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Article

Economic Essence of Hotel Business Efficiency and a Refined Interpretation of Key Categories

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Abstract: The article examines the economic essence of hotel business efficiency from a theoretical and methodological perspective and provides a comparative analysis of the existing scientific approaches. The views of foreign and domestic scholars on the category of efficiency are generalised, covering frontier-based measurement (DEA and SFA), marketing and service-quality approaches, the balanced scorecard, and the cost–result interpretation that prevails in the national literature. It is substantiated that most of these approaches illuminate a particular aspect of efficiency but do not describe hotel business efficiency as an integral, multidimensional phenomenon, while the concept of an efficiency evaluation mechanism remains underdeveloped. Theoretical generalisation, comparative and logical analysis, a systems approach, scientific abstraction and scientific classification were used as research methods. As a result, refined definitions of the categories "hotel business efficiency", "hotel service efficiency" and "efficiency evaluation mechanism" are developed and their interrelationship is disclosed: efficiency is the object being assessed, hotel service efficiency is its qualitative component, and the evaluation mechanism is the instrument for measuring and managing it. The proposed definitions make it possible to treat efficiency as a complex category encompassing resource, process, result, financial and service-quality dimensions, and serve as the theoretical basis for an integral mechanism of hotel efficiency assessment.

Keywords: Hotel Business, Efficiency, Hotel Service Efficiency, Efficiency Evaluation Mechanism, Integral Assessment, Service Quality, Multidimensional Category, Tourism

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1. Introduction

In the contemporary world economy, tourism and the hotel business that forms its core are no longer merely a service branch: they have become an independent factor of economic growth. In Uzbekistan, the development of tourism has become one of the priority directions of state policy. The "Uzbekistan – 2030" Strategy and the regulatory acts adopted in recent years set the tasks of sharply increasing the share of the sector in gross domestic product and of expanding hotel infrastructure (Decree No. PF-158, 2023; Decree No. PF-87, 2025). [1][2]

The accommodation capacity of the country grew from 37 thousand beds in 2017 to 161 thousand beds in 2024, and employment in the sector rose from 187 thousand to 391 thousand people (National Statistics Committee of the Republic of Uzbekistan, 2025). At the same time, the rapid growth of resource indicators is not proportionate to the result and process indicators — in particular occupancy, which together with the average daily rate and revenue per available room constitutes the standard set of hotel performance

metrics (STR, 2026). This disproportion shows that considerable reserves for raising efficiency exist in hotel enterprises.[3][4]

In order to assess and manage the activity of hotel enterprises objectively, it is first of all necessary to define precisely the economic content of "efficiency" and to interpret the principal concepts of the field uniformly. In the scientific literature, hotel efficiency is most often interpreted from the standpoint of one of its particular aspects — the market result, the cost–result ratio, or service quality — but it has not been sufficiently substantiated as an integral, multidimensional category. This circumstance determines the relevance of the present research. The purpose of the study is to disclose the economic essence of hotel business efficiency and to provide a scientific justification for refined definitions of the principal categories of the field and for their interrelationship.[5][6]

A comparative analysis of the existing approaches is presented in Table 1.

Table 1. Comparative analysis of scientific approaches to assessing hotel business efficiency

Scholar(s) / school	Content of the approach to efficiency	Limitation
M. Farrell; A. Charnes, W. Cooper, E. Rhodes (DEA); D. Aigner et al. (SFA)	Efficiency is measured through the ratio of inputs to outputs (frontier analysis)	Predominantly a technical and quantitative measure; the quality and social aspects are not fully covered
P. Kotler, J. Bowen, J. Makens, S. Baloglu	Achievement of a market result through satisfying customer needs and creating value	Resource and economic efficiency is comparatively little elaborated
V. A. Kvartalnov; A. D. Chudnovsky, M. A. Zhukova	The ratio of the result to the costs incurred; economic and social efficiency are distinguished	The quality and process dimensions are not combined into a single system
R. Kaplan, D. Norton (BSC); A. Parasuraman et al. (SERVQUAL)	A complex system of indicators and the measurement of service quality	Not directly adapted to an integral index specific to the hotel sector
National scholars (M. Q. Pardaev, D. R. Zaynalov, I. S. Tuxliev and others)	Through the cost–result relationship and profitability, taking the specific features of the branch into account	A multidimensional integral category and an evaluation mechanism are not fully formed

Source: compiled by the author on the basis of the literature reviewed above.

The analysis carried out shows that each of the existing definitions illuminates a particular aspect of efficiency, but that most of them do not characterise hotel business efficiency as an integral phenomenon uniting the resource, process, result, financial and quality dimensions. Moreover, the concept of an "efficiency evaluation mechanism" has been little elaborated in the literature. This theoretical gap determines the need to develop refined definitions of the principal concepts of the field.[7][8]

2. Materials and Method

The research employed the methods of theoretical generalisation, comparative and logical analysis, the systems approach, scientific abstraction and scientific classification. The refined definitions of the categories were developed on the basis of a critical analysis of the existing scientific approaches and of the economic nature of the hotel business

together with the features characteristic of the service sphere — intangibility, perishability, the predominance of the human factor, and seasonality.[9]

It is also necessary to clarify the relationship between the terms "assessment" and "analysis" as used in this research. Assessment is the determination of the values of efficiency indicators, their comparison with a criterion or benchmark, and the formulation of a general conclusion; analysis is the study of the state and dynamics of the indicators and of the factors influencing them, together with the identification of cause-and-effect relationships. Assessment therefore answers the question "at what level is efficiency?", whereas analysis answers the question "why is it so, and how can it be raised?". Taken together, the two processes constitute a single methodological system for managing the efficiency of the hotel business.[10][11]

3. Results and Discussion

Proceeding from the analysis of the existing scientific approaches and from the economic nature of the hotel business, refined definitions of three principal concepts of the field were developed.[12]

Hotel business efficiency is understood as a complex economic category that expresses the ratio of the economic (revenue, profit, profitability), social and qualitative results achieved through the use of the investment, labour and material resources at the disposal of a hotel enterprise to the costs incurred, and that encompasses the resource, process, result, financial and service-quality dimensions.

Hotel service efficiency is understood as the degree of effectiveness of the service process, which — by satisfying the needs of the customers using hotel services at a high level and with relatively low expenditure — brings benefit both to the customer (material and non-material) and to the hotel (an economic result). This definition is distinguished by the fact that, alongside the economic dimension of efficiency, it also encompasses the aspects of service quality and customer satisfaction.[13]

The efficiency evaluation mechanism is understood as an integral system composed of interrelated elements: the system of indicators expressing the efficiency of the hotel business, the methods of determining and analysing them, the assessment criteria, and the procedure for taking managerial decisions on the basis of the results obtained. This mechanism serves the objective, multi-level and systematic assessment of hotel efficiency.[14]

The proposed definitions differ from and refine the existing approaches in a number of respects. First, the definition of "hotel business efficiency" expresses efficiency not solely through the cost–result ratio or profitability, but as a complex category uniting the resource, process, result, financial and service-quality dimensions. Second, the definition of "hotel service efficiency" encompasses customer satisfaction and service quality alongside the economic result, and thereby strengthens the qualitative dimension of efficiency. Third, the concept of an "efficiency evaluation mechanism" is clearly delimited as an integral system comprising a system of indicators, evaluation methods, criteria and a decision-making procedure.

These three concepts are organically interrelated. Hotel service efficiency is the structural, qualitative component of hotel business efficiency, whereas the efficiency evaluation mechanism is the instrument for measuring and managing that efficiency in both quantitative and qualitative terms. Hotel business efficiency thus appears as the object being assessed, and the evaluation mechanism as the means of measuring and managing that object. The interrelationship of the categories is systematised in Table 2.

Table 2. Content and interrelationship of the principal categories

Category	Main content	Place in the system
Hotel business efficiency	The ratio of the result to the costs; encompasses the resource, process, result, financial and quality dimensions	The object being assessed (an integral system)
Hotel service efficiency	Bringing benefit to both the customer and the hotel by satisfying customer needs at a high level with low expenditure	A structural component expressing the qualitative (service) aspect of the object
Efficiency evaluation mechanism	An integral system consisting of a system of indicators, evaluation methods, criteria and a decision-making procedure	The instrument for measuring and managing the object

Source: developed by the author.

Proceeding from the definitions developed, the assessment of hotel business efficiency must satisfy a number of methodological requirements: (a) complexity — covering the resource, process, result, financial and quality dimensions of efficiency; (b) comparability — ensuring that assessment is carried out by category of hotel (star rating); (c) objectivity and reliability — reliance on official and primary data; and (d) practical orientation — the results of assessment must serve the taking of managerial decisions. These requirements presuppose that efficiency be assessed on the basis of an integral approach uniting indicators of differing nature into a single system, since one indicator, or a small number of indicators, cannot characterise the activity of a hotel as a whole.[15]

The refined definitions of the three categories developed within this research, together with their interrelationship, thus constitute the theoretical and methodological basis for the comprehensive assessment of the efficiency of hotel enterprises. These definitions make it possible to treat efficiency as an integral phenomenon encompassing the resource, process, result, financial and quality dimensions, and serve as the foundation for developing an integral index of hotel efficiency and a multi-level evaluation mechanism.

4. Conclusion

The research conducted permits the following conclusions. First, hotel business efficiency is a multidimensional, integral economic category encompassing the resource, process, result, financial and service-quality dimensions; assessing it on the basis of an integral approach, rather than through individual indicators, is scientifically justified. Second, refined definitions of the categories “hotel business efficiency”, “hotel service efficiency” and “efficiency evaluation mechanism” have been developed, and their interrelationship has been substantiated — efficiency being the object assessed and the mechanism the means of measuring it.

The following recommendations are advanced for the practical use of the research results: to employ the refined definitions developed here in improving a new generation of educational literature on the economics of tourism and the hotel business and in refining the regulatory documents of the branch; to develop a mechanism for the integral assessment of the efficiency of hotel enterprises on the basis of the methodological requirements arising from these definitions (complexity, comparability, objectivity and practical orientation); and to incorporate service-quality indicators (the customer satisfaction index and the SERVQUAL dimensions) into the efficiency assessment system as an inseparable group.

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