

## INCREASING FINANCING OPPORTUNITIES FOR THE HOTEL BUSINESS THROUGH TOURISM DEVELOPMENT

Abdurakhmonova Ziyoda Abdullaevna,  
Independent Researcher,  
Tashkent Institute of Finance, Uzbekistan  
Email id: ziyoda-abduraxmonova@mail.ru

### ABSTRACT

*A number of scientific researches related to the field have been studied in researching the opportunities of financing the hotel business through the development of tourism in the country. Specific aspects of hotel business organization, such as increasing income through tourism in the formation of equity capital of hotels, are analyzed. Conclusions and proposals are developed based on the conducted research.*

**KEYWORDS:** *Hotel, Tourism, Hotel Business, Hotel Finance, Capital, Equity Capital, Financing Hotel Business.*

### INTRODUCTION

In the development of the world economy, the service sector occupies an increasingly important place. Not only developed countries, but also developing countries are trying to develop tourism based on their natural opportunities, cultural heritage and economic potential. This, in turn, requires increasing attention to the formation of quality hotel services and the training of qualified specialists in the hotel industry. The hotel industry plays an important role in the development of tourism in the country.

The level of tourism development in the country is of great importance in the effective implementation of hotel business financing mechanisms. Tourism is not only a powerful tool for economic development, but also serves to create the image of a certain region, increase the role of hotels in the economic development of this region.

### Literature Review

The development of the hotel sector is important in the development of tourism in the country. For this reason, a number of economists have conducted research in this field. According to F. Zhang et al., "transactions in the hotel industry are different from transactions in other industries because companies that have conducted mergers and acquisitions in the hotel industry have achieved positive post-merger results. The results show that insider deals and conglomerate acquisitions are the most common deals in the hotel industry. The United States, United Kingdom and Australia are the three most active countries with 55% acquiring and 60 acquired companies. In addition, the authors highlighted that each stage of the M&A process is a ripe area for future research, especially the integration stage. Both articles provide background information on hotel M&A" [1].

S. Jang et al. studied the characteristics of hotel financing in their research. In particular, they include "the mismatch of the term between fixed assets and short-term liabilities, the need to adjust the sources of financing of inventories depending on the internal and external environment, and the high dependence of operating assets on shareholder's capital" [2].

"The profitability of hotels operating as small and medium-sized businesses depends on several factors, such as their experience, skills, knowledge level of employees and managers, income volatility and capital structure" [3].

A. Copanelli conducted research on hotel finance. "Three decision-making approaches should be taken into account when analyzing financial statements. First, making a decision on direct investment in hotels is directly related to finding different investment projects, choosing one of the investment projects and evaluating them. Second, hotel financing decisions are directly related to the optimal capital structure, considering various long-term corporate financing methods (e.g., long-term loans, common stock, preferred stock). Third, making a decision on dividend policy refers to making a decision whether to pay dividends to shareholders when the company makes a profit or to retain corporate profits and invest them in various investment projects" [4].

"Firms in the hospitality industry have unique characteristics that can influence a firm's financing behavior. The capital-intensive nature of hospitality firms can increase the risk of hotels due to the volatility of revenues resulting from high levels of fixed costs as a result of changes in sales" [5].

"Cost accounting as well as operating ratios are good barometers for the hotel industry. In this network, the analysis of the operational indicators of the company is a diagnostic tool. These coefficients are often compared to similar coefficients in the field of trade published by relevant organizations" [6].

"In hotel services, the process of interaction between the client and the executive leads to the fact that the opinion of the consumer becomes important in evaluating the quality, results, and efficiency of the activity. On the other hand, increasing the level of quality is always associated with an increase in the costs required for the establishment of additional features of service, that is, guests receive high-quality services at high prices. The guest chooses the services according to the price and quality, as well as the characteristics of the set of services corresponding to the category of the hotel business organization and his financial capabilities" [7].

"The majority of costs are wages and related fees (27-32%), as the hotel industry requires a large number of service personnel, from highly skilled, highly paid managers and marketers to a large number of unskilled workers in support services. However, these workers are well-paid as they interact directly with guests and create the required comfort and hospitality environment. Thus, the economic structure of modern hotels is directed to the desired indicators that guarantee their stable profit" [8].

Taking into account the opinion of the above researchers, it can be noted that the development of the hotel industry is important for the development of the country's economy, including the tourism and hotel industries. In addition, effective organization of hotel finances will help to develop this industry rapidly.

## **Analysis and results**

Currently, the role of tourism in the development of the hotel business in the world, increasing the circulation of cash flows in this area is constantly growing. It should be noted that the development of the hotel industry in Uzbekistan is directly related to tourism. In the last 2017-2021, the number of people engaged in inbound tourism in Uzbekistan decreased by 0.7 times, in 2021 it amounted to 1881.3 thousand people, the number of citizens of Uzbekistan who travelled abroad was 2194.8

thousand people (as of 2017 0.4 times less). In 2021, the number of service providers in Uzbekistan reached 2162.7 thousand people (Figure 1).

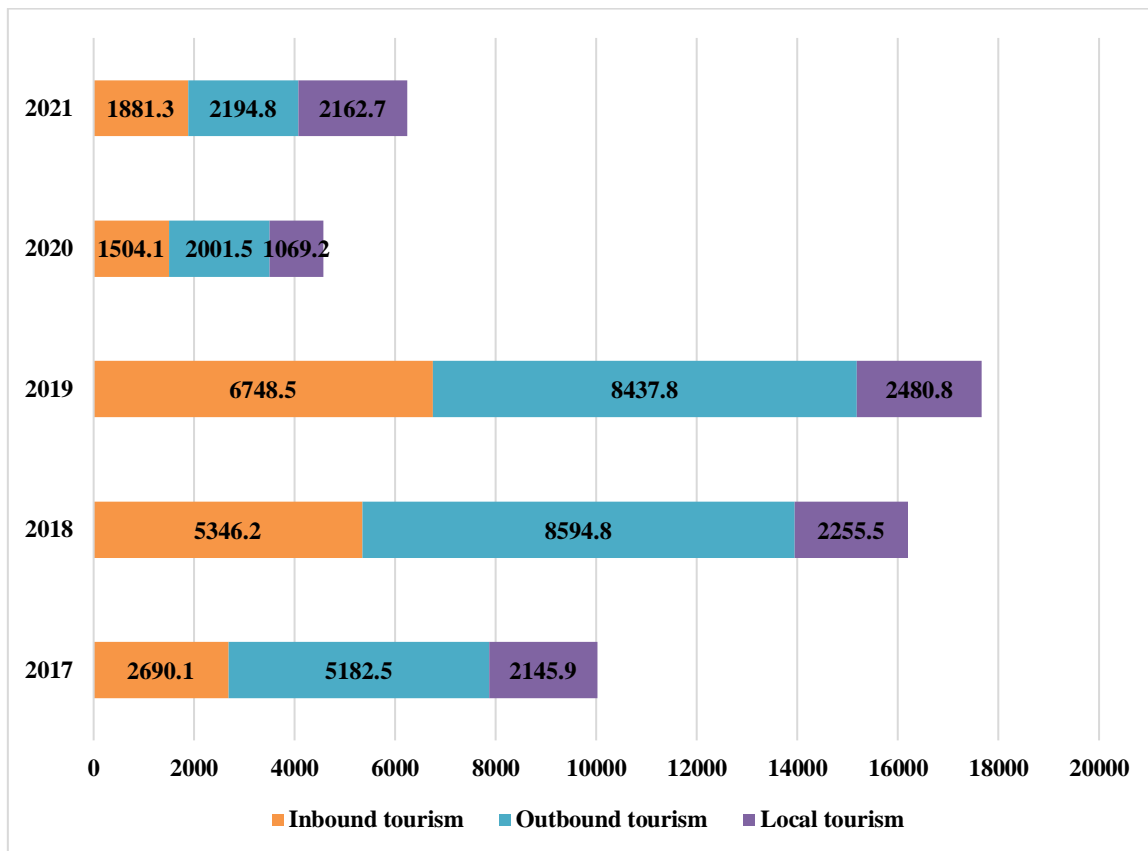
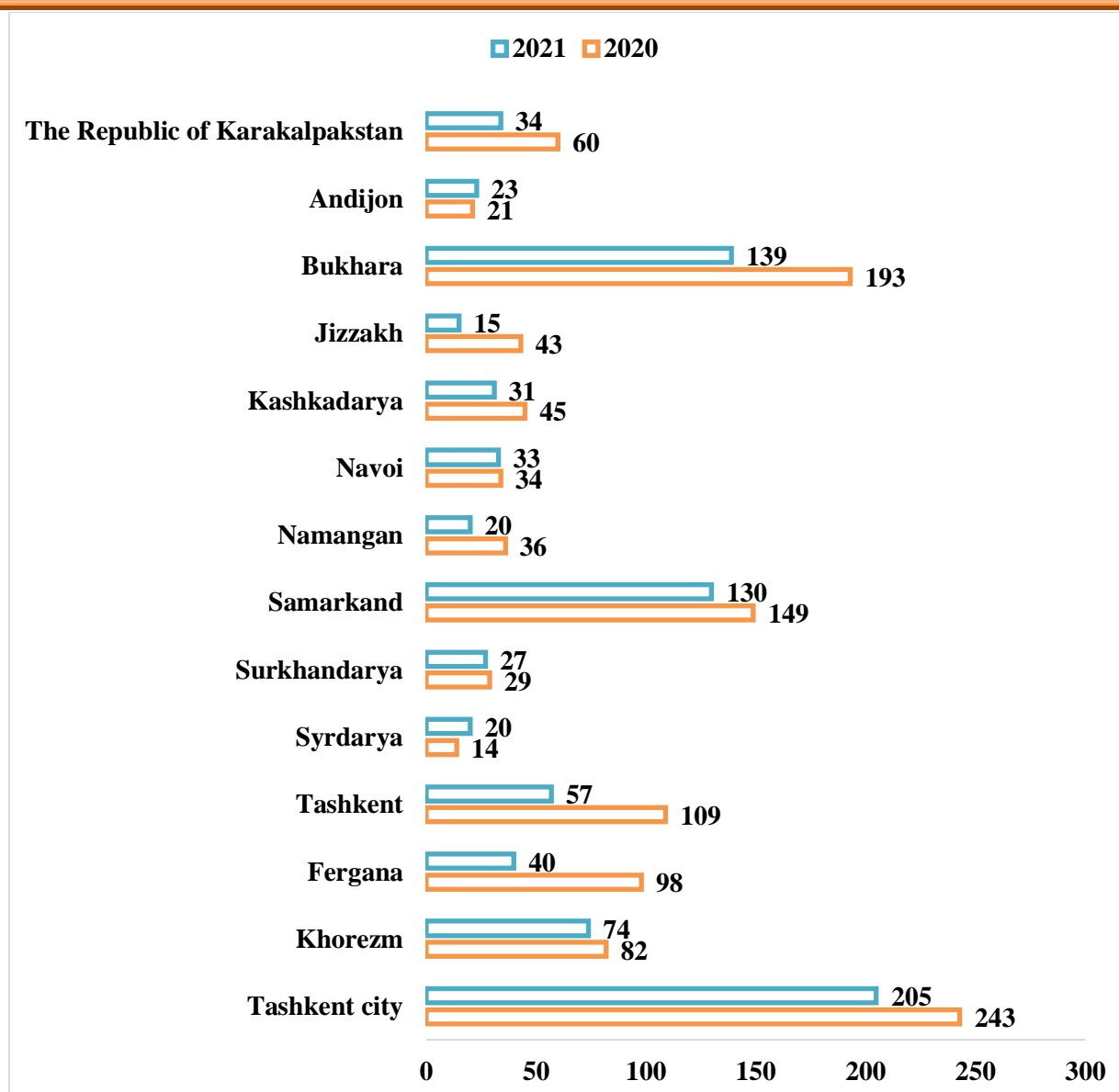


Figure 1. Tourism indicators of Uzbekistan, thousand people [14]

Due to the different formation of tourism indicators in the regions of Uzbekistan, the current situation of financing the hotel business in these regions differs from each other. In particular, it should be noted that the number of hotels and similar facilities in regions such as Tashkent, Samarkand, Bukhara, and Khorezm is greater than in other regions (Figure 2).



**Figure 2. Analysis the number of hotels and similar facilities in Uzbekistan by regions [14]**

During 2021, 848 hotels and similar accommodation facilities operated in Uzbekistan, of which 94.0% were hotels, 1.2% motels, 0.4% boarding houses, and 4.5% others.

Currently, the construction of hotels is increasing in all urban and rural areas with tourist facilities. As a result of a number of reasons, the need is increasing year by year. These may include:

- the fact that people feel the need to travel due to the increase in the standard of living and income of the population;
- the emergence of people's desire to enjoy their free time;
- the growth of people's culture, taste and intellectual level and the emergence of a desire to know the world in them;

- the creation of appropriate conditions for the movement of the population, the introduction of high-speed trains, each family having its own private car;
- liberalization of entry and exit to foreign countries, introduction of visa regime;
- the deepening of globalization and integration processes in the world and the emergence of the need for people to move from one country to another;
- the continuation of the processes of integration in the economic, cultural and scientific fields of the countries and the revitalization of work such as the improvement of personnel qualifications and the exchange of experience between them.

Currently, based on these needs, there should be strategic forecast indicators for the construction of hotels in each region. The development of ways of effective use of existing resources is considered to be one of the important requirements of today.

In the development of hotels, along with tourist facilities, the formation of the appropriate infrastructure is important. It is possible to include the road infrastructure to tourist facilities and hotels, the organization of communal services at the level of demand, the organization of food and shopping outlets.

The group of important factors affecting the development of hotels is also greatly influenced by the attention paid by the state to the tourism sector. These include:

the state sees the development of tourism as a priority task;

creation of a system of regulatory legal documents regulating this field;

the operation of various tourist companies that organize the internal and external movement of tourists;

ensuring the safety of tourists is fully guaranteed;

the organization of the level of the services provided in the tourist sector meeting certain standards, the existence of licenses and certificates issued to them;

the creation of appropriate conditions for the development of tourism, the development of ways to achieve it on the basis of regional programs;

It is necessary to include the development of tourism, diversification of services and the conduct of research and development aimed at increasing the quality of services.

## **CONCLUSIONS**

All the learnt factors are the organizational and legal basis for the development of tourism and hotel business in Uzbekistan. It can be seen that the hotel industry and the development of tourism are interrelated subjects and processes. Their development cannot be viewed from one side. Therefore, it is desirable to have a single program for the development of tourism and hotel industry in Uzbekistan and regions.

The hotel industry plays an important role in the development of tourism in the country. In most countries, hotel service quality has become one of the means of attracting tourists. Therefore, the involvement of global hotel chains and representatives of foreign hotel businesses in Uzbekistan will help to develop the hotel business in Uzbekistan and effectively form hotel business finances.

## REFERENCES

1. Fan Zhang, Qu Xiao, Rob Law, Seoki Lee. Mergers and acquisitions in the hotel industry: A comprehensive review. // *International Journal of Hospitality Management*, Volume 91, October 2020. <https://www.sciencedirect.com/science/article/abs/pii/S0278431919304712>
2. Soocheong (Shawn) Jang, Chun-Hung Hugo Tang, Ming-Hsiang Chen. Financing behaviors of hotel companies. // *International Journal of Hospitality Management*, September, 2008. - 478-487 pp. [https://www.researchgate.net/publication/278716513\\_Financing\\_behaviors\\_of\\_hotel\\_companies](https://www.researchgate.net/publication/278716513_Financing_behaviors_of_hotel_companies)
3. Filipe Sardo, Zélia Serrasqueiro, Helena Alves. On the relationship between intellectual capital and financial performance: A panel data analysis on SME hotels. // *International Journal of Hospitality Management*, Volume 75, September 2018, Pages 67-74. <https://www.sciencedirect.com/science/article/abs/pii/S027843191730590X>
4. Anastasia Kopaneli. Finance, Marketing, Management and Strategy Planning. A Qualitative Research Method Analysis of Case Studies in Business Hotels in Patras and in Athens. // *Procedia Economics and Finance*, Volume 9, 2014, Pages 472-487. <https://www.sciencedirect.com/science/article/pii/S2212567114000495>
5. Zélia Serrasqueiro, Paulo Maçãs Nunes. Financing behaviour of Portuguese SMEs in hotel industry. // *International Journal of Hospitality Management*, Volume 43, October 2014, Pages 98-107. <https://www.sciencedirect.com/science/article/abs/pii/S0278431914001418>
6. М.Т.Алиева. Меҳмонхона менежменти. // Дарслик, Т.:, 2007. – 203 б.
7. Ахмедов Умид Хуршидович. Меҳмонхоналарда туристик хизмат кўрсатиш сифати ва самарадорлигини бошқариш. // “Иқтисодиёт ва инновацион технологиялар” илмий электрон журнали. № 5, сентябрь-октябрь, 2018 йил. – 7 б.
8. Д.И. Абидова. Меҳмонхона хўжалигида бошқарув қарорлари самарадорлигини ошириш йўллари. // “Иқтисодиёт ва инновацион технологиялар” илмий электрон журнали. № 3, май-июнь, 2015 йил. – 3 б.
9. SHAVKATOV N. SOME SPECIAL ISSUES OF THE METHODOLOGICAL FOUNDATIONS OF FINANCIAL RELATIONS IN PUBLIC-PRIVATE PARTNERSHIPS // *International journal of economic perspectives*. – 2023. – Т. 17. – №. 3. – С. 251-257.
10. Omonov S., Ochilov B. INCREASING INVESTMENT ATTRACTIVENESS IN ATTRACTING DIRECT FOREIGN INVESTMENT // *International Finance and Accounting*. – 2021. – Т. 2021. – №. 2. – С. 26.
11. Karimov P. D. A. IMPROVING MECHANISMS OF ATTRACTING FREE MONEY OF THE POPULATION IN THE SECURITIES MARKET DEVELOPMENT // *International Finance and Accounting*. – 2022. – Т. 2022. – №. 1. – С. 16.
12. Abdikarimova D. BANK KREDITLARI GAROV TA'MINOTINI BAHOLASH MASALALARI // Приоритетные направления, современные тенденции и перспективы развития финансового рынка. – 2023. – С. 125-127.



13. Omonov S. KAPITAL BOZORIDA MOLIYAVIY TEXNOLOGIYALARDAN FOYDALANISHDA ROBOMASLAHATCHILARNING O'RNI //Приоритетные направления, современные тенденции и перспективы развития финансового рынка. – 2023. – С. 313-315.
14. [https://stat.uz/images/uploads/reliz2021/turizim\\_28\\_07\\_22\\_uz.pdf](https://stat.uz/images/uploads/reliz2021/turizim_28_07_22_uz.pdf) - Information from the official website of the Statistical Agency under the President of the Republic of Uzbekistan
15. Rakhmedova M. ADVANTAGES OF USE OF EUROBONDS //International Finance and Accounting. – 2020. – Т. 2020. – №. 5. – С. 15.
16. Sherkuzieva N. A. Increasing investment attractiveness by optimizing the dividend policy in joint-stock companies : дис. – Dissertation abstract written for PhD degree in economics.- Tashkent, 2021.-В. 21.
17. Botirov PhD A., Omonov S., Turobkhonov S. FEATURES OF PUBLIC-PRIVATE PARTNERSHIP PRACTICE //International Finance and Accounting. – 2021. – Т. 2021. – №. 1. – С. 17.
18. Исмоилов, Л. И. ў., & Каримов, А. И. ў. (2022). КОРПОРАТИВ БОШҚАРУВНИ САМАРАЛИ ТАШКИЛ ЭТИШ ОРҚАЛИ КАПИТАЛ БОЗОРИНИНГ ИНВЕСТИЦИЯВИЙ ЖОЗИБАДОРЛИГИНИ ОШИРИШ . *Results of National Scientific Research International Journal*, 1(6), 155–170. Retrieved from <https://academics.uz/index.php/rnsr/article/view/703>
19. Jindal L. et al. A machine learning method for predicting disease-associated microRNA connections using network internal topology data //Healthcare Analytics. – 2023. – С. 100215.
20. Абдуллаева , Н. А. (2022). Insurance and securities market. *Архив научных исследований*, 4(1). извлечено от <https://journal.tsue.uz/index.php/archive/article/view/2608>
21. Rahmedova M. et al. REDISTRIBUTION OF FUNDS FROM SOVEREIGN EUROBONDS AND THEIR EFFICIENCY //International Finance and Accounting. – 2020. – Т. 2020. – №. 3. – С. 17.
22. Abdurakhimova D. INFLUENCE OF FINANCIAL INCLUSION ENCLOSED BY DIGITAL BANKING PRODUCTS ON UZBEKISTANS ECONOMY //International Finance and Accounting. – 2021. – Т. 2021. – №. 4. – С. 11.
23. Botirov A. CAPITAL INFLOW TO CORPORATE STRUCTURES THROUGH CORPORATE BONDS //International journal of economic perspectives. – 2023. – Т. 17. – №. 11. – С. 68-77.