

# Cluster Approach In The Tourism Business

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**Abstract.** *One of the approaches to development of the tourism industry at the regional level, based of market rules and principles are creation and development of tourism clusters. Clusters span numerous different companies, contribute to more efficient solution of socio-economic problems in the country as a whole, and in certain regions. Clusters centre around different companies, which have not cooperated in the past, to encourage their development. The cluster approach should make radical changes to content of the tourism development policy; it means that there is a need to promote and develop the system of relationships between economic operators and the national authorities rather to support individual companies or industries. Practically it enables creation and implementation of large trans-sectoral and interregional investment and innovation projects.*

**Keywords:** tourism, benchmarking, pandemic, tourism sector, traveling, tourists, promotion, tour operator, tourism cluster, hospitality business, innovation, hotel, customer, technology, Success Factors, Competitiveness, Regional Growth, Supply Chain Management, Bibliometric Analysis and Systematic Literature Review

## 1. INTRODUCTION

The article is devoted to the problems of the formation of tourist clusters as a special form of territorial organization of the production of tourist products in a market economy. In this regard, the cluster is considered as a system capable of creating a special innovative environment conducive to increased competition and development of the region.

The emergence of new concepts in scientific use reflects the process of complication of real life, the emergence of new objects of research and the relationship between them, as well as the accumulation of scientific knowledge. One of these concepts, which has recently been increasingly included in the scientific circulation in the regional economy and economic geography, is the concept of a cluster as a special form of territorial organization (self-organization) of production in a market economy.

## 2. METHODOLOGY

A cluster is a system that is characterized by a number of distinctive features. An indispensable condition for the formation of a cluster is the geographical proximity of economic units. A critical mass of firms in manufacturing and supporting industries, organizations that provide economies of scale and economy on diversity, as well as economic resources, information are concentrated in a limited area, a "clot" of relations is created, thanks to which the cluster achieves higher competitiveness. The geographic scale of clusters can vary from a single city or region to a country or even a number of neighboring countries.

In the concept of M. Porter, the emphasis is placed on the connections within the cluster between its members - the main manufacturing companies, auxiliary (accompanying) industries, as well as various institutions such as universities, research organizations and government agencies. A cluster is much more complex than a simple combination of firms for

joint marketing activities or consistent procurement policies. It presupposes their deeper technological cooperation based on participation in value accumulation systems.

At the same time, firms not only get involved in the cooperation process, but, which is very important, continue to compete with each other selectively in certain areas. This competitive proximity is the driving force behind constant product and technological innovations aimed at increasing the productivity of all factors of production, and ensures the rapid diffusion of innovations. A special innovative environment is being formed in the cluster, contributing to the increase in the competitiveness of its member firms and the prosperity of the region. "Thus," writes M. Porter, "a cluster can be defined as a system of interconnected firms and organizations, the significance of which as a whole exceeds the simple sum of its constituent parts"

Traditionally, the cluster approach has been used in relation to industrial production. The industrial districts in the electronics and automotive industry of the USA, the chemical industry in Germany, the shoe industry in Italy, the timber and woodworking industries in Sweden, etc. are comparatively well studied.

In the tourism industry, as well as in other sectors of the service sector, cluster studies are practically absent. Meanwhile, clusters play a decisive role in the formation of tourist centers, attracting visitors to them and increasing their competitiveness.

The tourism industry has a number of features that give relevance to the cluster approach in the development of the field of recreation and travel. The tourism industry is distinguished by the breadth of inter-sectoral ties, a fragmented structure, which gives some researchers reason to question the legitimacy of classifying tourism as a branch of the economy, the predominance of small and medium-sized businesses, the intangible nature of the tourist product,

its unequal perception by producers and consumers, etc. All this makes it especially important the emergence and development of tourist clusters. They help each of their participants to become aware of themselves as a part of the whole.

Tourist clusters are a global phenomenon. They are inherent primarily in developed countries, but are also present in developing countries and countries with economies in transition. Here are just a few examples of successful and promising tourism clusters in the world. In the USA, in the Napa Valley, there is a wine tourism cluster; in Australia, an ecotourism cluster of the state of Queensland has been formed. In South Africa in 1999, a national strategy for the development of tourism clusters was adopted. In Mexico, the resort of Cancun can be considered as a tourist cluster, and in Indonesia, a resort on the island of Bali. Macedonia and Jamaica, Sri Lanka and Kazakhstan announced the creation of tourism clusters. Croatia and Slovenia have agreed to create a cross-border tourism cluster.

The tourism industry confirms the general patterns of the formation and functioning of clusters, as well as the specificity of their manifestation in this area. As already noted, the essence of a cluster is revealed through the interconnections of its member firms, which appear in the form of value chains. Added value is a part of the value of goods and services, added directly at a given enterprise, in a given firm. Each type of productive activity in the enterprise creates added value. Lined up in a certain sequence - one in continuation of the other - they form intra-firm value chains. To achieve a competitive advantage, a firm must optimize both its own value chain and external chains connecting it with suppliers and consumers. A dynamically developing cluster contains many different value chains, the totality of which M. Porter called the value accumulation system (value system, often translated as "value system").

In the tourism cluster, the value accumulation system includes four types of value chains of suppliers (primarily transport companies), accommodation and entertainment facilities, sales channels for tourism products (tour operators, travel agents), as well as the buyers-tourists themselves.

Clusters are formed and operate on the principles of public-private partnership. The state plays an important role in the formation of the tourism cluster and its development, especially at the initial stage, but it does so in close, moreover, strategic alliance with the tourism business. There are different forms, models and mechanisms of interaction between the public and private sectors, which have shown their effectiveness in practice. The state helps the development of local cluster initiatives by creating a platform for dialogue between different cluster actors, improving the skills of the local workforce through the implementation of additional education and retraining programs, creating a brand of the region to attract foreign visitors, etc.

The development of the tourism cluster was constrained by a lack of qualified personnel. This problem was solved in stages and in a comprehensive manner. Career opportunities in the tourism industry were widely covered, a list of job responsibilities was drawn up, the level of knowledge and skills necessary for their implementation was determined, certification of industry workers was carried out and a curriculum for professional training and retraining of personnel was developed with the direct participation of the tourist business.

To carry out the consulting work, an international consortium (TCC) was created, bringing together several specialized firms from South Africa, New Zealand and America. It was financed from the state budget. The aim of the project was to set the vector for the development of the tourism industry as a source of income and a generator of jobs in the country based on the cooperation of all interested parties. In the future, they had to independently deploy the business they had begun.

Cluster business is the joint development of companies united by territory, infrastructure, human resources and other characteristics, which makes it possible to optimize the production process in the best possible way and allocate funds for development with greater benefit.

### **3.CONCLUSION**

There is an opinion that a cluster is a special system of organization that presupposes not just a union of enterprises, but a whole production chain. Michael Porter, a professor at the Harvard School, is rightfully considered the founder of cluster theory. He is also the author of the concept competitiveness strategies. In his book *Competition*, Porter emphasizes that one of the important factors for the successful development of a cluster is the presence of a sustainable development strategy. According to M. Porter, "clusters are an organizational form of consolidating the efforts of stakeholders aimed at achieving competitive advantages in the conditions of the emergence of a post-industrial economy" 4. The main goal of clusters is an opportunity for business and for the region to develop dynamically and according to plan - taking into account the strategy.

A well-known economist of the 19th century. A. Marshall said that business associations play a significant role in clustering. Undoubtedly, an association of entrepreneurs can solve their problems much more efficiently than a single entrepreneur. Small and medium-sized businesses have their own difficulties.

The cluster approach for small and medium-sized businesses has a number of significant positives. This is a significant reduction in barriers to market entry due to unification within the cluster, and rational allocation of resources (human, financial, technological, technical), and

the spread of a positive reputation of the cluster to all its participants. For the region, this is ensuring employment of the population, attracting qualified specialists, and developing social infrastructure.

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