



## Classification of Risks in Tourism

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### ABSTRACT

The article examines the existing risks in the activities of the modern international tourism industry, risk factors of a general economic nature and directly related to the consumer of tourism products - the tourist. As a result of the analysis, risk factors were identified and as a result of their identification, a classification of risks related to the tourism sector was formed.

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### 1. Introduction.

- Taking into account the activities of the tourism business, it can be noted that this is one of the high-risk types of business activities in the provision of services, while increasing the number of dangerous situations related to the tourism industry.
- The risk factor increases, especially in the context of economic instability, which is associated with inflationary processes, rising credit rates, changes in market conditions and others. In this regard, risk plays an important role in tourism activities, which requires the development of specific

measures to manage it and reduce its negative consequences, which in turn is important for their identification and classification.

## 2. Literature review.

- Today, in scientific and economic research, risk issues in the activities of enterprises and organizations are becoming increasingly important. In this regard, Davidenko (2015) emphasizes that the relevance of addressing tourism risks is determined by the growing role of the tourism industry in the national economy of any country and its place in the world community.
- Fedorova (2017) emphasizes the following in her work, i.e., risk is always associated with its carrier, and it suffers from the risk of knowing that a risk has arisen. Risk carriers can be family, firm, home or area residents, plane or train passengers. In addition, the level of awareness of the presence and relevance of the risk may vary, a common factor being the generality of the problems associated with exiting the risk situation and the need to coordinate joint actions.
- In her research, Ovcharova (2009) argues that the term “risk” refers to the risk of loss that can occur in different areas of activity. In other words, the main condition for risk analysis in any economic system is to determine the amount or value of risk. Accordingly, the content of tourism risks covers various threats to tourism market entities and facilities. These threats can have a significant impact on the level of tourism activity, especially for infrastructure facilities, tourism enterprises and tourists themselves.
- In his research Stenyushkina (2019) points out that risks in tourism are a set of sources of risk, ie natural phenomena or processes, negative factors and conditions that can harm tourism entities as a result of human activities. In the general classification of risks in the field of tourism, it is proposed to divide them into three main groups: tourist risk (chronic diseases aggravated during travel, problems with customs and laws of the host country, etc.), risks in the social environment - crime, theft, terrorism, social conflict and wars, lack of social and legal protection for tourists); risk of enterprises in the field of tourism (socio-political, environmental, financial, credit, organizational, intra-company risks, etc.); risks of tourist centers (negative environmental, economic and socio-cultural consequences for the parties receiving tourists).
- Kiseleva et al (2017) point out that there are the following main risk groups in the tourism business:
  - Entrepreneurial risks - a group of risks observed as a result of the activities of various travel agencies, hotels, entertainment, catering, etc., providing tourist services;
  - consumer risk - the risk of consumers using services as tourists;
  - Political risks - are divided into groups of risks caused by the international situation, customs regimes, conflicts in the currency system.
- Medianik (2017) states in his study that the whole set of risks in the tourism industry should be divided into two groups, and these are:
  - ✓ tourist risks (risks affecting tourists in the planning and implementation of tours);
  - ✓ economic risks (risks affecting the activities of enterprises of the tourist complex)

In their scientific works, Zobova et al (2017) classify risk in the field of tourism according to the risk carrier:

- Risks specific to consumers of tourist services;

### ➤ Risks of tourism enterprises.

It is also possible to divide all the risks of tourists into two groups: the risks before the start of the trip and the risks that arise during the trip.

Tilecheva and Sandanova (2017) classify the risks that tourists may face depending on the occurrence, i.e., environmental, injury, psychophysiological stress, theft, deteriorating health and death, visa denial, flight cancellation characteristics.

Aspects of risk management in tourism have been considered in the research of Efremova (2013), Kolesnikova (2017), Fedorova (2013), Shmatko (2010), Kosolapov (2014), Ablyatipova (2019). The growth of tourism in the world is accompanied by an increase in the level of socio-political and economic risks affecting all participants in the tourism market. Today, global risks such as international terrorism, natural disasters, as well as the threat of global economic crises have a special place. Therefore, it is important to study the system of factors of tourism risks and their management mechanisms.

### 3. Research methodology.

The study examined the emergence of risk factors in tourism, the identification of risks as a result of these factors, the theoretical basis for the formation of their classification, comparative analysis of tourism risks as a result of analysis of national and foreign practices, many theoretical literature on the subject, a systematic approach has been widely used.

### 4. Analysis and discussion of results.

The need to classify risks is determined by the desire to reduce the occurrence of adverse events in the enterprise. Risk is a system of factors that manifests itself in the form of a set of threats that are individual to each participant. Risk is a multifaceted, complex system with the characteristics of many interrelated areas. Risks are an integral part of business, they differ in their characteristics, causes and other factors, but the negative consequences after the occurrence of risks unite them.

Almost all facilities, various types of activities, infrastructure, including people, are always at risk, including tourism activities. To clarify the risks inherent in the tourism industry, their classification is important. There are approaches in the scientific literature that differentiate the risks associated with the activities of tourists as consumers of tourism services, tourism enterprises and enterprises of the relevant service sector.

The classification of tourist risk factors is considered in terms of ensuring the safety of tourists in four areas:

- social environment outside the field of tourism;
- tourism sector and its infrastructure;
- personal risk factors of the tourist;
- Natural and environmental risks.

The classification of risks in the field of tourism is very broad, as can be seen in the data in Table 1. (Table 1)

**Table 1. Classification of risks in tourism**

Risks in tourism	1. Depending on the level of exposure	acceptable
		unacceptable
	2. Depending on the object	Tourist
		Tour organization
		Social groups, society
		State
		Natural environment
	3. Depending on the location of the object	External
		Internal
	4. Depending on the subject (source)	Natural
		Social
		Technogen
		Emergency
	5. Depending on the possibility of insurance	Insured
		Uninsured

Depending on the scale of risk, five levels of tourism security system can be divided: international, state, regional, industrial, personal.

According to the degree of impact is divided into acceptable (acceptable) and unacceptable (unacceptable) risks. It is almost impossible to ensure complete and perfect security in real conditions. Therefore, in the broadest sense, safety refers to the level of risk that is considered acceptable for the life and health of tourists, both under normal conditions and in emergencies (natural disasters, man-made disasters, etc.). The maximum level of unacceptable (unacceptable) risk is set by the administrative or regulatory authorities and all measures are taken to prevent it.

A more detailed analysis of the risks inherent in recreational tourism design requires classifying them according to objects, i.e., risk groups related to the tourist, tour organization, social groups, society, state, and natural environment.

Risks in the implementation of the trip affect the life, health, personal safety and property of the tourist (excursionist).

It is almost impossible to cite the total number of risks a tourist may face while traveling. In foreign practice, they are traditionally analyzed according to which field they belong to. In this case, it is expedient to highlight the following areas:

- Social environment (including economic security);
- natural, environmental, medical and biological risks;
- tourism and related infrastructure;
- personal risk factors of the tourist.

Local legislation considers risks in terms of the risks that tourists may face: injury risk, fire risk, biological and environmental risk, toxicological risk, radioactive risk, and so on. (Table 2)

**Table 2. Tourist (excursion) risks**

<b>Risk areas</b>	<b>Types of risks and dangers</b>	<b>Analysis of risk sources for tourists</b>
Social environment (including economic security)	Military-political	Terrorist acts, rallies, strikes, coups, military operations
	Criminogen	Street crime, high rate of law violations
	Economic	Difficulty of currency exchange, exchange rate differences for locals and tourists
	Social	Cultural antagonism, xenophobia, language barriers
	Legal	High level of corruption in government (tobacco, police); lack of operational access to emergency services
Natural, environmental, medical and biological risks	Hydrometeorological	Natural disasters (earthquakes, floods, landslides, storms, snowstorms, floods, etc.), adverse weather conditions, climate change
	Medical-biological	Prevalence of infectious diseases; poor quality water and food
	Radioactive	Radioactive contamination of tourist destination
	Toxicological and ecological	High levels of harmful chemicals in air, water, soil, food, buildings, vehicles
Tourism and related infrastructure	Organizational	Unqualified staff (guides, guides, guides, etc.); tourists are not informed about the trip or are given incorrect information; non-fulfillment of contractual obligations by tour organizations; organizational errors in organizing and conducting the tour
	Technical, including fire safety	Poor technical safety of tourism industry facilities; misuse or condition of tourist inventory and equipment; violation of safety standards by tourism organizations
Tourist's personal risk factors	Risk of injury	Lack of travel skills of tourists to move in certain types of complex routes; difficult terrain of the area; inconvenient ergonomic features of equipment and inverters that can be used by tourists
	Psychophysiological	Chronic illness of a tourist; emotional stresses; unpreparedness for certain types of travel
	Behavioral hazards	Failure to comply with established safety regulations; lack of necessary information about the characteristics of staying in tourist destinations; personal negligence and negligence
	Psychological	1. The inability of the tourist to achieve the goals and ideas of the trip

Tourist safety is directly related to government policy, measures taken by tourism organizations, as well as the tourist's own actions. At the same time, the role of subjective factors in a tourist's perception of risk and his or her personal perception is extremely important. One of the factors that can affect perception and understanding of safety is the level of awareness of the risks in tourist destinations and their characteristics. If the tourist has an understanding of the risks that may occur at the destination, he will be able to avoid the risks and resist them. Awareness of risk can also differ from the purpose of travel, i.e. sports, extreme and adventure types have a higher level of risk than traditional types. At the same time, the tourist perceives risk as a means of mobilizing the body's hidden resources, physiological and social resilience and getting a dose of "adrenaline".

Tourist travel is associated with two conflicting needs - the need for innovation and the need for security. It is important that the organizers of tourism activities come to an appropriate compromise that allows tourism products to properly meet the needs of consumers. Such a consensus is to provide consumers with alternative options and ample space to implement them while maintaining reliable, systematic, invisible (hidden) care for tourism services, but without going beyond the previously formed safe area.

In the formation and sale of a tourism product, tour operators must analyze the potential risks to tourists and take measures to reduce the acceptable level of potential risks. (Table 3)

**Table 3. Analysis of possible risks in the design of type "X"**

Types of risk / security	Examples	Measures
Military-political threats	Strikes in the region, in the city, opposition marches	1. Develop alternative routes to avoid clashes with protesters in the region or city;
Risk of cultural conflicts	Cultural antagonism of the local population, behavioral conservatism	1. Explain to tourists how to behave in accordance with local traditions. 2. In the event of a misunderstanding, contact those who are able to alleviate the situation. 3. Coordinate the developed route with the local administration and the public.
Risk of injury	Dangerous routes and routes	1. Inform tourists about the risks of injuries. 2. Use of special personal protective equipment for tourists and warning devices in case of threats. 3. Provide tourists with necessary safety instructions. 4. Ensuring control over the health status of tourists.

The risks of tourism organizations can be conditionally divided into the following groups:

1. Destination risk, which is primarily determined by global socio-economic characteristics: exchange rate fluctuations, changes in consumer prices, balance of payments, GDP level, and so on.
2. Consumption risk - it is determined by the following factors: the average duration and shape of the species; sales rate of species; seasonality of demand for the species; changes in consumer wishes and desires, and so on.
3. Production (business) risk is determined by external and internal factors.

The main production risks determined by external factors include:

- Economic (capital, creditworthiness and liquidity);
- business risks (competition, ownership structure, activities of partners and tourism service providers);
- technological (e-commerce, external databases, availability of advanced technologies);
- political (changes in legislation, actions of regulatory authorities).

Internal risks for tourism organizations are related to management, marketing, finance, psychological environment in the organization and others.

4. Employee risk is related to the behavior of these employees (disability, dismissal and incompetence), employee behavior (errors, leakage and dissemination of information, abuse of office and damage to business reputation).

The main risks of tour operators in the recreational design of tourism include:

1) Risk avoidance method. This method is considered effective for tour operators in cases of high risk or unacceptability. For example, an location that is dangerous to the life and health of tourists means refraining from making excursions to the areas.

2) Risk transfer (insurance) method. Some risks in tourism can be outsourced to insurance companies. There are the following types of insurance in tourism: insurance of tourists for their property and flight cancellation (cancellation of the tour), property insurance of tour organizations, insurance of economic risks of travel companies, insurance of civil liability of tour operators.

3) The method of creating a system of restrictions involves the establishment of clear boundaries for the current activities of tour operators. For example, the minimum limit level of service fees, tourist programs and offers, the maximum number of tours, and so on.

4) Dissipation methods consist of sharing the risk with counterparties, as well as its regional or territorial distribution. For example, through associations, alliances and mergers of various participants in the tourism market.

5) Risk management method - storage and use of risks by the turperator. For example, developing and offering excursions on a new route. This method encourages more active risk control, but there is uncertainty about possible losses.

Risks for social groups, society and the state are manifested in the following.

Public risk is characterized by threats associated with the destructive and erratic development of tourism, including the negative consequences of development. In addition, the rapid growth of tourism exchanges between countries could significantly increase the risks associated with the use of "tourist channels" for criminal activities.

Risks for social groups, society are expressed in the violation or loss of cultural values, the merging of traditions and changes in the lifestyle of the local population. For example:

- risk of losses due to uncontrolled and disorderly use of cultural property;
- the risk of changes in local identity and values that may occur due to the commercialization of local culture, standardization of all tourist attractions, adaptation to the needs of tourists;

- risk of cultural conflicts. Tourism causes people to move to different geographical locations and to establish social relations between people that are not found in other conditions, which can result in conflicts as a result of cultural, religious and ethnic views, values, lifestyles, language differences and socioeconomic differences.

### 1. Conclusions and suggestions.

As a result of the analysis, the following conclusions can be drawn. The diversity of risks in tourism makes it possible to adequately identify and classify them. The classification of risks, including the risks posed by various interactions, suggests that in modern conditions, it is not possible to address tourists, tourism enterprises and destinations by individual measures and actions.

Thus, the risk in tourism is the probability of losses and damages caused by the client of the travel agency or the agency itself due to external and internal reasons. Depending on the nature of the origin of risks in tourism can be economic, financial, social, political, environmental, legal and internal personal.

Classification of risks In order to achieve the set goals, it is necessary to understand the division (distribution) of risk into certain groups according to certain criteria. Classification of science-based risks allows to clearly define their place in the overall system, which in turn opens up a wide range of possibilities for their identification and, ultimately, the effective application of risk management methods.

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