THE POWER OF FAMILY-OWNED ENTERPRISES IN SHAPING TOURISM IN UZBEKISTAN

Vafokulova Mekhruza Sukhrobjon qizi
"Ipak Yo'li" Xalqaro Turizm va Madaniy Meros Universiteti
Westminster Xalqaro Universiteti Toshkent
https://doi.org/10.5281/zenodo.15267074

Introduction

Family Business is considered the world's oldest business institution and a special form of organization of activity, with its own history and many examples of success, among which the most famous are large family corporations and holdings. The development of the theory of family entrepreneurship was initially focused on these examples. At the same time, it is important to study the features and trends in the development of this form of organization in small and medium-sized business. This phenomenon is currently in the initial stages of research; many definitions are not established and are debatable. For a business to be successful, it must be family-owned."[1] However, family business is defined differently in different sources and by different scholars. According to Demassis et al. a business in which multiple members of the same family have influence on the firm's strategic actions and directions[2]. In another definition a family business is defined as any business in which a majority of the ownership or control lies within a family, and in which two or more family members influence the direction of the business, through ownership, management, or both[3]. More recent definition about family business is very similar to others which says that family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families involved[4]. In nearly all definitions the role of family members is emphasized much. For example, Seaman et al. (2017) consider the interactions between family, business and friendship networks. Other authors also advance relevant knowledge on this topic.[5]

It can be observed from the above given definition that family-owned enterprises play a crucial role for the economy of countries. For that reason the government of Uzbekistan paying a lot of attention to support family-owned businesses in all sectors, especially in tourism sphere.

In Uzbekistan, tourism is a very profitable sphere of the economy. As Uzbekistan is a developing country, setting specific and exact management functions in tourism is a key factor in its success as a developing country.

In the tourism sector, family businesses operate in various forms, including:

[1] Лозунг Московской международной туристической выставки 2018 г. MITT (MITT входит в пятерку крупнейших туристических выставок мира и всегда высоко оценивается международным сообществом). URL: https://www.mitt.ru/ru-RU/press/news/4996.aspx.
[2] De Massis, A., Frattini, F., & Lichtenthaler, U. (2013). Research on Technological Innovation in Family Firms: Present Debates and Future Directions. Family Business Review, 26(1), 10–31
[3] Ward, J. L. (1987). Keeping the Family Business Healthy: How to Plan for Continuing Growth, Profitability, and Family Leadership. San Francisco, CA: Jossey-Bass.
[4] Kenyon-Rouvinez, D., & Ward, J. L. (2010). Family Business as an Emerging Field: Past, Present, and Future. Family Business Review, 23(3), 193–215.
[5] Valeri, 2016; Baggio and Valeri, 2020; Valeri and Baggio, 2020a; 2020b; 2020c; 2021

- **Accommodation** – Small hotels, guesthouses, and traditional homestays which is the common type of family-owned tourism enterprise in Uzbekistan.
- **Gastronomy** – Family-run teahouses and restaurants serving traditional Uzbek cuisine.
- **Handicrafts and Cultural Tourism** – Workshops producing ceramics, carpets, and embroidery and other in total 37 types of handicrafts.
- **Transport and Tour Guiding** – Local families providing authentic tourism experiences.

These enterprises offer a personalized and culturally immersive experience, differentiating them from large-scale corporate tourism providers.

Despite their contributions, family-run businesses in Uzbekistan face several challenges that hinder their long-term sustainability and growth. One of the primary challenges is succession planning, as many family businesses struggle with leadership transitions. The lack of a structured approach to passing control from one generation to the next often leads to instability and inefficiency, threatening the continuity of the business. Another major issue is access to finance. Many small family enterprises do not have sufficient financial resources and face difficulties in securing loans or investment capital. Limited access to formal financing restricts their ability to expand operations, modernize facilities, and compete with larger businesses in the tourism sector.

Regulatory barriers also pose significant challenges. Complex bureaucratic procedures, licensing requirements, and legal restrictions make it difficult for family-owned tourism businesses to operate efficiently. Navigating these administrative hurdles can be time-consuming and costly, discouraging entrepreneurial initiatives. Furthermore, market competition presents a growing concern. The increasing presence of international hotel chains and large corporate tourism operators creates competitive pressures for small, family-run businesses. These global players often have access to superior financial resources, marketing capabilities, and operational efficiencies, making it difficult for family enterprises to attract and retain customers.

Addressing these challenges requires a comprehensive approach, including government support, financial assistance programs, and capacity-building initiatives to help family-owned businesses thrive in Uzbekistan's tourism industry.

Conclusion

Family businesses represent a cornerstone of Uzbekistan's tourism sector, contributing to cultural preservation, employment, and economic growth. However, challenges such as succession planning, financing constraints, and regulatory barriers must be addressed to unlock their full potential.

By implementing supportive policies, fostering innovation, and promoting sustainable business practices, Uzbekistan can enhance the role of family enterprises in tourism and position itself as a leading destination for authentic cultural experiences.

References

1. De Massis, A., Frattini, F., & Lichtenthaler, U. (2013). Research on technological innovation in family firms: Present debates and future directions. *Family Business Review, 26(1),* 10–31. https://doi.org/10.1177/0894486512466258

2. Kenyon-Rouvinez, D., & Ward, J. L. (2010). Family business as an emerging field: Past, present, and future. *Family Business Review, 23(3)*, 193–215. https://doi.org/10.1177/0894486510375067
3. MITT. (2018). Лозунг Московской международной туристической выставки MITT 2018. *MITT Official Website*. Retrieved from https://www.mitt.ru/ru-RU/press/news/4996.aspx
4. Ward, J. L. (1987). *Keeping the family business healthy: How to plan for continuing growth, profitability, and family leadership*. San Francisco, CA: Jossey-Bass.
5. Valeri, M. (2016). Networking and cooperation practices in the Italian tourism business. *Journal of Tourism, Heritage & Services Marketing*, 2(2), 30–35.Google Scholar
6. Baggio, R., & Valeri, M. (2020). Network science and sustainable performance of family businesses in tourism. *Journal of Family Business Management*, 12(2), 200–213. https://doi.org/10.1108/JFBM-06-2020-0048Google Scholar+2Emerald+2Unicusano+2
7. Valeri, M., & Baggio, R. (2020a). Italian tourism intermediaries: A social network analysis exploration. *Current Issues in Tourism*, 24(9), 1270–1283. https://doi.org/10.1080/13683500.2020.1777950Unicusano+4SpringerLink+4Google Scholar+4
8. Valeri, M., & Baggio, R. (2020). A critical reflection on the adoption of blockchain in tourism. *Information Technology & Tourism*, 23, 121–132. https://doi.org/10.1007/s40558-020-00183-1
9. Vafokulova M. (2025). The rise of family-owned businesses in Uzbekistan: government support and policy impacts. https://doi.org/10.5281/zenodo.15035134