Radiance, an international journal of multidisciplinary research

ISSN: 2347-6052 Vol. 6 No. 11 (2026) Published November, 2026

UDC 338.48:005.21

STRATEGIC MANAGEMENT OF SMALL AND MEDIUM-SIZED TOURISM ENTERPRISES IN SAMARKAND: CHALLENGES AND DIRECTIONS FOR IMPROVEMENT

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Abstract. The article examines the state of strategic management in small and medium-sized tourism enterprises (SMTEs) in Samarkand under conditions of rapid growth in international tourist flows. According to preliminary data, Uzbekistan received 11.7 million foreign visitors in 2025, 46.8% more than in 2024, which creates both new opportunities and new management pressures for local hotels, guest houses, tour operators and restaurants. Based on a review of strategic management theory, an analysis of official statistics and state programme documents, and an analysis of the internal and external environment of the city’s tourism business, the study identifies the main barriers to strategic management in SMTEs: short-term, owner-centred decision making, pronounced seasonality, limited digital competence, a shortage of qualified managerial staff and weak inter-firm cooperation. Directions for improvement are proposed, including a simplified strategic planning cycle, a balanced scorecard, digital tools, staff development and a destination-level tourism cluster.

Keywords: strategic management, tourism enterprises, small and medium-sized business, competitive advantage, balanced scorecard, performance indicators, Samarkand, tourism cluster.

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Introduction

Tourism has become one of the priority sectors of Uzbekistan's economy. According to the National Statistics Committee, foreign citizens made 7,957.2 thousand tourist trips to the country in 2024 [1]. Preliminary data for 2025 show 11.7 million foreign visitors, an increase of 3.7 million people, or 46.8%, compared with 2024 [2]. UN Tourism (UNWTO) has ranked Uzbekistan among the world's fastest-growing destinations, and the average length of stay has reportedly risen from four or five nights to seven to nine nights per trip [3]. Samarkand, together with Bukhara and Khiva, remains one of the most visited destinations in the country [4].

The state treats tourism as a long-term growth driver. The Strategy "Uzbekistan – 2030", approved by Presidential Decree No. UP-158 of 11 September 2023, sets the goal of expanding the tourism sector and increasing the number of foreign visitors [5].

However, most of the market is served not by large hotel chains but by small and medium-sized tourism enterprises: family guest houses, mini-hotels, local tour operators, transport providers, restaurants and craft workshops. For these firms, rapid growth in demand does not automatically translate into sustainable competitiveness. Competition, dependence on online platforms and seasonality require a strategic approach.

International research shows that small tourism firms often operate without formal strategies, and that their owners combine managerial, operational and marketing functions [6; 7]. In Uzbekistan this problem has received limited attention in the management literature, especially at the level of a specific destination.

The aim of the article is to analyse the conditions and problems of strategic management in small and medium-sized tourism enterprises in Samarkand and to develop practical directions for its improvement. To achieve this aim, the following tasks were set:

1) to summarise the theoretical foundations of strategic management as applied to small tourism firms;

2) to assess the external environment of Samarkand's tourism business using official statistics and policy documents;

3) to identify the main barriers to strategic management in SMTEs;

4) to propose a set of management tools adapted to the size and resources of these enterprises.

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Literature review

P. Drucker emphasised that management is responsible for deciding what the business is and what it should be, which laid the basis for goal-oriented planning [8]. M. Porter showed that a firm achieves competitive advantage through cost leadership, differentiation or focus, and that a firm "stuck in the middle" without a clear position earns below-average returns [9]. For small tourism firms, the focus strategy is especially relevant.

The resource-based view, formulated by J. Barney, explains competitive advantage through resources that are valuable, rare, difficult to imitate and non-substitutable [10]. D. Teece, G. Pisano and A. Shuen added the concept of dynamic capabilities: the ability of a firm to integrate, build and reconfigure its competences in rapidly changing environments [11].

H. Mintzberg and co-authors distinguished ten schools of strategy and stressed that real strategies are often emergent rather than fully planned [12]. In small firms, the strategy often exists only in the owner's head, and the task of management is to make it explicit and measurable.

In tourism research, J. R. B. Ritchie and G. I. Crouch showed that the competitiveness of a destination depends not only on its core attractions but also on destination management, supporting infrastructure and the quality of the business environment [13]. N. Evans adapted the classical strategic management process (analysis, choice, implementation) to tourism, hospitality and events, highlighting the importance of seasonality, perishability of services and the role of intermediaries [14].

Studies of small firms in tourism point to their specific features. R. Thomas, G. Shaw and S. Page note that small tourism businesses are numerous and highly diverse, often driven by lifestyle and family motives, and are under-researched compared with large companies [6]. D. Getz and J. Carlsen found that family businesses in tourism tend to prioritise family goals and independence over growth, which limits investment in formal planning [7]. D. Buhalis and R. Law demonstrated that information technologies have transformed tourism distribution and that firms unable to use online channels lose access to customers [15]. P. Kotler and co-authors underline the role of customer-oriented marketing and service quality as sources of differentiation in hospitality [16].

Thus, the literature provides a solid theoretical basis, but most studies focus on developed markets. The application of strategic management tools to small tourism firms in a rapidly growing emerging destination such as Samarkand requires separate analysis.

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Methodology

The study is based on a qualitative research design combining several methods. First, a review of the scientific literature on strategic management, the resource-based view, destination competitiveness and small tourism firms was carried out. Second, official statistical data of the National Statistics Committee of the Republic of Uzbekistan and reports on foreign tourist arrivals for 2024–2025 were analysed using comparative and dynamic analysis. Third, programme documents, primarily the Strategy "Uzbekistan – 2030", were examined to determine the institutional conditions for tourism business development.

On this basis, the internal and external environment of small and medium-sized tourism enterprises in Samarkand was analysed. Internal factors were derived from the typical resources and management practices of SMTEs described in the literature and observed in the local market; external factors were derived from statistical trends and state policy. Finally, the methods of synthesis and logical generalisation were used to formulate recommendations structured according to the stages of the strategic management process: analysis, strategy formulation, implementation and control [14].

Results and discussion

External environment. The analysis of statistical data confirms a sharp expansion of the market in which Samarkand's tourism enterprises operate (Figure 1).

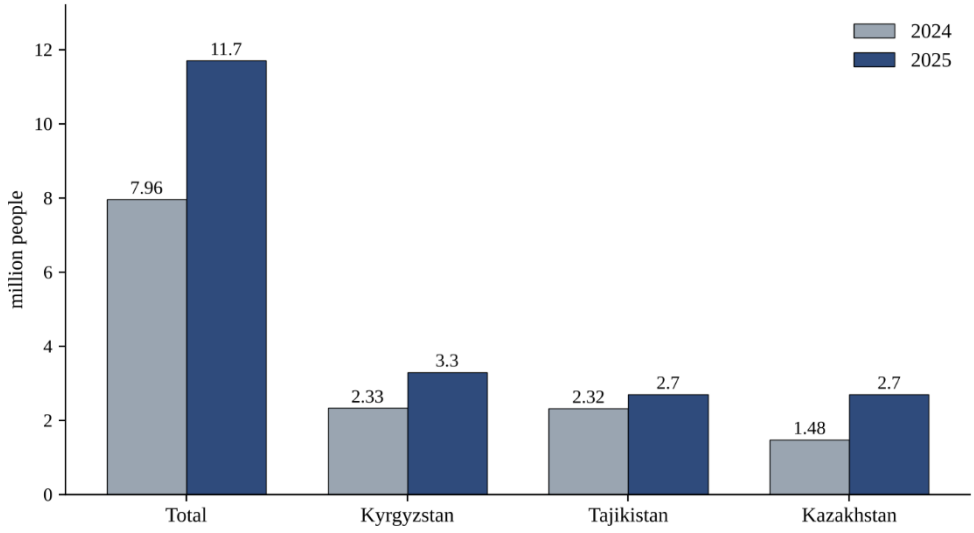


Figure 1 – Foreign tourist arrivals to Uzbekistan by main source countries, 2024–2025, million people

Source: compiled by the author based on [1; 2; 4]

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In 2025, arrivals from Kyrgyzstan grew by 41.6%, from Tajikistan by 16.4% and from Kazakhstan by 82.4%. Two features of this growth matter for strategic management. First, the structure of demand is dominated by visitors from neighbouring countries, many of whom travel to visit relatives, for shopping, business or short trips. At the same time, arrivals from long-haul markets are growing quickly: the number of visitors from China increased 3.8-fold in 2025 [4]. These segments differ in spending, length of stay, language and booking behaviour. A single undifferentiated product cannot serve all of them effectively, so SMTEs need a clear choice of target segments, which corresponds to Porter's focus strategy [9].

Second, the state explicitly prioritises higher-value tourism and longer stays [3; 5]. This creates an opportunity for firms that can offer additional services: multi-day itineraries, gastronomic and craft experiences, trips to the surrounding mountain and rural areas. At the same time, the growing number of new hotels and guest houses intensifies price competition, especially in the low season.

Internal barriers. The analysis shows that the main barriers are internal rather than external. The market offers favourable opportunities, but SMTEs often lack the managerial tools to use them. Five key problems can be identified.

1) **Intuitive decision making:** the owner decides on the basis of current bookings, without measurable goals; the strategy is purely emergent [12].

2) **Seasonality:** low occupancy in winter and hot summer months leads to liquidity problems and price dumping.

3) **Limited digital competence:** reliance on one booking platform increases dependence on intermediaries and reduces margins [15].

4) **Human resource constraints:** a shortage of trained managers and foreign-language staff; family members often hold key positions [7].

5) **Weak cooperation:** firms compete on price and rarely create joint packages, so the destination's potential is not fully used [13].

Directions for improvement. Based on the identified problems, a set of management tools adapted to the size and resources of SMTEs is proposed (Table 1).

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Table 1 – Strategic management tools for small and medium-sized tourism enterprises in Samarkand

Stage	Problem addressed	Proposed tool	Expected result
Analysis	Intuitive decisions	Annual SWOT and competitor review; analysis of guest feedback	Clear position and target segments
Strategy formulation	Undifferentiated product	Focus on 1–2 priority segments; written mission and 3-year goals	Distinct value proposition and pricing logic
Implementation	Seasonality, digital weakness	Off-season products; own website and direct booking; dynamic pricing; CRM	Higher occupancy, lower commission costs
Implementation	Staff shortage	In-house training; internships with universities; service standards	Better service quality, lower turnover
Control	No performance measurement	Simplified balanced scorecard (financial, customer, process, learning)	Regular monitoring and timely correction
Cooperation	Fragmented market	Destination cluster: joint packages, shared promotion	Longer stays, higher spending per visitor

Source: developed by the author

The key element of this approach is a simplified annual planning cycle: a short analysis of the environment, the choice of priority segments and three to five measurable goals, monitored monthly through indicators such as low-season occupancy, the share of direct bookings, average guest rating and revenue per available room. It requires no large investments and keeps the flexibility of small firms.

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Following the resource-based view, SMTEs should build their strategy on unique local resources rather than price [10]: courtyard houses, home cooking, crafts and lesser-known heritage sites, packaged into experiences such as cooking classes or walking tours. In a market growing by more than 40% a year, dynamic capabilities are critical [11], and cooperation with universities helps develop them through research projects and internships. Finally, a destination cluster uniting businesses, universities and the regional tourism administration can create joint multi-day products and coordinate promotion, since the competitiveness of a small firm depends on that of the destination [13].

Conclusion

The study shows that the rapid growth of international tourism in Uzbekistan has created a favourable external environment for small and medium-sized tourism enterprises in Samarkand. However, their ability to turn market growth into sustainable competitive advantage is limited mainly by internal management factors.

To address these problems, the following recommendations are proposed:

1) introduce a simplified annual strategic planning cycle including SWOT analysis, choice of priority segments and three to five measurable goals;

2) apply a focus strategy based on unique local resources (authentic accommodation, gastronomy, crafts, lesser-known heritage sites) instead of price competition;

3) use a simplified balanced scorecard to monitor financial, customer, process and learning indicators on a monthly basis;

4) develop digital distribution channels, direct booking and dynamic pricing to reduce dependence on intermediaries and smooth seasonal fluctuations;

5) invest in staff training and develop partnerships with universities for internships, applied research and recruitment;

6) form a destination-level tourism cluster in Samarkand to create joint multi-day products and coordinate promotion in target markets.

These measures will help SMTEs move from reactive to strategic management and contribute to the goals of the Strategy “Uzbekistan – 2030”.

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