

Economic Efficiency Of Tourism And Its Impact On The Labor Market In Uzbekistan: Introduction, Consumption, And Employment Analysis

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ABSTRACT

This study examines the economic efficiency of tourism and its impact on the labor market in Uzbekistan, with a focus on tourism-related income, consumption patterns, and employment in legal entities. Using statistical data from the State Committee of the Republic of Uzbekistan on Statistics, the Ministry of Employment and Labor Relations, and international tourism databases (UNWTO, 2022), the research applies descriptive, comparative, and regression analyses to evaluate tourism’s contribution to the national economy and labor market dynamics. The findings indicate that tourism significantly stimulates household income, increases consumption in the service sector, and generates both direct and indirect employment opportunities. Regional disparities in tourism development and workforce allocation are identified, highlighting the importance of policy measures to enhance infrastructure, support workforce training, and promote sustainable tourism practices. The study provides empirical evidence for policymakers and stakeholders to integrate tourism strategically into national economic planning, aiming to maximize its socio-economic benefits and labor market contributions.

Keywords:

Tourism, Economic Efficiency, Labor Market, Employment, Income, Consumption, Uzbekistan.

Introduction. In our country, systematic measures are being implemented to develop the tourism sector, which has significant potential to address key socio-economic tasks in the near future, such as creating jobs, diversifying the economy, accelerating regional development, increasing foreign currency inflows, and raising the income and living standards of the population. Within a short period, a series of measures have been carried out to develop the tourism industry in the republic. In particular, more than 20 regulatory and legal documents aimed at the comprehensive development of Uzbekistan’s tourism potential have been adopted. These documents have, in turn, formed the basis for the new state policy in the tourism sector and provided significant tax and customs incentives and privileges to tourism entities. At the same time, several unresolved issues remain in the sector. Among them are the slow

progress in liberalizing visa and passport regimes for foreign citizens, the lack of opportunities for the issuance of electronic entry visas, the underutilization of domestic and pilgrimage tourism potential, and the slow attraction of investments, particularly foreign investments. Consequently, tourism infrastructure remains insufficiently developed, and information and communication technologies are not fully applied, which hinders the sector’s further development.

Materials and Methods.

Larry Dwyer conducts a comprehensive analysis of tourism’s impact on the national economy, focusing on key dimensions such as GDP, exports, and the labor market. The study emphasizes that tourism generates significant economic effects not only through direct spending but also via indirect and induced impacts, which can be captured using economic

multipliers. By applying these multipliers, the overall contribution of tourism activities to the economy can be systematically quantified. In this framework, the tourism sector, its influence on GDP, and the associated multipliers are considered primary indicators of economic performance, providing policymakers and researchers with a robust tool for evaluating the sector's broader socio-economic significance. [1]

Richard Sharpley, on the other hand, examines tourism policy, development, and its sustainable economic impacts. In his work, Sharpley provides a comprehensive analysis of tourism development pathways, highlighting not only the sector's direct economic contributions but also its broader effects on local communities and sustainable development. He emphasizes the interconnected nature of tourism growth, demonstrating how it can stimulate economic activity, create employment opportunities, and generate income for both urban and rural regions. Furthermore, Sharpley offers a theoretical framework to understand tourism's role in economic expansion and labor market dynamics, while also considering the social and environmental dimensions that influence the sector's long-term sustainability. This approach allows policymakers and researchers to assess tourism's multifaceted impacts and to design strategies that maximize economic benefits while promoting social inclusion and ecological balance. [2]

Stephen J. Page investigates tourism management, economic analysis, and marketing from a scientific perspective. Through the use of statistical and economic models, he examines how tourism activities are associated with changes in key economic indicators. Within this framework, the impacts of tourism on the labor market are also analyzed, highlighting the sector's role in generating employment, influencing wage levels, and shaping labor demand across related industries. Page's approach provides a quantitative and analytical foundation for understanding the economic dynamics of tourism and offers valuable insights for both policymakers and business practitioners seeking to optimize tourism development strategies. [3]

Sören Gössling's research focuses on tourism, the labor market, ecology, and economic sustainability. In his scholarly works, he analyzes the impact of tourism on the labor market, examining aspects such as the creation of specific employment opportunities, the quality of work, and the availability of labor-related prospects. His studies incorporate examples from both developed and developing countries, providing a comparative perspective on how tourism influences employment structures, working conditions, and sustainable economic development in different socio-economic contexts. Gössling's approach emphasizes the intersection of environmental considerations with labor market dynamics, highlighting the importance of integrating ecological sustainability into tourism-related employment policies. [4]

Richard B. Davies and Pham Chi Lan have conducted research in the field of tourism economics and its export potential. The authors treat tourism as an export sector and analyze how it contributes to economic growth, improves the balance of external trade, and increases national income. Their work highlights the role of tourism in generating foreign exchange, stimulating related industries, and enhancing the overall competitiveness of the economy, providing policymakers with insights into how tourism can be leveraged as a strategic economic sector. [5]

John Fletcher, in turn, focuses on tourism economics, global trends, and employment. His comprehensive textbook on the tourism economy explains the economic impacts of tourism, its links to the labor market, and the relationships between infrastructure and policy frameworks. Using illustrative examples, Fletcher demonstrates how tourism contributes to economic growth, shapes employment patterns, and interacts with regulatory and institutional environments, providing a practical and analytical perspective for both researchers and policymakers. [6]

Analysis and results. Uzbekistan's unique natural environment, rich spiritual and cultural heritage, historical monuments, and sacred sites have long attracted global attention. The

Republic of Uzbekistan is one of the most economically stable and secure regions in Central Asia, offering significant investment appeal to potential investors. The country's substantial natural, cultural-historical, material-technical, human, innovative, and infrastructural potential provides opportunities to develop a number of promising tourism directions.

Moreover, Uzbekistan's tourism sector can include active recreational activities such as sports tourism, mountain and ski tourism, and educational tours focused on the country's archaeological and religious history. Even leading countries in the industrial sector are currently focusing on developing various tourism directions. The key criterion for attracting tourists is the uniqueness of the country itself. Indeed, Uzbekistan possesses over 7,000 tangible and intangible cultural assets, including ancient cities such as Samarkand, Khiva, Bukhara, and Shakhrisabz. The country has formed a national tourism sector capable of meeting international standards. All the conditions exist for the tourism sector to become an important component of socio-economic development, as it contributes to creating new jobs, improving

population welfare, and increasing foreign currency and tax revenues.

At the same time, rapid development of tourism services in the country faces certain challenges that hinder the strengthening of Uzbekistan's tourism position both in Central Asia and globally. Today, the tourism sector has the potential to drive the development of the overall service sector, increase the country's economic growth and foreign currency inflows, and create thousands of new jobs for young people through the establishment of new enterprises.

Decrees and decisions approved by the leadership of Uzbekistan to date aim to rapidly develop the tourism sector as a strategic branch of the economy. These measures create favorable economic and organizational-legal conditions, ensure the effective utilization of the regions' significant tourism potential, fundamentally improve tourism management, promote the creation and global promotion of national tourism products, enhance Uzbekistan's positive image in tourism, actively attract investments, introduce innovative ideas and technologies, and elevate the promotion of the country's cultural-historical heritage and natural resources to a new level, thereby increasing tourist inflows.

Table 1.

Key Economic Indicators of the Country's Tourism Sector ¹

Indicators	2020	2021	2022	2023	2024
Domestic tourism expenditures (for all types of visits), million UZS	4797644	5804677	6936595	7235864	41330694
Domestic direct tourism supply (tourism sectors), million UZS	4588331	13146230	27055055	29451811	38131533
Gross value added generated in tourism sectors, billion UZS	46915,6	64202,2	90261,5	113169,1	141688,1
Domestic tourism consumption, billion UZS	9323,6	17313,3	33729,9	40534,3	106649,1

During the period from 2020 to 2024, Uzbekistan experienced significant growth in the key economic indicators of its tourism sector. Domestic tourism expenditures amounted to 4,797,644 million UZS in 2020 and

increased to 41,330,694 million UZS by 2024. These figures reflect the growing demand among the population for tourism and the expansion of activities within the domestic tourism sector.

¹ <https://stat.uz/uz/rasmiy-statistika/national-accounts-2>

In recent years, the services sector in Uzbekistan has grown rapidly, with high export potential in tourism, information technologies, financial services, transport and logistics, education, and healthcare. In particular, in 2024, the number of tourists visiting the country increased by 20% compared to 2023, reaching 8 million visitors. In addition, the export of telecommunications, computer, and information technology services grew by 1.4 times. As a result of these factors, in 2024, the current account deficit of the balance of payments improved compared to 2023, amounting to approximately 5.7 billion USD.

Direct tourism supply generated through domestic tourism sectors also demonstrated substantial growth, rising from 4,588,331 million UZS in 2020 to 38,131,533 million UZS

in 2024. This increase confirms the development of tourism infrastructure and service sectors, as well as the effectiveness of both government investments and private sector participation.

The gross value added (GVA) generated in tourism sectors reached 46,915.6 billion UZS in 2020 and grew to 141,688.1 billion UZS by 2024. This indicator highlights the increasing importance of the tourism sector in the national economy and its growing contribution to GDP.

Domestic tourism consumption also showed a remarkable rise, increasing from 9,323.6 billion UZS in 2020 to 106,649.1 billion UZS in 2024. This outcome demonstrates that tourism positively affects not only economic development but also the living standards and purchasing power of the population.

Table 2.
Tourism Consumption Related to Inbound Tourism, million UZS

Cod e	Classifier	2020	2021	2022	2023	2024
A	Consumer Products	2248190	4204171	1744461 1	2483486 5	3359510 1
A.1	Standard Tourism Products	1643451	3508630	1664473 9	1945149 1	2679587 1
A.1.1	Accommodation Services for Visitors	574664, 7	1506935	4750421	5204162	7520178
A.1.2	Food and Beverage Services (Catering Enterprises)	57748,8	114232, 8	3570622	4201262	5814423
A.1.3	Rail Passenger Transport Services	16476,4	26755,3	264157,8	404323,1	665052,1
A.1.4	Land Passenger Transport Services	281832, 8	516643, 9	2402985	970760,8	1312054
A.1.5	Air Passenger Transport Services	581373, 9	1099141	4327560	6176298	7998989
A.1.6	Vehicle Rental Services	40222,7	76578,5	0	0	0
A.1.7	Tourism Agency Services and Other Booking Services	81326	149751, 1	374329,1	1350000	1888011
A.1.8	Cultural Services	2964,7	5749,6	840248,2	966820,4	1371300
A.1.9	Sports and Recreation Services	6840,9	12843,8	114416,2	177864,6	225865,3
A.2	Other Consumer Products	604738, 9	695541, 1	799872,3	5383375	6799230
B	Other Products	241776, 5	288765, 7	332080,5	334324,9	442451

According to the data, during the period 2020–2024, there was a significant increase in the consumption of tourism products and their structural components in Uzbekistan’s tourism

sector.

1. Standard Tourism Products (A.1)

Standard tourism products amounted to 1,643,451 million UZS in 2020 and increased to

26,795,871 million UZS in 2024. These figures reflect the main activities in the tourism sector — including accommodation, food services, transport, and tourism services — and indicate the growing demand from both the local population and visitors.

Accommodation Services for Visitors (A.1.1): Increased from 574,664.7 million UZS in 2020 to 7,520,178 million UZS in 2024, reflecting the development of the hotel and lodging services sector.

Food and Beverage Services (A.1.2): Rose from 57,748.8 million UZS in 2020 to 5,814,423 million UZS in 2024, highlighting the importance of gastronomy and restaurant services in serving residents and tourists.

Rail, Land, and Air Passenger Transport Services (A.1.3–A.1.5): All transport services demonstrated significant growth, especially air transport services, which increased from 581,373.9 million UZS to 7,998,989 million UZS. This indicates the expansion of domestic and international tourist flows and the development of transport infrastructure.

Vehicle Rental Services (A.1.6): Data for this category were not recorded after 2022, as the rapid growth of private services was offset by tourism agencies and online booking services (A.1.7).

Cultural Services (A.1.8) and Sports and Recreation Services (A.1.9): Also showed significant growth from 2020 to 2024, reflecting the increasing importance of cultural and leisure segments within tourism.

2. Other Consumer Products (A.2)

The A.2 category increased from 604,738.9

million UZS in 2020 to 6,799,230 million UZS in 2024. This growth reflects the diversified demand of residents and tourists for additional tourism-related consumer goods and services.

3. Other Products (B)

Category B grew from 241,776.5 million UZS in 2020 to 442,451 million UZS in 2024. This category includes goods and services not directly related to tourism but which have a multiplicative effect on the sector.

Overall, the growth trend in the tourism sector from 2020 to 2024 clearly illustrates the strategic significance of tourism in Uzbekistan’s national economy and its development potential. These indicators provide opportunities to further enhance tourism infrastructure, improve sector efficiency through investments, and elevate the quality of tourism services.

Overall, during 2020–2024, all components of tourism and tourism-related consumer products exhibited steady growth. Accommodation, food services, transport, and tourism agency services served as the main drivers of the sector. Cultural, sports, and recreational services demonstrated the sustainable development of tourism and the ability to serve diverse population and tourist segments. Other consumer and additional products reinforced the economic multiplier effect of the tourism sector. These indicators confirm the strategic significance of the tourism sector in Uzbekistan’s national economy and highlight the importance of investment and state policies for its continued development.

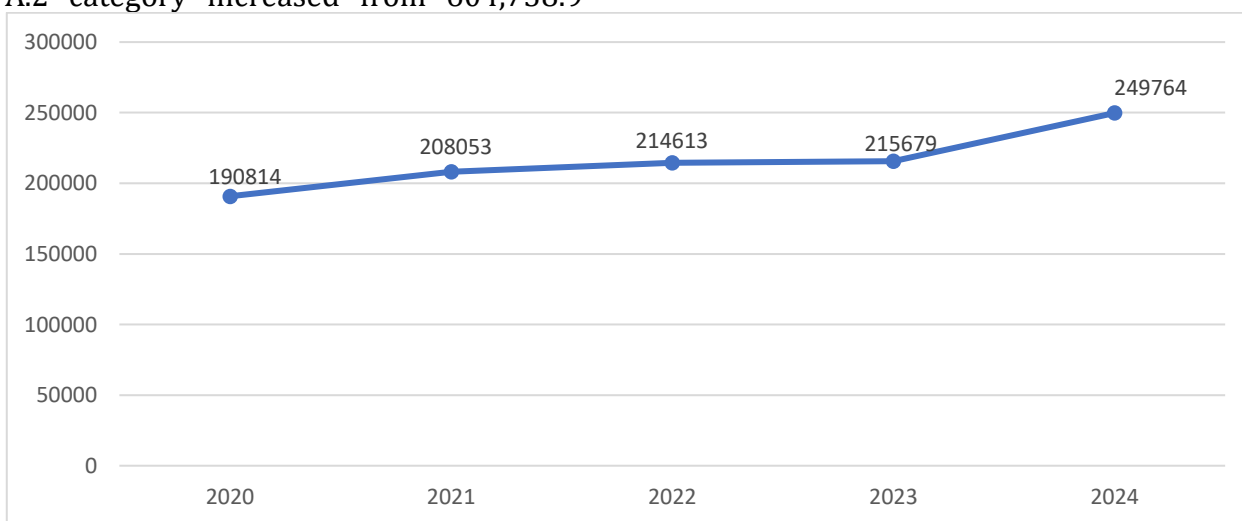


Figure 1. Employment in Tourism Sectors (Number of Employees in Legal Entities)²

During the period 2020–2024, the number of employees in legal entities within Uzbekistan’s tourism sector demonstrated steady growth. In 2020, the number of employees was 190,814, which increased to 249,764 by 2024.

Year-on-year analysis shows that in 2021, employment rose to 208,053, representing a 9% increase compared to 2020. In 2022, employment reached 214,613, and in 2023, it grew slightly to 215,679, reflecting the sector’s consistent growth and its significance in the labor market. In 2024, employment increased significantly to 249,764, marking a notable rise compared to 2023.

Overall, during 2020–2024, the tourism sector experienced continuous growth in the number of employees, indicating strong development and sustained demand in the labor market. The increase in employment reflects the expansion of tourism infrastructure, service sectors, and investments. These indicators confirm the strategic importance of tourism in Uzbekistan’s national economy and its social role, as well as its significance in enhancing employment and income levels.

Comprehensive practical measures have also been undertaken to implement the directives aimed at further developing the tourism sector in Uzbekistan in 2024.

During 2024, a total of 10.2 million foreign tourists visited Uzbekistan for tourism and other purposes, generating tourism service exports worth 3.5 billion USD. These figures represent a 1.5-fold increase compared to the same period in the previous year. Tourist arrivals from neighboring countries increased 1.6 times compared to 2023, arrivals from other CIS countries grew by 23.7%, and tourists from distant foreign countries increased 1.5 times.

Based on directives from the Head of State, a significant increase in tourist flows from target foreign countries was achieved. Specifically, the share of visitors from neighboring countries in total tourist arrivals decreased slightly from 83.5% in 2018 to 83% in 2024, while the share of visitors from Europe and distant countries increased from 5% to 7%. Approximately 51,000 new jobs were created in tourism and

related sectors. Across the regions, 124 new hotels (providing 6,400 new rooms) and 239 hostels (providing 7,600 new rooms) were established, increasing the total number of accommodation facilities to 6,100 and total available beds to over 161,000.

To promote Uzbekistan’s tourism potential in Europe, North America, the Asia-Pacific region, the Middle East, China, and Central Asia, international partnerships and agreements were signed with media corporations such as World Media Group, Blue Sky, Sky One, Wanderlust, Euronews, BBC, National Geographic, CNN, Travel Tomorrow, Warner Bros. Discovery, Saga Travel Group, as well as online travel platforms including Ctrip.com, Holiday Factory, and Voyage Prive. These initiatives aimed to raise Uzbekistan’s international profile as a tourist destination.

Additionally, Uzbekistan’s diplomatic missions in 33 foreign countries allocated a total of 583,000 USD for initiatives to attract international tourists. In 2024, Uzbekistan participated in 22 international fairs in 19 leading countries with a national tourism stand. Cultural and promotional events, including “Road Shows,” were held in 12 countries (China, Iran, Tajikistan, the United Kingdom, Malaysia, Singapore, Indonesia, Kuwait, Belarus, Hungary, Korea, and Russia). Tourism brand ambassadors and representatives were appointed in Japan, Germany, China, and the USA. From November 20–26, an International Media Campus was held in Tashkent, attended by 30 journalists and bloggers from China, Kuwait, Indonesia, India, Kyrgyzstan, Latvia, Malaysia, and Russia. On December 3, the official opening of the “Year of Uzbekistan Tourism in China” took place in Beijing, followed by “Travel to Uzbekistan” roadshows from December 4–6 in Xi’an, Shanghai, and Guangzhou.

Overall, to date, several laws, decrees, and programs have been adopted to develop tourism in Uzbekistan. Entrepreneurs are expected to fully utilize these opportunities to improve the national tourism system and contribute to economic growth. Tourism is strategically developed as a key sector to

² <https://stat.uz/uz/rasmiy-statistika/national-accounts-2>

diversify the national economy, accelerate regional development, create new jobs, increase household incomes and living standards, and enhance the country's investment attractiveness.

Liberalization of the visa regime, simplification of the registration process for foreign citizens, and provision of incentives and preferential conditions for tourism development have enabled effective promotion of Uzbekistan's national tourism potential in domestic and international markets.

At the same time, analyses indicate that there remain shortcomings in the regulatory framework governing tourism. These include incomplete rules for tourism services, the absence of widely used visa regimes for different categories, durations, and purposes of foreign citizens, and insufficient coordination in transport systems, particularly during peak tourism seasons. In addition, inadequate organization of accommodation facilities, tourism infrastructure, and provision of information on available tourism potential, as well as inefficient marketing campaigns to promote the cultural heritage and unique attractions of the regions, negatively affect the rapid development of the tourism sector.

Considering the significant role of tourism in the global economy, it is essential for Uzbekistan to focus on the regional development of historical, cultural, and recreational tourism, as well as to effectively utilize tourism opportunities and develop a national tourism model. In shaping this national tourism model, it is advisable to draw on the experiences of countries with well-developed tourism sectors worldwide.

In leading tourism countries, the development of historical and cultural tourism, strategic planning of tourism directions, and marketing of tourism products are key practices. However, in Uzbekistan, these areas—particularly the planning of tourism products and services, and the promotion of cultural heritage sites—remain among the least studied aspects. Understanding the foundations of tourism development, its role in the national economy, its impact on economic growth, and its potential for future development is critical.[7]

Given these considerations, studying global

tourism management and applying best practices in Uzbekistan is highly important. The primary objective is to enhance the promotion and sales of tourism products, ensuring that Uzbekistan secures a strong position in the global tourism market. This approach will facilitate the inflow of foreign currency into the national economy, establish tourism as a significant component of the economy, improve service quality, and expand export opportunities.

Currently, tourism is gaining increasing significance in the global economy. Tourism revenues have become one of the largest contributors to national income in many countries. Furthermore, tourism plays a vital role in strengthening international cooperation, normalizing diplomatic relations, and promoting peace, mutual understanding, friendship, and collaboration among nations.

In Uzbekistan, the strategy for the development of international tourism is being implemented in accordance with state-approved decisions and is grounded in scientific and theoretical frameworks.[8]

Conclusion. Despite the country's vast tourism potential, the tourism infrastructure, the quality and level of tourism services, as well as the management system of the sector, do not yet fully meet modern requirements under conditions of globalization and intense competition. It is widely recognized that tourism's contribution to the national economy, the development of the service sector, and employment generation still lag behind global average indicators.

For this purpose, a number of fundamental reforms and priority directions have been identified to ensure the transition of the national tourism services market to a new stage of development. These measures предусматривают unprecedented strategic objectives aimed at deep structural transformation of the sector.

In the long term, state policy in the field of tourism is oriented toward positioning tourism as a leading driver of comprehensive and accelerated regional development. The sector is expected to play a key role in addressing pressing socio-economic challenges, increasing employment opportunities, ensuring regional

diversification and balanced development, raising household incomes and living standards, and enhancing the country's investment attractiveness and international image.

Under the directives of the President, measures have been taken to increase the number of hotels, as well as to establish private accommodation facilities and guesthouses. Instructions have also been given to allocate land plots to entrepreneurs for tourism-related projects. In addition, the number of sanitary and hygienic facilities along tourist destinations and highways is being increased.

Priority tasks also include improving the access system to cultural heritage sites, installing turnstiles, surveillance cameras, and directional signage, and establishing information centers that provide comprehensive services of interest to tourists.

<https://doi.org/10.5367/000000010791169273>

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