



DEVELOPING SMALL BUSINESS IN THE TOURISM SECTOR: THE CASES OF SAMARKAND, BUKHARA, KHIVA AND SHAKHRISABZ

Suyunov Dilmurod Kholmurodovich

*Higher School of Business and Entrepreneurship, Doctor of Economic Sciences,
Professor*

Xaitbaeva Gulnora Gonjayevna

*Master's Student, Higher School of Business and Entrepreneurship under the Cabinet
of Ministers of the Republic of Uzbekistan*


Abstract: *The article explores mechanisms for strengthening small business in the tourism sector through the cases of Samarkand, Bukhara, Khiva, and Shakhrisabz. It argues that the long-term competitiveness of historic destinations depends not only on monument preservation and visitor growth, but also on the density, quality, and adaptability of small enterprises embedded in local communities. The study identifies key growth areas such as accommodation, catering, handicrafts, excursion services, cultural events, transport, and digital intermediation. It develops an integrated policy framework combining infrastructure support, human capital development, place branding, platform integration, financial access, and heritage-sensitive business regulation.*

Keywords: *tourism economy, small business, cultural heritage, guest houses, destination management, Samarkand, Bukhara, Khiva, Shakhrisabz, local entrepreneurship*

Introduction

The rapid expansion of Uzbekistan's service economy and the growing visibility of its historic cities on the international tourism map have made tourism one of the most dynamic instruments of local development. Yet the real economic depth of tourism is not measured only by large infrastructure projects, airports, or flagship hotels. It is equally determined by the density of small enterprises that transform cultural heritage into accessible, diverse, and high-quality visitor experiences. Guest houses, family-run cafés, handicraft workshops, local guides, photography services, transfer providers, event organizers, food producers, and online booking intermediaries are the micro-level actors that convert tourist arrivals into territorial income.

Uzbekistan has strengthened the institutional basis of tourism in recent years. The Law "On Tourism," the Concept for Tourism Development for 2019–2025, and the modernization of certification and classification procedures have created more predictable conditions for business entities operating in the sector. Official statistics show the scale of recent expansion: in 2024, inbound tourist trips to Uzbekistan reached 7.96 million; the number of travel companies and organizations rose to 743; and hotels and similar accommodation facilities reached 2,383 units, hosting 2.86 million persons. Such figures indicate not only market growth, but also the increasing need for flexible and locally embedded small business solutions.



This article aims to analyze mechanisms for developing small business in the tourism sector through the cases of Samarkand, Bukhara, Khiva, and Shakhrisabz. The paper identifies territorial differences, common structural challenges, and practical directions for strengthening small enterprise ecosystems in heritage-based destinations.

Theoretical and methodological framework

Research on tourism and small business usually emphasizes four interrelated advantages of small enterprises in destination economies. First, they have relatively low entry barriers compared with large hospitality or transport investments. Second, they are able to mobilize local resources—skills, family labor, home-based spaces, neighborhood networks, culinary traditions, and craft knowledge. Third, they adapt faster to changing demand patterns, including niche segments such as gastronomic, educational, pilgrimage, eco-cultural, or experiential tourism. Fourth, they contribute to a more even distribution of tourism income within the local economy.

In historic cities, the role of small business is even more complex. It is not simply a supplier of basic services; it is a producer of atmosphere, authenticity, and narrative. A boutique guest house in a traditional neighborhood, a small workshop demonstrating craft processes, or a family kitchen serving region-specific dishes creates value precisely because it is embedded in place. This means that the effectiveness of tourism entrepreneurship should be assessed not only through turnover or occupancy rates, but also through service culture, narrative quality, digital visibility, territorial branding, and compatibility with heritage preservation.

The present study relies on a comparative case approach, institutional analysis, and a systems perspective. Samarkand, Bukhara, Khiva, and Shakhrisabz represent distinct but interconnected models of cultural tourism destinations. They differ in transport accessibility, infrastructure depth, tourist density, and international branding, yet all four rely heavily on heritage-centered visitor demand. For that reason, they provide a suitable basis for identifying both universal and city-specific mechanisms of small business development.

Destination potential and small business opportunities in four historic cities

Samarkand occupies a special place in Uzbekistan's tourism system due to its international recognition, transport connectivity, and multifunctional tourism profile. UNESCO describes Samarkand as a "crossroad of cultures," and this characterization remains economically relevant today. The city combines monument tourism with pilgrimage, educational visits, business events, gastronomy, and hybrid cultural consumption. According to official 2024 statistics, Samarkand region accounted for 144 travel companies and organizations and 361 hotels and similar accommodation facilities. Such a concentration creates demand far beyond conventional lodging. It supports specialized guiding, thematic walking tours, airport transfers, digital concierge services, branded food products, artisan-led workshops, small event production, and niche retail.

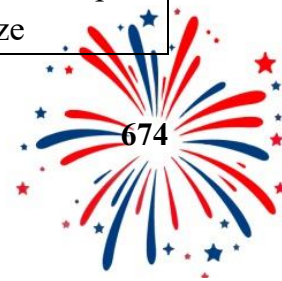
Bukhara presents a different model. Its strength lies in the integrity of the historic urban environment and the symbolic depth of the Silk Road cityscape. UNESCO identifies Bukhara as one of the best-preserved examples of a medieval city in Central Asia. In 2024, Bukhara region had 44 travel companies and 250 hotels and similar accommodation facilities. The city's tourism economy is especially favorable for small enterprises rooted in urban authenticity: guest houses adapted from traditional homes, craft ateliers, jewelry, embroidery, textiles, tea houses, culinary spaces, and evening cultural formats. In Bukhara, small business benefits when commercial activity is closely aligned with spatial atmosphere rather than scaled into standardized mass services.

Khiva represents an even more compact and visually coherent tourism model. UNESCO describes Itchan Kala as a well-preserved example of Central Asian Muslim architecture and urban form. In 2024, Khorezm region had 28 travel companies, 100 hotels and similar accommodation facilities, and 177.2 thousand accommodated persons. Khiva's status as the "Tourism Capital of the Islamic World in 2024" increased its symbolic and promotional visibility. This creates particularly strong opportunities for small high-value services: costume rental, curated photo experiences, boutique cafés, night performances, micro-museums, high-quality multilingual guiding, and premium handicraft retail.

Shakhrisabz is the least saturated but potentially one of the most strategically important cases. UNESCO recognizes its historic center as a site of exceptional monuments linked especially to the Timurid era. Compared with Samarkand or Bukhara, however, the city's tourist service infrastructure remains less dense, which means that the marginal effect of small business growth can be especially high. The declaration of Shakhrisabz as the tourism capital of 2024 by the Economic Cooperation Organization further strengthened its branding potential. The most promising business directions include family guest houses, local transport, mountain-foothill recreation, thematic food services, cultural route extensions, and community-based tourism products connecting the city to nearby rural landscapes.

Table 1. Territorial specialization of tourism-based small business in historic cities

Destination	Main tourism advantage	Priority area for small business	Risk/constraint
Samarkand	International visibility, large flows, strong connectivity	Guiding, gastronomy, transfers, thematic tours, digital services	Maintaining uniform service quality under rapid expansion
Bukhara	Authentic urban atmosphere and craft traditions	Boutique guest houses, workshops, souvenirs, local cuisine	Weak marketing and limited visual presentation
Khiva	Coherent historic environment and	Photo services, mini cafés, souvenirs,	Seasonality and relatively compact market size





	strong destination image	evening performances, premium guiding	
Shakhrisabz	Timurid heritage and high growth potential	Family guest houses, rural tourism, local transport, thematic food	Insufficient service infrastructure

Core mechanisms for developing small business in tourism

The evidence from the four cases suggests that small business growth in tourism depends on a system of mutually reinforcing mechanisms rather than on isolated interventions.

The first mechanism is regulatory simplification combined with differentiated standards. Small enterprises in tourism often operate in formats that do not fit industrial-style regulation. Guest houses, family-run cafés, home-based craft workshops, and local guiding services require clear but proportionate rules. When compliance procedures are excessively complex or costly, businesses either remain informal or avoid investment in quality improvements. A heritage city therefore needs not only control, but a “smart compliance” model tailored to micro and small operators.


The second mechanism is targeted financial access. Many tourism-related businesses do not require large loans; they need small but timely capital for room upgrades, sanitation equipment, digital booking tools, kitchen modernization, workshop display areas, or branded packaging. Therefore, the architecture of support should include microcredit, grant windows, equipment leasing, co-financing for digitalization, and seasonal working-capital instruments. The economic return of such support can be high because tourism demand is labor intensive and strongly linked to local spillovers.

The third mechanism is human capital and service culture. In tourism, quality is experienced directly and immediately. The difference between a memorable and a mediocre destination often lies in communication, storytelling, hospitality, multilingual capacity, responsiveness, cleanliness, and emotional intelligence. This makes vocational training central to destination competitiveness. Historic cities need short-cycle training modules for guides, administrators, cooks, small accommodation owners, online sales operators, and artisans who interact with visitors. Women and youth should be prioritized because tourism provides flexible entry points for family entrepreneurship and creative self-employment.

The fourth mechanism is clustering and coordinated packaging. Small firms are vulnerable when they enter the market alone, but they become far more resilient when they are linked into neighborhood or route-based systems. A guest house, a craft workshop, a food venue, a guide, and a transfer service can jointly create a product that no single actor could deliver independently. This is especially relevant in compact heritage destinations such as Bukhara and Khiva, where spatial proximity supports integrated visitor journeys.

The fifth mechanism is digital transformation. Contemporary tourists discover, compare, rate, and often purchase services online. For small businesses, digital absence increasingly





means market exclusion. Maps, review platforms, booking engines, QR menus, messaging applications, digital payments, and multilingual social media content are no longer optional add-ons; they are core market infrastructure. Training and support should therefore move beyond generic computer literacy and focus on destination-specific digital commercialization.

The sixth mechanism is territorial branding and content production. Tourism today functions through symbols and narratives as much as through infrastructure. A service gains value when it is linked to the historical meaning of the place. Samarkand can generate products around knowledge, astronomy, and civilizational exchange; Bukhara around craft depth and sacred urbanity; Khiva around immersive historic atmosphere; and Shakhrisabz around Timurid memory and landscape-linked cultural mobility. Small business development is stronger when it is embedded in these place-based meanings rather than detached from them.

Structural constraints and unresolved challenges

Despite substantial opportunities, several constraints continue to limit small business development in tourism destinations.

The first is infrastructural unevenness. Core tourist zones tend to attract concentrated investment, while secondary streets, peripheral neighborhoods, and connected rural sites remain under-served in terms of navigation, sanitation, evening services, public transport, and information systems. This reduces the spatial spread of tourist spending and creates congestion in core monuments while leaving surrounding communities underintegrated.

The second challenge is balancing standardization and authenticity. Tourists expect hygiene, safety, comfort, and digital convenience, but they also seek local character and emotional distinctiveness. Excessive formalization can erase the charm of local hospitality, whereas under-regulation can damage visitor trust and destination reputation. Effective policy must therefore combine minimum quality standards with space for cultural individuality.


Policy recommendations and applied directions

A practical development strategy for small business in tourism should be multilayered and destination-sensitive.

First, historic cities should introduce a dedicated “micro-tourism business package” that combines simplified regulation, standard guidance, digital registration, and model compliance solutions for guest houses, small cafés, craft ateliers, guiding services, and local mobility providers. This would reduce uncertainty and lower the transaction costs of formalization.

Second, regional grant and microfinance windows should focus on small but high-impact investments: digital visibility, sanitation upgrades, room adaptation, mobile payment systems, workshop-showroom formats, eco-friendly packaging, multilingual signage, and audio-guide content. For many local businesses, these modest improvements determine whether they remain informal survival units or become viable tourism firms.





Conclusion: The development of small business in tourism is not a secondary component of destination growth; it is one of its central foundations. The cases of Samarkand, Bukhara, Khiva, and Shakhrisabz demonstrate that heritage value becomes economically effective only when it is translated into a dense ecosystem of local services and entrepreneurial initiatives.

Each city offers a different development logic. Samarkand benefits from scale, connectivity, and multifunctionality; Bukhara from atmospheric authenticity and craft depth; Khiva from coherence, visual identity, and event-based symbolic capital; Shakhrisabz from underutilized potential and the possibility of carefully designed growth. Yet across all four cases, the same strategic elements remain essential: proportional regulation, accessible finance, service training, digital integration, cluster-based coordination, and heritage-compatible branding.

The next stage of tourism policy in Uzbekistan should therefore move beyond a narrow focus on arrivals and major infrastructure. It should concentrate more deliberately on nurturing local micro and small enterprise ecosystems that retain income in communities, enrich visitor experience, and strengthen the living urban fabric of historic cities. In that sense, support for small business in tourism is simultaneously an economic, cultural, and territorial development strategy.

References

1. Suyunov, D. X. *Corporate Governance Mechanism: Problems and Solutions*. Monograph. Tashkent: Academia, 2007.
2. Suyunov, D., and Elmurod Abdusattorovich Khoshimov. "Methodological Aspects of Assessing the Effectiveness of Corporate Governance in Joint-Stock Companies." *Scientific Electronic Journal: Economics and Innovation Technologies*, no. 2, 2018.
3. Suyunov, D. H. "The Main Problems of Corporate Governance and Ways to Solve Them." *EPRA International Journal of Economic Growth and Environmental Issues (EGEI)*.
4. Suyunov, D. H. "The Main Problems of Corporate Governance and Ways to Solve Them." *EPRA International Journal of Economic Growth and Environmental Issues (EGEI)*.
5. Davletyarov, M. A., D. Suyunov, and A. T. Kenjabaev. "Digitalization of the Economy: Concepts, Problems and Implementation Strategy." *Spectrum Journal of Innovation, Reforms and Development*, vol. 12, 2023, pp. 209–218.
6. Davletyarov, M. A., D. Suyunov, and A. T. Kenjabaev. "State Regulation of Digital Transformation of the Economy." *American Journal of Business Administration, Economics and Banking*, vol. 9, 2023, pp. 145–150.
7. D. X. Suyunov and N. K. Yormatova. "Digital Transformation of Personnel Management Processes in a Commercial Bank." *Journal of New Century Innovations*, vol. 43, no. 4, pp. 75–78.
8. D. X. Suyunov and A. T. Kenjabayev. *Electronic Commerce*. Textbook. 2023. 450 pages.