



THE ROLE OF PUBLIC ADMINISTRATION IN THE DEVELOPMENT OF THE HOTEL INDUSTRY

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ABSTRACT

This scientific article analyzes the role of public administration in the development of the hotel industry, its main directions, mechanisms, and effectiveness. As a key component of tourism infrastructure, the hotel industry has a multiplicative impact on many sectors of the economy. The study uses comparative analysis, systematic approach, and document analysis methods. Institutional reforms, tax and customs benefits, subsidies and grants, infrastructure development programs, as well as target indicators set in the “Uzbekistan – 2030” strategy are analyzed using the example of Uzbekistan. The research shows that the main functions of public administration are creating a favorable investment climate, shaping the regulatory framework, implementing international standards, and monitoring service quality. The importance of a systematic approach to state support of the hotel industry, as well as the need to study advanced foreign experiences and adapt them to national conditions, is also substantiated. Practical recommendations for promising areas of industry development are developed in the article.

Keywords: Hotel industry, public administration, tourism policy, investment climate, regulatory framework, international standards, subsidies, Uzbekistan.



Introduction

The hotel industry is a fundamental component of tourism infrastructure. Its level of development is one of the key factors determining a country's tourist attractiveness. According to the World Tourism Organization (UNWTO), the tourism sector accounts for approximately 10% of global GDP, and 1 out of every 10 jobs is attributable to tourism. The hotel industry has a multiplier effect not only on tourism but also on transport, trade, construction, agriculture, and service sectors. Therefore, state support and coordination of the sector are important tools for economic development.

In recent years, the Republic of Uzbekistan has been paying special attention to the development of the hotel industry and the tourism sector. The adoption of the Law "On Tourism" in 2019, the establishment of the Tourism Committee in 2025, and the designation of the tourism sector as a priority area in the "Uzbekistan – 2030" strategy have significantly increased the role of state governance in the sector. In 2025, 11.6 million foreign tourists visited Uzbekistan, and the tasks have been set to increase this figure to 20 million by 2030, raise tourism's share in GDP from the current 3.5% to 7%, and increase tourism service exports to over 6 billion US dollars. The role of state governance is crucial in achieving these goals.

The purpose of this research is to analyze the role, main directions, mechanisms, and effectiveness of state governance in developing the hotel industry, and to identify promising directions for the sector's development.

LITERATURE REVIEW ON THE TOPIC

Issues of state governance and support of the hotel industry have been extensively studied in foreign and domestic literature. Research prepared by the World Bank, the International Monetary Fund, and the UNWTO has analyzed the state's role in tourism policy, institutional reforms, and mechanisms for improving the investment climate. In the scientific works of Uzbek scholars, the current state of the country's hotel industry, development trends, and state support measures have been studied.

Foreign literature has analyzed various models of state governance – centralized governance (Turkey, Egypt), market-mechanism-based governance (USA, UK), and hybrid models (Singapore, UAE). In particular, the experience of the UAE



and Singapore demonstrates the effectiveness of public-private partnership mechanisms and infrastructure development programs in tourism. Turkey has successful experience in designating tourism zones, building infrastructure, and attracting private investments.

Domestic research has analyzed the institutional reforms implemented in Uzbekistan in recent years – the establishment of the Tourism Committee, the activities of regional tourism departments, the system of tax and customs incentives, and subsidy allocation mechanisms. However, the existing literature does not sufficiently cover a systemic model of state governance in hotel industry development and its performance indicators. This article aims to fill that gap.

RESEARCH METHODOLOGY

The research employed comparative analysis, a systematic approach, and document study methods. Through the comparative analysis method, models of state governance of the hotel industry in Uzbekistan and foreign countries were compared with each other. The systematic approach method allowed analysis of the institutional, financial, legal, and social factors affecting the development of the hotel industry in their interrelation. Using the document study method, the Law of the Republic of Uzbekistan "On Tourism", the "Uzbekistan – 2030" strategy, presidential decrees and resolutions, regulatory legal documents of the Cabinet of Ministers, as well as reports from international organizations (UNWTO, WTTC) were analyzed.

ANALYSIS AND RESULTS

Institutional reforms and the state governance system. Systematic reforms are being implemented in Uzbekistan to improve state governance in the hotel industry and tourism sector. Based on the Decree of November 18, 2025 "On measures to create a governance system capable of promptly responding to the demands of the population in the fields of ecology and tourism" (PF-217), a Presidential Resolution (PQ-348) was adopted on November 19, 2025, on organizing the activities of the Tourism Committee and measures for the rapid development of the tourism sector. The Tourism Committee was designated as the republican executive authority implementing state policy for the regulation and development of the tourism sector.



By Resolution No. PQ-238 of July 27, 2023, measures for the effective organization of state governance in the field of culture and tourism were approved. According to this, tourism departments of the Republic of Karakalpakstan, regions, and the city of Tashkent were established. These institutional changes are aimed at forming a vertical system of sector management, clearly defining powers, and increasing the effectiveness of tourism policy implementation at the local level. On February 13-14, 2026, the VII Hotel Business Forum 2026 was held in Tashkent with the participation of the Tourism Committee leadership, where priority directions for sector development were discussed.

Regulatory legal framework and licensing system. The main tool for state regulation of hotel industry activities is the regulatory legal framework. With the adoption of the Law "On Tourism" in 2019, rules for hotel service provision, booking, visitor registration, and other requirements were established. Licensing, certification, and permitting procedures for opening and operating hotels were simplified.

By Resolution No. 550 of September 7, 2024, a number of regulatory legal documents in the field of state support for hotel industry activities were approved. Based on this resolution, procedures were established for allocating subsidies to investors for the construction and equipping of new hotels, as well as for partial financing of organizations under franchise agreements.

Tax and customs incentives. One of the important directions of state support for the hotel industry is the system of tax and customs incentives. Until January 1, 2030, customs incentives are provided to entrepreneurs who have started building a hotel under a brand included in the top 50 of "Brand Finance" rating. Additionally, special tax regimes and incentives have been introduced to support business entities in the hotel and tourism services sector.

Subsidies and grants. To stimulate hotel construction, subsidies are allocated to investors from the state budget. Appendix 1 to Resolution No. 550 of September 7, 2024, approved the procedure for allocating subsidies to investors for the construction and equipping of new hotels, as well as partial financing of organizations under franchise agreements. Specific subsidy amounts have been set for each category of hotel. Such subsidies are being applied in practice in Khorezm and Surkhandarya regions.



From March 1, 2026, to support tourism startups, subsidies will be allocated annually for up to 10 best projects, covering 50% of their costs, not exceeding 1 billion soums. Additionally, 50% of costs related to obtaining internationally recognized "green" certificates for hotels will be reimbursed by the state.

International standards and quality control. One of the important functions of state governance is to raise the quality of hotel services to the level of international standards and monitor their compliance. In 2025, the Tourism Committee improved the certification system for hotel services. Certification requirements were harmonized with international standards (ISO 9001, ISO 14001, etc.). An International Qualifications and Assessment Center is being established to improve the qualifications of hotel staff and adapt them to international standards.

Infrastructure development programs. Another important direction of state development of the hotel industry is improving transport, utility, and social infrastructure. The "Uzbekistan – 2030" strategy sets the task of improving transport connections between Uzbekistan's tourist cities, increasing the number of domestic flights, and reducing travel time by at least three times.

Projects for 2026–2028. During 2026–2028, projects will be implemented to create the 6.6 km long "Samarkand Heritage Route" tourist path connecting the most important historical sites in Samarkand, and to transform the Ichan-Kala complex in Khiva into a unique immersive and "smart" museum-city. Additionally, plans include attracting world-famous clothing brands to shopping and entertainment complexes and creating modern outlet centers based on national architectural style.

CONCLUSION AND RECOMMENDATIONS

The role of state governance in developing the hotel industry is very large and multifaceted. The research results show that in recent years Uzbekistan has been implementing systematic and consistent reforms to fundamentally improve state governance in this sector. The adoption of the Law "On Tourism" in 2019, measures for the effective organization of state governance in culture and tourism in 2023, the establishment of the Tourism Committee in 2025 and granting it the status of a central executive authority implementing state policy for regulating and developing the sector are important institutional achievements.



State support mechanisms for the hotel industry are being implemented in several main directions: a system of tax and customs incentives, allocation of subsidies and grants, improvement of the regulatory legal framework and simplification of regulation procedures, infrastructure development programs, a system for raising service quality to international standards and monitoring, as well as international cooperation and attracting investments. An important step is the introduction, by Resolution No. 550 of September 7, 2024, of mechanisms for allocating subsidies to investors for the construction and equipping of new hotels, partial financing under franchise agreements, and reimbursement of 50% of costs related to obtaining "green" certificates. The main goals for developing the tourism sector until 2030 have been set: increasing tourism's share in GDP from 3.5% to 7%, increasing the number of foreign tourists from 10 million to 20 million, and increasing tourism service exports to over 6 billion dollars.

However, there are a number of problems in the current system that need to be addressed. These include imbalances between regional tourism departments and the center, limited capacities of local budgets, low qualifications and foreign language proficiency of local hotel staff, low levels of international certification, the slowness of the process of introducing "green" certificates and sustainable tourism standards, as well as the amount of work still to be done in infrastructure and digitalization. Furthermore, some state support measures for the hotel industry have not yet been fully implemented or their effectiveness has not been evaluated.

To address the above conclusions and existing problems, the following recommendations have been developed. First, it is necessary to further improve the vertical system of state governance, clearly define powers between central and regional tourism departments, introduce an effective performance evaluation system for regional departments, and expand the capacity of local budgets to support the sector. Second, it is advisable to improve the system for upgrading hotel staff qualifications and teaching foreign languages, encourage hotel certification according to international standards (ISO 9001, ISO 14001, Green Key), and introduce tax incentives or subsidies for this purpose. Third, it is necessary to accelerate digitalization processes in the hotel industry, support the integration of all hotels with international booking systems (Booking.com, Expedia), and develop state programs for introducing artificial



intelligence and big data technologies in hotel management. Fourth, it is advisable to stimulate the introduction of "green" certification and sustainable tourism standards, create additional incentives for hotels using energy-saving technologies, and conduct marketing campaigns to promote "green" hotels. Fifth, it is necessary to establish a regular dialogue platform between the Tourism Committee, the Uzbekistan Hotel Association, and the private sector, and create a mechanism for promptly discussing problems and finding solutions together. In general, the role of state governance in developing the hotel industry is not only to support and regulate, but also to determine strategic directions for sector development, expand international cooperation, and create a favorable investment climate. To achieve the target indicators set in the "Uzbekistan – 2030" strategy, a systematic and comprehensive approach, increasing institutional capacity, and widespread introduction of advanced foreign experiences are necessary.

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