



## Article

# The Significance of Small Hotel Businesses in Driving Sustainable Tourism Development: An Academic Inquiry

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**Abstract:** The study looks at how small hotels may support sustainable tourism by contributing to the economy, culture, and environment. Small hotels have a special role in supporting genuine, community-focused tourism that supports local economies and cultural preservation, even when larger hotel chains control the majority of the market. The impact of small hotels in Uzbekistan was assessed using a descriptive study that included quantitative data to show trends in the expansion of lodging options. According to research, small hotels greatly boost the travel and tourist industry by fostering eco-friendly practices, supporting local companies, and creating jobs. According to these findings, small hotels are essential to the growth of sustainable tourism, and incorporating them into legislative frameworks may improve both cultural preservation and economic resilience.

**Keywords:** hotel, accommodation facilities, entrepreneurship, market demand, external changes, requirements for hotels

## 1. Introduction

Small hotel enterprises play a crucial role in shaping the local tourism economies due to the dynamic nature of the hospitality sector. Often with a personal touch and unique experiences, these small businesses not only attract genuine tourists but also contribute significantly to the local community. Independent hotels, unlike most major chain chains, promote economic growth by generating jobs and supporting local suppliers. They are frequently infused with local traditions and cultures, adding to the enjoyment of the trip and appealing for tourists who desire a closer connection to their surroundings.

Additionally, to ensure the sustainability of economic practices and the resilience of communities worldwide as tourism recovers and changes after the pandemic, it is essential to recognize these critical roles played by small companies. Many small hotels tend to emphasize environmentally friendly practices, advocating for a tourism industry that is conducive to both the environment and the economy. Regular collaborations with local farmers, tour guides, and craftspeople has a positive impact on the economy of many areas. In this essay, small hotel companies are cited as crucial catalysts for creativity and civic engagement, as well as cultural preservation, with the potential to have a significant impact on the economy. Through case studies and success stories, we will uncover how these businesses not only enhance the tourism experience but also contribute to the growth of thriving, sustainable communities. By doing this, we hope to highlight the significant contribution of small hotels to the economy and encourage more local businesses to develop them.

**Citation:** Khusanovich, M. Z. The Significance of Small Hotel Businesses in Driving Sustainable Tourism Development: An Academic Inquiry. Central Asian Journal of Innovations on Tourism Management and Finance 2024, 5(5), 226–233.

Received: 10<sup>th</sup> Oct 2024  
Revised: 17<sup>th</sup> Oct 2024  
Accepted: 24<sup>th</sup> Oct 2024  
Published: 31<sup>st</sup> Oct 2024



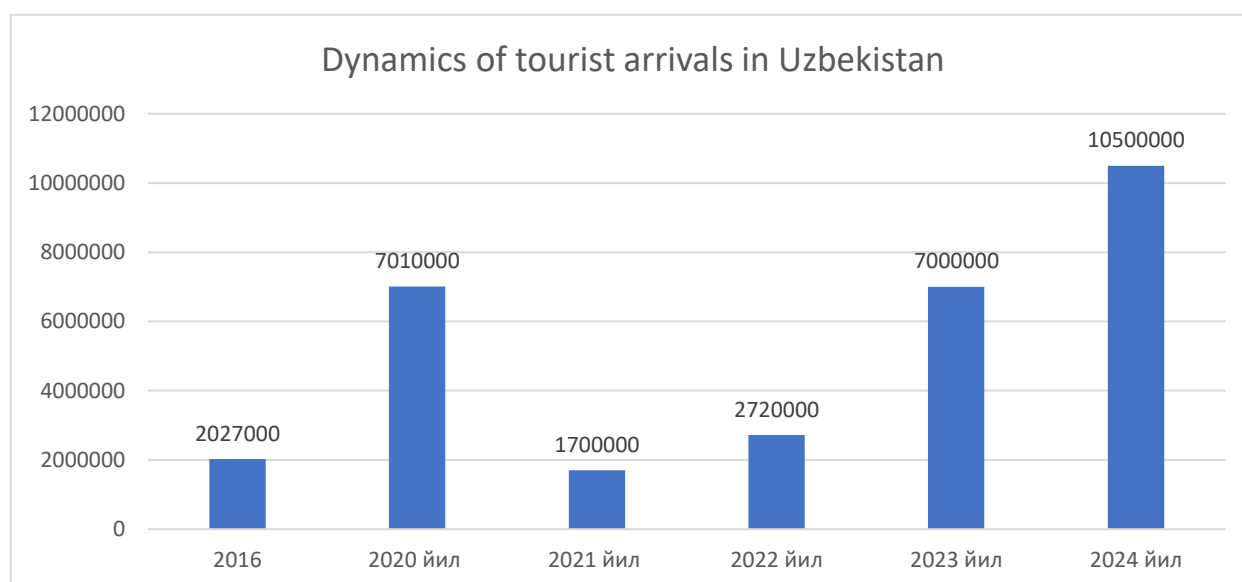
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## 2. Materials and Methods

The data of the article was analyzed using the descriptive analyses method. A statistical approach that simplifies the process of summarizing and interpreting data by descriptive analysis gives an indication of its essential features (Rui, S. 2017). It is a method of simplifying information by using general statistical terms like mean, median, mode and standard deviation. It also uses tables, charts and graphs to provide visual explanations of distributions, trends and patterns in the dataset. Through descriptive analysis, researchers and decision-makers can comprehend the main features of the data in a brief summary that allows for more detailed inferential analyses. It is a useful tool that can help businesses and healthcare providers identify relevant information while also providing strategic direction in various industries (Rui, S. 2017).

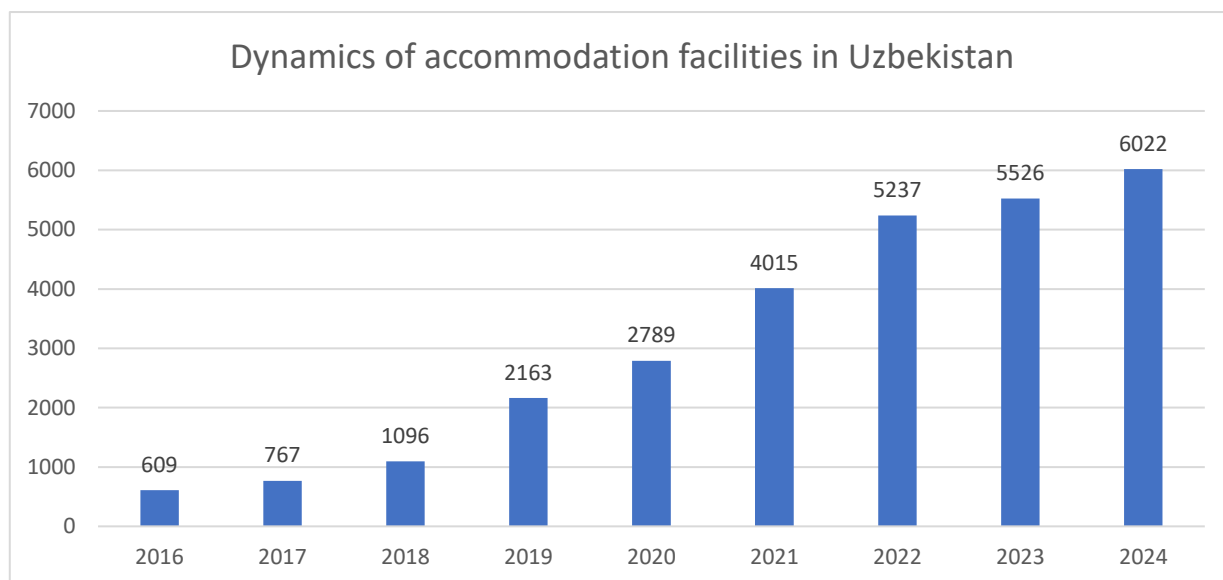
## 3. Results and Discussion

There are many sectors in the field of tourism, among which the hotel business is one of the largest. Hotel business is simply an institution that offers accommodation to guests in a word. But a hotel is a business that has many functions including providing accommodation, meals and other services to guests, travelers and tourists institution. Hotels can range from small family hotels to large international chain hotels. The hotel business has been developing rapidly in Uzbekistan in recent years. Especially as a result of the great attention paid to family guest houses (hostels) in remote areas, it is not a problem to find comfortable conditions for tourists coming from any part of the country. The hotel concept melds the essential components of hotel administration into a unified and appealing entity. Beginning with its distinctive narrative, it establishes the appearance of a hotel, the services available, its presentation and marketing strategies, as well as the interactions between staff and guests.



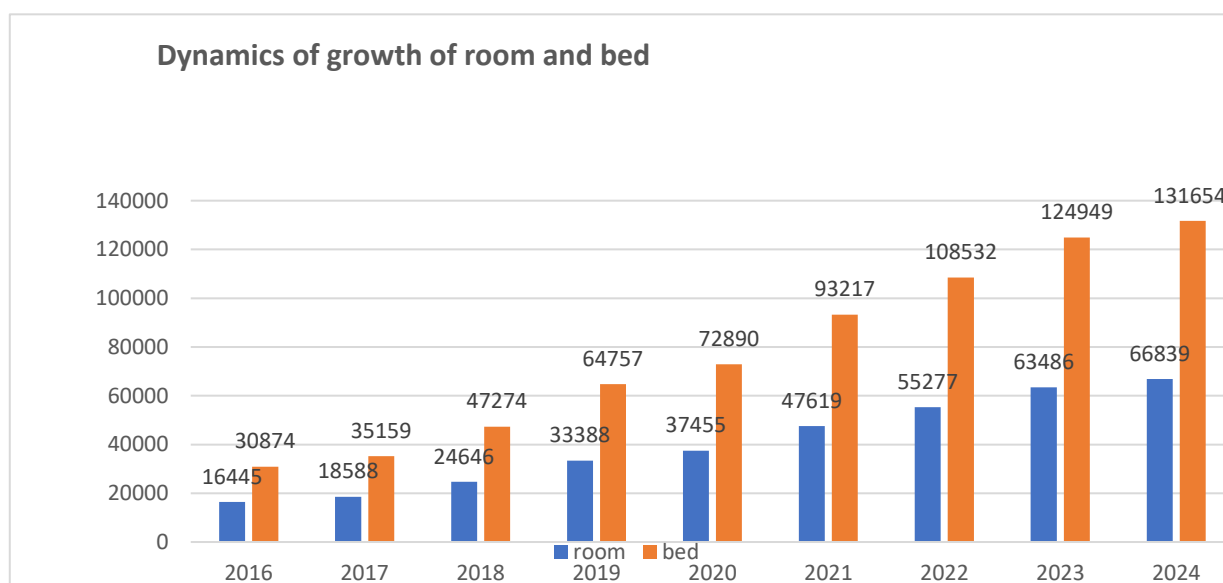
**Figure 1.** Dynamics of accommodation facilities growth in Uzbekistan

In recent years, starting from 2016, as a result of the adoption of a number of regulatory legal documents on the development of the tourism industry, entrepreneurship in the field has developed in Uzbekistan. In particular, 2 million foreign tourists visited Uzbekistan in 2016, 7 million in 2019, 7 million in 2023, and 1.5 million in 2024. This, in turn, led to an increase in the number of hotels.



**Figure 2.** Dynamics of accommodation facilities growth in Uzbekistan

In 2016, the total number of hotels and accommodation facilities in Uzbekistan was 609, and by 2024, their number reached 6022 (Figure 2). Also, the number of rooms increased from 16,445 in 2016 to 66,839 in 2024, and the number of beds increased from 30,874 to 131,654 in 2024 (Figure 3).



**Figure 3.** Dynamics of growth of room and bed

Ensuring the stability of the hotel industry depends on the potential of professional personnel, taking into account the introduction of new technologies into society and the improvement of the quality of hotel services, it is of urgent importance to improve the qualifications of regular specialists. Also, hospitality is a complex field of professional activity (Gurung, A., & Budathoki, G. 2020). In this case, it is of great importance that hotels and accommodation facilities adapt very quickly to external changes in business conditions. Providing quality service to every client in the face of tough competition has become a market requirement. Practice shows that the development of the hotel industry depends on meeting internationally recognized standards and market requirements (Tung, V. W., & Ritchie, B., 2019). The lodging sector is seen as a crucial sector that can play a significant

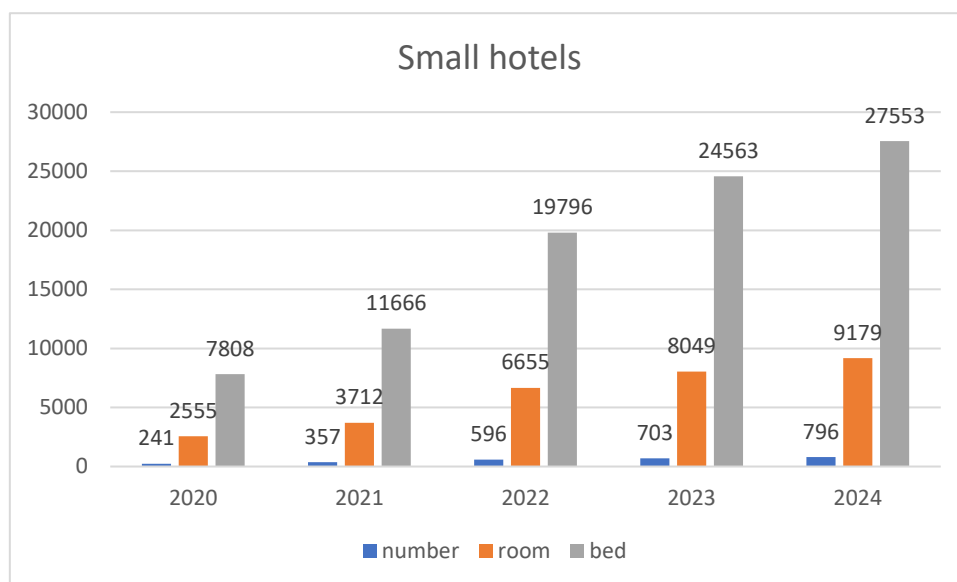
role in achieving sustainable development goals (social-economic-environment), by leading communities towards a green economy. Hotels are increasingly providing more environmentally friendly products and services due to growing awareness of the environment. Various green features are incorporated into hotels, such as involvement in environmental organizations or certification programs, implementation of recycling programs, and use of energy-efficient light bulbs in rooms. Under these conditions, this article aims to examine the importance of hotel sustainability for the global growth of the sector, while also highlighting the most crucial sustainability and decarbonization issues within accommodation businesses and the factors influencing international tourists to choose eco-friendly accommodations.

Another example could be the hotel industry of Japan getting recovered rapidly after the COVID-19 pandemic hit. Despite the difficulties faced during the COVID-19 pandemic, the hotel industry in Western Japan has bounced back to pre-pandemic levels, largely driven by an increase in inbound travelers taking advantage of the weak yen. Prefectures in this region make up around 40 percent of all hotel guests in Japan. With Osaka preparing to host the World Expo in 2025 and the launch of Japan's first major integrated resort in 2030, hotels in the Kansai area are exploring innovative strategies to draw in both domestic visitors and a broader international clientele (Shinsuke, K. 2024). Japan is making new strategy to deal with over tourism by attracting high number of tourists to rural areas of the country (Global Report, 2024). The Ministry of Land, Infrastructure, Transport, and Tourism (MLIT) and the Japan Tourism Agency (JTA) are taking a cautious approach to managing overtourism. A key focus is on enhancing infrastructure, especially transportation. The JTA aims to redirect visitors from popular sites like Tokyo and Kyoto to lesser-known destinations. They have identified 20 model tourism locations to pilot these efforts and have chosen 51 areas to attract tourists to hidden gems with unique beauty. This strategy particularly targets "repeaters" — those who have already visited major attractions like Tokyo or Mount Fuji — as essential for success (Global Report, 2024). In this regard creating new small hotels and guest houses are seen as a only and pragmatic solution to the problem (Shinsuke, K. 2024).

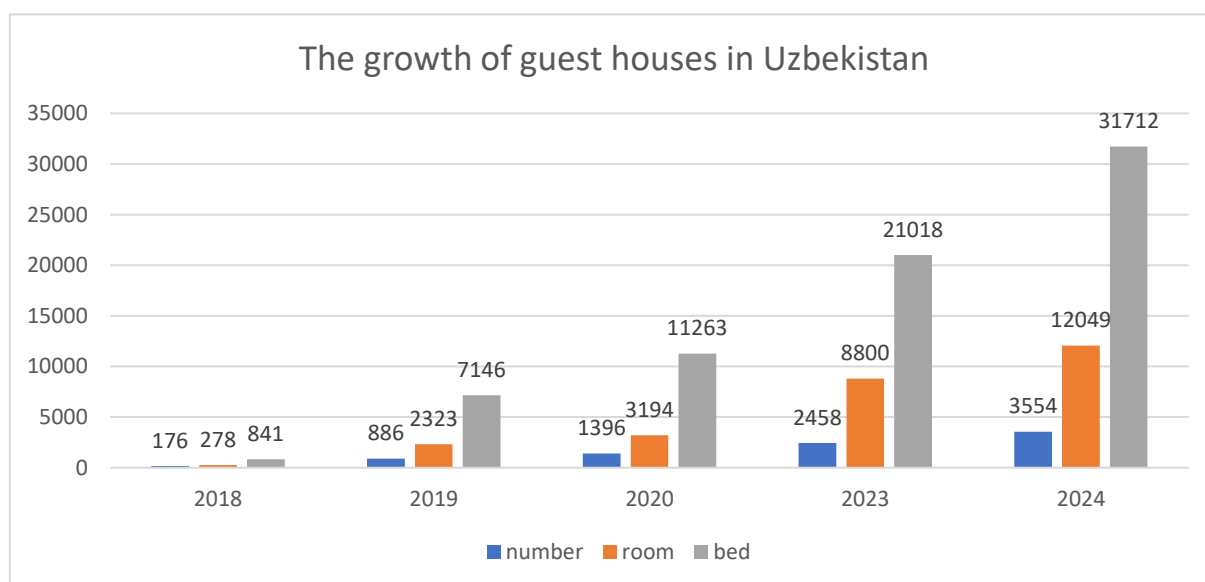
The ability of small hotels to thrive in the face of huge chains' domination in the hospitality sector is a tribute to the value of personalized service and close relationships with clients. In this piece, we closely examine the business strategies tiny hotels employ to prosper in a market dominated by big chains. By offering personalized service and embracing the unique features of the local culture, these businesses provide a high satisfactory service for travelers seeking individualized attention (Tung, V. W, & Ritchie, B. 2019). For those working in the hotel industry, the analysis offers insightful information on how a dedication to individualized treatment, creative design, and high levels of guest pleasure may result in long-term success and a devoted clientele.

It is obvious that we humans cannot image the future of hotel industry without technology. Clearly, there will be an increasing amount of technology options available in the future to cater to everything from property management systems to payment processing. The key is to use technology as efficiently as possible, given that it can result in increased revenue, RevPAR (Revenue per available room), more efficient teams, and better guest review scores. To help you comprehend the challenges and current developments in hotel management, the study has compiled several statistics. You can use these facts as guidance when making your own judgments on hotel technology. Computerized innovation has had colossal impacts on numerous aspects of the neighborliness industry. This change started in the 1960s when computer-based reservation frameworks replaced conventional manual registers. By the late 1970s, became a standard includes in lodging rooms. As we moved into the 1990s and past, the web emerged as an effective constrain. Online assets given data to empower travelers while inns utilized information examination to get it guest patterns way better.

Small hotels distinguish themselves by providing guests with tailored experiences that cater to their specific interests and needs. Unlike larger hotels, they are not constrained by rigid brand guidelines, giving them the freedom to customize amenities and services to meet the different needs of their visitors. In addition to making the entire stay better, this individualized approach frequently results in better customer review ratings, which boost the hotel's standing and allure even more. Small hotels benefit from their autonomy since it allows them to be creative and adopt ideas that appeal to guests seeking out one-of-a-kind experiences (Font, X., & Buckley, R., 2019). They establish a genuine and inviting feeling of place by fusing local culture and community into their services.



**Figure 4.** Small hotels in Uzbekistan



**Figure 5.** The growth of guest houses in Uzbekistan

As a result of government incentives for opening guest houses and targeted loans to support small businesses, the number of guest houses reached from 176 in 2018 to 3554 in 2024 (Figure 5).

Promotional campaigns highlighting these distinctive local experiences enhance the allure, drawing tourists who appreciate uniqueness and interpersonal relationships. Ulti-

mately, spending money on customized visitor experiences increases return on investment. As independent hotels capitalize on their advantages, their performance improves and they expand globally via reviews and word-of-mouth referrals (Ghimire, K., & Budathoki, G. 2018). Their success in the cutthroat hotel industry is largely due to this personal touch. Tourism development represents a complex phenomenon shaped by various stakeholders, among which small hotel businesses wield considerable influence.

**1. Small Hotel Businesses:** Small hotel enterprises, characterized by their modest scale and localized operations, play a pivotal role in advancing sustainable tourism growth through various mechanisms like economic empowerment, cultural preservation, and environmental sustainability.

**2. Economic Empowerment:** Small hotels and guest houses serve as driving power of economic empowerment, particularly in rural and remote areas, where tourism represents a main source of income and creating new the employment opportunities (Dolnicar, S., & Matus, K. 2020). For example, several researches conducted in rural areas of Nepal found out that local guesthouses, hostels and homestays significantly contributed to reduce the poverty and help for community development by providing alternative earning opportunities for marginalized populations (Ghimire et al., 2018). By reinvesting generated by tourism profits into refining local economies, engaging in capacity-building initiatives, and fostering entrepreneurship, small hotels and guesthouses stimulate economic diversification and resilience, thereby enhancing the socio-economic well-being of local communities (Gurung & Budathoki, 2020).

**3. Cultural Preservation:** In addition to their economic activities, small hotel businesses are also instrumental in preserving and promoting cultural heritage and identity. Large resorts and chain hotels tend to homogenize tourist experiences and commodify culture, while smaller hotel chains prioritize authenticity and local character as their core value proposition. According to a study conducted in Italy and Spain, heritage accommodations were found to be more closely linked to local heritage through family-run inns and historic hotels, where guests could experience local traditions alongside their well-prepared meals (Tung & Ritchie 2019, 2019). Through their emphasis on cultural authenticity, heritage interpretation and community engagement, small hotels help revitalize intangible cultural heritage, encourage cross-cultural dialogue, and enhance the experience for visitors (Weaver & Lawton, 2020).

**4. Environmental Sustainability:** Moreover, small hotel and guesthouse businesses are at the main contributors of environmental sustainability within the tourism sector, pioneering green practices and eco-friendly product use initiatives aimed at minimizing their negative effects to environment. Studies conducted in ecotourism destinations such as Costa Rica and Thailand has revealed the role of small eco-lodges and nature retreats in promoting environmental conservation and biodiversity protection (Honey & Stewart, 2019). Small hotels are a reflection of their sustainable tourism practices, as they follow eco-friendly building designs, use environmentally friendly technologies, and support local conservation initiatives (Schianetz et al., 2021). Small hotel businesses are a key driver in sustainable tourism development, using their local operations, cultural authenticity, and environmental consciousness to promote inclusive growth, preservation of cultural heritage, as well as promotion of environmental stewardship. The contributions of small hotels to the successful growth of tourism have been emphasized in this academic work through empirical research, case studies, and theoretical frameworks. In the future, it is crucial for policymakers, industry professionals, and researchers to understand the value of small hotel businesses and identify ways to utilize them in pursuit of sustainable tourism initiatives and holistic socio-economic progress (Font, X., & Buckley, R., 2019).



#### 4. Conclusion

Small hotels play a crucial role in tourism strategy. The research revealed that small hotels are less likely to experience significant losses when launching, the presence of unchanging guests, ease of governance, price regulation, rapid change, and easy decision-making when dealing with aggressive forces.

Moreover, the presence of small hotels ensures the continuity of travel, creates opportunities for low-income individuals to access tourism services, and provides convenience for various unexpected travel situations. They also serve as primary vacation spots during unplanned trips, such as for medical needs, education, and events like weddings. In this context, it has been analyzed how small hotels positively impact the region's economy, ensure employment for the local population, and create conditions for the development of other sectors in the area.

In order to further increase the role of small hotels in the economy, it is proposed to improve the systematic support by government. At the same time, the founders are recommended to develop short-term and long-term strategy of their enterprises, selection and training of hotel management staff, recruitment tactics of personnel with modern knowledge, and development programs.

Furthermore, smart hotels are poised to create a new generation of accommodations. These establishments are expected to grow rapidly in the future, fundamentally altering the specification of hotel services. The emergence of entirely new, unexpected service offerings powered by artificial intelligence will also transform society.

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