

Analysis and improvement of the organizational and economic mechanism  
for diversification of the tourist market

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. *Annotation.* Diversification of the field of activity will allow business entities to further increase their profitability in the future, as well as support their activities with the help of an additional source of income, if as a result of any factors a decrease in productivity is observed. However, in order to achieve diversification, it is also necessary to be able to clearly define the goals, objectives, resources that need to be used, and potential risks associated with this process.

*Keywords:* market, tourist, tourism market, travel company, domestic travel agencies, foreign travel agencies, diversification, analysis, efficiency, risk, factors, chain substitution.

It is known that any entrepreneur or real estate owner will try to further develop the business that he or she manages today and increase his or her working capital. Enterprises can predict what will happen in the future, but do not know for sure that under the influence of certain subjective and objective factors, a company that works steadily can go bankrupt. In today's environment, diversification of the sphere of activity will allow business entities to further increase their profitability in the future, as well as to support their activities with the help of an additional source of income if as a result of any factors there is a decrease in productivity. However, in order to achieve diversification, it is also necessary to be able to clearly define goals, objectives, resources to be used and potential risks associated with this process. Today, the importance of diversification in many areas is growing. This is due to the fact that as a result of diversification processes, the level of economic risk for enterprises operating in a market economy is significantly reduced. In order not to be exposed to risks associated with long-term investments in a particular sector, an enterprise that belongs to a certain type of activity is considered appropriate for modern enterprises to invest in other activities unrelated to their core business. This, in turn, leads to lower sales in one market, but in another market costs may be offset by an increase in this indicator. This is why diversified enterprises will be more stable and competitive than other enterprises. Diversified enterprises are stable even in the conditions of changing

economic processes and can receive income from various unrelated sources. This also allows enterprises and organizations to expand their activities.

At the same time, the development of a diversified enterprise depends on proper cost planning, income and payroll. To prevent the occurrence of various errors, enterprises will have to pay attention not only to the characteristics of the network, but also to the characteristics of the enterprise and market area.

So, taking into account the fact that diversification of the tourist market will lead to a slight increase in efficiency, first of all, it is necessary to pay special attention to the concept of "Diversification". The term "diversification" consists of two words, from the Latin meaning "diversus" - "different" and "facere" - "do", which means the expansion of the enterprise and the prevention of additional or potential risks.

Uzbekistan has a huge tourism and recreational potential, which includes 7.4 thousand objects of cultural heritage, 209 of which are included in the list of four cities-museums "Ichan Qala in Khiva", "Historical Center of Bukhara", "Historical Center of Shakhrisabza" and "City of Samarkand".

During the period 2010 - 2017, exports of tourist services doubled and amounted to 546.9 million USD in 2017, and in 2018 - 1,041 million USD. The average annual growth rate of foreign visitors to 2016 was 8 percent, in 2017 - 7 percent and exceeded 2.69 million people. At the end of 2018, the republic was visited by about 5.3 million foreign tourists. The measures taken to support and protect the private sector have increased the number of tourist organizations from 398 in 2015 to 950 at the end of 2018, hotel farms - from 661 to 900 units.

At the same time, the main goal is to create necessary conditions, developments and main recommendations for improvement of organizational and economic mechanisms for diversification of the tourist market, with the following main objectives:

- Analysis of the essence and the main indicators of diversification;
- step-by-step economic assessment of the results of analysis of strategy and diversification of new industries;
- analysis of diversification of the tourist market and its main directions;
- evaluation of the possibility and prospects for diversification of the tourist market using the developed methods;
- estimation of economic and social benefits from the tourism market diversification as a result of the developed methods and approaches;
- analysis of the obtained results.

In solving these tasks, elements of logical, economic-statistical analysis and generalization were applied, as well as general scientific methods.

Our foreign and Uzbek scientists defined the concept of "diversification" as follows:

Diversification is a simultaneous development of several activities, as well as an increase in the range of goods and services.

Thus, "diversification" means expansion of an enterprise, organization in order to maximize profits or reduce risk.

Reasons for diversifying the tourism market include:

- if an enterprise has excessive financial resources and the need to maintain competitive advantages at the earliest stages of industry development;
- to maintain its stability in the competitive environment;
- in order to reduce entrepreneurial risk;
- when there is a goal to get more profit, not just to increase the volume of services provided.

In order to diversify the tourist market, we must take into account that in practice there are other reasons besides those listed above, namely: timely adaptation to changing market conditions; further expansion of the existing service process; dismissal of employees from one department and their employment in another new job; creation of appropriate conditions for the branches to start acting as a legal entity, etc. But in practice, the need for diversification often arises when there are certain obstacles to the operation of the enterprise or organization. In particular, such barriers usually arise in very fast-growing enterprises operating in a slowly growing network. If tourism enterprises do not achieve higher rates of development in a certain market with their products, then the diversification strategy will be beneficial for such enterprises.

In this case, the following factors identified will help make the right decision: if the market in which the main activity is saturated; when the increase in cash inflows creates the need to invest in this market and other sectors; the emergence of new activities may lead to synergetic effects;

Diversification can be in two different directions.

The first is diversification of production, which includes: expanding the range of products; launching production in a new direction to improve efficiency; increasing profits and preventing bankruptcy.

The second direction of diversification is to invest in different types of assets in the form of cash, i.e. to invest in securities and tangible assets in order to reduce

the risk level. Therefore, most importantly, companies should carefully study the specifics of diversification before making important managerial decisions.

It is also possible to highlight the main advantages of diversification.

Firstly, diversification helps the company to work in the long term. Secondly, diversification allows an enterprise to expand its activities. Besides, diversification provides financial synergy and increases efficiency of additional resources use.

However, there are also disadvantages in diversification: for success in diversification there must be a vast area; employees lack sufficient knowledge and skills to effectively manage the process of performing a new type of service; investments in new technologies must be sufficient; and finally, diversification is a growth strategy that takes time to achieve.

For this purpose, it is possible to use the services of independent experts, which help to assess more realistically the opportunities of economic entities in the tourism market and potential risks, as well as its readiness for diversification.

**Positive aspects and shortcomings of diversification**

**Table 1**

<b>Deficiencies of diversification</b>	<b>Positive aspects of diversification</b>
There are some problems in planning and financing of various activities.	The ability of the enterprise to maintain financial stability in crisis conditions (or during a pandemic as today's COVID-19).
Inability to properly manage unrelated business lines	Emerging opportunities for effective placement of existing funds to invest in new activities.
Occurrence of various losses as a result of investments in the activities of unprofitable enterprises, which leads to a decrease in the profit of the enterprise	Emerging opportunities to offer new types, enhanced services

Difficulties in centralization of accounting processes and processes that take place between different areas of business	The emergence of the ability to repay debts at various enterprises and organizations

However, the process of diversification is misunderstood as replacement of one type of service with another, for example, elimination of a certain type of service provided by a travel agency or hotel, and introduction of a new type of service does not mean diversification.

If a travel agency or hotel is located in an urban area and opens a branch in a rural area and forms tourist services upon request, this indicates the introduction of diversification. Another important condition for diversification is to find sufficient funds.

All this requires a certain level of funding, and the presence of strong competition today makes it necessary to use available funds to diversify the activities of enterprises. In general, diversification requires the following criteria:

- attractiveness of the industry. In case of diversification, the invested capital should provide the expected level of profitability;
- sum of expenses for diversification of the branch. Costs should not exceed expected benefits;
- emergence of additional opportunities. Diversification should increase efficiency of business units.

Diversification of tourist market in one form or another includes 3 components:

- The functional structure is related to the functions of planning, financing, control, marketing and similar functions in the tourism market management system;
- control over the function of a product type structure, development of one type or several types of services;
- territorial structure, reflecting the function of organizing branches of the tourist market in different geographical zones.

**Factorial analysis of the efficiency of tourist firms providing tourist services**

**Table 2**

Indicators Base period Reporting period		Indicator s Base period Reportin g period		Indicators Base period Reporting period					
				1	2	3	4	5	
1. Gross income per tourist (K);	1,16	1,03	-0,13	1,03	1,03	1,03	1,03	1,03	-62,40
2. Share of arriving tourists in domestic tourism (R);	0,96	1,64	0,68	0,96	1,64	1,64	1,64	1,64	+350,26
3. Domestic tourists of tourist firms that work in the domestic market. (S);	793,8	909,6	115,8	793,8	793,8	909,6	909,6	909,6	+123,24
4. Share of domestic tourist firms in the total number of tourist firms participating in foreign markets (B);	1,75	0,85	-0,9	1,75	1,75	1,75	0,85	0,85	-498
5. Share of tourist firms participating at the foreign market (U);	0,36	0,54	0,18	0,36	0,36	0,36	0,36	0,54	+235,3
6 Effectiveness of travel agencies providing travel services (W)	705,3	556,9	148,4	494,5	844,7 6	968	470	705,3	X

Based on the functional relationship between the factors, it is possible to use the chain substitution method, which can be used to analyze the influence of factors on the efficiency of travel agencies, where we have found that the efficiency of travel agencies increased over certain periods of time.

The following factors influenced the change of effective index in comparison with the base period: reduction of total revenue (K) of tourists in absolute terms by -0,13 thousand soums that in its turn led to the reduction of final index by -62,40 thousand soums. The second factor was the share of inbound tourists in domestic tourism (R), which had a positive impact, having increased by 0.68% compared to the base period and increased the level of efficiency by

+350,26 thousand soums. The increase in the number of domestic tourists in one tourist firm in the domestic market (S) in the reporting period compared to the base period increased by +115.8 people, which also led to an increase in efficiency of tourist firms and increased by +123.24 thousand soums. Decrease in the share (B) of travel agencies in the domestic market among travel agencies participating in foreign markets negatively affected the efficiency of travel agencies and led to a decrease in its level by -498 thousand soums. At last, the last factor was increase of share (U) of travel agencies in all travel companies in the foreign market by + 0.18% compared to the base period, which positively influenced the efficiency and led to increase by +235.3 thousand soums.

In conclusion, it can be noted that due to negative influence of such factors as total revenue of tourists and share of domestic tourist firms among foreign companies participating in foreign markets, this result was 560.4 thousand soums (62.40+498). Due to positive influence of other three factors, the result increased to 708,8 thousand soums (350,26+123,24+235,3). Due to these factors, the result increased by 148.4 thousand soums (708.8-560.4).

Conducting research on diversification of tourism market using economic analysis methods helps to more accurately assess the impact of each major factor and on the basis of such assessment it is possible to make more real management decisions, reduce the level of risk, and more accurately forecast the prospects of tourism industries.

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