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The Impact of Tourism on Employment and the Local Economy in the Cities of Samarkand, Bukhara, and Khiva

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Abstract

This article examines, from theoretical and statistical perspectives, the impact of tourism on employment, the services market, entrepreneurial activity, and local economic development in Samarkand, Bukhara, and Khiva, three of Uzbekistan's major historical and cultural tourism destinations. The study analyzes the direct, indirect, and induced economic effects of tourism, the economic linkages among service industries, and tourism's role in regional development. Using data for 2020–2025 from the National Statistics Committee of the Republic of Uzbekistan, the article comparatively evaluates trends in accommodation and food services in the three cities. It also explores the economic opportunities tourism creates for the local labour market, small businesses, and family entrepreneurship. The findings indicate that the volume of tourism-related services in these historic cities has been increasing, although the extent to which available economic opportunities are utilized differs across locations. The article develops practical and research-based recommendations for ensuring sustainable employment in tourism, expanding the participation of local producers in tourism value chains, and encouraging tourism revenues to remain within regional economies.

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Introduction

In the modern global economy, tourism is one of the important drivers of economic diversification, the development of the services sector, job creation, and the enhancement of regional investment attractiveness. The economic significance of tourism is not limited to the activities of hotels, restaurants, or travel agencies. Rather, the sector develops through its links with numerous industries, including transport, trade, catering, handicrafts, agriculture, information technology, and cultural services. As a result, an increase in tourism demand generates additional production, income, and employment opportunities within regional economies.

The importance of tourism for regional economic development is particularly evident in countries with a rich historical and cultural heritage. Uzbekistan is one such country, and the cities of Samarkand, Bukhara, and Khiva stand out in the international tourism market for their historical and architectural monuments, cultural traditions, national handicrafts, and gastronomic potential. As historical centres associated with the ancient Silk Road, these cities occupy a special place in the country's tourism geography. The economic benefits of tourism are first manifested through the establishment of new service enterprises and the expansion of existing business activities. In particular, an increase in tourist arrivals raises demand for hotels, family guesthouses, restaurants, transport companies, excursion services, and businesses producing souvenirs. This process creates new jobs while also expanding opportunities for residents to earn independent income.

However, the economic outcomes of tourism development are not uniform across all regions. They are influenced by the level of tourism infrastructure development, transport accessibility, the length of tourists' stays, the participation of local entrepreneurs in tourism value chains, and the professional skills of the labour force. Therefore, an assessment of tourism's impact on the local economy should not be limited to the number of tourists or the volume of services. It should also take into account the quality of employment, the distribution of income, and the extent to which tourism expenditure is retained within the local economy. The purpose of this study is to identify trends in the development of tourism-related economic activity in Samarkand, Bukhara, and Khiva; analyze the mechanisms through which tourism affects employment and the local economy; and develop research-based and practical recommendations to improve the socioeconomic effectiveness of tourism. The study therefore aims to comparatively assess the dynamics of tourism services, identify structural differences among the cities, examine the direct and indirect mechanisms through which tourism generates employment, and substantiate opportunities for developing tourism value chains within local economies.

Assessing the impact of tourism on local economies and employment is an important area of international economic research. In the academic literature, tourism is examined as a factor that stimulates economic growth, diversifies services markets, and strengthens regional economic linkages.

The Tourism Satellite Account: Recommended Methodological Framework 2008, developed by the United Nations, Eurostat, the OECD, and the World Tourism Organization, recommends using indicators such as visitor expenditure, tourism-related production, value added, gross domestic product, and employment to determine tourism's economic contribution [1]. This approach makes it possible to analyze tourism's economic contribution separately from the services sector as a whole.

A study published in 2025 by Karimov, Jeong, and Okmullayev examined issues related to sustainable tourism development in Samarkand, Bukhara, and Khiva. Using the Glocal RPM, Importance–Performance Analysis, and Structural Equation Modelling approaches, the authors found that, alongside growing tourism activity, economic, social, and infrastructure-related challenges remain [2].

An empirical study published in 2025 on the socioeconomic impact of ecotourism in rural areas of Samarkand Region involved 167 respondents. The findings showed that ecotourism initiatives expand local income and employment opportunities, while constraints related to infrastructure, workforce training, and

regulation continue to exist [3].

A 2026 study by Nazarova and Rakhimova analyzed data from 55 respondents working in the tourism sector in Samarkand, Bukhara, and Khiva. According to the findings, an average of 56.18% of respondents' income was attributable to tourism-related activities. The study also reported that the average rate of local expenditure retained within the region was 42.3%. These findings demonstrate the need to examine the regional distribution of tourism revenues and how economic benefits are shared among local residents. As the figures relate to a small sample, they should not be interpreted as representative indicators for the entire populations of the three cities.

In their review of economic leakages in tourism, Chaitanya and Swain emphasize that a portion of tourism revenue may flow outside the destination, thereby reducing the local economic benefits of tourism [4]. This issue is particularly relevant in destinations where tourism enterprises rely on external suppliers rather than local products and services.

The studies reviewed above confirm tourism's potential to generate employment and income. Nevertheless, there remains a need to compare Samarkand, Bukhara, and Khiva using the same statistical indicators and a unified time period, and to interpret the dynamics of the services market in connection with the local labour market.

Methodology

This study is a comparative-descriptive analysis based on secondary statistical data. The research focuses on the cities of Samarkand, Bukhara, and Khiva. Its subject is the mechanisms through which tourism-related service activities affect the local economy and employment.

The main information base consists of regional services statistics for 2020–2025 published by the National Statistics Committee of the Republic of Uzbekistan, employment data for tourism industries, and studies published in international academic journals.

The following methods were used in the analysis:

- Comparative analysis: comparing the volume and development dynamics of services in the three cities.
- Dynamic analysis: assessing changes in the volume of accommodation and food services between 2020 and 2025.
- Structural analysis: determining the relative shares of the three cities in the total volume of services.
- Systems approach: examining the interrelationships between tourism, employment, entrepreneurship, trade, and local income.

Methodological limitation: official statistical indicators for accommodation and food services cover not only services provided to tourists but also consumption by local residents. In addition, this indicator does not reflect all tourism-related industries. Accordingly, it was used as an indirect indicator of tourism-related economic activity. The study does not separately estimate the number of jobs created or the causal effect of tourism on local employment using econometric methods.

Result

Research Findings

1. Statistical Analysis of the Development of Tourism-Related Services in Samarkand, Bukhara, and Khiva

The cities of Samarkand, Bukhara, and Khiva are among Uzbekistan's leading cultural and historical tourism destinations. Their historical monuments, cultural traditions, and hospitality infrastructure serve as

important economic resources for the development of tourism [5].

The historical part of Samarkand, the historic centre of Bukhara, and the Itchan Kala complex in Khiva are included on the UNESCO World Heritage List. These sites provide an internationally significant foundation for developing cultural tourism products in the three cities.

According to the National Statistics Committee of the Republic of Uzbekistan, the volume of accommodation and food services in all three cities increased substantially in nominal terms between 2020 and 2025.

Table 1. Dynamics of accommodation and food services in Samarkand, Bukhara, and Khiva, 2020–2025 (UZS billion)

Year	Samarkand	Bukhara	Khiva
1. 2020	217.6	178.0	4.9
2. 2021	301.9	224.2	17.5
3. 2022	562.2	337.7	38.5
4. 2023	826.4	450.2	69.4
5. 2024	1,264.9	790.0	119.9
6. 2025	1,661.6	1,060.5	150.1
7. Growth in 2025/2024, %	31.4	34.2	25.2

Source: National Statistics Committee of the Republic of Uzbekistan, SIAT, Indicator 1.05.01.0133. Calculations by the authors [6].

As shown in Table 1, the volume of accommodation and food services in Samarkand reached UZS 1,661.6 billion in 2025. This figure was approximately 7.6 times higher than in 2020. It indicates a substantial expansion in the nominal market for hospitality and catering services in the city [7].

A positive trend was also observed in Bukhara. The volume of services increased from UZS 178.0 billion in 2020 to UZS 1,060.5 billion in 2025, representing an approximately sixfold increase. Bukhara's specialization in historical and cultural tourism creates economic opportunities for hotels, food services, handicrafts, and excursion activities.

In Khiva, the volume of these services increased from UZS 4.9 billion in 2020 to UZS 150.1 billion in 2025. This represents an approximately 30.6-fold increase in nominal terms. It should also be taken into account that the relatively small initial base contributed to the high growth multiple.

Overall, the highest nominal year-on-year growth rate in 2025 was recorded in Bukhara, at 34.2%. The corresponding figures were 31.4% in Samarkand and 25.2% in Khiva. However, because the indicators are calculated at current prices, this growth cannot be interpreted entirely as an increase in real output or in the number of tourists.

2. Distribution of the Volume of Services among the Three Cities

At the next stage of the study, the shares of Samarkand, Bukhara, and Khiva in the total 2025 volume of services were calculated. The combined volume of accommodation and food services in the three cities amounted to UZS 2,872.2 billion.

Bukhara's 36.9% share demonstrates the substantial economic importance of accommodation and food services in the city [9]. In Bukhara, small hotels adapted to the historic urban environment, national cuisine establishments, and family-run services are important areas of activity within the tourism economy.

3. Assessment of Tourism's Impact on Employment

Tourism is one of the labour-intensive areas of economic development, and its expansion can create

employment opportunities for population groups with different levels of professional qualifications and training. The development of tourism services generates demand for labour not only in hotels and travel agencies but also in transport, trade, handicrafts, catering, and cultural services.

According to data from the National Statistics Committee on employees of legal entities in tourism industries, the figure in Uzbekistan was 231,431 in 2019 and reached 249,764 in 2024. In 2020, however, it fell to 190,814. This indicates that the tourism-related labour market is sensitive to external economic and epidemiological shocks [10].

Discussion

The comparative analysis shows that the accommodation and food services markets in Samarkand, Bukhara, and Khiva expanded in nominal terms during 2020–2025 [11], [12]. However, substantial differences exist among the three cities in terms of service volumes and growth rates. Samarkand's leading position is reflected in the absolute size of its services market. While Bukhara recorded a higher nominal growth rate in 2025, Khiva stands out for the rapid expansion of its services market over the longer term from a relatively low initial base [13]. These findings are consistent with the conclusions of Karimov et al. that, alongside tourism development in historic cities, sustainability and infrastructure issues remain important.

The impact of tourism on the well-being of local residents depends on how widely its economic benefits are distributed [14]. For example, even if the total revenue of large hotels and tour operators increases, local artisans, small entrepreneurs, and service providers may not receive a sufficient share of the benefits generated along the tourism value chain.

This issue also corresponds with the study by Nazarova and Rakhimova, which examined the local distribution of tourism revenues. Local economic benefits may be strengthened when tourism expenditure is directed to a greater extent towards producers and workers within the destination [15].

Conclusion

This study examined, from theoretical and statistical perspectives, the mechanisms through which the development of tourism-related services in Samarkand, Bukhara, and Khiva affects employment and the local economy. The analysis found that the volume of accommodation and food services increased substantially in nominal terms in all three cities between 2020 and 2025. In particular, in 2025 these services amounted to UZS 1,661.6 billion in Samarkand, UZS 1,060.5 billion in Bukhara, and UZS 150.1 billion in Khiva. Of the combined total for the three cities, Samarkand accounted for 57.9%, Bukhara for 36.9%, and Khiva for 5.2%. The findings show that the tourism-related services market differs across the cities in both scale and development dynamics. At the same time, the direct, indirect, and induced economic effects of tourism were theoretically shown to create additional opportunities for local labour markets, small businesses, handicrafts, and service activities. However, growth in the volume of services does not directly confirm the number of jobs created as a result of tourism or an increase in residents' real incomes. A more precise assessment of these effects requires additional empirical data on tourism employment by city, wages, tourist expenditure, value added, and the economic participation of local suppliers. The study concludes that improving the long-term socioeconomic effectiveness of tourism in Samarkand, Bukhara, and Khiva requires support for local entrepreneurship, development of the professional capacity of the workforce, localization of tourism value chains, and integration of tourism with sustainable regional development strategies.

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