

Article

Organizational and Economic Mechanism of Public–Private Partnership in the Tourism Sector at the Regional Level

Yunusova Sohiba Abdulmamidovna¹

Senior Lecturer at Namangan State University

Email: sohiba.yunusova.89@mail.ru

Abstract: This article develops and proposes organizational and economic mechanisms aimed at strengthening integrated cooperation between the state and private entrepreneurs in order to comprehensively reform the tourism sector and expand access to tourism services for all segments of the population. The proposed mechanisms focus on enhancing the effectiveness of public–private partnerships, promoting sustainable development of tourism enterprises, and increasing the social inclusiveness of tourism activities. Particular attention is paid to the role of private entrepreneurship and public support instruments in ensuring the availability and affordability of tourism services within the framework of social tourism development.

Keywords: Tourism sector; private entrepreneurship; public–private partnership; tourism enterprises; social tourism entrepreneurship.



This is an open-access article under the [CC-BY 4.0](https://creativecommons.org/licenses/by/4.0/) license

1. Introduction

At various stages of economic development, the experience of both developed and developing countries indicates that the evolution of relations between the public and private sectors plays a crucial role in fostering socio-economic development through constructive and institutionalized cooperation. In the tourism sector, this interaction has become increasingly important due to the growing demand for tourism and related public services, the limited capacity and outdated nature of existing tourism infrastructure, the need to align service quality with international standards, and the constraints of public budgetary resources. These factors have significantly intensified the need for mutually beneficial public–private partnerships, aimed at mobilizing private investment, enhancing service delivery efficiency, and ensuring the sustainable and inclusive development of regional tourism systems.

2. Literature Review

Materials and Methods

In the process of fostering entrepreneurial activity in the tourism sector and enhancing it through organizational and economic mechanisms, legislative and policy frameworks at both national and regional levels play a pivotal role. The Republic of Uzbekistan has designated tourism as a strategic sector of the national economy and, in recent years, has enacted a series of presidential decrees, governmental resolutions, and state development programs. These policy instruments are aimed at creating a more favorable entrepreneurial environment within tourism enterprises, attracting domestic and foreign investment, expanding public-private partnership (PPP) mechanisms, and strengthening human capital development and professional competencies in the tourism industry.

The key regulatory and legal framework outlined below serves as a fundamental guideline for the development of private entrepreneurship in the tourism sector. This framework includes the Presidential Decree of the Republic of Uzbekistan No. PF-5611, "On Measures to Accelerate the Development of the Tourism Sector," the Presidential Decree No. PF-5781, which defines the Concept for Tourism Development within the framework of the "Uzbekistan-2030" Strategy, as well as resolutions of the Cabinet of Ministers addressing issues such as tourism infrastructure development, the introduction of an electronic visa system, and the regulation of tourism-related fees. In addition, decisions adopted by regional authorities-covering territorial tourism development programs and investment projects-constitute an important component of the institutional environment supporting entrepreneurial activity in the tourism industry.

Table 1.

Table 1. Impact of National-Level Legal and Regulatory Documents on Entrepreneurial Activity

№	Document Title and Date	Key Directions	Impact on tourism enterprises"
1	PF-5611 (2019)	Defining tourism as a strategic sector	Tax incentives and easing of visa regulations
2	PF-5781 (2023) "Uzbekistan – 2030" Strategy	Developing Tourism as a Driver of the National Economy	Innovative mechanisms, digitalization, public-private partnership (PPP)
3	VMQ-710 (2020)	Regional tourism programs	Expanding regional infrastructure
4	PF-37 (2022)	Developing public-private partnerships	Enhancing private sector involvement in tourism projects

Overall, the legal acts adopted in recent years have created a favorable institutional environment for tourism entrepreneurship. Through these measures, tax incentives, infrastructure development, digitalization, public-private partnership mechanisms, and innovative solutions are being systematically implemented. As a result, the necessary conditions are being formed for the tourism sector to become a key driver of economic growth.

Table 2

Table 2. Impact of Regional-Level Legal Acts on Entrepreneurial Activity

№	Title and Date of the Document	Directions	Impact
1	Resolution of the Namangan Regional Administration (2021)	Local Tourism Cluster Development	Opportunities for Regional Small and Medium-Sized Enterprises Have Expanded
2	Tourism Development Program – 2025	Domestic Tourism and Social Tourism	Affordable Travel Services for the Local Population
3	Investment Program (2022)	Construction of Hotels and Recreation Facilities Based on	Investment inflows will increase, and new jobs will

		Public-Private Partnership (PPP)	be created.
--	--	-------------------------------------	-------------

National and regional policy documents serve as key factors in the formation and improvement of organizational and economic mechanisms in the tourism sector. While national-level decrees and resolutions define the overall strategy, regional programs implement this strategy in practice. In this way, tax and customs incentives for tourism enterprises, the improvement of the investment climate, the expansion of public-private partnership (PPP) mechanisms, and the development of regional tourism clusters are ensured.

In ensuring structural economic reforms and sustainable growth rates, the need for alternative strategic directions determined by the state is increasing. In this process, the institution of public-private partnership (PPP) assumes strategic importance. It not only attracts additional financial and organizational resources to the economy but also enables optimal distribution of risks between the public and private sectors. Through PPPs, the innovative and entrepreneurial activities of business entities are directed towards solving pressing issues of socio-economic significance. As a result, while the regulatory role of the state is maintained in the economic growth process, the efficiency of the private sector and the influence of market mechanisms are enhanced.

Today, the tourism industry occupies a significant position in the global economy and is recognized as a strategic factor in economic growth, job creation, and the development of regional infrastructure. In particular, in the Republic of Uzbekistan, tourism development has become one of the priority directions of state policy. However, given the limited state budget, there is a need to attract additional investments to expand tourism infrastructure and improve the quality of modern services.

From this perspective, the implementation of regional tourism projects through public-private partnership (PPP) mechanisms acquires critical importance. PPPs not only attract financial resources but also enable the application of the private sector's managerial experience, innovative approaches, and efficiency principles within the tourism sector. This, in turn, serves as a key factor in enhancing the competitiveness of tourism services, creating new jobs, and stimulating regional economic activity.

Public-Private Partnership (PPP) is a form of cooperation between the public and private sectors established for a specified period based on mutual interests. Through a PPP, the government authorizes the private sector to implement a particular service or infrastructure project, while the private sector, in turn, provides financial, technical, and managerial resources. Such cooperation is based on the following principles:

- equitable distribution of risks between the part
- long-term partnership
- result-oriented management,
- provision of certain guarantees by the government

The main legal foundations of PPPs are regulated by legislation in many countries. At the national level, the legal framework for public-private partnership activities in Uzbekistan is established based on the Law of the Republic of Uzbekistan 'On Public-Private Partnership,' adopted by the Legislative Chamber on April 26, 2019. The primary purpose of this law is to legally regulate public-private partnership activities and to address potential issues that may arise during their implementation. According to Article 4 of the law, the main principles of public-private partnership are as follows:

- equality of the state partner and the private partner before the law;

Rules and Procedures Ensuring Transparency in Implementing Public-Private Partnerships (PPP);

Competition and Impartiality in the Selection of a Private Partner;

Preventing Discrimination;

Preventing Corruption 1.

In the field of public-private partnership, the main directions of state policy can be summarized as follows:

Promoting economic growth and ensuring the sustainable development of the Republic of Uzbekistan;

developing, approving, and implementing state programs in the field of public-private partnership;

facilitating the formation, restoration, utilization, and maintenance of existing social infrastructure;

improving the quality of use and service provision of social infrastructure;

improving the quality of public services and expanding unrestricted access to them;

creating conditions that ensure the attraction of financial resources from the private sector, including foreign investments;

supporting state-backed scientific research, and introducing modern methods and technologies to develop and enhance the institutional and legal foundations of public-private partnerships².

In implementing the set objectives and tasks, it is of paramount importance to first establish organizational and economic mechanisms that facilitate the effective conduct of entrepreneurial activities in the sector. It is precisely on the basis of these mechanisms that the operation and development of tourism enterprises should be organized and promoted.

The public-private partnership (PPP) mechanism is recommended as one of the most effective approaches for accelerating entrepreneurial activity in tourism enterprises, deepening market relations, and expanding competitive conditions in the services market. Through this mechanism, private sector initiatives are supported by the state, thereby enhancing financial stability and improving the quality of services.

In a market economy, the public-private partnership (PPP) mechanism holds particular importance due to the following aspects:

- it attracts large-scale investment into the system;
- it enhances the efficiency of utilizing material-technical resources and human capital;
- it activates financial potential;
- it serves as a means to develop and promote the national innovation system.

This, the public-private partnership (PPP) mechanism represents one of the key factors in promoting entrepreneurial activity in the tourism sector, serving to facilitate structural changes within the industry, establish a stable investment environment, and ensure socio-economic efficiency.

Analysis of both domestic and international experiences indicates that the application of the public-private partnership (PPP) mechanism in the tourism sector possesses distinctive characteristics. Based on practices implemented abroad, as well as an analysis of existing experiences in our country, this study has developed a mechanism for activities in the tourism sector grounded in the principles of public-private partnership.

3. Results

This mechanism is aimed at ensuring effective management within the tourism system, stimulating investment processes, and developing infrastructure, providing a comprehensive approach to the sector. Therefore, it is recommended that the developed model be widely implemented in the activities of the tourism industry in our country (Figure 3.2.1).

¹ O'zbekiston Respublikasining "Davlat - xususiy sheriklik to'g'risida" gi 2019-yil 26- apreldagi qonuning 4-moddasi.

² O'zbekiston Respublikasining "Davlat - xususiy sheriklik to'g'risida" gi 2019-yil 26- apreldagi qonuning 10-moddasi.

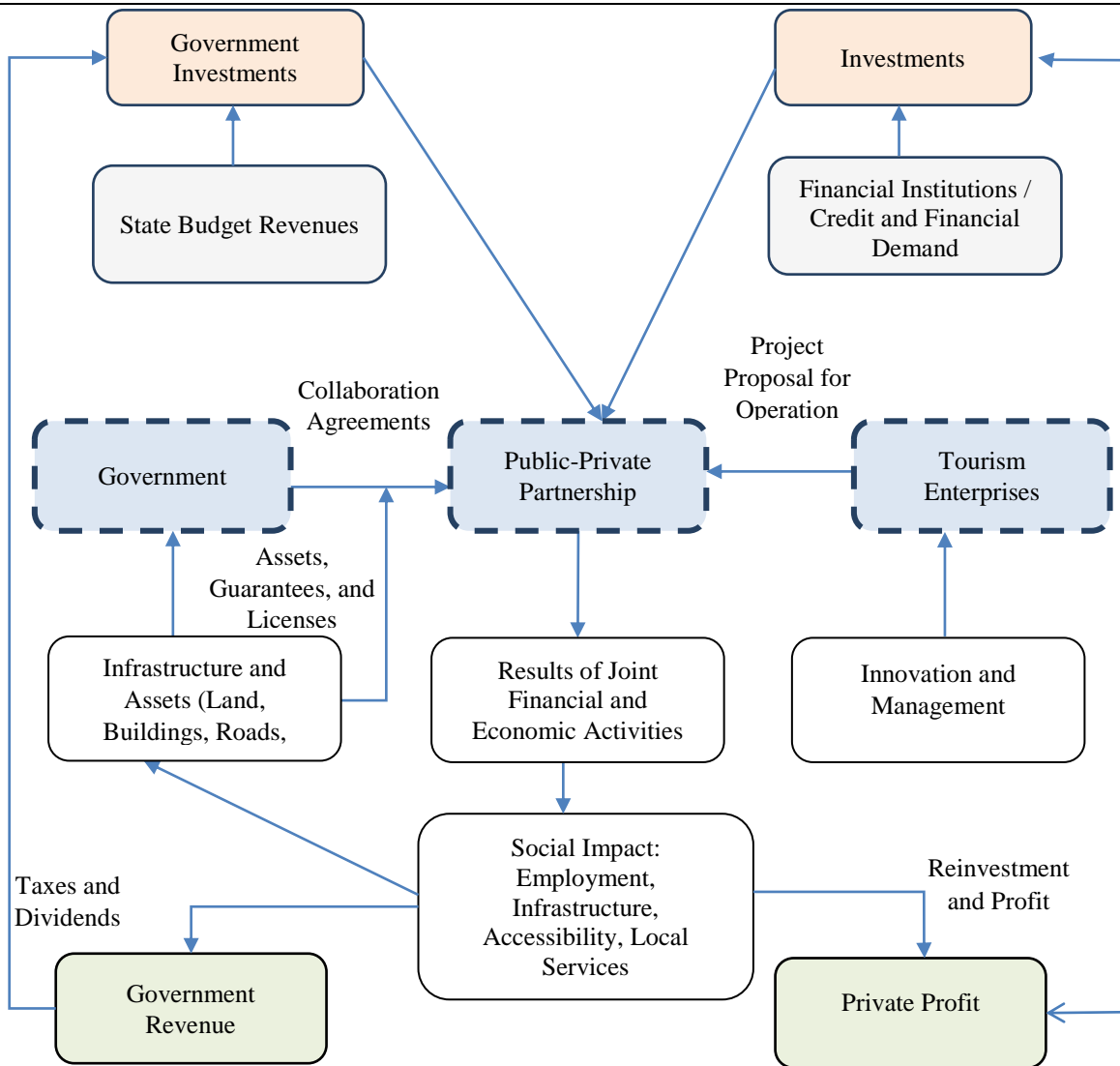


Figure 1. Organizational and Economic Mechanism of Public-Private Partnership and Social Tourism Entrepreneurship in the Tourism Sector

The primary objective of establishing this mechanism specifically on the basis of a public-private partnership is grounded in the state’s strong commitment to social protection of the population and its promotion of the principle that human dignity is of paramount importance. For this reason, this study proposes the public-private partnership (PPP) mechanism as a scientifically justified policy recommendation. Considering that the fundamental objective of private entrepreneurs is profit maximization, the organization of joint activities between the state and private businesses is expected to generate mutual benefits. In particular, cooperation in mobilizing resources and sharing the resulting economic returns is regarded as advantageous for both parties.

In the contemporary tourism sector, the effective utilization of the public-private partnership (PPP) mechanism has become increasingly important as an innovative approach to ensuring sustainability, social equity, and economic efficiency. In particular, the alignment of interests between the public and private sectors through the PPP model is regarded as a key factor in fostering the development of socially oriented tourism entrepreneurship.

The primary objective of implementing the public-private partnership (PPP) mechanism is to realize socially significant tourism projects by taking into account the economic interests of entrepreneurial entities, while placing particular emphasis on state-led social protection of the population and adhering to the principle of the primacy of human values. Within this framework, the state assumes responsibility for strategic planning, regulation, infrastructure development, and the provision of guarantees aimed at meeting social needs. At the same time, the private sector seeks to achieve tangible outcomes through its innovative approaches, investment capacity, and

managerial expertise.

The organization of social entrepreneurship in the tourism sector based on a public–private partnership (PPP) demonstrates that the primary objective of entrepreneurs is profit generation, whereas the state’s main goal is to ensure social stability and social equity. The integration of these two approaches, on the one hand, creates new sources of income for entrepreneurs and, on the other hand, enables the state to provide high-quality tourism services to socially vulnerable groups. Consequently, this contributes to strengthening social stability through tourism, stimulating the local economy, creating new employment opportunities, and preserving cultural heritage.

The implementation of the public–private partnership (PPP) mechanism in the tourism sector generates several positive outcomes. First, it expands the volume of financial resources available to enterprises operating in the tourism services market. Second, the formation of a competitive environment leads to an improvement in the quality of services provided. Third, the expansion of operational scale creates opportunities for entrepreneurs to increase their revenues and profit levels.

A key advantage of this mechanism for the state lies in the fact that a substantial share of the financial resources required to fund structural transformations in the tourism sector is covered by investments contributed by private partners, thereby reducing the burden on the state budget. As a result, the process of implementing reforms becomes relatively more cost-efficient for the state.

It should also be emphasized that the implementation of any organizational and economic mechanism must take into account the specific characteristics of the region. Therefore, when the public–private partnership (PPP) mechanism is applied in the tourism services market, it is natural that certain advantages and constraints emerge for both parties—namely, the state and private entrepreneurial entities. Figure 3.2.2 illustrates the expected positive and negative aspects of this mechanism for the public and private sectors.

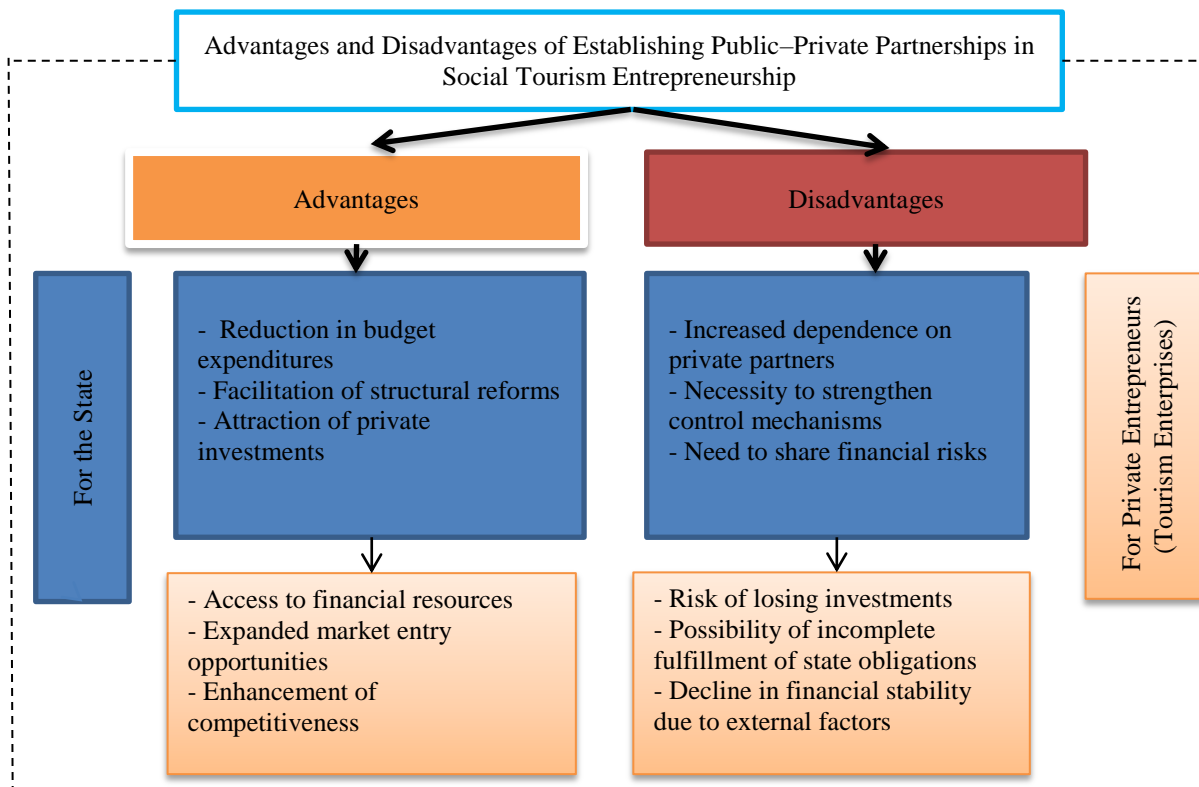


Figure 2. Advantages and Disadvantages of Establishing Public-Private Partnerships in the Field of Social Tourism Entrepreneurship³

At the national level, when implementing the public–private partnership (PPP) mechanism in the field of social tourism entrepreneurship, we can identify several advantages for both the state and entrepreneurs..

³ Muallif tomonidan ishlab chiqilgan

Initially, for the state, the mechanism is recognized for reducing budget expenditures allocated to social protection of the population, facilitating the management of ongoing reforms, and attracting private investments into operations, which in turn helps accelerate the circulation of funds at the national level. At the same time, attention must be paid to the disadvantages, which include increased dependence on partners, the need to strengthen state control, and the shared responsibility for financial risks.

For entrepreneurs, the advantages of engaging in social tourism under the public-private partnership (PPP) model include access to additional financial resources, expanded opportunities to enter the market, and enhanced competitiveness. These factors contribute to better meeting the population's demand for tourism services. The potential drawbacks of entrepreneurial activity include an increased risk of losing investments, the possibility of incomplete fulfillment of state-mandated obligations, and a decline in financial stability due to various external factors. However, these disadvantages and anticipated risks can be effectively managed by systematically organizing operations and carefully selecting partners. It is advisable for the state to collaborate with entrepreneurs who are honest, business-savvy, knowledgeable, and prioritize public interest over personal gain. The organization of such partnerships can be further strengthened by educating entrepreneurs on relevant legislation, including the Law "On Conflict of Interest" adopted by the Legislative Chamber of the Republic of Uzbekistan on October 25, 2022, as well as other applicable laws and regulatory requirements.

In implementing the above mechanisms, we have also developed a proposal to introduce "pilot" projects as an initial step in establishing social tourism entrepreneurship in Namangan Region. These pilot projects are intended to serve as a scientific innovation in practice.

At this point, the question arises: what is a pilot project? A pilot project is a small-scale initiative carried out on a trial basis, with the primary aim of testing an idea or mechanism in practice and subsequently evaluating the possibilities for its broader implementation.

Table 2

Table 2. Key Characteristics of Pilot Projects⁴

№	Characteristics	Description
1	Limited scope and regional focus	Pilot projects are typically implemented within a limited geographical area or among a narrow target audience. Consequently, they do not require large-scale resources and tend to deliver results more rapidly.
2	Serves as a testing and experimental platform.	The primary objective is to test new mechanisms, subsidy schemes, voucher systems, homestay programs, or cooperation models based on public-private partnerships (PPPs).
3	Flexibility	If a pilot project proves ineffective, it can be rapidly discontinued or restructured, thereby preventing significant losses.
4	Low risk and relatively low costs	Compared to a large-scale project, a pilot version requires significantly fewer resources and is therefore safer for testing innovative solutions.
5	Opportunity to implement innovative ideas in practice	It allows for the preliminary assessment of new business models or technological solutions applied in social tourism (such as digital platforms, booking systems, etc.).
6	Possibility of obtaining measurable results and conducting analysis	The effectiveness of a pilot project can be easily measured using indicators such as the number of tourists, social groups utilizing the services, revenues, and satisfaction levels, providing a basis for subsequent decision-making.
7	Creating a "trust space" between the public and private sectors	By piloting cooperation based on public-private partnerships (PPPs) on a small scale, the parties involved can build mutual trust and gain practical experience.

⁴ Muallif tomonidan ishlab chiqilgan

Pilot projects play a crucial role in social tourism entrepreneurship, as they allow theoretical models and strategies to be tested in practice. Their key significance can be summarized as follows:

- gathering practical experience: The pilot project is implemented in a small area or within a specific group. This allows the effectiveness of social tourism mechanisms to be tested, while identifying errors and shortcomings;
- risk reduction: Implementing a project on a large scale immediately entails significant financial and organizational risks. In contrast, a pilot allows for testing with a small investment, after which the project can be scaled up;
- testing innovative approaches: Innovations in social tourism, such as voucher systems, subsidies, and homestay programs, are piloted to assess their effectiveness and practical utility;
- assessing regional needs: Tourism services may be received differently across various areas. A pilot project allows for studying local interest, payment capacity, and demand levels;
- strengthening public–private sector cooperation: In PPP mechanisms, pilot projects serve as a means to test the effectiveness of collaboration between government bodies and entrepreneurs;
- providing a scientific and strategic basis: Results from pilot projects serve as an evidence-based foundation for future large-scale government programs, strategies, and legislative proposals.

For example, in Spain, the IMSERSO program was initially piloted in limited regions and later expanded nationwide. Similarly, in France, the ANCV “Chèque-Vacances” system was first implemented on a pilot basis and subsequently developed into a mechanism serving millions of people.

4. Conclusion

The dual effectiveness of social tourism entrepreneurship is evident in that a PPP-based social tourism model aligns the state’s social protection objectives with entrepreneurs’ profit motives. While entrepreneurs gain new sources of revenue, the government provides affordable tourism services to disadvantaged groups. As a result, social stability is promoted, new jobs are created, and local economic activity is stimulated; however, investment risks and the potential failure to fulfill government obligations remain.

The innovative testing function of pilot projects in Namangan region allows for the experimentation of innovative mechanisms—such as voucher systems, homestays, and subsidies—under limited resources, with low risk and minimal costs. Through pilot trials, regional needs are assessed, trust between the public and private sectors is strengthened, and a scientific and practical foundation is established for large-scale projects. International experience, such as Spain’s IMSERSO program and France’s ANCV “Chèque-Vacances” system, confirms the effectiveness of the pilot approach.

REFERENCES

1. O‘zbekiston Respublikasi Prezidenti. Turizm sohasini jadal rivojlantirish chora-tadbirlari to‘g‘risida : PF–5611-son Farmon. – Toshkent, 2019.
2. O‘zbekiston Respublikasi Prezidenti. O‘zbekiston – 2030 strategiyasi to‘g‘risida : PF–5781-son Farmon. – Toshkent, 2023.
3. O‘zbekiston Respublikasi. Davlat-xususiy sheriklik to‘g‘risida : Qonun. – Toshkent, 2019-yil 26-aprel.
4. O‘zbekiston Respublikasi. Manfaatlarni taqsimlash to‘g‘risida : Qonun. – Toshkent, 2022-yil 25-oktyabr.
5. O‘zbekiston Respublikasi Vazirlar Mahkamasi. Hududiy turizm infratuzilmasini rivojlantirish chora-tadbirlari to‘g‘risida : VMQ–710-son qaror. – Toshkent, 2020.
6. Balabanov I.T. Turizm iqtisodiyoti : darslik. – Moskva : Finansy i statistika, 2018. – 320 b.
7. Porter M.E. Raqobat ustunligi: yuqori samaradorlikka erishish va uni saqlab qolish. – Nyu-York : Free Press, 2017. – 592 b.
8. Jenkins C.L. Tourism policy and planning. – London : Routledge, 2019. – 410 p.
9. Hall C.M. Tourism planning: policies, processes and relationships. – London : Pearson Education, 2020. – 384 p.

-
10. Sharifxo'jayev M., Abdullayev Yo. Davlat-xususiy sheriklik asoslari : monografiya. – Toshkent : Iqtisodiyot, 2021. – 256 b.
 11. Xodiev B.Yu. Milliy iqtisodiyotning innovatsion rivojlanishi : monografiya. – Toshkent : Fan va texnologiya, 2020. – 300 b.
 12. UNWTO. Tourism and public-private partnerships: best practices. – Madrid : World Tourism Organization, 2021. – 180 p.
 13. OECD. Public-private partnerships and infrastructure governance. – Paris : OECD Publishing, 2020. – 220 p.
 14. European Commission. Social tourism and inclusive growth in Europe. – Brussels : European Union, 2019. – 145 p.
 15. Yunusova S.A. Turizm sohasida xususiy tadbirkorlikni rivojlantirish mexanizmini tadqiq etishning nazariy asoslari // Xorazm Ma'mun akademiyasi axborotnomasi. – Xiva, 2024. – №6/2. – B. 45–52.
 16. Yunusova S.A. Namangan viloyatida ijtimoiy turizm tadbirkorligini maqsadli boshqarish mexanizmi // *Yashil iqtisodiyot va taraqqiyot*. – 2025. – №6. – B. 45–55. ISSN 2992-8982.
 17. Yunusova S.A. Institutional Support Strategies for The Development of Social Tourism Entrepreneurship // *Central Asian Journal of Innovations on Tourism Management and Finance*. – 2025. – Vol. 6. – No. 4. – P. 45–55. ISSN 2660-454X.