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# Evaluation of The Impact of Factors on The Competitiveness of Tourist Destinations in a Market Economy

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**Abstract:** The market economy heavily relies on tourist destination competitiveness to advance its tourism industry. The study examines competitive elements in tourist destinations through which infrastructure and service quality and heritage values combine with promotional strategies under public policy governance. The analysis of tourism destination management aspects in previous research grants limited success towards developing a complete framework for competitiveness elements. There is an existing knowledge gap regarding a structured approach to analyze both destination attractiveness factors and their effects on economic sustainability. The research combines theoretical analysis of literature with statistical data evaluation combined with international benchmarks to discover main drivers of destination competitiveness. The results show that the most important drivers of competitiveness are infrastructure quality, investment climate, regulatory frameworks and the use innovation technologies. In order to achieve sustainable tourism growth both institutional support needs enhancement as well as public-private collaboration and improved destination branding are crucial. The analysis demonstrates how strategic policies must fit international benchmarks but should also solve both economic and social-cultural requirements of regional settings. This knowledge offers a plan of action for officials and commerce interests to efficiently control tourism locations, thereby ensuring extended financial stability and universal rivalry.

**Keywords:** Market Economy, Tourist Destination, Competitiveness, Evaluation Criteria, Infrastructure, Quality of Service, Marketing Strategies, Innovative Approach, Investment Environment, Public Policy

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## 1. Introduction

The rapidly developing tourism industry and its individual segments in the context of changes in socio-economic systems are characterized by the presence of demand for the volume of services created and offered to consumers[1]. The formation of remunerative demand for services created in tourist destinations is influenced by various factors that differ in their characteristics and degree of influence. These factors create a balanced volume of services through the formation of real demand and supply for services created in tourist destinations[2].

Tourism is vital to the global economy as it generates big chunks of GDP, creates much employment and a lot of investment flows. In a market economy, the attractiveness of tourist destinations represents a pre-condition factor for the success of accrual of visitors, growth and the contribution to regional prosperity. Infrastructure, service quality, cultural heritage, marketing strategy and government policy are several factors that impose on destination competitiveness. Globalization is driving the tourism market so

destinations are going to be really struggling to compete unless they innovate[3]. The competitiveness of a tourist destination in maintaining and attracting visitors is a combination of economic, environmental, technological and regulators to its long-term sustainability. Knowledge of these factors is crucial to implement competitive strategic policies that strengthen tourism enterprises[4].

Destination competitiveness research has undergone significant changes in the context of developing an economic, managerial and marketing perspective. Ritchie and Crouch of Ridley s such as developed conceptual the model that states the tourist resources, infrastructure, policy influence the destination competitiveness. By the same token, Porter's competitive advantage theory also places its emphasis on the role of industry structure, business environment, and innovation to achieve the economic success. Despite many studies, a major gap of knowledge exists in Completely, classification and quantify the factors that influence competition in immature markets. Previous research has generally considered developed economies mainly, downplaying systematic research occasions for developing regions for example, Uzbekistan. Moreover, because global indexes evaluate competitiveness at the nation-wide level, little research on localized tourism destinations and their local specific challenges is found in a transitional economy[5].

This work solves the current knowledge deficiency through a methodological approach which combines theoretical assessments with statistical analysis together with comparative benchmarking methods. The investigation combines semantic review of legal documents with statistical measurement of tourism performance and expert evaluation of competitive indicators. The research utilizes international statistics from the UNWTO and World Bank together with domestic Uzbekistan statistics. To analyze tourism destination macro-environmental elements the study implements PEST (Political Economic Social Technological) analysis. The research implements both qualitative and quantitative methods to establish a specific factor classification system for emerging tourism markets' competitiveness evaluation.

This study will identify crucial competitors' determinants by showing that destination success depends on building infrastructure systems while establishing supportive regulations as well as developing creative marketing techniques. The research findings will generate specific guidance which supports government officials and tourism planners and investors to improve their destination market appeal. The research evaluates how well government programs and collaborative public-private schemes promote competitive tourism development. The research conducts relative case studies of tourism industries in various economic states to recommend applicable development strategies for Uzbekistan's tourism sector. Strategic recommendations will emerge from this study which incorporates globally relevant trends and suits Uzbekistan's economic development alongside social conditions.

Beyond academic consideration this study delivers operational solutions that benefit tourism development initiatives as well as management strategies. This investigation helps develop evidence-based policies through its identification of both competitive elements and their performance effects on tourism expansion. The findings indicate multiple stakeholders should work together including public institutions along with private companies and residential communities to enhance both service quality and tourist attraction. In the long run, the research aims to facilitate sustainable tourism development by promoting economic resilience, improving visitor experience, and long-lasting competitiveness in global tourism market.

### **Literature Analysis**

An analysis of scientific sources and studies on the tourism services market and the activities of tourist destinations shows that this sector is an important component of the global and regional economy. Modern scientific literature widely covers the issues of

developing tourist destinations, increasing their competitiveness and improving the quality of tourism services[6].

Initially, theoretical studies on the formation of tourist destinations and their management system were widely analyzed in the works of such scientists as G. Richards, J. Tribe, P. Murphy. They emphasize the importance of developing tourism infrastructure, attracting cultural heritage sites to tourism, and forming a destination brand.

Economically, the role of the tourism sector in the structure of gross domestic product (GDP) and its impact on economic growth have been studied by economists such as A. Smith and D. Pearce. These studies noted that the effectiveness of tourist destinations directly depends on the volume of investments, the level of infrastructure, and the quality of services[7].

## 2. Materials and Methods

This study used a complete systematic method to study destination tourist activities within tourism services. The research examined competitiveness and development factors by conducting combination approaches between qualitative and quantitative methods. Empirical research relied on numerous analytical tools to receive complete insights into tourism sector conditions thus enabling detailed assessment of structural details and operational features of tourist destinations.

The research initiation involved theoretical analyses that evaluated scientific publications alongside legal documents and worldwide cases pertaining to destination tourism progress. The approach helped discover core theoretical concepts together with policy procedures and effective practices among different nations. Previous research combined with policy documents created a better understanding of industry structures and main opportunities and challenges that impact destination competitiveness through systematic evaluation. Additional theoretical review enabled researchers to discover knowledge deficits which guided new empirical research activities.

The research included both theoretical analysis along with statistical assessment of tourist destination economic success together with tourism services market trend analysis. Official statistical data collection occurred in this stage from national tourism agencies together with international organizations such as the UNWTO and economic development institutions. The economic performance evaluation included analyzing five core indicators that measured both visitor numbers and tourism earnings together with tourism project funding levels and sector workforce size as well as GDP contributions. Research involved analyzing international ratings for tourism competitiveness alongside industry reports in order to determine global position of various destinations. The evaluation of recent tourist flow changes provided essential understanding of market demand patterns along with seasonal dynamics together with the effects of economic conditions and government policy on tourism operations.

The study integrated theoretical and statistical analysis to establish a solid research approach for producing reliable results. The research connects educational findings from literature and government documents to numerical performance analyses generated from statistical records to supply a complete view of tourism success elements and sustainability factors. This analytical method facilitates the discovery of core military strengths and weaknesses in tourism services to produce evidence-based suggestions that guide tourism advancement for authorities and business owners. The methodology provides enhanced knowledge about economic forces along with social aspects and regulatory conditions that form tourist destination competitiveness in our modern global tourism industry.

## 3. Results and Discussion

Despite the relevance of the issue of identifying and regulating the factors affecting the activity of creating services in the context of the need to increase the competitiveness

of tourist destinations and the existence of a number of studies on this issue, the influencing factors are not limited in terms of their characteristics and features and have not been developed in a clear classification. It is worth noting that the tourism sector has its own specific features that distinguish it from other sectors and industries of the national economy. All activities carried out in the tourism sector and new qualities added to the services created are aimed at fully satisfying the specific needs of consumers that are being formed in the context of new socio-economic changes. Therefore, it is appropriate to consider each factor affecting the development of the tourism sector and the development of entrepreneurial activity in the sector separately and on the basis of specific directions.

In the studies conducted to date, the factors determining the level of competitiveness in tourist destinations have been studied by various researchers and, although they have been systematized to a certain extent, a complete classification of factors with their description has not been provided. In the study, the factors that have been isolated, taking into account the conditions, causes or individual indicators that affect the development and intensity of destinations as factors, were classified according to their characteristics and features, see Table 1.

The developed classification provides a description of the external and internal factors that affect them, from the international level to the level of a specific tourism enterprise operating in the territory of a tourist destination. As one of the main factors affecting the competitiveness of tourist destinations, a number of areas of state policy aimed at stimulating the development of industry activities are considered: science, education, production, innovation, social, financial and monetary policy.

**Table 1.** Classification of factors influencing the development of tourist destinations and their increase in competitive advantage.

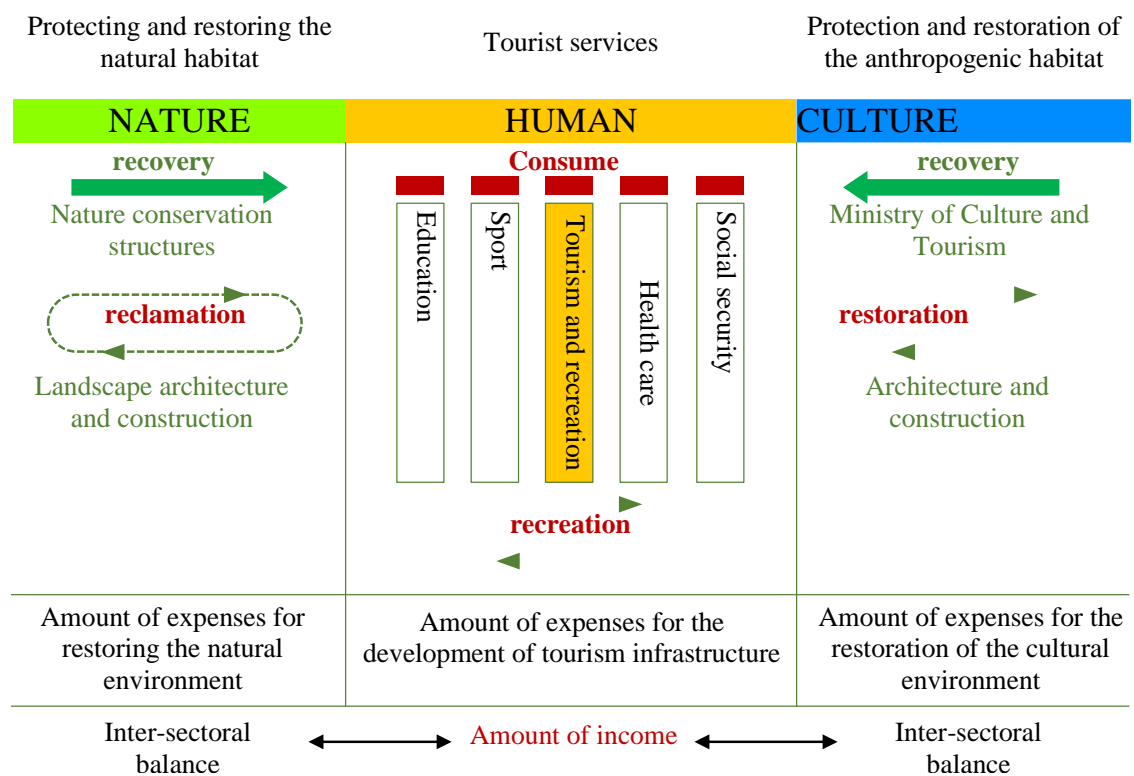
Classification symbol	Factor type	Factor description
By level of development	External objective factors	Socio-economic laws affecting the process of creating tourist services, the growing influence of scientific and technical progress, global economic changes in the economy
	External subjective factors	State policy on the development of the tourism sector, changes in the development of sectors and industries of the economy, features of the competition in specific entrepreneurial activities, changes in consumer demands, features of the administrative management system in society and the level of corruption
	Internal factors that develop	Scientific and technical, technological, skilled labor, financial and information resources, employee motivation, etc.
By duration of impact	Factors that influence in the long term	Globalization, the effectiveness of the state's policy towards the servitization of the economy, long-term cyclical trends in economic growth, the level of well-being of the population, etc.
	Factors that influence in the short term	Changes in market demand for tourist services in relation to individual types of services, the acquisition of short-term advantages, etc.
By level of impact on the development of entrepreneurial activity providing tourism services	Main influencing factors	
	Factors that significantly influence	Factors affecting the level of development of the activities of business entities creating tourist services, based on specific socio-economic conditions
	Factors that have a fixed influence	

By source of formation	Technological factors	Forming technological potential factors
	Organizational and managerial factors	Management skills and competence of managers, their ability to create an effective management system for the process of creating and delivering services
	Economic factors	Capacity and potential of tourism enterprises to finance their main activities
	Social factors	Socio-demographic, socio-cultural, socio-educational, socio-psychological factors
By nature of impact on the development of the tourism sector	Factors that hinder development	Negative institutional environment, supply disruptions, lack of information about new service technologies or untimely receipt of information, time gaps between the process of creating and delivering tourist services, insufficient provision of the tourism sector with digital technologies

The main factors in the development of tourist destinations and their competitiveness are the natural, human and cultural factors that are part of the economic balance of the destination, Figure 1.

Tourist destinations simultaneously include social goals, including economic goals, and the issues of preserving and restoring the natural and ecological state of the destination areas reflect the main requirements of society. The difference between the costs incurred for existing natural, human and cultural factors in tourist destinations and the new value created in the destination area reflects the economic balance of the destination[8].

Expenditures incurred on the restoration, reclamation of natural resources and the improvement of the destination area with a modern landscape are added to the costs incurred for the restoration and development of cultural resources, together with the costs incurred for the development of tourism infrastructure in the destination[9].



**Figure 1.** The composition of the economic balance of tourist destinations.

The economic results obtained from the activity are formed by selling services created in the destination area to consumers, and the difference between this result and the total costs determines the economic effect (positive or negative) of tourist destinations. Services created in a tourist destination, depending on consumer demand, can be in the areas of education, sports, health, recreation, medicine, socio-cultural and other areas[10].

In order to increase the competitive advantage of tourist destinations and improve the efficiency of management in the industry, the factor of developing the institutional environment must also be taken into account. This factor plays an important role in the development of tourism enterprises, since the activities of institutional structures are strictly regulated by state organizations through a number of legal and regulatory documents. There are also factors that do not belong to any of the above groups of factors and have the ability to influence the process of creating and delivering services. This is directly related to the ongoing changes, uncertainties in the creation and delivery period, and other factors that are not related to the underdevelopment of the infrastructure and technology market[11].

Of course, in order to assess its competitiveness or determine competitive advantages, it is advisable to assess whether each destination has sufficient potential or not. Because the formation and increase of competitive advantages in destinations that do not have the necessary potential requires additional costs[12].

In general, it is advisable to divide the factors that should be taken into account when assessing potential tourist destinations into the following groups at the meso and micro levels[13]:

- a. socio-economic factors;
- b. political factors;
- c. labor resources (availability and potential);
- d. environmental factors;
- e. population well-being;
- f. cultural factors, etc.

Stage 3. The stage of assessing the costs and benefits of private entrepreneurs, government agencies and tourists in the tourist destination area. At this stage, the cost areas and benefits (benefits) received by each of the entities operating in the tourist destination - tourist companies, government agencies and tourists - are assessed[14].

1. The following areas of expenditure and benefits (benefits) are determined by entrepreneurs operating in the destination:

Costs - infrastructure costs, capital costs, social payments, maintenance costs, labor costs, lost opportunities and taxes.

Benefits (benefits) - benefits in the form of value, tax benefits, state support (subsidies), support programs.

2. The following areas of expenditure and benefits are determined by state bodies (local authorities) in the destination area:

Costs - infrastructure costs, capital costs, social payments, maintenance costs, personnel training costs.

Benefits - development of the tourism industry, increase in gross regional (domestic) product, reduction in unemployment, increase in well-being, development of socio-cultural institutions, reduction of regional disparities, optimal use of energy resources, environmental protection, revenues to the state budget at the expense of tourists, tax revenues, positive development of the regional economy.

3. The following areas of expenditure and benefits are determined by tourists in the destination area:



Costs - transportation, accommodation, meals, other services, time, activities, lost opportunities and tax payments.

Benefits (benefits) - the acquisition of values at the expense of costs, a positive tourist experience, the expected result of the visit (relaxation, gaining new knowledge, restoring health, getting acquainted with new places, etc.).

Destination development strategies and recommendations are developed based on the stage of assessing the costs and benefits of private entrepreneurs, government agencies and tourists in the tourist destination area. The effectiveness of the implementation of these strategies requires another analysis of the impact of the factors we considered above[15]

#### 4. Conclusion

In assessing the factors determining the competitiveness and competitive advantage of tourist destinations, questionnaires were conducted to help determine the importance of the identified factors among business entities operating in the destination area within a limited area and their results were analyzed.

Grouping territories based on the resource potential of tourist destinations allows for targeted targeting of financial resources based on existing potential and maximizing the effect obtained from them. Taking this approach into account, an attempt was made to group the regions of Bukhara region by potential based on the number of destinations and the quality of their resource components. Using the statistical grouping methodology, administrative-territorial units in Bukhara region were divided into 3 groups based on resource components expressed in 6 main parameters, and these groups were divided into regions with high, medium and low resource potential.

The formation of affordable demand for services created in tourist destinations is influenced by various factors that differ in their characteristics and degree of influence. These factors create a balanced amount of services through the formation of real demand and supply for services created in tourist destinations. In the theoretical analysis of factors affecting the formation of competitive advantage of tourist destinations, factors affecting the formation of demand and supply, which form the relationship between activities in the destination area, from the creation of services to their delivery to the consumer, were studied.

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