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# The Development Trends of Uzbekistan's Hotel Industry and ESG Readiness Analysis

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**Abstract:** This article analyzes the modern development trends of the hotel industry of Uzbekistan and the level of readiness of the industry to implement ESG (Environmental, Social, Governance) principles from a scientific, theoretical and practical perspective. The study examines the institutional transformation of the hotel industry, service diversification, green transformation and transition to sustainable management. It also explores the opportunities, challenges and priorities for integrating the ESG concept into the hotel business in Uzbekistan.

**Keywords:** Hotel industry, ESG, sustainable development, green tourism, hospitality, corporate governance, Uzbekistan.

## Introduction

Sustainability practices have gained deep research attention since humanity have faced many environmental, social and other issues. With a view to gaining development of any spheres, it is not enough to gain economic or financial achievement, sustainability indicators, like environmental, social aspects should also become important priorities [1]. In the last few years, companies, investors, organizations use the term of ESG and its categories to analyse/assess sustainable conditions of the organization. ESG (Environmental, Social, Governance) is integrated approach of enterprises' sustainability, social responsibility and governance quality perspectives. ESG concept include not only include organizations' financial reports, but also environmental impact, relationship with society and transparency of governance structure (Friede et al., 2015) [2].

### Environmental (E) Component:

The environmental component reflects an organization's ecological activities and encompasses critical aspects such as energy efficiency, sustainable water resource utilization, waste management, and carbon emission reduction. Empirical research demonstrates that improvements in environmental efficiency contribute to reduced operational costs and ensure long-term organizational sustainability (Wu et al., 2022) [3].

### Social (S) Component:

The social component encompasses an organization's relationships with employees, customers, and the broader society. This dimension prioritizes working conditions, employee development, customer safety, and corporate social responsibility. In the

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hospitality industry, service quality and guest satisfaction represent critical indicators of social ESG performance (Jones et al., 2014).

### **Governance (G) Component:**

The governance component encompasses an organization's management systems, transparency, ethical compliance, and strategic decision-making processes. Sound governance practices enhance organizational trust and signal credibility to investors and stakeholders (Eccles et al., 2014).

Contemporary research demonstrates a positive correlation between ESG indicators and organizational financial and operational performance[4]. A meta-analysis synthesizing findings from over 2,000 empirical studies confirms the presence of a positive relationship between ESG implementation and financial outcomes (Friede et al., 2015). Efficient energy resource management serves a dual purpose: reducing environmental impact while simultaneously decreasing hotel operational costs. The implementation of energy-efficient technologies, smart management systems, and renewable energy integration enables hotels to achieve substantial cost savings. This reality underscores energy efficiency as a critical factor in ESG implementation strategy (Karvounidi et al., 2024). The ESG approach assumes particular relevance for the hospitality sector, as this industry demonstrates heightened dependence on energy, water, and other natural resources [5]. Consequently, ESG implementation not only enhances environmental sustainability but simultaneously improves economic performance (Legrand et al., 2016).

### **Methodology**

This study employs a mixed-methods research design integrating quantitative analysis of secondary data with qualitative assessment of industry dynamics and ESG readiness indicators. This research combines descriptive statistical analysis with secondary data collection and synthesis. Primary data sources include official statistics from the State Statistics Committee of the Republic of Uzbekistan covering the 2016-2025 period. The study analyzes tourism arrival trends, hotel infrastructure development, and occupancy rates to establish baseline metrics for industry growth and capacity assessment. Sources:

Official government statistics: Inbound tourism arrivals, hotel inventory, accommodation capacity, and occupancy rates obtained from the State Statistics Committee of Uzbekistan.

Tourist demographic data: Analysis of visitor profiles categorized by age group (0-18, 19-30, 31-55, 55+), geographic origin, and visit characteristics.

Literature review: Comprehensive synthesis of peer-reviewed research on

ESG readiness assessment was conducted across three-dimensional frameworks: (1) Environmental readiness, evaluating current practices in energy efficiency, water management, waste reduction, and carbon footprint mitigation; (2) Social readiness, assessing employee development, customer safety, community engagement, and service quality standards; (3) Governance readiness, examining management transparency, compliance mechanisms, stakeholder engagement, and ethical business practices. Assessment criteria were derived from international sustainability standards, industry best practices, and scholarly literature on hotel sector ESG implementation.

### **Result**

As international tourism flows increase, environmental issues and resource usage have gained more importance in scientific research. Hotels especially have been seen as high resource consuming infrastructure in tourism industry [6]. Despite few economic - financial crisis, overall number of international tourists increasing gradually, After Covid-19, it's started to recover from 450 million international tourists in 2021, fully recovered

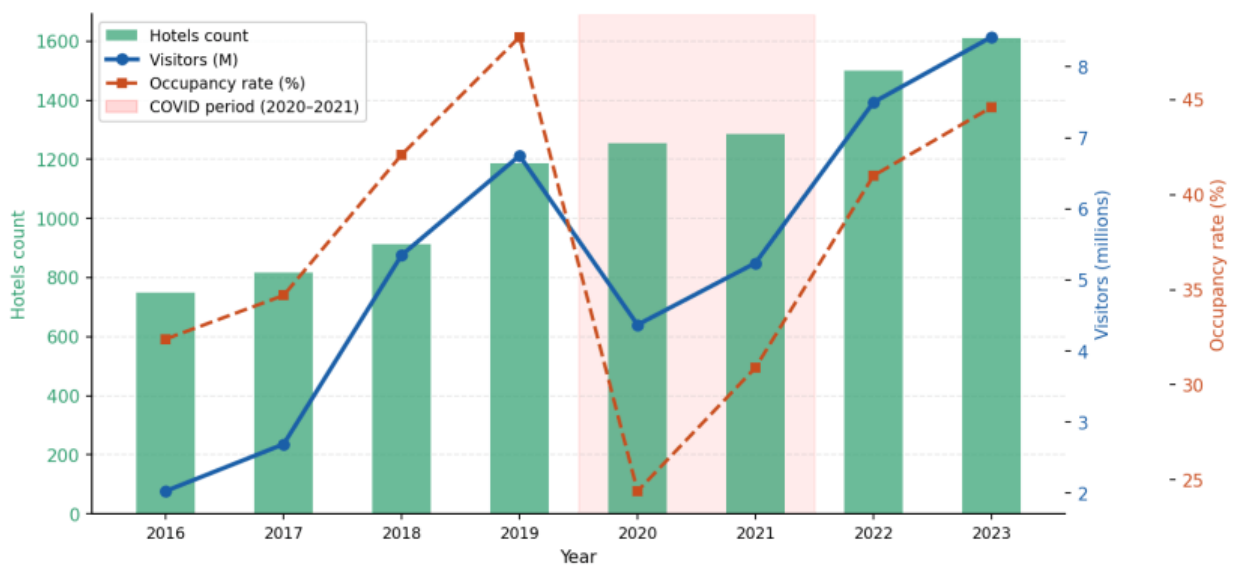
and increased in 2025, at 1.523 billion (UNWTO, 2026). Today, tourism and hospitality industry has already become one of the fastest developing sectors of Uzbekistan's economy as well. Especially, hotel industry has been transforming due to increasing number of inbound tourists, supporting Government policy and rising private investments [7]. Over the last ten years international tourists in Uzbekistan have increased rapidly, around 2 million tourists visited in 2016, despite COVID-19 period shock (4.57 mln. tourists) this number grew to 11.7 million in 2025 (table 1). Accordingly, number of hotels (750) and beds (34 700) have been soared in ten years, hotels - 2 383 and beds - 79 500 in 2024. In terms of occupancy rate, after COVID 19 period (25,5%) it also increased till 47.5% in 2024 (figure 1) [8].

**Table 1.** Inbound tourism arrivals (mln), hotels, number of beds and occupancy rate (2016-2025).

| Indicator             | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025  |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| <b>Tourists (mln)</b> | 2.03   | 2.69   | 5.35   | 6.75   | 4.57   | 6.24   | 12.87  | 14.73  | 7.96   | 11.70 |
| <b>Hotels</b>         | 750    | 816    | 914    | 1,188  | 1,050  | 1,100  | 1,280  | 1,437  | 2,383  | —     |
| <b>Beds</b>           | 34,700 | 38,300 | 43,900 | 50,200 | 53,000 | 56,000 | 62,000 | 68,500 | 79,500 | —     |
| <b>Occupancy %</b>    | 32.4   | 34.7   | 42.1   | 48.3   | 25.8   | 31.9   | 43.2   | 46.9   | 47.5   | —     |

\*Developed by author according to State Statistics Committee of the Republic of Uzbekistan.

**Figure 1.** National hotel industry growth trends, Uzbekistan (2016-2023).



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In order to analyse ESG readiness of the hotel industry, we should analyse tourists and hotel visitors profile such as age, purpose of visit, origin of country and other indicators, Age categories have been observed via categorizing by 4 age groups, each

group has their own specifics and qualities which directly affect the accessibility and standards of ESG implementation in hotel industry (table 2) [9].

**Table 2.** Tourists by age group (2018-2024).

| Year | Age 0–18  | Under 30  | 31–55     | 55+       | Total     |
|------|-----------|-----------|-----------|-----------|-----------|
| 2018 | —         | 1,524,877 | 2,785,708 | 1,035,634 | 5,346,219 |
| 2019 | —         | 1,927,673 | 3,458,625 | 1,362,214 | 6,748,512 |
| 2020 | —         | 426,443   | 787,475   | 290,208   | 1,504,126 |
| 2021 | —         | 583,522   | 935,357   | 362,466   | 1,881,345 |
| 2022 | —         | 1,569,790 | 2,593,382 | 1,069,609 | 5,232,781 |
| 2023 | —         | 2,065,568 | 3,191,546 | 1,369,188 | 6,626,302 |
| 2024 | 1,325,500 | 1,173,600 | 3,803,700 | 1,654,400 | 7,957,200 |

\*Developed by author according to State Statistics Committee of the Republic of Uzbekistan.

- a) **Age group 31-55** – dominant segment of tourists visiting in Uzbekistan in all given years. In 2018, this age group consisted of 52.1 % (near to 2.8 mln. tourists) and continued to increase till the next six years with 47.8 % (around 3.8 mln. tourists). Number of tourists in this age group increased, but percent of them decreased, since percent of young ago group tourists increased. This middle age group is more economic active, allocate more money for travel and more demanding for quality of tourism products and services, including hotel [10]. This age group has been considered as segment who are more attentive to sustainability practices. Visitors aged older than 40 have stronger green hotel efficiency interests that are willing to pay more (Yang et al., 2024). This age group pay attention to green certifications, don't need adds. If they satisfy with green/sustainability practices and initiatives, they are ready to pay more and highly like to come back more [11].
- b) **Age group younger than 30** - this segment constitutes of 28.5% (around 1.5 mln. tourists) in 2018 and this number is also increased 31.41% (around 2.5 mln. tourists). Scientists such as Wang et al. (2024), Chen et al. (2023), Ferreira et al. (2025) found in theirs researches that this age segment will choose ESG/green hotels if they found green hotels data are trustable, they are highly likely to choose them. Youth are aware of “greenwashing” adds such as hotels pretend themselves as ecologic/green hotels [12]. Therefore, youth will seek following features to identify whether this hotel green or not:
- ✓ Energy saving technologies/approaches
  - ✓ Plastic reduction or plastic free measurements
  - ✓ Transparent ESG policy
  - ✓ Real green/sustainability/ESG certifications
  - ✓ Information about ESG/green hotels and others
- c) **Age group older than 55** – this segment tourists consisted of around 1 mln. in 2018 and raised appropriately as other age segment since overall number of tourists were seen rapid increase in Uzbekistan. These visitors will travel more in duration of visit than the other ages [13].

**Table 3.** Scientific researcher of green hotel's visitors aged group younger than 30.

| Authors                | Research topic  | Main variables  | Results  |
|------------------------|---|---|--|
| Wang et al. (2024)     | Green hotels visit intention among young adults                     | perceived risk, trust, novelty, familiarity, subjective norm, perceived behavioral control, attitude, visit intention | Youth will choose green hotels according to trust and social media   |
| Clark et al. (2023)    | Green meets social media  | social media marketing, sustainability communication, eWOM, booking intention   | Generation Z and young Millennials have impressed through social media like TikTok and Instagram platforms |
| Chen et al. (2023)     | Antecedents to Consumers' Green Hotel Stay Purchase Behavior        | environmental concern, green trust, perceived value, purchase intention   | environmentally conscious youth will choose more green hotels  |
| Ferreira et al. (2025) | Determinants of consumers' intention to visit green hotels          | TPB, green trust, contextual variables, biospheric value  | environmentally conscious youth will choose more green hotels  |
| Wang et al. (2024)     | Effects of hotels' green practices on consumer citizenship behavior | green practices, perceived value, psychological safety, social influence, citizenship behavior                        | Youth will not only be considered as visitors, but also as recommenders or advocates                       |

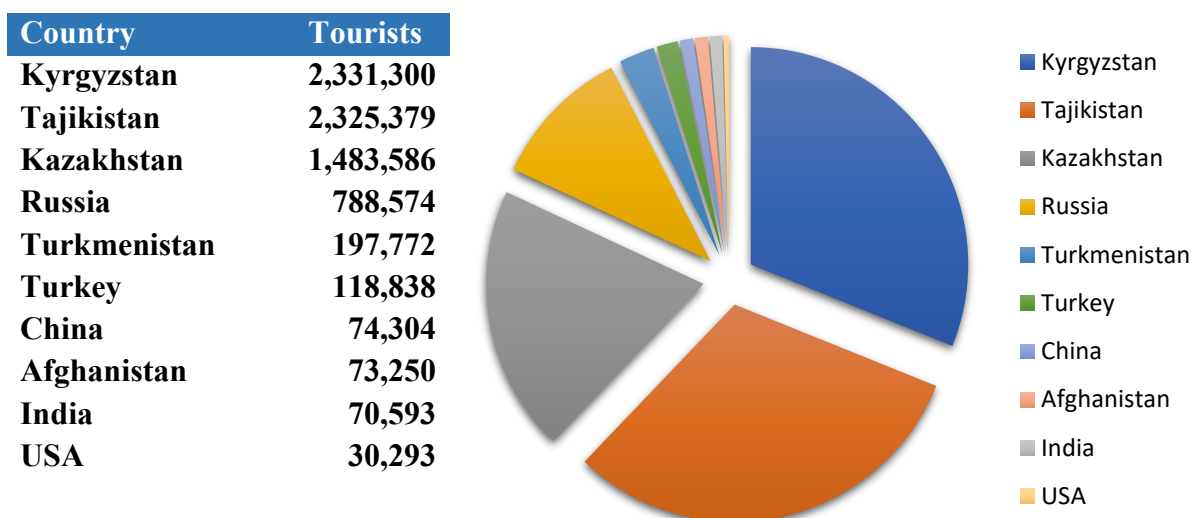
\*Developed by author according to State Statistics Committee of the Republic of Uzbekistan [14].

**Table 4.** Market segmentation by Age Group  
**ESG Requirements and Consumer Preferences**

|  |             |  |         |
|--|-------------|--|---------|
| <b>31–55 years old (Homeowners)</b>      | <b>~50%</b> | Strong family ESG requirements; Green certificate is a key decision factor; Values environmental impact on children's future | High    |
| <b>Up to 30 years old (Young Adults)</b> | <b>~22%</b> | Demand for affordable green options; Digital branding is important; Sustainability must align with price consciousness       | Medium  |
| <b>0–18 years old (New Generation)</b>   | <b>~17%</b> | Green infrastructure needed for children; Educational focus on sustainability; Future-oriented preferences                   | Growing |
| <b>55+ years old (Seniors)</b>           | <b>~21%</b> | Premium ESG preferences; High long-term loyalty potential; Values quality and certified sustainability                       | Premium |

\*Developed by author according to State Statistics Committee of the Republic of Uzbekistan

**Figure 3. Market Share by Country  
(Top 10 countries – Inbound tourism in Uzbekistan, 2024)**



\*Developed by author according to State Statistics Committee of the Republic of Uzbekistan.

Tourists' geographic dimensions play an important factor in developing and implementing ESG strategy in hotel industry. with a view to either increasing or maintaining number of tourists visiting to the country even hotels should implement and promote according to culture and mindset of different nations and countries. This analysis presents the leading source countries for international tourist arrivals in 2024 [15]. The chart clearly demonstrates that neighboring Central Asian countries, particularly Kazakhstan, Kyrgyzstan, and Russia, remain the dominant sources of inbound tourism (Figure 3).

This trend analysis (table 5) examines the historical patterns of international tourist arrivals from six major source countries spanning 2018 to 2024. The data reveals a significant impact from the COVID-19 pandemic in 2020, followed by strong recovery through 2021-2023, and continued growth in 2024.

**Table 5. Tourist Arrivals Trends (2018-2024).**

| Year | Kazakhstan | Russia  | Kyrgyzstan | Tajikistan | China  | Turkey |
|------|------------|---------|------------|------------|--------|--------|
| 2018 | 2,293,077  | 371,529 | 1,055,688  | 1,095,505  | 32,444 | 41,299 |
| 2019 | 2,261,094  | 455,470 | 1,454,907  | 1,473,684  | 54,293 | 63,539 |
| 2020 | 424,119    | 81,592  | 508,018    | 337,506    | 7,192  | 20,958 |
| 2021 | 565,334    | 190,493 | 652,166    | 288,211    | 3,614  | 44,168 |
| 2022 | 1,551,138  | 567,725 | 1,356,857  | 1,447,826  | 5,387  | 0      |

|      |           |         |           |           |        |         |
|------|-----------|---------|-----------|-----------|--------|---------|
| 2023 | 1,333,333 | 714,282 | 1,757,081 | 2,155,151 | 42,470 | 0       |
| 2024 | 1,483,586 | 788,574 | 2,331,300 | 2,325,379 | 74,304 | 118,838 |

\*Developed by author according to State Statistics Committee of the Republic of Uzbekistan.

### Discussion

Uzbekistan has very huge potential to increase number of tourists and develop tourism industry sustainably. Hotels and their measures play important roles in this context. The main directions to integrate ESG strategy in Uzbekistan's hotel industry:

#### A) Environmental strategy

- Energy savings and sustainable energy should constitute 30-40 % of hotels' energy;
- Water management measures should implement like reusing water, rainwater harvesting, water saving devices in everywhere;
- Decrease plastic use or zero plastic strategy, changing the system of archaization;
- Environmental certifications such as ISO14001, Green Globe, LEED and others.

#### B) Social strategy

- Development of employees' potential such as professional courses, certification programs, growth opportunities;
- Contribution to local society such as collaboration with local producers and suppliers;
- Security of visitors such as health, hygiene standards, expansion of insurance utilization;

#### C) Governance strategy

- Ethical business practices such as preventing corruption, transparent contract execution, safeguarding stakeholder relationships
- Audit and oversight such as independent audit, ESG reporting, disclosure
- Public engagement such as continuous engagement with stakeholders, listening to and responding to their views
- Compliance with legal requirements such as fully and timely compliance with all legal requirements of the country

Tourism industry analysis with specification of hotels reveals that the implementation of ESG strategies has number of positive impacts. First of all, environmentally and socially responsible hotels attract more visitors, especially European guests potentially 3% to 5%. Secondly, ESG certified hotels increase their brand value. Their visitors can pay 15-20% more than other hotels. Also have potential opportunity to partner with international tour operator companies. Third, ESG strategy implemented hotels create positive atmosphere among employees, Allow for a 10-15% increase in wages. Additionally, reduces employee turnover up to 30%.

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