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Institutional Framework for the Development of the Tourism Market

Kerangka Kerja Institusional untuk Pengembangan Pasar Pariwisata

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Abstract

The article examines the institutional basis of the tourism market development based on the scientific and theoretical analysis of the essence and content of the concept of «Institute». A brief description of the normative-legal documents and organizations regulating socio-economic relations and processes at the International and national level in the market of tourism have been mentioned. To increase the competitiveness of national tourist organizations in the international tourism market, a proposal was developed for the establishment of non-governmental associations of tourist organizations operating in the region, namely the Union of members of the regional tourist cluster, as well as proposals and recommendations for improving the institutional framework of cooperation in the field of Tourism.

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Introduction

All socio-economic processes, such as the activities of regional tourism businesses, the application of the law of supply and demand in the market, the state of functioning of the market and administrative mechanisms of regulation of economic processes, depend on various specialized institutions in society and their order. In particular, the role and place of social institutions in the formation of socio-economic relations in the regional tourism market is great.

Therefore, in order to analyze the situation of the tourism market and determine the directions of its development, it is important to study the role and the place of existing institutions that are represented in this market as a complex of social, political, cultural, religious, legal, economic supports of society, which are also superior to the market pillars of regulation of economic events and processes. However, the modern institutional economy allows overcoming the obstacles that arise based on several fundamental rules of modern economic theory (full rationality, full availability of information, improved competition, ensuring balance only through the price mechanism, etc.), which limit the scope of comprehensive review and analysis of the socio-economic phenomena and events that exist in the regional tourism market. Therefore, it is important to analyze the content and essence of the institutions that play an important role in the functioning of the regional tourism market, determine its place and role. First of all, we consider it worthwhile to reflect on the essence of the concept of «Institute».

Discussion

«Institute» (Lat. Institutum - establishment, tradition, organization, institution) is analyzed by the representatives of the schools of institutional economics based on different approaches, which, in turn, makes it difficult to correctly understand the content and essence of this concept.

American economist Rogers Commons, who drew his attention to the concept of the Institute in 1934, explained the existing difficulties in understanding and perceiving the meaning of this concept with the diversity of approaches and brought the following points: «The difficulty in determining the scope of institutional economics stems from the uncertainty of the concept of institution. Institutions are sometimes a building with superstructures of laws and regulations, and individuals seem to live in that building. Sometimes, however, the institute seems to reflect the behavior of the occupants in the building» [1].

The essence of «institution» has been interpreted by «old» institutionalists and neo-institutionalists based on different approaches.

Advocates of traditional «old» institutionalism have defined the concept of «institution» as an organizational form of human activity, organizational forms of individual activity (usual patterns of human behaviour), as well as organized actions of people (various organizations).

In the analysis of economic events, the concept of the institute was first introduced by Thorstein Veblen. In his work «why economics is not an evolutionary science», he described institutions as social rules and agreements established in a society that regulates social relations [2].

In his view, these rules are the result of habits that are the basis of perceived or misunderstood behaviour. According to Veblen, until legal or other norms become commonplace in society, they will not be incorporated into the social system, nor will members of society be forced to follow them. A similar definition to Veblen's was also given by Emile Durkheim, who described institutions as «all forms of thought, feeling, the intuition that limit individuals» [3].

John Commons, on the other hand, sought to explain other aspects of the concept of institution, interpreting its content and essence as organizational mechanisms for achieving collective goals and equating it with the concept of «organization». Explaining the meaning and essence of the concept of «institution», he expressed the following views: «We can define an institution as an organized activity to control individual activities. The scope of organized activities is wide, ranging from unorganized traditions to various organized associations, such as the family, corporations, trade unions, trade unions, ..., the state» [4].

Just as each institution takes into account the interests of most organizations, each organization operates under the influence of certain institutions. Therefore, in many cases, it is difficult to draw clear boundaries between the concepts of institution and organization. In our view, «organization» is a micro-institutional category, manifested as an association of people united in a clear goal, while «institution» as a macro-institutional category is a system of rules and norms that regulates and delimits social relations. Therefore, an association can be both an organization and an institution at the same time.

Unlike traditional institutionalists, modern institutionalists (neo-institutionalists) do not equate the concept of «Institute» to the concept of «organization». In the definitions given by them, it is interpreted that institutions are

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higher or superior to those involved in relations. But even within the framework of neo-institutional approaches, there is no single opinion on the essence of institutions. In some definitions, institutions are interpreted as rules, in others as equilibrium.

Approach to institutions as rules is based on the latest views and ideas of I. Hofeld [5] (1913) and J. Commons (1968) [6]. The essence of this approach can be explained as follows: institutions often exist separately from specific individuals and reflect the rules of the game, not the player participating in the game.

Douglas North's interpretation of the term «institution», which is widespread in modern institutionalism today, is as follows: «Any institution is a set of rules of play in society, filled with a coercive mechanism of execution» [7].

The first attempt to interpret the essence of institutions as a balance was made by Andrew Shotter, who believes that «institutions are not rules of the game, but rather alternative norms of conditionality or behaviour formed around a game based on certain rules. In other words, for us, institutions are the characteristics of the game's state of balance, not the characteristics of the game itself» [8].

In our view, economists who see institutions as rules are primarily interested in external institutions that define the boundaries of the rules of interaction from the outside, while Shotter, in contrast, introduced internal institutions (treaties, conventions) into the process of economic analysis as a result of objective conditions.

The economic significance of institutions is reflected in the functions they perform:

The first task is to set a limit on resources and options for using them. In turn, the restrictive function of institutions is directly related to the task of coordinating the actions of economic agents, and the existing detail of the content of a particular institution contains information on how and in what order economic agents should act in a particular situation. As a result, agents form their course of action, taking into account the expected actions of the other party, which means that there is consistency in their actions.

The second function is the coordination function, which is directly related to the emergence of the coordination effect. The effect of coordination is manifested in the cost savings associated with forecasting their future actions based on the study of the actions of other economic agents in certain situations. Thus, the effect of coordination is achieved by reducing the level of uncertainty in the environment in which economic agents operate. One of the notable cases is that only the compatibility of institutions is one of the main conditions that guarantee the positive impact of the effect of their compatibility on the economy.

The third function is the distribution function, which is understood to influence the distribution of resources between economic agents by limiting the directions of movement. It is noteworthy that the content and essence of the distribution of resources, gains, benefits and costs are directly related to the distribution function, as well as the rules and norms (rules of tax legislation, customs duties), which consist of «transfer of goods from one economic agent to another». other non - procedures are also affected.

The economic importance of the institutions for the regulation of the regional tourism market is reflected in the direction of their actions, mutual coordination, determination of the boundaries of resources used and distribution of options. They establish rules and norms of actions for the subjects of the regional tourism market and remain responsible for the implementation of established norms. The development of the regional tourism market is directly dependent on the coherence and harmonious formation of institutions at all levels of the institution's environment structure.

Institutions can be formal or informal. Informal institutions emerge spontaneously based on the experience of previous generations and are formed and developed based on various orders, customs and traditions accepted in society. Informal institutions are a system of rules and norms formed mainly due to beliefs of social groups. To guarantee the implementation of such mechanisms, any member of this group can observe the state of violation of rules and norms. Formal institutions are an existing system of rules and norms in the form of a formal test or a verbal agreement approved by a third (guarantor) person, and the role of guarantor of the mechanism of compliance with the rules and norms is played by individuals specializing in this task. In a modern institutional economy, formal institutions are the guarantors of public authorities. In many cases, such existing formal institutions in society are referred to as state institutions.

The official institutions that provide and regulate the activities of the regional tourism market can be divided into regulatory, legal and administrative categories.

Normative legal institutions consist of a normative environment consisting of a comprising of legal and economic sanctions that ensure the stable operation of entities in the tourism market, a system of officially established norms and laws and a mechanism for their implementation. consisting of a set of laws, legal and regulatory documents and program rules and procedures.

Administrative and organizational institutions are the official organizational structures (public authorities, parties, corporations, trade unions, business associations, etc.).

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In addition, the regional tourism market contains «unwritten» rules and norms (social responsibility, social responsibility, business culture, competition and partnership behaviour, etc.) that are an integral part of the institutional environment of entrepreneurship, entrepreneurial thinking and entrepreneurial behaviour. The system of informal institutions of the existing economic environment forms and operates based on existing social institutions.

Thus, the institutions regulating the activities of the regional tourism market are elements of a single social institutional system, formal and informal norms and rules that determine the boundaries of the existing socio-economic relations in the development, exchange, distribution and consumption of tourism products. They are based on mutual coordination, regulation of these relations, as well as appropriate mechanisms for compliance with norms and rules.

With regards to the experience of developed market economies, as well as the tourism potential and opportunities, the Republic of Uzbekistan has formed and is improving the regulatory, administrative and organizational institutions that regulate, define the prospects and establish the scope of activities. At present, the institutional environment governing the socio-economic relations of the tourism market in our country can be reflected through a three-level functional structure **Table 1**.

The main institution that defines the basic patterns of international tourism relations is the World Tourism Organization (WTO, since 2005 UNWTO - United Nations World Tourism Organization).

The expansion of international tourist exchange processes has created conditions for the emergence and development of specialized tourism organizations around the world. Today, there are more than 200 international tourism organizations around the world.

The activities of these tourism organizations are aimed at the development of important guidelines, organizational and legal norms and procedures that ensure the sustainable development of tourism based on the study of current problems of tourism.

I. International norms and institutions (conventions, codes, regulations, cooperation in the field of tourism, franchising agreements, outsourcing agreements, concession agreements, management agreements)				
Non-profit associations of tourism industry organizations	Commercial associations of the tourism industry organizations	Organizational structures		
of tourism industry organizations:International Hotel Association IHA, World Federation of Travel Agents UFTAA, Asia-Pacific Tourism Association PATA,	holdings), joint ventures, international financial institutions	tourism development are United Nations World Tourism Organization (UNWTO), the World Tourism and		
I. National normative institutions (Constitution, Civil Code, Laws, Tax Code, existing regulations on licensing and certification, franchising agreements, outsourcing agreements, concession agreements, management agreements, interregional tourism agreements)				
organizations operating in the Republic of Uzbekistan (Association of Private Tourist Organizations), self- governing organizations in the field of tourism.	organizations, etc.)	bodies (Oliy Majlis, Cabinet of Ministers, Ministry of Culture and Sports, State Committee for Tourism Development of the Republic of Uzbekistan)		
II. Territorial normative institutions (territorial normative legal acts, existing normative legal acts on licensing and certification, franchising agreements, outsourcing agreements, concession agreements, management agreements,				

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partnership responsibility, social responsibility, social responsibility)			
	alliances, holdings, franchising		

Table 1. Institutional bases of socio-economic relations in the regional tourism market

The activities of specialized international tourism organizations play a special role in the effective development of tourism. International tourism organizations promote the development of world tourism, representing the interests of governments around the world. Based on their activities, national tourism organizations are created by their governments at the level of countries, regions and territories to promote the development of tourism.

The main goals and objectives of the world's international tourism organizations are: to represent and protect the interests of organizations in the tourism industry; determination of tourism policy; formation of structural elements of world tourism development; The organization is aimed at establishing mutually beneficial cooperation between member countries and solving practical problems of development of the tourism industry in these countries and providing practical assistance in socio-economic development.

Today, the leading place in the legal regulation of international tourist activities is occupied by the UN Economic and Social Council, which is the initiator of international specialized diplomatic conferences on the issues of development of international tourism. At the initiative of this organization, a conference on customs formalities was organized in 1954, a UN conference on tourism and travel in Rome in 1963.

One of the departments that has a special place in the Regulation, Coordination and development of international tourist relations is the European Economic Commission.

Many governments and non-governmental organizations that do not specialize in the field of Tourism also make a big contribution to the effective development of the tourism sector from all sides. In particular, it is possible to include in their list such organizations as the international cocktail organization, the Butunjahan Health Organization, the United Nations Organization for Culture, Science and Education, UNESCO, the International Maritime Organization, the International Civil Aviation.

At present, the activities of the tourism industry of the Republic of Uzbekistan are carried out based on a number of legal acts and regulations. From the first years of independence to the present day, the country has adopted normative and legal documents that form and develop the legal framework of the modern civilized tourism market. It should be noted that the legislation on tourism in our country is developed on the basis of the principles and norms of international law.

The main trend in the formation and development of the organizational and legal environment in the field of tourism is the fundamental and comprehensive legislation of the tourism industry, which includes not only issues related to the activities of tourism organizers and consumer protection of tourism products, but also the quality of services, safety in tourism. the formation and development of the foundation. The regulatory and institutional framework of tourism in our country can be systematically reflected as follows (Figure 1). Laws and regulations on the national level of the structure of the system of normative and legal institutions regulating socio-economic relations in the regional tourism market include:

- Constitution of the Republic of Uzbekistan. In particular, this normative document defines the rights and freedoms of every person and citizen, including the right to move from one place to another, to enter and leave the Republic of Uzbekistan (Chapter VII, Article 28 of the Constitution of the Republic of Uzbekistan), all citizens. everyone is guaranteed the right to rest (Chapter IX, Article 38), access to qualified medical care (Chapter IX, Article 40), and the enjoyment of cultural achievements (Chapter IX, Article 42);
- Laws of the Republic of Uzbekistan. In particular, the Law of the Republic of Uzbekistan «On Consumer Protection» (1996), «On Tourism» (2019), «On Certification of Products and Services» (1993), «On Insurance Activity», Laws «On Boundaries» (1999), «On Licensing Certain Types of Activities» (2000);
- Decrees and resolutions of the President of the Republic of Uzbekistan;
- Resolutions of the Cabinet of Ministers of the Republic of Uzbekistan;
- Orders of the State Committee of the Republic of Uzbekistan for Tourism Development;
- Legal documents of other ministries and departments.

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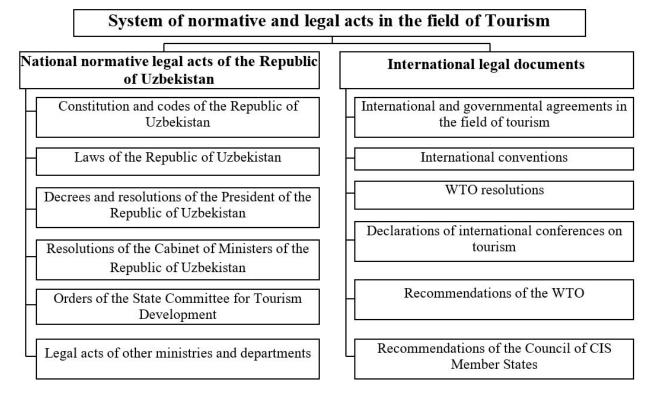


Figure 1. Institutional environment regulating socio-economic relations in the field of tourism

In particular, decrees and resolutions of the President of the Republic of Uzbekistan and resolutions of the Cabinet of Ministers of the Republic of Uzbekistan play an important role in the legal support and regulation of tourism activities in the tourism market. In turn, the orders of the State Committee for Tourism Development serve as the normative institutions that coordinate the activities of tourism as an integrated system.

Result

The practice of regulating tourism at the international level is based on the accession of countries to international conventions, declarations and agreements on tourism, their participation in international tourism programs and projects, the conclusion of intergovernmental cooperation agreements and the formation of national concepts in tourism development is carried out by taking into account.

International legal acts play a special role in the regulation of socio-economic relations in the field of tourism in our country, which can be studied in several groups.

The first group of these regulations includes agreements of the Republic of Uzbekistan on cooperation with foreign countries in the field of tourism, as well as international interagency agreements in the field of tourism.

The second group of international normative acts includes international conventions and serves as a normative institution regulating contractual relations and relations between the subjects of the international tourism market and establishing internationally recognized rules.

The third group of international normative acts includes decisions (resolutions) of international organizations such as the UN, specialized agencies of the UN system, such as the World Tourism Organization and other international organizations, as well as international declarations adopted at international conferences on tourism.

The fourth group of international regulations includes the recommendations of the UN and other international organizations in the field of tourism (for example, the recommendations of the UN on the simplification of tourism statistics).

The State Committee for Tourism Development of the Republic of Uzbekistan is the authorized state body in the field of tourism.

From the first days of independence, tourism in our country has been considered at the level of basic state policy. All necessary organizational and legal mechanisms for the development of the industry have been created,

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important normative documents have been adopted and are being improved to this day. All this has formed the basis for the formation and improvement of all necessary institutions of state regulation of tourism in the Republic of Uzbekistan.

The system of socio-economic relations of economic entities operating in the field of tourism is formed and developed not only on the basis of existing formal institutions but also on the basis of informal institutions operating in society. According to institutional theory, an important source of economic growth and competitiveness in a changing external environment is a resource of interpersonal relationships (e.g., partnership responsibility, social responsibility, social responsibility) that builds social capital, based on cooperation and trust between business entities. Such a resource is formed and developed on the basis of the cluster concept of regional development, based on the formation of new relationships between business entities (intersectoral cooperation), as well as between public administration and private business entities (public-private partnership). As a result, the competitive advantages of clusters will be realized, such as accelerating the implementation of innovations, developing human capital, improving the marketing of the industry.

We believe that in the formation of a tourism cluster, which is important for the industry, special attention should be paid to the institutions that regulate the existing interactions and relationships between its elements.

The existing relationships between the participants of the tourism cluster are based solely on the realization of their economic interests, primarily a system of relationships based on the creation and sale of quality tourism products, the sole purpose of which is to fully meet the needs of consumers of tourism services. Based on the business interests of the cluster participants, this system consists of inverse structures of cooperation and competition.

First of all, the interactions between the participants of the tourism cluster can be analyzed in terms of the sectoral affiliation of entrepreneurial structures. Based on this criterion, it is expedient to divide the interconnections into types such as inter-branch and branch connections.

Within the framework of a network or intersectoral relations, the following areas of cooperation of the tourism cluster can be distinguished:

On the scale of the tourist cluster, it is possible to distinguish types of cooperation in vertical, horizontal and mixed form while servicing tourists, based on the signs of mutual relations.

Examples of vertical partnerships include agency contracts between food suppliers and travel firms, which represent many similar relationships. The participants of the tourism cluster, which are interdependent on the scale of the technological process of providing services to vacationers, can simultaneously work with several organizations on a particular type of business activity. In this case, the partner organization, which is not able to take a reliable position, will be squeezed out of the circle of participants of the tourism cluster, and in turn, the partners who can take this position will strengthen their competitiveness.

One of the main features of horizontal cooperation within the cluster is the economic equality of legally independent tourism cluster participants, who are close to each other and support each other in the scope of activities and belong to the same industry. The participants of the cluster coordinate their efforts towards a common goal in a mutually beneficial environment, without abandoning their competitive positions in the tourism market. Types of horizontal cooperation include cooperation agreements aimed at joining forces to identify solutions to the problems of tourism development in a particular region, cooperation at the level of non-profit associations of business circles.

To implement cluster initiatives, one of the important institutions that provides an integral link between tourism cluster entities is the Association of Tourist Cluster Members. The Association of Regional Tourism Cluster Members is an informal non-profit organization that serves as a key element of the mechanism that ensures the formation and development of the system of relations between cluster participants. In addition to regional tourism industry organizations, partner network enterprises that have a direct and indirect impact on improving the quality of tourism product supply can also be participants in the tourism cluster on a contractual basis. Problems and issues in the regional tourism services market that cannot be solved by one of its subjects alone can be solved through the joint efforts of the participants of the association. The Association of Tourism Cluster Entities serves as a link to accelerate their implementation by creating innovative projects in the field.

We believe that the activities of the Association of Regional Tourism Cluster Members should be carried out in the following areas:

A characteristic feature of the tourism cluster is the interactive informal interaction of employees of competing tourism organizations at all stages of business activities and management in different areas. Such interaction leads to constant data exchange, enrichment of experience, activation of innovative processes associated with the improvement of tourist service technology.

One form of interaction between tourism cluster participants is franchising agreements. One party to the franchise

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agreement, a large organization with a well-known brand, allows another member of the tourism cluster, which is the second party to the agreement, to conduct business under its brand.

Franchising catalyzes the development of socio-economic relations in the tourism market, embodying the achievements of large reputable organizations (advertising, management costs, the cost of introducing new technologies and services, cost savings on staff training, etc.). Currently, franchising relations are widely used in the practice of formation of hotel chains (in particular, Radisson, Hilton, etc.), which are applied to the international tourism market.

Outsourcing contracts are a modern model of interaction and interaction of elements of a common tourist cluster at the stage of development of a modern tourist cluster. Outsourcing is the contracting of an organization to outsource certain business processes or production tasks to another organization that specializes in that field.

Currently, in international tourism practice, outsourcing services are provided in the following areas within the clusters:

Strategic alliances are another promising form for the effective implementation of cooperation within the cluster and the development of the tourism cluster.

Strategic alliances are understood as the combination of the resources and legal powers of two or more competing business entities to implement innovative or investment projects. In international practice, member organizations of a strategic alliance, while maintaining their legal and economic independence, agree within the agreed scope of activities, to jointly capture new markets and accelerate the sale of goods and services. In doing so, the company can join various alliances with dozens of other organizations at the same time. Within such alliances, business structures gain their independence and maintain competitive relationships while maintaining partnerships.

The following factors contributing to the formation of strategic alliances within tourism clusters can be highlighted:

- 1. the direction of formal *interaction of contractual participants* (for example, contracts of tourist organizations with organizations of communal (economic) infrastructure, contracts with medical institutions on medical services, etc.);
- 2. *cooperation* a line of activity carried out on the basis of fixed-term agreements on the combination of financial and labour resources for the implementation of any project, agreements on the implementation of agreed marketing policies in the market of tourist services (joint stands of tourism exhibitors under a single brand):
- 3. *integration* a line of activity carried out based on an association of participants in entrepreneurial activities (for example, a network of health resorts or hotels controlled by a single owner).
- 4. protection of interests of tourism cluster members;
- 5. development of own standards for hotels, excursions and other activities in the field of the tourism industry and implementation of these standards in the activities of organizations within the tourism cluster;
- 6. formation of its system of control over the quality of activities in the tourism industry;
- 7. assistance in raising the level of professional training of workers and specialists in the field of tourism;
- 8. assistance in creating educational programs for the training of specialists in the field of tourism;
- 9. assistance in the development of draft laws and regulations of the Republic of Uzbekistan in the field of tourism through discussion;
- 10. assistance in the development of tourism development programs in the regions of the Republic of Uzbekistan, making proposals, etc.
- 11. organization of catering services for vacationers;
- 12. provision of consulting and information services on existing local computer networks and their software;
- 13. use the services of private security companies to ensure the safety and integrity of tourists in tourist areas;
- 14. maintenance of security system;
- 15. conducting cultural and entertainment events;
- 16. conducting marketing research;
- 17. implementation of services related to environmental improvement;
- 18. implementation of repair and maintenance services to ensure the continuous operation of technological equipment, etc.
- 19. the emergence of opportunities to enter new segments of the tourism market (reduction of transaction costs associated with the collection of the necessary information about new markets, joint implementation of marketing research, advertising activities, etc., which cannot be done individually);
- 20. availability and use of necessary resources for the development of the organization (introduction of new service technologies, increasing the efficiency of the business through the involvement of partners to modernize the material and technical base, which allows moving to a new level of quality of tourist services, etc.) increase:
- 21. improving the intellectual potential of the organization's staff, the necessary knowledge and skills to strengthen and maintain competitive positions in the tourism market (for example, regular training of staff on the basis of long-term contracts with educational institutions, as well as the quality of education of young professionals) increase, etc.).

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Another form of interaction and cooperation within the tourist cluster is concession agreements aimed at the implementation of investment projects.

According to the economic meaning of the concession agreement, the concession agreement provides that the right of ownership under the terms of the concession agreement is obliged to build or reconstruct the real estate belonging to the concession from its account even before the conclusion of the contract and in the period after its conclusion (exploitation). And the concession is obliged to grant the concessionist the right to temporarily own, use and dispose of this real estate to carry out its economic activity within the period established by the concession agreement.

According to the law of the Republic of Uzbekistan № 110-1 of 30 August 1995 «on the birth of concessions»: «concession is a permit issued to a foreign investor on behalf of the state to engage in a certain type of economic activity, and for the implementation of this activity the state submits to a foreign investor property, land and underground subjects of concessional law Relations: concessional bodies – the body of public administration, represented by the Cabinet of Ministers of the Republic of Uzbekistan, as well as bodies of public authority in places; a concessionist is a foreign investor who has entered into a concession agreement,» he said. The conclusion from the above is that the concessionist in the Republic of Uzbekistan is considered only foreign citizens.

Conclusion

If we look at foreign experiences in this regard, we can see the relative breadth of the scope of the subjects of concession agreements enshrined in the laws. «A concessionist is an individual entrepreneur, a legal entity or two or more legal entities operating on the basis of a partnership agreement without obtaining the status of a legal entity» [9].

In our opinion, the revision of the law of the Republic of Uzbekistan «on concessions» and the introduction of amendments based on the above conclusions will serve as a great impetus for the large-scale implementation of investment and innovation projects, which will lead to an increase in the quality of tourist services in Uzbekistan and the improvement of tourist infrastructure.

Thus, the modern market economy, as the basis for ensuring the development of the regional tourism market, requires the formation and development of elements of the institutional system that serve to reduce transaction costs associated with the formation and development of partnerships between these market entities.

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