

# THE IMPORTANCE OF SMALL BUSINESS AND ENTREPRENEURSHIP IN THE TOURISM DEPLOYMENT OF CENTRAL ASIAN ECONOMIC ADVANCEMENT. CASE OF SAMARKAND, WORLD HERITAGE SIDE OF SILK ROAD TOURISM DESTINATION

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## **Abstract**

This study empirically highlights the status of small business and entrepreneurship in Central Asian tourism development, with analyses of current quantitative economic overview. The Silk Road destination has underlined as one of the major tourist targets for developing countries of Asia and it has undergone many changes over a short period of time in terms of economic, environmental and social changes of tourism sector. In order to integrate globally, the enhancement of sector needs investigation of strategic evaluation of territory tourist destinations that permits their reality at a signed moment to be visualized from an overall perspective. On that basis, this work shows up the overview internal and external economic perspectives of represented countries according to their status quo. This theoretical framework is empirically tested by means of a study to evaluate the tourist destination of Samarkand, which reflects the competitive reality of the World Heritage tourism destination in Central Asian countries. The results serve to point out major trends and gaps which focus on future research on this topic globally and also they might be useful in identifying interventions to mitigate the effects in the tourism industry deployment.

## **Keywords**

Entrepreneurship, Central Asia, Tourism, Small business enterprises, Tourist destinations

## Introduction

Over the years, the sector of tourism has become one of the most dynamic economic sectors in the world. International tourist arrivals grew by 5% in 2013, reaching a record 1,087 million arrivals, according to the latest UNWTO World Tourism Barometer. Despite global economic challenges, international tourism arrival numbers were well above expectations, with an additional 52 million international tourists travelling the world in 2013. For 2014, UNWTO forecasts 4% to 4.5% advance - again, that revealed great significance of the global economy relatively ('World Tourism Barometer', 2014).

Travelling abroad has made more than 800 million persons, even more successful than it was expected and anticipated by WTO, in 2013. Over the past three decades, income from international tourism grew by 5 times. While international tourist arrivals were 20 million in 1950, by 2020 this number will grow to 1.5 billion annually («World Tourism Barometer.», 2014).

As well as , significant contribution to the improvement of the socio-environmental situation brings tourism and its rapidly growing segments to become one of the leading sectors of the world economy, hospitality sector has contributed significantly in Central Asian countries' economic advancement too.

The need to travel, to know different cultures, to meet people from other continents, to be in contact with nature, is now ingrained in the culture of our modern society. Tourism is at the same time a driver and a consequence of globalization. As a major economic sector, it is often the main source of income for developing countries, creating jobs and opportunities particularly for the vulnerable segments of the population (Coulibaly , 2012).

Central Asia, in the way of integration, with its richly diverse cultural inheritance and wealth of natural tourism attractions spanning across 12,000 kilometres, unique World Heritage sites and through distinctive tourism presence, is making a great interest of tourist from all over the world (Kemal Kantarci, Muzaffer Uysal, & Vincent P. Magnini, 2014). On the other hand, the Silk Road is a unique network of tourism destinations with significant potential for growth and competence could push up tourism businesses. Commercial interest in the region has grown considerably over recent years, with ancient connections between the Middle East and Asia are being revitalized in a surge of investment and trade in energy, infrastructure, and manufacturing. Stronger economies, improved infrastructure and connectivity, advances in information technology and enhanced mobility are creating new opportunities for tourism (Knobloch, 2013). The 'Silk Road' has been travelled along for centuries by conquerors, traders, missionaries, geographers and, more recently, tourists. It served as a fundamental mode of exchanging cultures, crafts, ideas, technologies, beliefs and peoples.

Since 1991, coinciding with the independence of five central Asian republics from the former Soviet Union, there has been a revival of interest in the Silk Road – for cultural exchange, trade and tourism. After having received its independence, Central Asian States (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) have been established the policy and model of tourism development.(Coulibaly, 2012).

Tourism as one of the largest and fastest growing economic sectors in the world, and has a considerable role to play in delivering sustainable development in many countries. At the same time it must be well managed so that it benefits local communities and the natural and cultural environments upon which it depends. It is believed that tourism, covering employment, decent work and human capital, reflects the fact that tourism is fundamentally a people-based activity. Careful planning of human resources, involving consultation with private enterprises and employee representatives, is needed to ensure that tourism can fulfil its

employment creation potential and has a sufficient supply of suitably skilled labour to meet future growth in Central Asian developing destinations (Samia, 2011).

During these years of independence, mentioned governments and tourism committees have done great job at a national and local aspect. It is noticeable that, organizational and structural changes implemented, a new system of state regulation and control was established, preconditions for infrastructure development were created and mechanism of preservation and restoration of cultural and historical attractions were ensured. As result of infrastructural improvement of tourism facilities and industry modernization, made up new job places and established supply chains. Therefore, working with informal traders and enterprise formation and, more widely, the application and use of tourism charges and collateral benefit from tourism investment that make easy to launch small business and entrepreneurship facilities in tourism area (Allison, 2004). This emphasises the need to ensure that local communities are consulted, engaged and empowered to engage with tourism development and operations that may affect their livelihood and society in whole.

Based on collaboration team of international experts, has deliberated procedures in which meted out “ Strategic Recommendations for Enhancing Tourism with a Special Focus on Central Asia” that compiled by UNTWO as a major measures for Central Asian tourism businesses («Strategic Recommendations for enhancing Tourism with a Special Focus on Central Asia, 2012).

According analyses, yet a number of barriers are hindering tourism development in the Silk Road countries. Visa and border crossing formalities, transport infrastructure, corporate governance and quality assurance are just some of the issues that require the attention of stakeholders to ensure positive growth across the regions (Raballand, Kunth, & Auty, 2005). Specifically article is designed to:

- *Outline the different components of the Central Asian countries while demonstrating their economic main indicators*
- *Identify strategic opportunities for economic growth through small business and entrepreneurship through SWOT analyses*
- *Set priority suggestions for developing tourism and small business enterprises while investigating challenges and objectives of the sector*

Hence, the tackled issues of tourism area could be mentioned the development of small business enterprises and entrepreneurial founded deployment that may challenge highlighted obstacles.

In this context, the general purpose of this paper is to undertake a review of the small business and entrepreneurship status on Central Asian tourist destination, with the specific purposes of describing and comparing the existing structural policy of the sector, and identifying major results and conclusions, as an approach to better engagement the existing enterprises and suppliers on the development of tourism in listed counties.

## **Background**

In the short period, Central Asian states have done a great job on the revival of the unique heritage of local people, have created the conditions for the development of traditional arts and folk and have restored monuments of history and culture. Thanks to these measures, every year, the tourism potential in these tourism destinations and requirements for development of tourism and its infrastructure has improved radically and positively. Tourism,

as one of the highlands dynamically developing area of the Central Asian economy, plays an important role in strengthening the economic, cultural and political ties between states. Moreover, accessibility for deployment of tourism types, unique cultural background, traditional and mental features of area could be reinforcement for further economic advancement. From global point of view, countries such as Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan have been investigating and conducting various projects in order to improve this field of economics (Coulibaly, 2012).

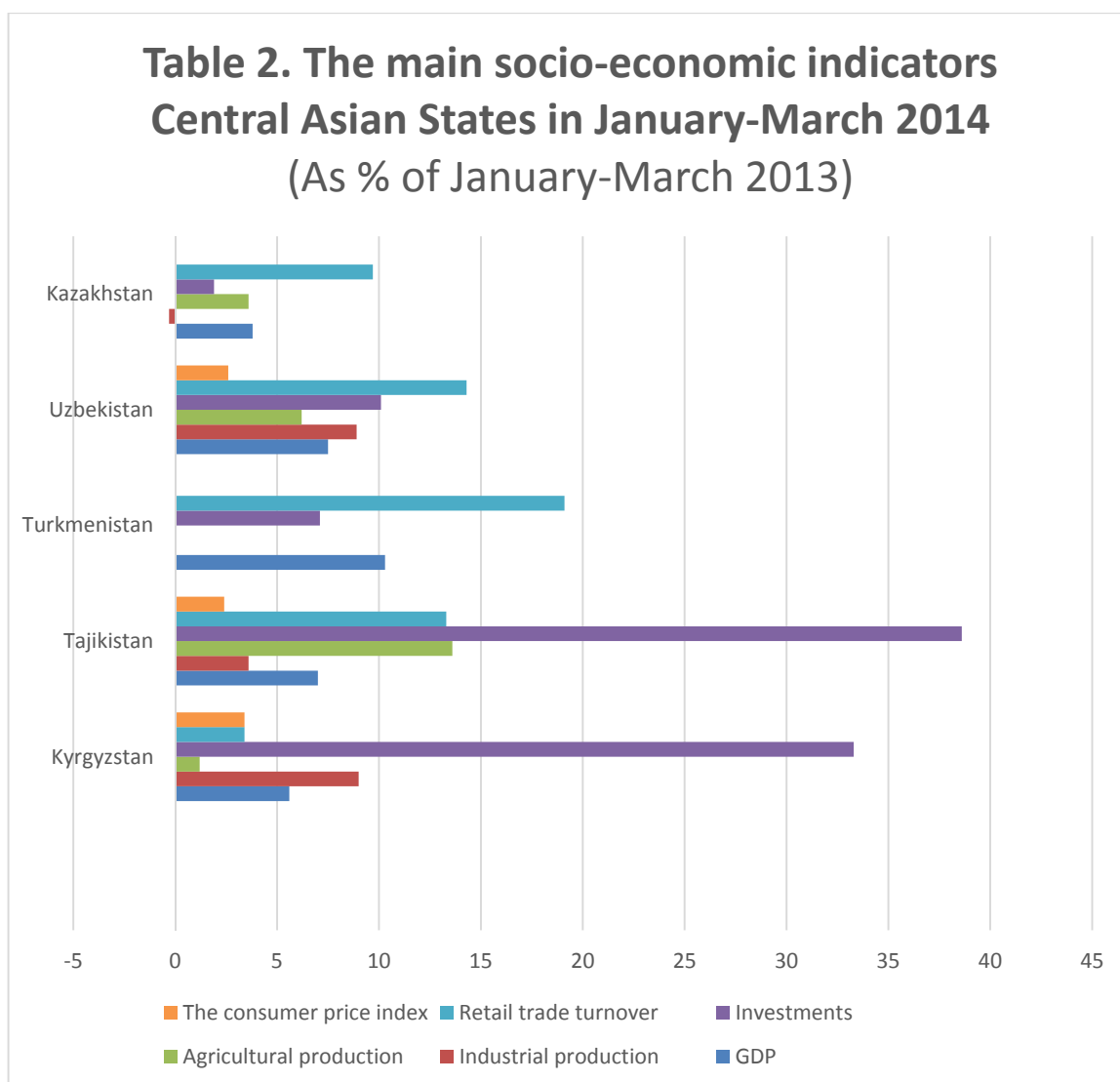
Therefore, the economic prosperity of these countries, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan saw dramatically increase in the short period of independence. The Nominal amount of GDP for example, has proportioned exponentially in whole. The share of GDP in Kazakhstan per capita has shown approximately as average developed countries. Moreover, population of this area has increased considerably; Uzbekistan is one of the most enlarged countries from listed ones. (Table 1)

Table 1. The Nominal GDP of Central Asian Countries in 2013

Ranking	Economy	(millions of US dollars)	Per capita	Population
1.	Kazakhstan	224,415	23,206	17,309,000
2.	Uzbekistan	56,796	5,167	30,492,800
3.	Turkmenistan	41,851	14,001	5,307,000
4.	Tajikistan	8,508	2,512	8,160,000
5.	Kyrgyz Republic	7,226	3,212	5,824,000

*World Development Indicators database, World Bank, 1 July 2014*

According to the main socio-economic indicators of Central Asian States (Table 2) in first quarter of 2014 comparing with the same period of 2013, have shown noticeable increase for all States. In this case, Turkmenistan was one of the most dynamically developed countries, while Tajikistan was one of the most attractive one in order to appeal investors. Besides, industrial production amount of Uzbekistan and Kyrgyzstan is higher than other listed ones.



Source: CIS-STAT and national statistical services of the CIS countries

According to last economic analyzes of specialists, the contribution of service sector of economy even show fluctuation, the share of this sector has demonstrated well – dynamic on in the eight-year period. Below given information reveals that, service sector is considered the main part of economy for all States, except Turkmenistan where service sector more than one third of GDP.

Country Name	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Turkmenistan</i>	40.45	43.58	46.26	42.78	34.03	34.20	37.01	37.01	37.01
<i>Tajikistan</i>	42.99	44.78	44.68	47.31	48.93	51.41	49.72	50.34	47.61
<i>Uzbekistan</i>	43.27	48.87	46.46	44.04	47.88	47.30	48.40	48.31	48.69
<i>Kyrgyz Republic</i>	42.59	45.66	47.17	49.64	49.45	52.36	51.35	50.57	53.85
<i>Kazakhstan</i>	54.80	53.11	52.02	53.26	51.00	53.27	52.76	54.31	55.84

In January-June 2014 small businesses (business) made 43.9 percent of total GDP, which is 0.7 percentage points more than in the corresponding period last year. The share of small enterprises and micro in GDP in January-June 2014 was 26.1 percent compared to 25.9 percent in January-June 2013. It is obvious that the number of employed in the private sector of small business was 8926.9 thousand people or 91.9 percent of total employment in the area. According to below cited graph it is evident that («The State Committee of the Republic of Uzbekistan on Statistics - Economy in numbers», 2014);

Small businesses (business) in January-June 2014:

- ✓ Provided employment to 9715.6 thousand people, or 76.4 percent of total employment in the economy, including the individual sector employs 7390.0 thousand people, small businesses and micro-- 2325.6 thousand people;
- ✓ Industrial output was 9833.4 billion sums (28.4 percent of total industrial production), or 113.9 per cent compared to January-June 2013;
- ✓ Explored investments in 4917,7 billion sums (32.8 percent of the total volume of investments), or 109.5 per cent compared to January-June 2013;
- ✓ Construction works at 6668.8 billion sums (71.0 percent of the total volume of construction works), or 111.7 per cent compared to January-June 2013;
- ✓ Ensured the growth of road transport by 7.8 per cent (80.3 per cent of total turnover) and passenger to 7.4 per cent (88.1 per cent of total passenger traffic);
- ✓ Formed 45.6 per cent of the total retail trade turnover of the Republic, which was 11,814.5 billion sums (up 11.8 percent), paid services, respectively, 45.2 percent and 4,600.0 billion sums (an increase of 14.3 per cent);

**Table 4. Macroeconomic indicators of Uzbekistan  
January-June 2014**

	Milliard sum	As% of January-June 2013
<b>Gross domestic product</b>	61056,1	108,1
<b>Industrial products</b>	34658,1	108,1
<b>Agricultural products</b>	15311,5	106,9
<b>Investments in fixed assets</b>	15014,5	110,8
<b>Construction work</b>	9394,2	117,4
<b>Freight, million ton</b>	637,4	104,6
<b>Turnover million ton-km</b>	40239,0	102,5
<b>Transportation of passengers, million</b>	3437,2	104,7
<b>The passenger, million.pass.-km</b>	45800,3	105,1
<b>Retail trade turnover</b>	25909,8	113,7
<b>Total services</b>	36268,4	114,2
<b>The foreign trade turnover, million. Dollars. USA</b>	13856,7	106,3
<b>Export</b>	7219,4	108,0
<b>Import</b>	6737,3	104,6
<b>Balance</b>	482,1	X

As one of the well-developing States of this region, Uzbek government has done great job and working closely with the Ministry of Foreign Economic Relations, Investments and Trade ( MFERIT) , Ministry of Economy, Ministry of Finance of the Republic of Uzbekistan to attract foreign investments and grants in tourism businesses, which could be one of the real act of program of strategic development(«The Silk Road Project – The Silk Road»,2012).

In particular, over the past period totally 790 thousand USD has separated for 10 investment projects to attract foreign grants for projects in the field of training for the tourism, manufacturing and tourist maps, brochures and other presentation materials and videos, rental movies on foreign TV channels. As part of the development of tourism development programs in the regions for 2013 and 2015, pays special attention to attracting foreign investment in the tourism sector. For example, a program of tourism development in the Khorezm region for 2013 and 2015, provided to attract foreign investments and grants in the amount of U.S. \$ 15.4 million for the restoration of historical and cultural monuments, construction of hotels, restaurants and roadside infrastructure services for tourists, trade and entertainment centres, training, etc. Work on diversification of tourism, the creation of new tours and programs offered by foreign and local tourists: it's climbing, and horse riding tours and walks, camel safaris, jeep safaris, off-road tours, fishing, rafting - rafting, heli-skiing, ecotourism, adventure, educational tours and others(«UzReport.uz», 2014).

Growth of tourism in the country is directly related to the issues of training, retraining and advanced training. When it comes to the development of national tourism, special emphasis is laid on international cooperation and the study of advanced international experience. Beginning from 2013, the Republic's tourist potential at various international exhibitions and fairs is represented by the single National Stand, called "Uzbekistan". And the results of participation in the following large-scale tourist events confirm the correctness of a given strategy: Fitur (Madrid, Spain), Emitt (Istanbul, Turkey), Balttour (Riga, Latvia), ITB (Berlin, Germany), MITT (Moscow, Russia), TopResa (Paris, France), JATA ( Tokyo, Japan), TTG (Italy), WTM (London, the UK) and others. The number of cooperation agreements concluded by Uzbekistan in the course of these events is impressive(«IUTF-2014»).

The UNWTO highly assessed the leading role played by the Republics of Central Asia in solidifying international collaboration in the development of tourist infrastructure on the Great Silk Road. Like this, a regional office of this prestigious international organization was opened in Uzbekistan as far back as 1994 (Werner, 2003).

Nowadays, the UNWTO office in Uzbekistan is successfully for the benefit of international tourism development in the Silk Road nations. As well as that, this organization is involved in implementing a number of projects. It also maintains active cooperation with national tourist organizations in UNWTO member states. The demonstration on the Euronews Channel of an advertising clip that promotes Uzbekistan's tourist potential, and a series of special documentary films about the country's ancient towns of Samarkand, Shakhrisabz, Bukhara and Khiva, has helped to acquaint millions of its spectators with the rich historical and cultural heritage of Uzbek people. The channel's audience will continue watching video accounts about the most fascinating sights and the spiritual-cultural wealth of Uzbekistan, to be broadcast on the Euronews Channel in 2014. Training for the tourist industry to 2 universities - Samarkand Institute of Economics and Service, Faculty of International Tourism Tashkent State Economic University , as well as colleges in Tashkent, Samarkand , Bukhara, Urgench considered to prepare high-qualified specialists for the service sector. In addition, representatives of tourism industry have been taught by international specialists with global

preparation of tourism service. Special touristic fairs, trainings and briefings could be one of the real examples of long-term strategic advancement.

Moreover, some work and to promote tourist and cultural and historical potential of Uzbekistan Ministry of Foreign Affairs , embassies and missions abroad regularly held events (presentations and briefings ) , dedicated to the tourism potential of Silk Road, Uzbekistan as well («The Silk Road Project–The Silk Road», 2013.).

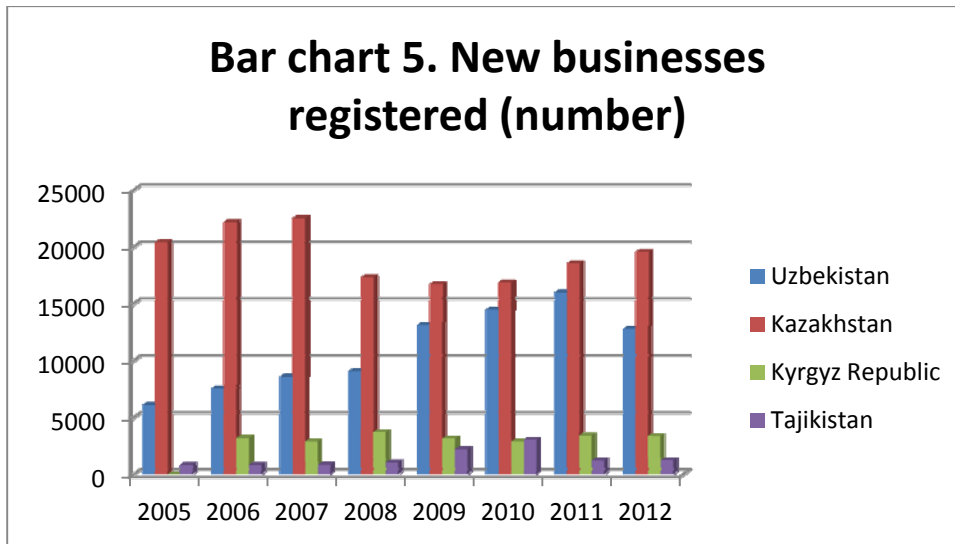
### **Structural policy of entrepreneurship**

More than 800 enterprises are involved in development of the country's tourism market. The relations with foreign tourist organizations are extended and strengthened. In Uzbekistan tourism industry is considered an important branch of economy and one of the promising directions of international cooperation development. Uzbekistan, as a main Central Asian tourist destination, is in position to continue vigorously stimulating the development of tourism in the Silk Road region and international mutual understanding, to strengthen the position of the country in the international tourism market and to create more opportunity for further development of tourism as a whole and the Silk Road tourism in particular («Central Asia: Problems and Perspectives of International Tourism :: Slavomír Horák», 2014).

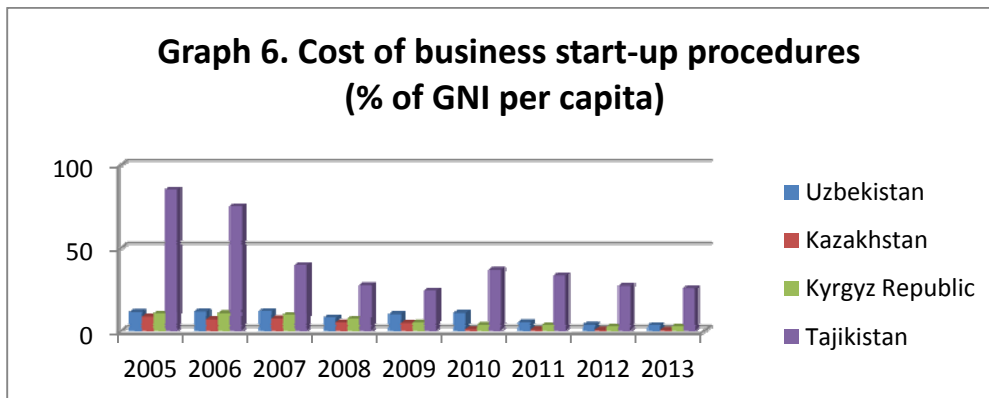
On this basis, policy and strategy of tourism businesses is one the crucial factor which could make sector more profitable and economically important one. Uzbekistan Tourism Administration is organized under the status of "Uzbektourism" as an accredited governmental authority in the sphere of tourism, but confirmed as a non-profit organization. Also, in the structure of "Uzbektourism" functioned Unitary Enterprise "Intourist Tashkent" and "Travel Agencies and Tour" in the regional centers of the Republic of Uzbekistan (Navoi, Kashkadarya, Jizzakh, Surkhandarya, Fergana, Namangan and Andijan regions, also in Republic of Karakalpakstan ) which carries on business in competition in the travel market with private enterprises, which are regulated by "Uzbektourism"(S.Adilxodjayeva & S.Muratayev, 2014).

At the same time, "Uzbektourism" in the structure of the regional offices "Uzbektourism" in Khorezm, Bukhara and Samarkand regions, within the established limit for their total number of employees, introduced as a Regional Representative "Uzbektourism" whose activities will cover the respective regions. "Uzbektourism" is also the founder of the state-owned enterprises (hotels) "Afrosiyob Palace", "Bukhara", "Registan". Statutory activity of enterprise data is tourism activity, i.e. commercial licensed activity, as well as other tourist organizations, control (over the execution of licensing requirements) which is assigned to "Uzbektourism". In addition, their work does not meet the statutory tasks of the "Uzbektourism". To advance tourism businesses, decree *N 497 on "Approval of licensing regulations in tourism activities"* in 11.11.2003 by Republic of Uzbekistan, has mentioned and underlined major categories of this issue. In addition, policy of the tourism, include activities for travel and related services in accordance with the requirements of the Law of the Republic of Uzbekistan "On Tourism" and other legislative acts.





Given data highlights information about number of registered new established business structures during the last years. It is evident that the biggest country of Central Asian region- Kazakhstan is a leader of starting business. The second best country to realize your business ideas is Uzbekistan, which demonstrate a well perspective of increase (submitted it with a dramatically rise in crisis years).



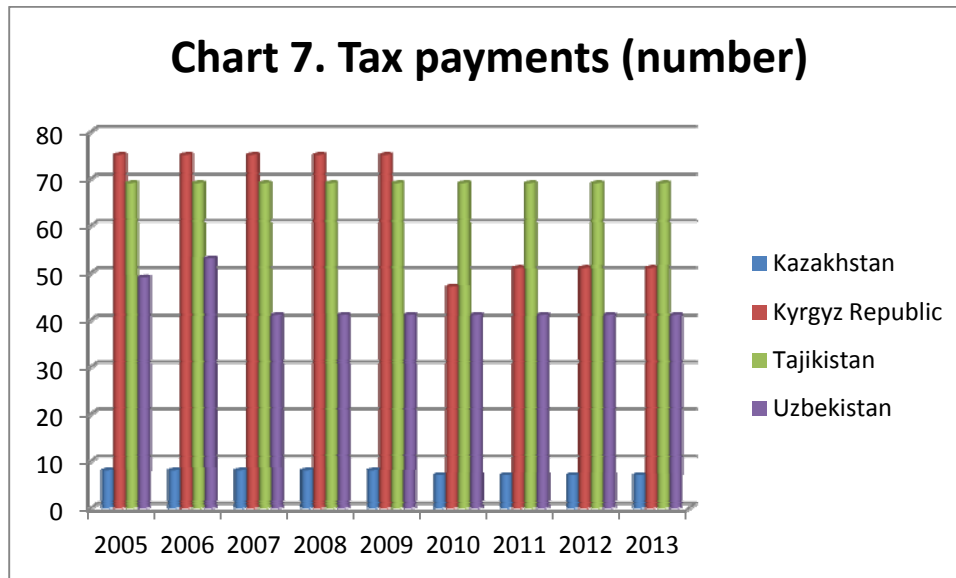
A glance at the graph illustrates comparison of average cost of business start-up operation between the states of Central Asia. According to information supplied from the figure, it is apparent that Tajikistan has highest cost of business start-up procedures, while in other three countries it costs the same and more affordable. It is interesting to note that Uzbekistan and Kazakhstan has an average cost of business running and in both of them this index decrease exponentially in recent years. In 2013, for the licensing of tourist activity licenses issued 140 legal entities, reissued 56 license, codes of hotels added to 6 tourism enterprises, and 11 protocols authorized by Commission of the Cabinet of Ministers of the Republic of Uzbekistan. During the year period terminated the license on the basis of statements - 8 of tourism enterprises, for violations 58 tourism enterprises deprived licenses («The State Committee of the Republic of Uzbekistan on Statistics», 2014).

In general, through the creation of new tourism small enterprises and micro firm in 2013 created 968 new jobs at the forecast - 586 work places. ("The sectorial Program for the creation of new jobs in 2013"). Based on, Resolution of the National Council on the coordination of regulatory bodies №2 / 1-G on 30.11.2012, schedule inspections of business entities (legal entities) the supervisory authorities of the Republic of Uzbekistan for 2013

conducted 19 inspections in tourist enterprises on compliance with legislation in the tourism sphere. The audits were identified violations of the licensing requirements and conditions on the part of economic subjects who were given appropriate instructions and recommendations to prevent future violations («The Silk Road Project – The Silk Road», 2014). The requirements and conditions of the licensing involve basic needs in order to conduct tourism businesses. According to principles world tourism investigators («UNESCO, Uzbekistan: experience and potential | Uzbekistan and Central Asia Tourist Information», 2014), necessities in the implementation of tourism activities are :

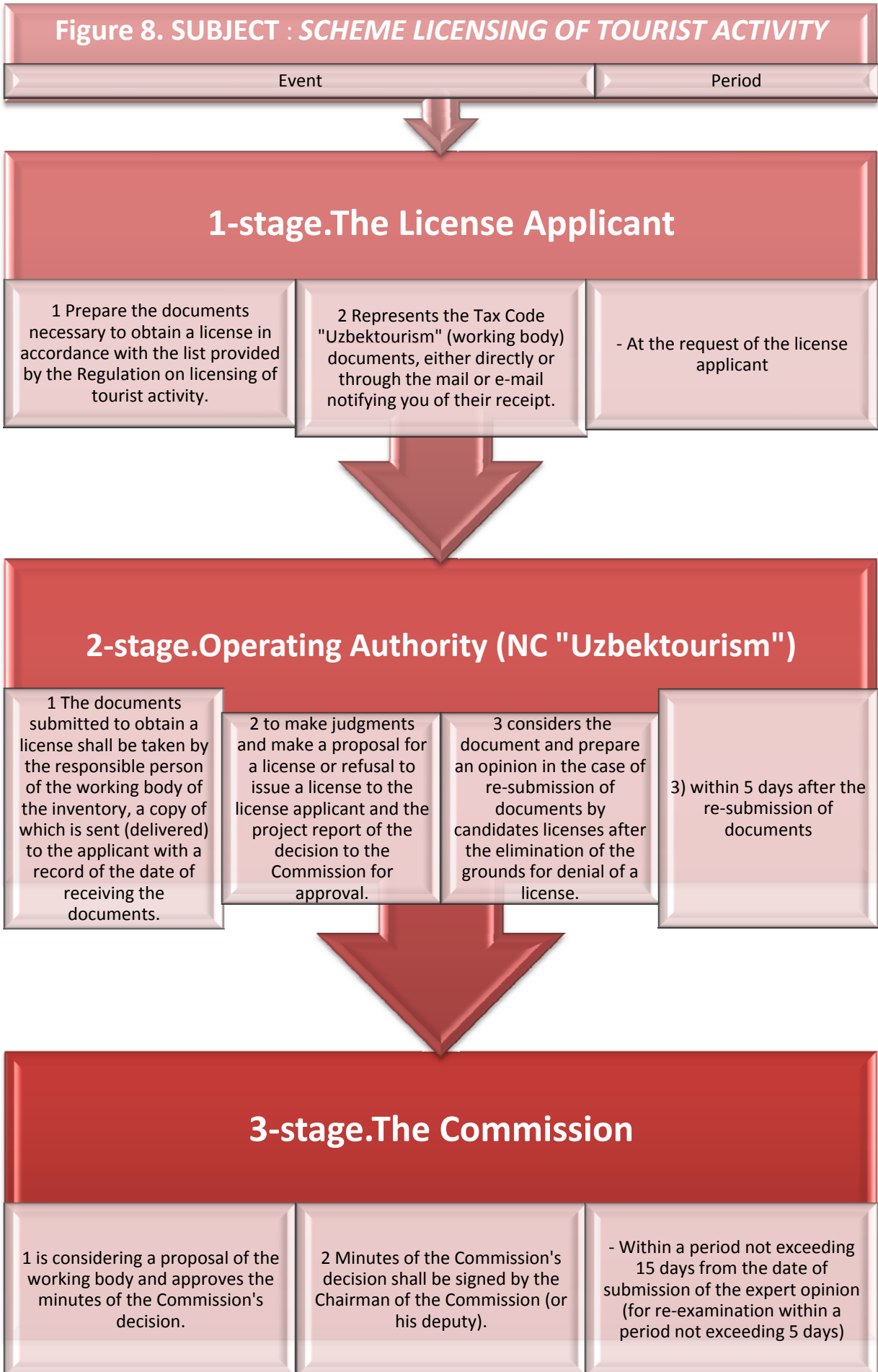
- a) mandatory compliance with the law on tourism, international standards and standards of the Republic of Uzbekistan in the field of tourism;
- b) the presence in the state of the legal entity at least one person having the qualification certificate issued in the prescribed manner the working body;
- c) obtaining an employee of a legal entity and guides (guides) qualification certificate at least once every 2 years to be issued in the manner prescribed by the working body;
- d) the presence of own or leased premises for the provision of tourist services, compliance with these requirements;
- e) the presence of the formed authorized capital of not less than 400-fold of the minimum wage;
- f) passing the certification of tourist services, carried out a working body or its authorized institution under the jurisdiction of the procedure established by the working body;
- h) the provision of tourist services only after the conclusion of the customer agreement (contract) that meets the requirements of the legislation of the Republic of Uzbekistan;
- i) to bring in the prescribed manner to every tourist comprehensive information about the features check out the entry and stay in a foreign country, the specifics of behavior during a tourist trip and other rules of stay in each country;
- j) providing the client with a complete and thorough information about the operation of the licensee, its postal address, a license, certificates for services subject to mandatory certification, surname, name and patronymic of the officials responsible for the conduct of specific areas of tourist activity (guide (guide));
- k) system for ensuring the safety of tourists, medical and other assistance in personal injury, disease and other cases;
- l) payment of tourist gathering in the cases, the timing and amount established by the legislation.

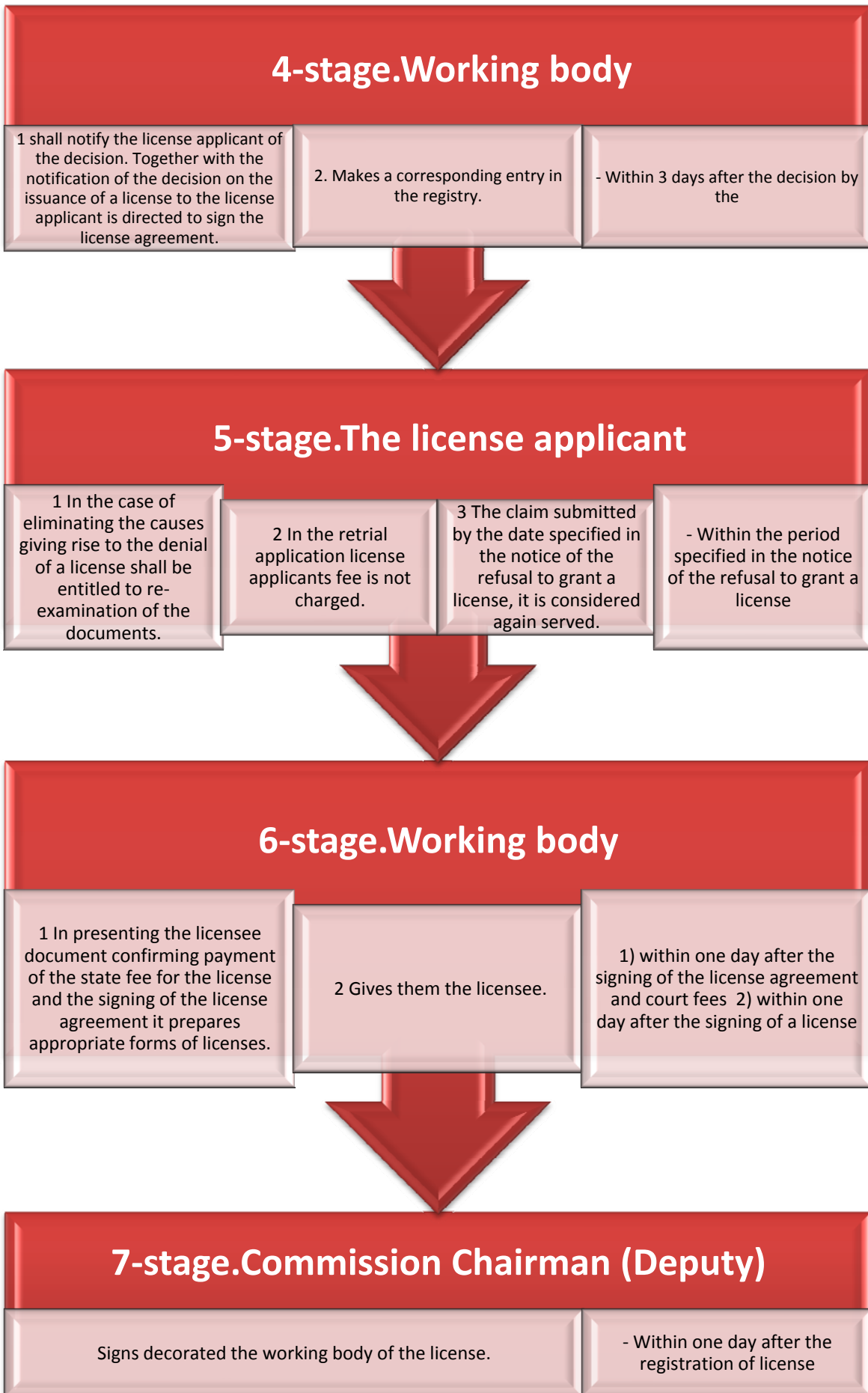
Therefore, the measurements which are done in the sector of the private businesses have opened new opportunities for the entrepreneurs. As a result the number of tax payments has stabilized during last eight-year period in country (Chart 7).



The scheme of tourism activity licensing considered to be involved seven various steps beginning from preparing documentation ending with permission for tourism businesses. Policy of licensing has diversified in order to make privileges and cut downs of unnecessary documentations (Figure 8). Diffusion of the Information Computer Technologies (ICTs), make lot of possibilities for representatives of the sector. While checking brand name, searching adjustable logo takes only short period of time rather than bureaucratic procedures. Moreover, experts of the administrative of the area could assess you according your purpose with some useful suggestions while setting –up new business in hospitality sphere.

Furthermore, the UNWTO Silk Road Programme has its huge impact on collaborative initiative, which designed to enhance sustainable tourism development along the historic Silk Road route. Cooperation and collaboration within touristic cities have lead lot of suggestions on the policy of countries. In addition, purposes to maximize the benefits of tourism development for local Silk Road communities, while stimulating investment and promoting the conservation of the route's natural and cultural heritage is one of remarkable feature of the procedures. As result, it is working to foster greater co- operation between Silk Road countries and regions, with the established aim of creating a seamless and memorable Silk Road travel experience.





The given figure provide information about main stages of obtaining license for tourist activity in Uzbekistan, with striking explanation of each step of this process. By the modernizing of system of providing license requirements for applicants, the government of Uzbekistan has done a successful job in order to appeal people to establish enterprises of this sector.

According to modified rules provided by this scheme, all processes of presenting license must not exceed 14 days after requesting from applicants. Besides, it could be one of the major policy components of the sector that facilitate the atmosphere of the entrepreneurship in the country. It is noticeable that, government has done great job to simplify the policy for small businesses and enterprises, which influence positively in their reputation.

As a result, the policy of obtaining permission in tourism industry has streamlined, also the contribution of small businesses considered to be in reasonable rates. Briefly, the policy of this economic area is under investigation by some international specialists, in order to accomplish better results.

### **The role of tourism sector for developing Samarkand, World Heritage site**

After have been mentioned in UNESCO World Heritage List , *Samarkand – Crossroads of Cultures* city with its more than 400 unique monuments appear as one of the crucial tourist destination among Silk Road corridor ones. As history of the Samarkand, located in a large oasis in the valley of the Zerafshan River, in the north-eastern region of Uzbekistan, is considered the crossroads of world cultures with a history of over two and a half millennia. Evidence of settlements in the region goes back to more than three thousand and five hundred years ago, with Samarkand having its most significant development in the Temurid (Amir Temur) period, from the 14th to the 15th centuries, when it was capital of the powerful Temurid realm. Samarkand was one of the ancient capital cities which demonstrate lifestyle, culture, tradition, horizon of the nation, as well as history and distinct sightseeing monument made it more interesting one for travelers who would like to get real evidence of the past. Moreover it has linked with other famous cities of the ancient East («Samarkand – Crossroad of Cultures - UNESCO World Heritage Centre», 2012).

The historical part of Samarkand consists of three main sections. In the north-east there is the site of the ancient city of Afrosiab, founded in the 7th century before Christmas and destroyed by great conqueror Genghis Khan in the 13th century, which is preserved as an archaeological reserve. Archaeological excavations have revealed the ancient citadel and fortifications, the palace of the ruler (built in the 7th century displays important wall paintings), and residential and craft quarters. There are also remains of a large ancient mosque built from the 8th to 12th centuries. To the south, there are architectural ensembles and the medieval city of the Temurid epoch of the XIV-XV centuries, which played a seminal role in the development of town planning, architecture, and arts in the region. The old town still contains substantial areas of historic fabric with typical narrow lanes, articulated into districts with social centers, mosques, madrasahs, and residential housing. The traditional Uzbek houses have one or two floors and the spaces are grouped around central courtyards with gardens; built in mud brick, the houses have painted wooden ceilings and wall decorations. The contribution of the Temurid masters to the design and construction of the Islamic ensembles were crucial for the development of Islamic architecture and arts and exercised an important influence in the entire region, leading to the achievements of the Safavids in Persia,

the Moghuls in India, and even the Ottomans in Turkey. To the west there is the area that corresponds to the two previous centuries expansions, built by the Russians, in European style. The modern city extends around this historical zone. This area represents traditional continuity and qualities that are reflected in the neighborhood structure, the small centres, mosques, and houses. Many houses retain painted and decorated interiors, grouped around courtyards and gardens («UNESCO, Uzbekistan: experience and potential | Uzbekistan and Central Asia Tourist Information», 2012).

After the breakdown of the Soviet Union, service sector has developed exponentially in the short period of time. The policy and infrastructure of tourism, hotels, restaurants, entertainment places have established in good way. It has made city and its society to be engaged with tourism activities, to do more businesses in the hospitality sector. Hence, the rate of lifestyle of people, average income of private sector, and privileges for entrepreneurs have modified and diversified completely. The further advancement of this sector in the city could be explored through SWOT analyses by investigating its strengths, weaknesses, opportunities, and treats.

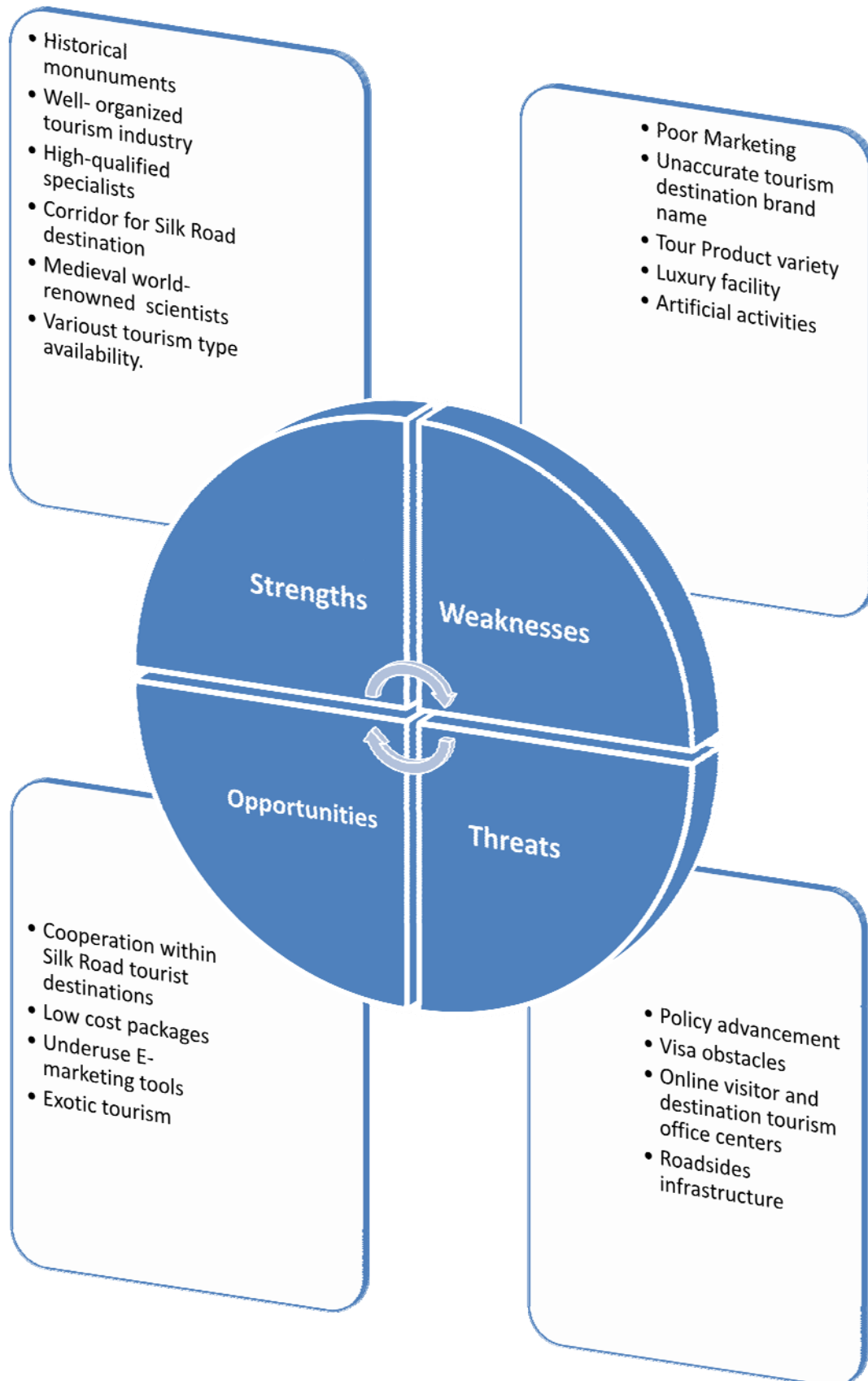
Given SWOT analyses empirically highlight objective merits and opportunities of tourism enhancement in Uzbekistan and way of its deployment as well as reveal resemblance of shortcomings and threats which obstacle tourist potential in state. The main obviously strength of tourist destinations in Uzbekistan is a huge amount of historical monuments, which are considered as unique and marvelous and can be seen only in some cities of the world.

In addition to this feature it also has well organized tourist industry which provides various kinds of tourism and many advantages, such as low cost packages or exotic tourism for visitors who travelled in this country. Nevertheless, tourism sphere has also faced with some actual problems, which serve as a barrier for further advancement.

The prior issue which should be tackled is poor quality of marketing and inadequate brand name of destination and tour products. Besides, another major problem which creates threat among travelers is visa obstacles and procedure of tourism as well as shortcomings of the sub-sector's which are recommended to refine.

The analyses of SWOT could determine the main drawbacks of the tourism industry and identify some solutions for the responsibility officials. Moreover, it could impulse some further researches on the sector of tourism in this destination with some proposals. Underlined facts and required features of studies may be addressed to find out more positive result in upcoming years. Threats and weaknesses of the issue could be tackled and through investigated shortcomings industry could lead to affirmative development in this economic area.

### SWOT RESULTS



Source: *UZBEKTOURISM NATIONAL COMPANY (OF LATEST DATA ANALYSES).*



### **Considered geographical areas, potential opportunity and condition of tourism in them**

The role of tourism is a worthwhile prerequisite for the Uzbekistan tourism industry to prepare country for more intensive development. As one of the most untapped tourist destination, Samarkand plays huge role in the deployment of the tourism in the country. Moreover, other geographical areas of the country possesses of unique oriental monuments and architectures which also may appeal a flow of tourist as well.

There is a list of World Heritage sides that demonstrates remarkable strength which underlined by lots of global organizations and government too. In this case, a vast amount of attention is dedicated in Uzbekistan to the tourism improvement and enlargement of corresponding infrastructure as one of the urgency instructions of the socio-economic deployment of the public. After endorsed in 2013 of the Programs of Tourism Development in Khorezm, Surkhandarya, Tashkent and Kashkadarya provinces, begins new era in the development of national tourism possibilities. It is noticeable that, more than US \$260 million is invested to implement in these regions which have a considerable tourist potential.

Hence, directions provided by these programs highlight main ways of organization of projects in order to enhance infrastructure of tourism industry, for instance improvements of engineering facilities by the reconstructing of roads which connect most popular tourist zones all over the state and establishing hotels, restaurants for tourists of different economic prosperity. Remarkably, public and private support in hospitality sector, foresee it's results a sophisticated package of honours for project stakeholders.

Yet, a specific fraction of job is being done to this direction. A series of new accommodations, restaurants and other tourist centres have been erected and number existing ones have been reconvened entire of the republic. Besides, the foundation of many new sides is in the creation, and variations of cultural programmes are introduced for both local and foreign visitors. Wi-Fi communication is implemented in majority of centres of tourism in the state's historical towns and main tourist sightseeing places. Following the current popular tourist routes, many new one are formed in the Republic.

Objectively assessing the situation, it should be noted that government pays considerable attention to the development of tourism. During the years of independent development in Uzbekistan established a legal framework and tourism infrastructure. Today, in the tourism operate more than 900 organizations and companies that have a license for tourist activity (subjects of tourist activity), of which 500 hotels, 371 - travel agencies (tour operators and travel agents), with about 90% of tourism organizations and companies related to the private sector, that affects the formation of a competitive environment in the tourism system to provide tourist services. Air gateway international airports are operating in Tashkent, Samarkand, Bukhara, Urgench, Nukus and Navaiy.

Lots of governmental subsidies have invested in the deployment of the tourist geographical regions in order to push facilities and support fundamental amenities for small enterprises such as family hotels stakeholders, service sector representatives and local people.

## **Strategic recommendation for advancement of entrepreneurship in tourism**

Based on underlined analyses and UNWTO strategic development suggestions Samarkand World Heritage Site has great potential for the development of tourism sphere in Central Asian region, but also in whole Silk Road tourism destination («Declarations | UNWTO Silk Road Programme», 2014).

First and foremost, in order to further improve the procedure for licensing and implementation of tourism activities, creating additional conditions for entrepreneurial activities of small businesses, UNWTO specialists developed and submitted program to the of the Republic of Uzbekistan which provides:

- ✓ Specification and the concept of separation of tourist activity. Facilitating the licensing requirements for family businesses in terms of forming the statutory fund to provide hotel services.
- ✓ Facilitating the licensing requirements for companies that provide services to domestic tourism, in terms of forming the statutory fund to provide hotel services.
- ✓ Providing individuals (individuals) the right to obtain a license for the provision of services as a tour guide (guide).
- ✓ National company entrusted to approve regulations on the issuance of qualified certificates to employees of tourist organizations, guides (guide) and the rules of certification of tourist services, as well as rules for the provision of tourism services.

Secondly, to diversify the types of tourism, increasing the duration of the tourist season of the country according to legislature "About Amendments to the Rules of stay of foreign citizens and stateless persons in the Republic of Uzbekistan", providing a list of addition persons released from temporary registration (registration), foreign tourists on guided tours (tour guide) and / or instructor-conductor in the tour, or part thereof, organized by the tourist organization outside of urban areas, if the term of this tour or part thereof does not exceed 10 days. At the same time, these tours are organized after giving the authorized state body in the sphere of tourism of the list of tourists with their passport data, the route of showing the locations of stops, as well as other documents confirming the adoption of the legislation of measures to ensure the safety of tourists («The State Committee of the Republic of Uzbekistan on Statistics - Industry of Uzbekistan», 2013).

Furthermore, to obtain optimization the taxation of small businesses in the service sector, including tourism, attributed the company with the utmost number of employees up to 25 units, which promotes the use of a simplified procedure for taxation of accommodations with a small amount of room stock. On this basis, the privileges underlined in draft regulations developed pursuant to the instructions of the Presidential Administration of the Republic of Uzbekistan with №04-1155 legislation dated on 24<sup>th</sup> September of 2013.

In order to further stimulate the growth of tourism services, simplify the system of taxation of hotel business, reduce the tax burden in the draft resolution proposes to January 1, 2014 include the subjects of tourist activity, providing hotel services, the category of small businesses, with the average number of employees is not more than 100 people («The State Committee of the Republic of Uzbekistan on Statistics - Statistical yearbook of Uzbekistan regions», 2013). Drafts also proposed to exempt the subjects of tourist activity, providing hotel services and are not classified as small businesses, for a period of 3 years from the mandatory contributions to state funds and extra-budgetary fund reconstruction, refurbishment and equipping of educational and medical institutions.

However, the analysis showed that mainly through visits come business partners Uzbek tour operators who are already working in the market of Uzbekistan, as well as representatives of the media, which are published, including on websites and blogs. To make improvement of the program effectiveness, offered in the number of participants in the program include representatives of tourism organizations, which are not yet in the market of tourist services in Uzbekistan and did not participate in study visits, as well as representatives of the most influential foreign media, including specializing in tourism sphere.

In this case, the trip participants will have the opportunity to get acquainted with the concentrated form of the tourist potential of the republic, as well as establish partnerships with Uzbek tourist organizations. To acquire achievement maximal results for the development of the tourism industry, the draft document also provides unconditional granting of gratuitous transport and hotel services. The program is organized specifically to any other activity or to a particular country, it is proposed to carry out on the basis of certain decisions of the Government («The State Committee of the Republic of Uzbekistan on Statistics - Economy in numbers», 2014). In order to improve the quality of tourist services in International Airports, it is appropriate to implement a set of measures providing for the improvement of the organization receiving the passengers at the airports of country with the mandatory establishment of a special corridor for foreign tourists, an increase in the number of personnel and equipment to accelerate the implementation of border and customs clearance and baggage claim.

## Conclusion

As tourism stimulates infrastructure development of the Central Asian countries, has a strong multiplication effect and helps diversify the economy, supports local culture and crafts and environmental protection, it is very actual for all Republics of Central Asian region with its transitional economy, especially it is important as Uzbekistan is a country with vast capabilities in tourism. The most attractive, as well as crossroad of the Silk Road tourist destination, Samarkand possesses historical, medieval and tradition origin root of that areas. It represents huge potential to become one of the cities that attract travellers not only from Asian countries but also from entire world. Besides, the travel and tourism industry is a leading export industry in worldwide, Central Asian counties could contribute considerable even though they make modifications and diversifications on their policy of entrepreneurship with comparing and implying in reality.

Moreover, with vast underused capabilities in tourism and diversity of tourist attractions represent the potential of tourism in these tourism destinations. Accessibility of various tourism types, distinct traditions and unique cultural background of Central Asia has considered as one of the main key factor tourism and hospitality businesses.

As brand name of Silk Road unites countries under one destination, the usage of this privilege promotes to get rid lot of issues. Likewise, some problems could be solved as whole rather than individual ones. Optimization of Visa facilities could appeal flow of tourists from entire of the world as it has stated by UNWTO research group is one of the main example of this statement. By giving this chance, tourist could get visa for different short periods as a result the duration of their stay could be prolonged.

Finally, as one of the main Silk Road tourism destination, Central Asian states have great potential to advance sector of hospitality and tourism that create a lot of promotions for different spheres. In the other perspective, tourism sector in Central Asia has already established and its policy has led to some fundamentals improvements in the last 20 years.

Further deployment of the Silk Road tourism destination may lead with exploration of the rest cities and their collaboration within each other under unit aim. Last but not least, the connectivity of the packages and services, leisure activities, and entertainment sources should be organized under one brand of tourism.

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