republic of Uzbekistan and other countries has had a negative impact on almost all sectors of the economy. In

particular, the negative impact of the pandemic on the tourism sector was reflected in a significant decrease in the flow of visitors to the country and the export of tourism services. Also, the growing investment attractiveness of business entities, including young and new entrepreneurs, has led to a decrease in entrepreneurial activity in this area.

In this context, it is important for the President of the Republic of Uzbekistan Shavkat Mirziyoyev to take effective preventive measures to mitigate the negative effects of the pandemic, including supporting and strengthening the rapidly growing sectors of the economy, such as tourism. The main purpose of the article is to assess the impact of the coronavirus pandemic on tourism and economic relations in our country, to increase the investment attractiveness of the industry and to increase the attractiveness of the industry output is calculated.

It should be noted that the implementation of measures in the first stage, that is, the development of a plan of action against it before the crisis, is one of the most difficult tasks in practice. This is due to the fact that most crises are difficult to predict at the onset and the extent of their negative impact. Therefore, in the



second stage, the ability of the public and private sectors in the field of tourism to respond to the crisis in a timely and effective manner, and in the third stage, the measures to be taken out of the crisis in a short time are crucial.

According to the World Tourism Council, the period from the onset of epidemic crises to post-recovery recovery can be up to 70 months (WTTC, 2019). A number of empirical studies have been conducted on the impact of the coronavirus pandemic on tourism and the development of ways out of it. In particular, Booking Holdings Inc., Expedia Group and Trip.com Group Ltd. Based on the analysis of economic activity and indicators of major companies that provide hotel, air ticket and travel services in the world before and after the current pandemic, the global tourism market is in crisis. In addition to the impact of the coronavirus pandemic on economic performance, research analysis has shown that the impact of the coronavirus pandemic on tourism destinations in the short run and the long run in the long run will affect the number of visitors and hosts in 2020.

According to research, the impact of various crises in the world on the tourism industry of the Republic of Uzbekistan, especially on the activities of young entrepreneurs, is based on a systematic and comprehensive analysis of the post-crisis recovery process, aspects and directions.

A number of research methods have been used to conduct research in the field of this article. In particular, the results of scientific literature and empirical research in the field of tourism were analyzed, as well as the collection of evidence for analysis and problem identification, chronological and current trends, statistical analysis and periodic research. Statistics from international organizations and public administration bodies, such as the World Tourism Organization, the World Tourism Council, the World Bank, the State Committee for Tourism Development, the State Statistics Committee, are used to form the necessary databases for the study.

## **RESULTS AND DISCUSSION**

The Republic of Uzbekistan has the opportunity and resources to develop the tourism sector and, through it, to provide indicators of socio-economic development. This can be seen in the dynamics of key indicators in the field of tourism and the effectiveness of government reforms. In particular, the sharp increase in the flow of foreign tourists and the volume of tourism services provided to them in 2017-2019, the growth of the number of business entities and the industry, in

turn, gave this sector a higher potential than some other sectors of the economy.

The analysis shows that in 2019, the direct share of tourism in the national economy of Uzbekistan will reach 13.6 trillion soums or 2.7% of GDP, and the total share (directly and indirectly) amounted to 24.7 trillion soums or 4.9% of GDP. It is known that the multiplier effect of tourism on the economy in Uzbekistan is 1.8 hectares, ie every 1 soum created directly in the field of tourism, 1.8 soums in the economy is the basis for the creation of goods and services.

Also, according to a comparative analysis of the tourism industry with the production (processing) and other sectors of the economy, the tourism sector is dominated only by the metallurgical and metal processing industries (36.3 trillion soums), as well as food and beverages. (13.8 trillion soums) in 2019, created a higher added value than all other sectors / industries and played a significant role in the national economy (Figure 2). The tourism sector is also important in terms of employment and the creation of additional jobs. Since 2017, the number of business entities in the industry has started to average due to the rapid growth of the flow of foreign tourists and the growing demand for tourism services. The number of tour operators increased from 425 in 2016 to 1,482 in 2019 (3.5 times), while the number of accommodation facilities increased from 750 to 1,188 (1.6 times). Accordingly, the number of people directly involved in this field increased from 170.9 thousand in 2016 to 230.5 in 2019.

It should be noted that in 2016, there was 1 job for every 12 foreign tourists (1 job for every 4 tourists), and in 2019, there was 1 job for every 29 foreign tourists (1 job for every 5 tourists). ) is correct. According to the World Tourism and Tourism Council, a comparative analysis of the country's employment rate in the tourism sector with foreign countries shows that in 2019, 17 out of 100 people in Uzbekistan, out of 100 people in the world, will be employed in tourism. In Russia - 56, in Belarus - 67, in Iran - 73, in Azerbaijan - 77, in Kyrgyzstan - 85, in Malaysia - 147, in Georgia - 277 jobs in the field of tourism<sup>9</sup>. Also, despite the high tourism potential and significant multiplier effect, the share of the country's tourism industry in GDP is significantly lower than in the main competing countries in the field of tourism.

In order to assess the direct impact of the pandemic on tourism entities, in April-May 2020, a survey of 465 tour operators and accommodation facilities conducted in collaboration with the State



Committee for Tourism Development revealed that 81% of respondents said: were forced to suspend; - 62% of tour operators and 74% of accommodation facilities have reduced the number of employees due to their own conditions; - The amount of financial losses in the first half of 2020: in 34% of tour operators - 100-300 million soums, and in 12% - 1 billion. higher than UZS; 35% of the means of settlement - 100 mln. soums, and in 21% - 1 bln. soums.

In this case, the positive results achieved in the field of tourism, including the attractiveness of business activities in this area, the diversity, quality and price of tourism services, the choice of an attractive tourist destination for foreign tourists and domestic tourism.

In order to support businesses operating in the field of tourism in the event of a pandemic and mitigate the effects of the crisis, the President of the country on March 19, 2020 "Coronavirus pandemic and the global crisis" will have a negative impact on the economy. On the basis of the Decree of the President of the Republic of Uzbekistan No. PF-5978 of April 3, 2013 "On additional measures to support the population, sectors of the economy and businesses during the coronavirus pandemic" Also, in order to attract and support young entrepreneurs in the field of tourism, the President of the Republic of Uzbekistan issued a decree on May 28, 2020 "On measures to reduce the negative impact of the coronavirus pandemic on tourism." and measures to support innovative business ideas. According to him, in order to select and promote innovative business ideas among young people, "Tourism. The path to innovation" contest has been launched.

In this year's competition, 18 out of 101 projects were subsidized by the initiators. In addition, 800 of the 1,386 guest houses operating in the sector are young entrepreneurs, and by the end of this year, the Ministry of Tourism and Sports plans to support youth initiatives in at least 500 guest houses. Of the 1,346 tour operators, 20 percent are young entrepreneurs, and by the end of this year it is planned to register about 100 additional young entrepreneurs as tour operators in the field of tourism.

One of the primary tasks in the field of tourism today is to effectively address the negative consequences of the post-crisis crisis, to identify areas for recovery and, ultimately, to ensure the sustainable development of the tourism industry. At the same time, the best international experience in combating and recovering from the global crisis, the recommendations of various international organizations in the current crisis and the specifics of the country's tourism industry are the main sources of investment in the tourism

industry. To take measures to provide targeted support for entrepreneurship, to develop human capital in the sector, to improve the positive image of national tourism and to restore the demand for tourism products, as well as to increase the diversity of tourism products. One of the important conditions for the effective implementation of these measures and the short-term recovery from the ongoing crisis is the broad cooperation of the public and private sectors and the involvement of the public in this process.

## CONCLUSION

Based on the results of the above research, the following conclusions can be drawn:

❖ The COVID-19 pandemic has had a significant negative impact on the economy of the Republic of Uzbekistan, as well as on all sectors of the economy; • Priority measures were taken to mitigate the negative impact of the pandemic on the business community operating in the field of tourism.

At the same time, the priority is to identify areas for recovery and sustainable development of tourism in the post-crisis period.

In order to eliminate the negative impact of the pandemic on the country's tourism sector, to ensure the recovery and sustainable development in the post-crisis period, as well as to increase youth entrepreneurship in the field, it is expedient to implement the following measures:

1. Increasing youth entrepreneurship in tourism:
  - support for initiatives of young entrepreneurs to develop new types of tourism by improving the mechanisms for allocating grants;
  - Encouraging talented young people in the field of IT to develop and implement special programs, online platforms that will allow them to implement services in the field of tourism through information technology;
  - Encourage local youth who have tourism potential but do not use it to start tourism activities in remote areas.
2. Encouragement of foreign and local investment in tourism and targeted support of entrepreneurial activity:
  - ✓ Competition in the world tourism market in terms of price and quality of products in the post-crisis period by reducing the cost of national tourism products and services on the basis of revision of the relevant taxes and duties in the field of tourism and transport and their rates:



a) extension of the period of validity of the most effective tax and customs benefits in the field of tourism for at least two years based on the analysis of them;

b) introduction of a reduced value-added tax for accommodation, tour operators and public catering establishments;

✓ Extending the period of use of the existing procedure for subsidizing the construction of accommodation facilities and compensating for the increase of the category until the beginning of 2024;

3. Development of human capital in the field of tourism:

❖ development of skills and abilities of specialists in the field, taking into account the new requirements, encouraging them to develop special programs aimed at increasing their experience and knowledge of digital technologies;

❖ Improving the skills of artisans, independent artists and other self-employed people, as well as family entrepreneurs in promoting and selling their products in international online stores;

4. Improving the positive image of national tourism and reviving the demand for tourism products:

• Ensuring the stability of the sanitary and epidemiological situation in the post-crisis period, the measures taken in this direction, the results and the current state of affairs, constantly informing the local and foreign community through the media about tourism;

• In order to accelerate domestic tourism:

a) introduction by the public and private organizations of the issuance of family tourist vouchers for travel to the country (other regions) during holidays and public holidays (Decree of the President of the Republic of Uzbekistan dated February 7, 2018 On the basis of the privileges provided for in paragraph 8 of Resolution No. 3514);

b) formation and delivery to consumers of information on tourist destinations in the border areas (general information about the object, available accommodation, types of transport vehicles and average prices):

▪ Development of special marketing and advocacy campaigns for neighboring countries;

▪ Extensive use of social media and "millennials" to promote travel.

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