



Mechanism Of Social And Labour Relations In Public-Private Partnership In The Tourism Sector

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Abstract.

In modern conditions, characterised by a complex geopolitical situation, ensuring the growth of welfare and improving the quality of life of the population in the conditions of budgetary constraints and increasing gap between the demand of the population for public services in the social sphere and the shrinking supply of social protection of the population from the impact of negative consequences of market relations in the economy on the part of the state make it necessary to turn to the institution of public-private partnership (PPP). The article considers topical issues of development of social and labour relations with public-private partnership. At present in the Republic of Uzbekistan the task of attracting funds from various sources of financing, stimulating investment and entrepreneurial activity of economic entities, which determines the importance of studying the processes of PPP expansion in the sphere of tourism. Taking into account the current circumstances and world trends, predetermined by scientific and technological progress and increasing intellectualisation of society, the development of effective forms of interaction between government, business and society becomes, in the author's opinion, one of the most important conditions for the formation of socio-economic policy, conducive to the development of social and labour relations, increasing the efficiency of state (public) property management, the growth of public welfare. The author connects

<p>CC License CC-BY-NC-SA 4.0</p>	<p>the promising directions of PPP improvement in the implementation of socially significant projects in the social sphere with the development of the regulatory and legal framework, expansion of powers of management bodies, diversity of the use of promising forms and tools.</p> <p>Keywords. <i>Social and labour relations, Uzbekistan, state and private partnership (SPP), tourism, recreational services, employment, development.</i></p>
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Introduction.

Tourism is one of the largest sectors in the world, accounting for 1 in 4 of all new jobs created globally, or 10.3% of all jobs and 10.3% of global gross domestic product (GDP) (Travel & Tourism. Economic impact 2022). Globally, the recovery in tourism employment continues and the industry employed over 295 million people in 2022. By 2033, the tourism sector is projected to increase its contribution to global GDP to \$15.5 trillion, accounting for 11.6% of the world economy, and employ 430 million people worldwide. Tourism will employ nearly 12.0% of the working population in 10 years. (<https://www.atorus.ru/node/52405>)

Due to the annual growth of tourism activities in the world by 4-6%, this industry, more than any other, is in constant need of human resources. An important factor influencing both the tourism market and the employment market is globalisation. It is necessary to understand that there is a redistribution of labour population in the world, which is especially felt in tourism. For example, at present, Russian-speaking staff is required in many countries of the world, and accordingly, many Russian-speaking people have got the opportunity to work in one or another country in the tourism sector (Compendium Tourism Statistics, 2020)

Over the past six decades, tourism has continuously expanded and diversified, with many new destinations emerging in addition to traditional destinations such as Europe and North America. The market share of emerging economies has increased from 30.0% in 1980 to 50.0% in 2023 and is expected to reach 57.0% by 2030, equivalent to more than 1 billion international tourist arrivals (World Tourism Organisation 2015).

Tourism development in emerging economies is driven by many factors, among which state and private partnership (SPP) plays a key role. It brings together government agencies and the public sector with representatives from across the tourism value chain with the same goals of promoting tourism development in emerging economies, socio-economic development, sustainability, job creation and international competitiveness through tourism (World Tourism Barometer, 2020). "Investing in people" in the tourism sector means fair and equitable employment opportunities; training and skills development of employees, promoting diversity and inclusiveness of services, and creating opportunities for local communities to participate in and benefit from tourism activities (Teshabaeva, O., & Qosimovb 2022).

Tourism today is one of the important drivers of the economy. Therefore, every country tries to attract more tourists. As a result of creating wide opportunities in this sphere, the number of guest houses, tourist facilities and routes is increasing in Uzbekistan. The tourism infrastructure is consistently developing. In 2023, 15 thousand new guest accommodation places were created in the republic, and their number reached 137 thousand. 540 recreational and entertainment facilities were built and 70 tourist routes were opened (Statistical Reporting, 2023).

PPPs, as an alternative to direct state regulation, can be one of the effective tools for structural reorganisation of the export-raw materials economy to an innovation-oriented development model, which will contribute most of all to improving the competitiveness of the economy and realising the socio-economic interests of the main groups of society inherent in the social state (Public-Private Partnerships and the 2030 Agenda for Sustainable Development, 2016).

PPP can provide significant budgetary savings by attracting additional resources of private business partners into the economy, directing the efforts of entrepreneurs to the solution of socially important socio-economic goals and objectives while preserving the state's powers and functions and distributing risks between the state and the business sector (Meidutė I.; Paliulis N.K. 2021).

At the moment, tour guides are in demand in the tourism labour market as never before: the number of tour guides has grown by an average of 33.0% over the last 5 years (Turdibekov & Shodmonov, 2019). In 2022, 2500 people are engaged in excursion activities in the republic. The largest number of guides is concentrated in Samarkand region - 36.7%, Tashkent city - 28.9%, Bukhara region - 16.7%, Khorezm region - 8.6%. Of these, 54.0 per cent are men and 46.0 per cent are women (Teshabaeva, O., & Qosimov, 2022).

As noted by the President of the Republic of Uzbekistan Mirziyoyev (2023) "As a result of the ongoing work on the development of tourism destinations, it is planned to create at least 1 million new jobs in the future. It

was noted that by 2030 it is planned to increase the number of foreign tourists to 15 million per year, and the flow of domestic tourists - up to 25 million”.

Currently, the Republic of Uzbekistan faces the task of attracting funds from various sources of financing, stimulating investment and entrepreneurial activity of economic entities, which determines the importance of researching the processes of PPP expansion in tourism (Abdurakhmanov & Eshtaev, 2013).

The tourism industry has a number of specific characteristics. As it is known, in tourism services are sold, and they are sold in one place and consumed in another place or another country. Income is formed in the place of purchase of tourist services, and the process of consumption of the tourist product is regulated by the place of temporary stay of the tourist. An important factor in labour employment in tourism is the factor of human communication between buyers of tourism services and staff of companies (Teshabaeva & Qosimov, 2022).

In this regard, the *purpose of this paper* was to identify trends, areas of application and the most common forms of public-private partnership in the context of the transformation of social and labour relations in the republic.

Materials and methods

The formation of state and private partnership on the example of tourism business in the Republic of Uzbekistan has been analysed. In the course of the study the analysis of the legislative base of the country was carried out, in particular, the report of the President of Uzbekistan at the 25th session of the General Assembly of the World Tourism Organization (2023), as well as the -decree of the President of the Republic of Uzbekistan (2019) “The concept of development of tourism in the Republic of Uzbekistan in 2019-2025” was analysed. The possible ways of cooperation between the state and private initiative are analysed on the example of the world experience of SPP formation.

Results and discussions

Foreign experience in the use of PPP mechanisms (Borodiyenko et al., 2021) is widely represented in transport infrastructure, housing and communal services (water supply and wastewater disposal; domestic waste management; landscaping; social and communal facilities; hydraulic structures), energy infrastructure (production, transmission and distribution of electricity; heat, gas and energy supply) and tourism (fig. 1).

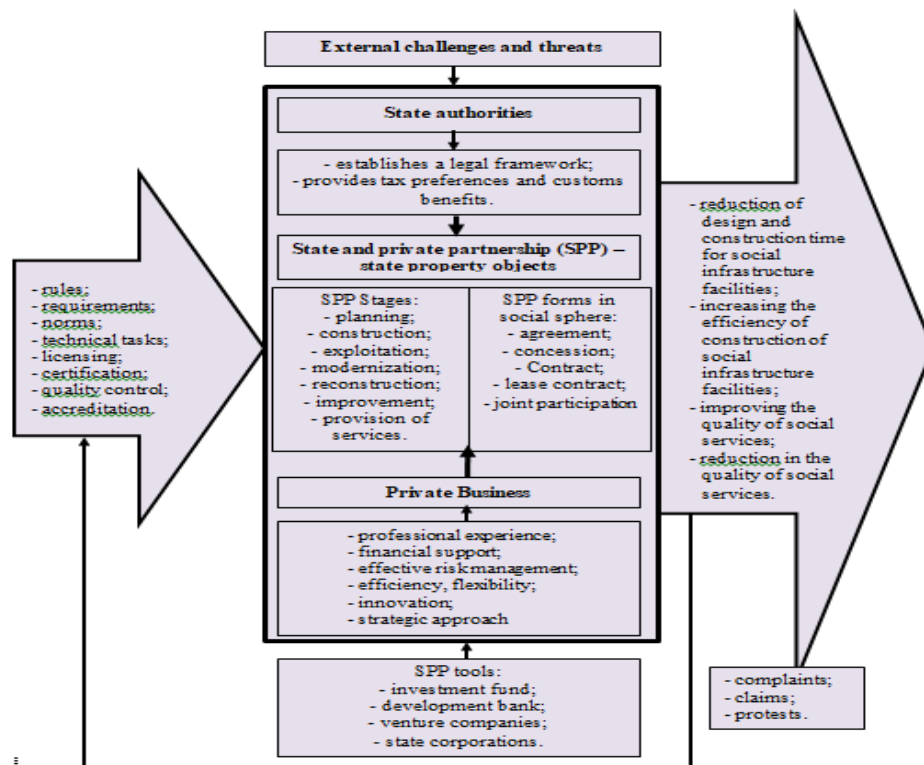


Fig. 1. System approach to PPP project in the social and labour sphere*

*Author's design.

In addition to the traditional spheres of partnership in the branches of production infrastructure, Uzbekistan, as in the world practice, began to actively conclude contracts between the state and the private sector for the

provision of services in the social sphere (health care and health resort treatment; education, science and culture; social security and social services; sports, etc.).

As directions of PPP in the social sphere, investments in social infrastructure facilities- institutions that ensure the functioning of sectoral institutions (primary sector); social protection, social support (provision)- secondary sector of social services are singled out. Features of PPP-project in the social sphere from the point of view of the system approach are presented in Figure 1, the analysis of which convinces that the expediency of using PPP mechanisms in the socio-cultural sphere is conditioned by high needs in the use of effective management methods to increase the provision of the population with health care, education, culture and housing and communal services (HCS).

It should be noted that at the moment there are no unified PPP standards in the world practice. The level and directions of PPP use in each country are unique, differing in goals and objectives, the degree of involvement of the government and private business, financing models and forms of implementation.

At the same time, each country passes through certain stages in building a PPP management system. The pace of development and maturity of PPP mechanisms used in a particular country depend on legislation, economic policy, national traditions; PPP mechanisms are constantly being improved (Borodiyenko et al., 2021; Kruchlov & Tereshchenko, 2019). In Europe, the UK and Ireland are the leaders of PPPs.

The world experience shows: in the process of development, the practice of PPP application in individual countries goes through three stages of development (maturity) (fig. 2).

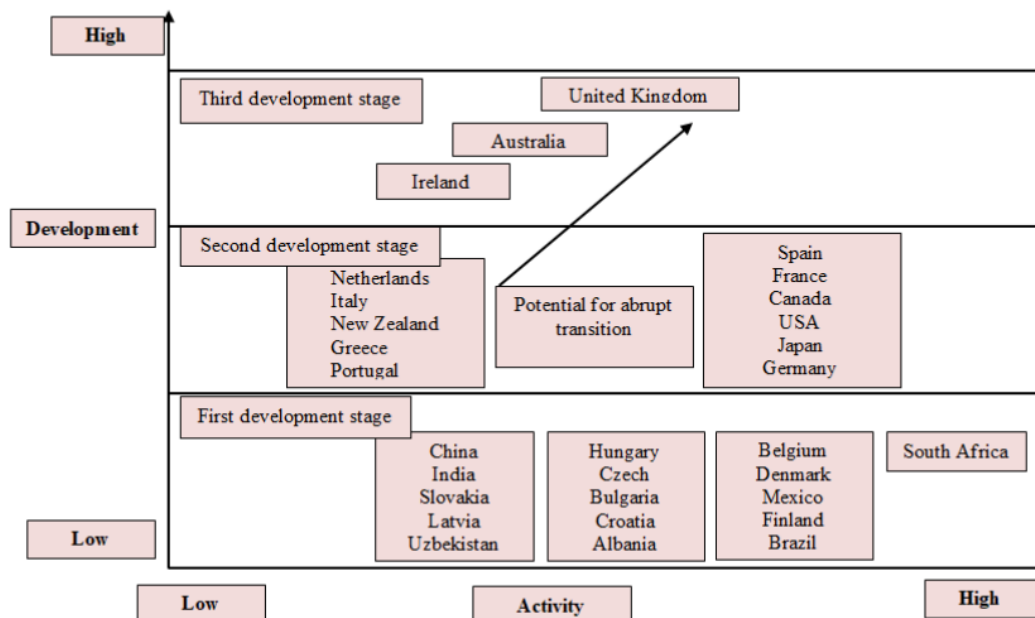


Figure 2. "Maturity curve" of the PPP market*

*Author's design.

At stage 1 (inception) the country solves basic tasks on creation of organisational and legal conditions for PPP (formation of standards and PPP legislation; creation of the relevant state body; development of the structure of agreements; borrowing international experience); at stage 2 (formation) - development of new models and forms of interaction; expansion of areas of application of PPP mechanisms, etc.; at stage 3 (establishment) further improvement of PPP models; attraction of institutional investors, etc. Currently, many countries, including Uzbekistan, are at stage 1 of PPP development.

PPP in the socio-cultural sphere, aimed at improving the level of accessibility and quality of public services of local governments, is characterised by the growing demand of the population in terms of the implementation of the tasks of socio-economic development of the country. The current state of the social sphere under conditions of economic instability and growing problems in the field of international relations is characterised by: underdeveloped legislative framework, inconsistency of standards for social services, limited access to social services for the population. But in a short period of time Uzbekistan has adopted an unprecedented package of legal acts, including a new law on tourism, which create a solid legal basis for the gradual reform of the tourism sector, in particular, provide the necessary conditions and comfortable environment for interested business entities (Law of the Republic of Uzbekistan, 2019).

Due to this, as well as the measures taken to improve the quality and diversity of services, the gradual transition of the industry to market principles of economic management in 2022, exports of tourism services totalled USD

1.6 billion (planned at USD 900 million), which is 3.8 times more than in 2021. In 2022, tourism services exports totalled US\$ 1.6 billion (planned US\$ 900 million), 3.8 times more than in 2021. (Statistical Reporting, 2023)

The number of foreign tourists visiting our country during 2022 totalled 5.2 million people (with the annual plan- 2.7 million people), an increase of 2.7 times compared to 2021 (Fig. 3).

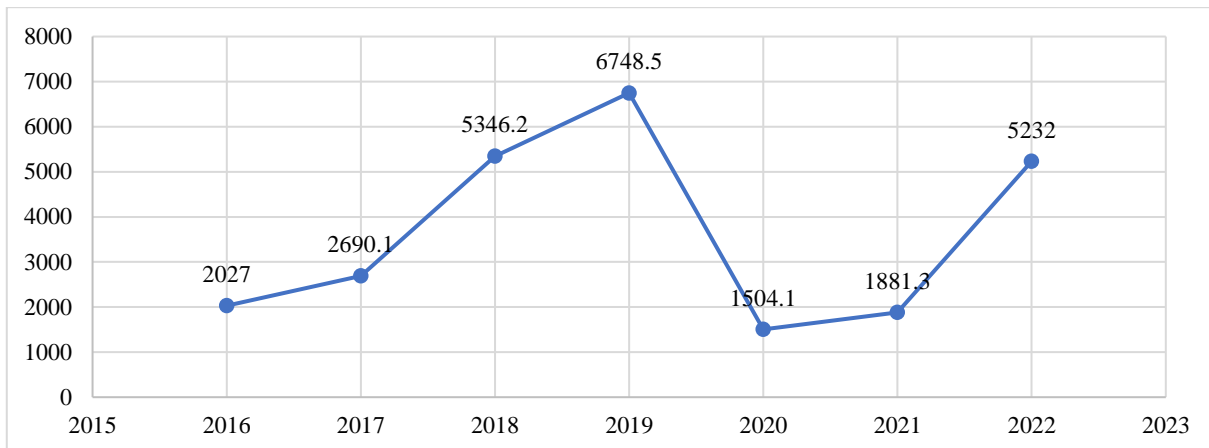


Fig. 3. Inflow of foreign tourists to the Republic of Uzbekistan (thousand people). (Statistical reporting, 2023)

At the same time, it is necessary to note quite a wide geography of export services provision in the context of states. As can be seen from Figure 4, the situation with the inflow of foreign tourists has changed dramatically in the light of the open, friendly policy of the President of our country Shavkat M. Mirziyoyev.

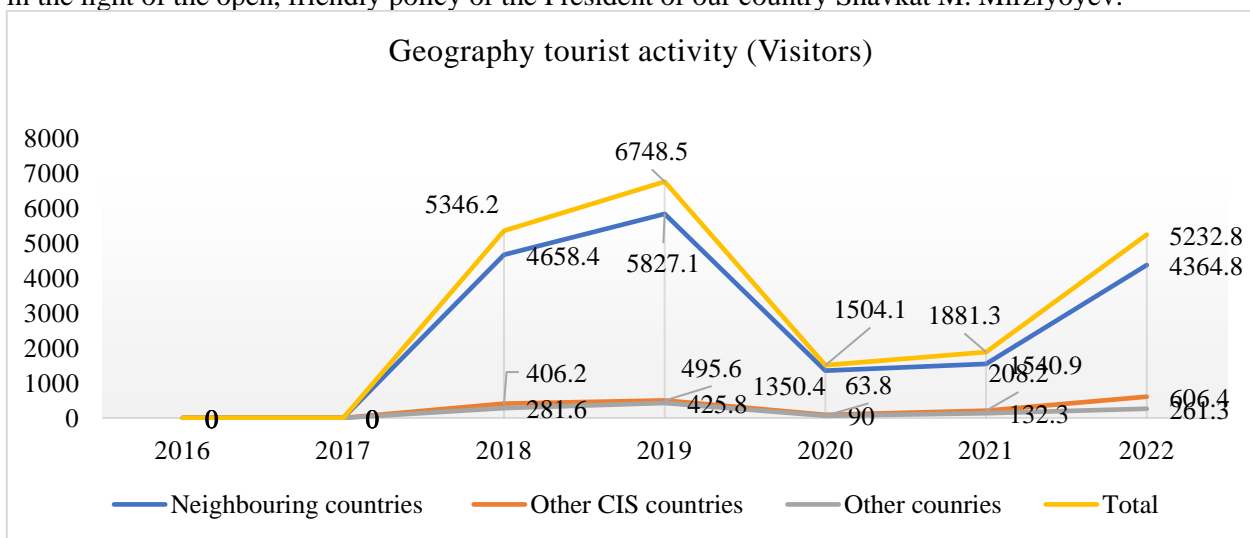


Figure 4. Geography of tourism services provided by Uzbekistan (thousand people) (Statistical Reporting, 2023)

Uzbekistan has a huge tourism and recreational potential, which includes 7.4 thousand objects of cultural heritage, 209 of them as part of four museum cities “Ichan Kal’a in the city of Khiva”, “Historical Centre of the city of Bukhara”, “Historical Centre of the city of Shakhrisabz” and “City of Samarkand”, are included in the list of UNESCO World Heritage Sites. All this contributes to the implementation of the Decree of the President of the Republic of Uzbekistan №UP-5611 dated 5 January 2019 “On additional measures to accelerate the development of tourism in the Republic of Uzbekistan”. In particular, the Ministry of Health of the Republic of Uzbekistan adopted a number of orders aimed at the unconditional implementation of the decree of the head of state (Orders of the Ministry of Health of the Republic of Uzbekistan, 2019).

In recent years, some work has been done to implement the Concept. Based on the target tasks and priorities in the tourism sphere for the short-term perspective, active implementation of activities in the following main directions is envisaged in the coming years:

- ✓ improvement of the regulatory and legal framework in the sphere of tourism activities, implementation of international norms and standards aimed at creating favourable conditions for the development of the tourism industry;
- ✓ Improvement of legislation aimed at supporting tourism activities, providing for the strengthening of the legislative framework, consolidation in a single document of the norms for supporting business entities in the tourism sector;
- ✓ phased implementation of measures to further liberalise the visa regime for citizens of economically stable and safe states that provide the main flow of tourists to the Republic;
- ✓ implementation of targeted measures to attract the private sector and stimulate entrepreneurial activity, ensuring the necessary conditions for the stable development of the industry;
- ✓ introduction and widespread use of public-private partnership mechanisms (Presidential Decree, 2019).

Co-operation between public administration and private initiative in the social sphere can be carried out according to the following models.

Concession agreement: a private partner at its own expense undertakes to create and (or) reconstruct certain immovable property, the title to which belongs to the state. The state undertakes to provide the private partner with the property for the term set by the agreement. As a rule, in international practice, the term of a concession agreement is more than 20 years.

Life Court Guarantee: The private partner builds the facility at its own expense and then operates and maintains it for the contracted period of time, while managing the facility. The state is responsible for the payment of project fees from the budget of the relevant level, which in international practice most often includes the services of the private partner in providing the facility for use, medical, social, educational services provided through such a facility.

Project finance (PF). This scheme is most often used in the social sector for the construction of socially important institutions. In developing countries, PF protects investors in large projects by creating its own contractual and organisational structure. The advantage of this form is its proximity to lending and the possibility of involving financial intermediaries. Very often the assets of the Project Company are used as collateral.

Forfeiting model: the project company partially sells the public body's obligations to pay for the project to the lending bank. Only that part of the public body's financial obligations arising from the construction contract concluded earlier between the project company-executor (contractor) and the public body participating in the project is sold to the bank. Upon completion of the SPP project, the bank effectively becomes a creditor of the public partner, which will continue to service the debt in terms of the cost of construction of the SPP facility.

Involving non-profit organisations (NPOs) has a number of advantages: NPOs have extensive local networks and knowledge; NPOs have a low profit motive compared to private companies; there is no conflict of objectives in project implementation; NPOs often have significant capacity in certain sectors.

Service contract (outsourcing): the private partner undertakes to perform service work for the partnership object, and the public partner undertakes to accept and pay for the work performed. This scheme is effective in conditions when the implementation of non-core activities of a state organisation is more expensive than their transfer to a private business.

Social services contract: obligations of a private partner to provide social services to the population (franchising contract (educational and medical)). The private partner provides additional social services on behalf of the social institution, for example,- social services for pensioners at home.

Property lease agreement: a private partner receives property on lease for a certain period of time, it has the right to make improvements at its own expense and with the landlord's consent, and has the right to be reimbursed by the public partner for the cost of these improvements.

Conclusion

The world practice of using various forms of SPP in the social sphere shows that the option of cooperation chosen for implementation depends very much on the goals of the government, the general conditions in which the SPP is to be implemented, and the willingness of the private partner to take risks. In practice in the social sector, a number of SPPs are possible, the nature of which is determined by the labour, cultural and social characteristics of the region, its needs, and the demand for a particular activity. Prospective directions for improving SPP in the implementation of socially significant projects in the social sphere can be associated with the development of the regulatory and legal framework, the expansion of the powers of management bodies, the diversity of the use of promising forms and tools.

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