

Master's Thesis

**Effective Tourism and Hospitality Management through
Quality Management Systems in Uzbekistan**

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September 2017

A Thesis presented to

Ritsumeikan Asia Pacific University

**in Partial Fulfillment of the Requirements for the Degree of
Master of Asia Pacific Studies in International Cooperation Policy**

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I, Orifboev Abdullahon (Student ID 51215620) hereby declare that the contents of this Master's Thesis are created by me and have not been submitted at any other university or educational institution for the award of a degree or diploma.

All the information derived from published or unpublished sources has been cited and acknowledged appropriately.

Orifboev Abdullahon
2017/07/22

Acknowledgements

I would like to thank all those people who supported me during the writing of this Master's thesis. I thank Almighty God for His guidance. I would like to thank all my family members, relatives and friends for their encouragement.

I owe special thanks to the Standardization, Metrology and Certification Agency of Uzbekistan, The State Committee of the Republic of Uzbekistan for the development of tourism, the United Nations World Tourism Organization, the International Organization for Standardization, The World Travel & Tourism Council, Ritsumeikan Asia Pacific University, Ritsumeikan Center for Asia Pacific Studies, and the APU Master's Student Field Research Support Program for their support. Finally, I would also like to thank my supervisor, Associate Professor Kazem Vafadari for his time and advice, and Emeritus Professor Malcolm Cooper for his constructive advice and assistance throughout the project.

Abstract

This thesis looks at one of the requirements for effective tourism and hospitality management in Uzbekistan: the introduction of quality management systems into the hotel industry. One of these systems, the Total Quality Management (TQM) concept, also known as total productive maintenance, is the approach used by an organization that is committed to customer satisfaction through continuous improvement. The concept has four pillars: happy customers, satisfied staff, increasing hotel revenues, and reducing hotel costs. In TQM, all employees participate in improving organizational processes, products, services, and the social environment within which they work (www.studyandjobs.com). TQM concentrates on satisfying the customer, so that the hotel or other business achieves repeat and continued business. Besides satisfying the customer, TQM is concerned with empowering employees so that their work skills are effectively used (www.school-for-champions.com), and that they have a reason to work for the success of the organization

Although total quality management was first developed as a method for companies to improve profits and gain repeat business, implementing organizational quality standards is one of the first things a company should do to improve the way it operates (www.school-for-champions.com). The International Standards Organization has developed a range of such quality standards to provide the TQM approach with world class management processes. ISO-9000, for example, is total quality management of administrative processes within an organization. It requires the management of every process that impacts on quality of output, and, importantly, its core requirements have the same meaning worldwide thus ensuring conformance to global quality standards. This, in turn, can help companies save money, increase their profits, win more business, and satisfy more customers.

The aim of this research project was to determine the impact of quality management systems on the operational performance of hotels in Uzbekistan. It was designed to show how the introduction of TQM (through ISO standards) will positively aid the development of the tourism industry in Uzbekistan by comparing actual practice with international standards, especially management system standards. It is suggested that implementation of this concept will bring a range of benefits to the Country's

tourism sector, and help to persuade international and local consumers that Uzbek hotel products and services are safe, efficient and well-handled for the environment.

The research design included a postal questionnaire sent to a sample of 100 hotels in Uzbekistan (a 50% response rate was obtained), and face-to-face interviews with managers in the 25 hotels that have used quality management system standards in their businesses. Simple descriptive and basic inferential statistics were used to analyze these data. The results support previous work in this area by showing how TQM systems impact on the internal functions of marketing, operations and human resources management (HRM) in the hotels of Uzbekistan.

Key words: Total Quality Management (TQM), management systems, ISO 9001 (administrative management), ISO 14000 (environmental management), ISO 50001 (energy management), implementation, Uzbekistan.

Chapter 1: Introduction

Companies all over the world are always on the lookout for management tools to help them cope more efficiently with the many different tasks they need to perform. There are many different approaches available that can help them in this situation; and one of the more important ones is *total quality management* (TQM) (Lawyer, Mohman, and Benson, 2001). For tourism businesses, Lopa and Marecki (1999) assert that this approach is of critical importance in the implementation of formal quality management programs to provide customers with consistent products. In this regard, TQM is an approach to management that seeks continuous improvement in all the functional areas of an organization so that it can produce goods and services conforming to customer stated requirements (Strivastava, 1992; Demirbaget et al., 2006). Thus, TQM is aimed at ensuring quality in the features of a service being produced so that consumer satisfaction can be ensured. Finally, Lemak, and Mero (2002) insist that TQM works on the basis that management and employees participate in the program on regular basis, to ensure that resources are properly managed within the departments of an organization

The operational administrative standards introduced by the International Standards Organization (ISO), on the other hand, are basically the products of a management-by-rules approach that has been created to monitor the functions of a specific organization, and seeks to help administrators understand the proper balance required in that workplace (Diesing, 2011). Cotzamani and Tsiotras (2002) stated that ISO standards are closely related to TQM, but that standards are originally driven by an external oversight entity rather than by an internal management philosophy. Other scholars consider ISO 9000 standards as the beginnings of the implementation of a TQM system (Senosy, 2015).

The ISO standards are continuously upgraded in the light of changing marketplace and social requirements. For example, a newly revised version of the environmental standard ISO 14001:2015 has just been published. This responds to the increasing recognition by companies of the need to factor in the external environments that influence their impact, including climate change.

Of course, having an efficiently administrated company is not the only criterion of success. Good products, effective marketing, and having comparative advantage are also important factors. By employing ISO standards in a TQM approach, a company can reap the benefits of comparative advantage, and dramatically improve their profits and customer retention. Lakhali and Lassaad (2014) suggest however that there is no consensus on the relationship between ISO 9000 certification and total quality management (TQM). Some studies suggest that ISO 9000 certification should be sought first to create a favorable environment for TQM implementation, while others think that TQM provides a good starting point for such certification.

ISO and TQM: Differences in Output

ISO describes the functions and actions that companies need to impose so that they have the minimum quality administrative and management standards in place. ISO can thus be considered as a tool to implement TQM, with the addition of some basic requirements like strict documentation for audit purposes. Table 1 summarizes the certificates issued under the various ISO standards for the year 2015. Companies can easily monitor progress with this kind of management program (ISO, 2015). TQM though, concentrates on the *best* results in terms of quality, and how these might be implemented. Also, TQM per se does not require any kind of documentation (Ross and Perry, 1999).

Because it is first and foremost a philosophy of management, TQM is not as well developed as the ISO system. In TQM, companies expect to find reward derived from listening to workers, from controlling and reducing variation, and from empowering their workforce. However, companies do benefit from the implementation of such standards. Research has identified better performance and organizational

reputation and, more certain business for those organizations that use management standards effectively (Steedman, 2015; ISO, 2012).

Table 1. ISO Certificates issued in 2014 and 2015

A summary of the 2015 results is shown below:

Standard	Number of certificates in 2015	Number of certificates in 2014	Change	Change in %
ISO 9001**	1033936	1036321	-2385	-0.2%
ISO 14001***	319324	296736	22 588	8%
ISO 50001	11985	6765	5 220	77%
ISO 27001	27536	23005	4 531	20%
ISO 22000	32061	27690	4 371	16%
ISO/TS 16949	62944	57950	4 994	9%
ISO 13485	26255	26280	-25	-0.1%
ISO 22301	3133	1757	1 376	78%
ISO 20000-1	2778		2 778	
TOTAL	1519952	1476504	43 448	3%

Source: The ISO Survey of Management System Standard Certification, 2015.

ISO standards facilitate trade, the spreading of knowledge, the dissemination of innovation, and the sharing of best management and assessment practices (ISO, 2012). Thus, ISO standards provide benefits for almost all sectors of productive activity (Bird, 2012). Estimates by the OECD show that such standards have an impact on up to 80% of the world trade in commodities (ISO, 2012). In fact, the World Trade Organization (WTO) requires its members to use the international standards developed by the ISO as far as possible, so they can avoid the technical barriers to trade that might come about through the implementation of differing national or regional standards (ISO, 2012).

Studies of the impact of this approach on economic growth show that the gains achieved are a function of increases in labor productivity and better decision making (capital productivity). In New Zealand, they led to a NZD 2.4 billion increase in GDP (www.qualitydigest.com). In Canada, 17 % of the growth in labor productivity, and about 9 % of the growth in economic output (real GDP) between 1981 and 2004, was derived from the implementation of such standards (Bird, 2012; ISO, 2012; www.qualitydigest.com). If this had not happened, Canadian real GDP would have been lower by CDN 62 billion (ISO, 2012).

For Australia, every 1% increase in the *number* of Australian Standards (equivalent to ISO) adopted by businesses appeared to generate a 0.17% increase in productivity across the economy during the 40 years to 2002 (ISO, 2012). Likewise, such standardization contributes about 1 % of GDP in Germany; where the export-oriented sectors of German industry use such standards to open new markets, and to facilitate technological change (ISO, 2012). Finally, in the United Kingdom there is an annual contribution of GBP2.5 billion to the economy from the implementation of these standards, and in France they have provided almost 25% of GDP growth. In the UK context, 13% of the recent rise in labor productivity is attributed to the implementation of such standards (ISO, 2012).

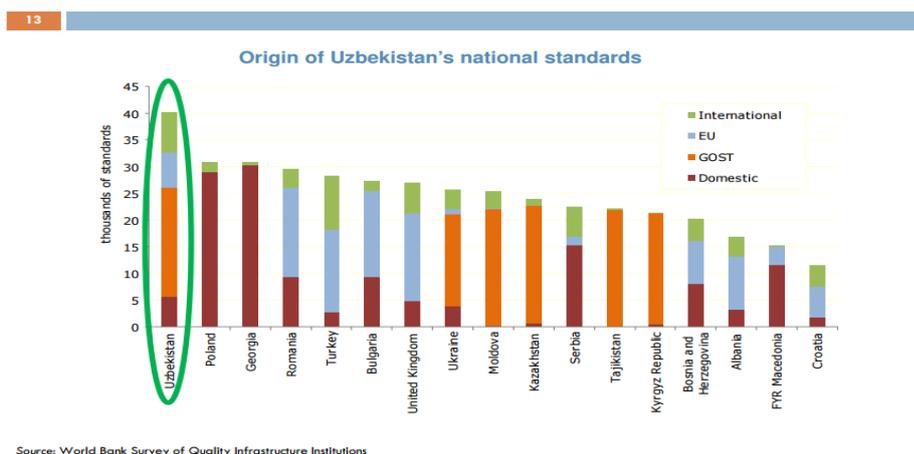
The increasing importance of Quality Management has meant more than 40 countries in the world have adopted the ISO 9000 quality standards for international use. It is likely that by the year 2018, most, if not all product manufacturers, hotels and service agencies in the international trade network will be required to meet ISO 9000 quality standards. In addition, many FORTUNE 500 companies, and hotels throughout the world, have already committed themselves to TQM. There is a huge demand for TQM professionals in Asia to satisfy both the private and public sectors (The Malaysian Chapter Institute of Management Institute, 2015). However, while TQM appears to thus be a powerful approach to addressing organizational problems and improving organizational outcomes (Hoet al.,1999; Yusof and Aspinwall, 2000; Joiner, 2007), the implementation of TQM is still problematic (Al-Ababneh and Lockwood, 2012) for many organizations as they do not realize that it requires comprehensive organizational change (Hansson and Klefsjo, 2003).

In the late 1990s businesses in Uzbekistan began to apply quality management systems corresponding to international standards (Figure 1). The development of such systems became important in 2004 with a government resolution on the measures for the introduction of quality management systems conforming to international standards in local enterprises. In 2004 there were only 18 enterprises having certificates of conformity to ISO 9001, but in 2015 their number had risen to 2224 (Uzbek Agency for Standardization, Metrology and Certification, 2016). Thus, according to the Uzbek Agency for Standardization, Metrology and Certification (2015), the process of introducing international standards has begun in the mechanical engineering, petroleum,

food, electrical industries, as well as in organizations providing consulting services. Indeed, many tourism sector hotels in Uzbekistan have already received ISO 9001, ISO 14001 and ISO 50001 certificates, and are trying to implement these standards.

The research carried out in Uzbekistan shows that most tourism sector companies do not clearly understand their quality needs. They do not see a link between quality improvements and competitiveness. According to World Bank Enterprise Innovation Survey, 83% of enterprises in Uzbekistan respond that they have no need for ISO certification because their domestic focus or their foreign customers do not require it.

Progress in adopting international standards, but many standards are old GOST standards



Source: World Bank Survey of Quality Infrastructure Institutions

Figure 1. Origin of Uzbekistan’s National Standards

The findings of the World Bank Study of Uzbekistan's National Quality Infrastructure showed that tourism sector companies have limited access to high quality inputs and support services for quality control, have a limited understanding of quality upgrading and of international standards, and do not understand that physical, legal and organizational improvements to Uzbekistan’s tourism sector can bring many benefits to quality, innovation and service competitiveness (Rashine, 2015).

Uzbekistan is a country having a huge potential for an expanded tourism industry (www.gc-tourism.uz). Many of its cities were previously main points for trade on the Silk Road, such as Samarkand, Bukhara, Khiva, Shakhrisabz, Termez; linking

Eastern and Western civilizations. According to UNWTO reports in the first half of 2017, more than 2 million foreign tourists visit Uzbekistan, from more than 70 countries. For the last two years, this number has risen by 43%. The revenue from tour services in 2016 exceeded 615 million dollars, and the travel industry employed more than 200 thousand people. The aggregate input of the sector to Uzbekistan's GDP has passed 2 percent.

Once Uzbekistan gained independence in 1991, an urgent need to establish and further extend world class tourism in the country appeared, but it was recognized that this would have to incorporate key features of the Country's national history, way of life, and traditions and customs, as well as traditional Uzbek hospitality. The main body in charge of tourism issues prior to 2016 was *Uzbektourism*, a national company which was founded 27 July 1992. Under the Presidential Decree of 2nd December 2016 entitled: "On measures for the accelerated development of the tourist sector of the Republic of Uzbekistan," the *State Committee of the Republic of Uzbekistan for the development of tourism* was created out of Uzbektourism. The new body had the task of creating the institutional frameworks necessary for the rapid development of tourism as a strategic sector of the economy. It is directed to make the most complete and effective use of the enormous tourism potential of the regions, radically improve the management of the tourist industry, create and promote the national tourist product on world markets, and create a positive image of Uzbekistan in the tourism sector.

This State Committee administers more than 96 enterprises and organizations. However, there are at least 1,279 tourism entities and facilities, including 548 hotels, tourist camps and campgrounds, and 731 travel companies currently operating in Uzbekistan (Uzbek National Information Agency, 2016). Its functions are listed as:

- Licensing of tour operator activities;
- Carrying out, in close cooperation with the national certification body of the Republic of Uzbekistan — the “Uzstandart” agency, covering the compulsory certification of tour operators (tourist products), services and hotel services provided by tourist facilities, including the establishment of classification of hotels (motels) of various organizational and legal forms;

- Implementation of the compliance of certified tourism services with essential requirements and the standards set in the regulations;
- Accreditation under the national certification system of the Republic of Uzbekistan.

The Resolutions of the State Committee of the Republic of Uzbekistan for the development of tourism, taken within its authorities, are binding for all state and economic management bodies, state authorities and local governance, and economic entities, irrespective of their form of ownership and subordination. The State Committee is further controlled by a more recent resolution of the Cabinet of Ministers: “On measures to further support and develop tourism in the Republic of Uzbekistan”, which was signed into law on 10 October 2012. This resolution details the actions required for the marketing of the travel industry and the development of tourism infrastructure in the Country, and provides support for Uzbek national tour services to enter international markets (Manzurova, 2015).

The Present Study

In the rapidly changing and challenging business world of today TQM is about quality in everything done now and in the future, and is one of the most successful and effective management strategies there is to ensure integration, survival, standards, integrity, empowerment, profitability, and growth and prosperity for an organization. This is evidenced by a report from the ISO (2015), containing statistics that show that most of the top ten countries with the most ISO certified organizations are from the developed world. These countries are Japan, Spain, Germany, U.K., India, France, Brazil, China, Italy, and the Republic of Korea. However, of all the ISO certificates worldwide, only 3664 (<10%) are held within the hotel and restaurant sector of tourism (ISO, 2015).

This study was developed to assess whether this pattern is true of the Uzbek hotel industry, but also to outline the advantages for the Uzbek tourism industry of implementing TQM in the future. For the purposes of this study the following hypotheses were thus developed:

- H1: TQM and ISO standards are not widely known in Uzbek tourism;
- H2: The acceptance of TQM and ISO standards will improve marketing performance in the Uzbek tourism industry;
- H3: The implementation of TQM and ISO standards will improve operational performance in the Uzbek tourism industry; and
- H4: The implementation of TQM and ISO standards will boost the HRM performance of the Uzbek tourism industry.

The research carried out to test these hypotheses included a postal questionnaire administered to 100 hotels in the country, published data, and interviews with the managers of a sample of hotels that have already gained certificates relating to quality management systems (the hotels that have implemented ISO standard 9001). The study used appropriate statistical methods, including Chi-square tests, to analyze the data obtained, while the opinions expressed in the questionnaire survey were analyzed using a five-point Likert scale.

Chapter 2: Literature Review

The Total Quality Management (TQM) approach was developed in the late 1970s and early 1980s by writers such as Deming (1986), Juran (1979), Crosby (1979), Feigenbaum (1983), Ishikawa (1986) and Taguchi (1986). Feigenbaum (1983) first used the term, and noted that Top Management must buy-in to this type of process for it to be successful (Fonseca, 2015). The concept was only broadly defined however, even though several notable organizations have attempted to refine it (Lau and Anderson, 1998; Martinez-Lorentz et al., 1998; Sala and Ebrahimpour, 2003; Boon et al., 2007). Because of this, TQM can mean different outcomes to the people involved (Eriksson and Hansson, 2003). Berry (1991) suggested TQM as a corporate focus on customer needs and wants. By acting in this way an organization could significantly reduce any costs resulting from poor quality products or services by adopting a new corporate approach. Kanji (2002) held TQM to be an approach that fosters an organizational culture that is committed to customer satisfaction and continuous improvement of procedures (see also Antony et al. 2002).

The United States Department of Defense (1988) argued that TQM should be seen as a strategy for continuous improvement of performance in all areas and levels of an organization. The British Standards Institution (2007) saw TQM as a management philosophy that aims to bring all the resources of an organization together to achieve its objectives effectively. The International Organization for Standardization (2002) noted that TQM is "A management approach of an organization that is centered on quality, based on the participation of all its members, and aiming at long term success through customer satisfaction and benefits to all members of the organization and society;" while the American Society for Quality (2013) noted that TQM is an attempt to gain long term benefits through boosting customer satisfaction. Finally, the Chartered Quality Institute said in 2013 that "TQM is a philosophy for managing an organization such that it can meet stakeholder needs and expectations efficiently and effectively, without compromising its ethical values" (QCI, 2013).

The origins of the TQM movement can however be traced back even further than the 1970s, to the point where Shewhart introduced the concept of *Statistical*

Process Control (SPC) to monitor the quality of mass produced goods (Shewhart, 1931). The Bell Telephone Company then adopted this method in the 1930s, while *Quality Control* (QC) can be said to have been first implemented in Japan in 1949, when the Union of Japanese Scientists and Engineers (JUSE) suggested the development of a program for boosting the control of quality in Japanese organizations (Lakhe and Mohanty, 1994). And in 1950, Deming introduced the “Japanese-Style Management Model” that had evolved out of these early experiments with TQM to the world.

TQM also features as a guiding principle for the PDCA (Plan – Do – Check – Act) procedure in management. This concept, again originally from Shewhart (1931), was developed by Deming (1986), who came up with 14 points of differentiation between plans, and was one of the pioneers of TQM in relation to identifiable causes of management failure, and the use of standard statistical methods to describe and control quality improvement. He also stressed the need for involvement by top management for the TQM concept to flourish. This last point was stressed by Juran (1979), who developed a similar model, the Quality Trilogy (Planning, Control and Improvement) model based on quality cost measurement in quality management.

Crosby (1979) added to this discussion through his concept of “Quality is Free by doing it Right First Time and conforming to Standards.” As with other authors, he also raised the need for the precise measurement of the cost of quality, and promoted the involvement of top management in the TQM process. Ishikawa (1986) made a plea for the analysis of cause and effect, and advocated the use of such controls throughout an organization. One additional concept that is important here was his notion of the *Internal Customer*, the recognition that the organization has also to deal with its own human resources and systems requirement for quality to be achieved, not just the external customer. Finally, Taguchi (1986) developed three methodologies, the Loss-Function Concept, the Signal to Noise Ratio, and the Orthogonal Design of Experiments (Fonseca, 2015), in seeking to improve the implementation of TQM.

The Core Features of the TQM Concept

According to Powell (1995) and Fonseca (2015), TQM is “an integrated management approach through a set of practices that emphasize, among other things, continuous improvement and meeting customers’ requirements.” Powell also thought that the approach was a strategy that can generate extra economic value within the production process, and provide an organization with a sustainable competitive advantage (Powell, 1995). Putting all these discussions together, it is possible to say that there is at least implicit agreement concerning the core principles and concepts of TQM (Dahlgaard-Park et al. 2001; Fonseca, 2015):

- 1) Strong management commitment and leadership that is strategically based;
- 2) Continuous improvement of policy and practice;
- 3) A focus on customers; in other words, a customer-driven organization;
- 4) Total involvement and total commitment;
- 5) Actions based on a “scientific approach”;
- 6) Focus on processes informing policy;
- 7) Focus on employees and teamwork, with motivation and empowerment as their core;
- 8) Focus on learning and innovation through training and education;
- 9) Building partnerships between suppliers, customers, and society; and
- 10) Using a systematic approach to develop a TQM-based culture.

TQM and the Tourism Industry

As quality-creating processes have become more important in organizational management, so to have they impacted on tourism. Recently, their implementation has become more common in this industry (Casadesus and Marimo, 2010). For the accommodation industry, TQM was first hinted at when Quality Assurance (QA) was introduced in this industry in the 1980s (Hall, 1990); but actually appears to have started from 1982 when the American hospitality industry implemented a raft of quality assurance systems (Walker and Salameh, 1990).

A priori, quality management should be very important in the hospitality industry (Saunders and Graham, 1992), given the industry's extreme reliance on interpersonal relationships. Up until the 1990s however, few hotels had discovered TQM (Walker and Salameh, 1990), and, despite the increase in academic interest in total quality management (TQM) elsewhere since 1990, there have been relatively few empirical studies in the hospitality industry that confirm any of the theories discussed earlier in this chapter (Black, 2010).

Nevertheless, in the early 21st Century hospitality organizations have shown more interest in the approach. As the expectations of customers and potential customers have grown, hospitality organizations have found the implementation of quality control procedures to be an important part of their involvement in the global market (Cannon, 1995). Thus, Kapiki (2012) was able to say that TQM in the tourism and hospitality industry is an approach whereby service is based on a collaborative approach between management and employees (Kapiki, 2012). Mill (1986) suggested that the aim of service quality is the satisfied customer, and Westcott (2015) considers that, in the tourism and hospitality industry, total quality management refers to an approach that integrates all employees in a process of continuous learning having the goal of increasing customer satisfaction. This involves examining all points of interaction with guests to identify areas of improvement.

Thus, in the field of tourism and hospitality, TQM is an approach that requires all levels of employees to work together to establish and meet guest service expectations (Walker, 2010; Kapiki, 2012). Certifying the resulting quality systems is now standard practice, where such an approach has been implemented. However, certifying quality has focused primarily on manufacturing industry and the operation of administrative systems (for example ISO 9001), leaving the service sector in the form of tourism and hospitality largely uncovered except for the 'green' or ecotourism subsector (María del Mar Alonso-Almeida, 2012).

A definition from the literature

Based on this brief review, the definition of TQM adopted for this study can now be put forward: TQM is “A management philosophy which involves a set of principles, techniques, and tools that are used for continuously improving the quality of processes, products, services and people by involving all employees to achieve superior customer satisfaction.”

TQM defined in this way is becoming more important in the hotel industry, and its implementation has had positive effects on hotel performance. The following chapters investigate the implementation of this approach in the hotel industry in one destination, the Republic of Uzbekistan, and assess its impact. The aim of this research project was to determine the influence of quality management systems on operational performance, the marketing of destinations, as well as on how human resources are used and developed, within local hotels. It was designed to show how the introduction of TQM will positively aid the development of the tourism industry in Uzbekistan by comparing actual practice with international standards, especially management system standards. And suggests that implementation of this concept will bring benefits to the Country’s tourism development, and help to reassure international and local consumers that Uzbek hotels are safe, efficient and good for the environment in that destination.

The advantages for tourism sector companies

There is no doubt that if today's hotels are looking to stay ahead of the competition, then the implementation of TQM-style certification of management systems may be important for management. Using ISO 9001, ISO 22000, ISO 14001, and ISO 50001 implementation and certification, hotels can save costs, energy, improve customer satisfaction, and become environmentally credible. With the hotel sector constantly experiencing more and more competition, it is important to secure a competitive advantage, and show commitment to quality and the environment (ISOS Certification Services, 2016).

The improvement of the competitiveness of tourism and hospitality business is one of the priorities of Uzbekistan's state policy in the field of economic development. The benefits, provided to companies from introducing quality management systems corresponding to ISO 9001, 14001 and 50001 series, are striking proof of this. Today,

companies are enjoying such privileges as the reduction of the tax burden based on the amount of investment, which is aimed at the introduction of quality management systems, and exemption from customs duties and value-added tax on import of necessary equipment (Uzbek Agency for Standardization, Metrology and Certification, 2015).

For any hotel, ISO certification means managing business with the expectation of being accountable for aligning their internal processes with quality management principles, and complying with documented standards (Kristina, 2015; <http://www.hotelnewsresource.com>). As noted by ISO consultants (2015), management systems certification helps to improve operations, raise staff morale, and to improve marketing. Through these actions, accredited hospitality organizations will gain operational benefits. ISO 9001 Quality Systems are also well documented to be a good tool for reducing waste and enterprise risk, while at the same time helping to increase customer confidence and business performance through their continual improvement.

As an example, Hilton Worldwide and its portfolio of 10 hotel brands has earned ISO 9001 certification for its Quality Management Systems, ISO 14001 certification for its Environmental Management Systems, and ISO 50001 certification for its Energy Management Systems (hiltonworldwide.com, 2012). With these, Hilton Worldwide has become one of the first multi-national organizations to certify its entire system globally - more than 3,750 properties in 85 countries (Daniels, 2014). Christopher J. Nassetta, president and chief executive officer, Hilton Worldwide notes that: "While our commitment has continuously been recognized by our guests, team members and owners, obtaining ISO 9001, ISO14001, ISO 50001 certifications further validates that commitment and recognizes the company's commitment to meeting globally recognized standards" (hiltonworldwide.com, 2012).

Equally, according to the Regional Vice President Turkey and Eastern Europe for Swissotels, Gerhard Struger (2016), ISO certification is more than a label. It ensures that properties meet the high standards expected by their clientele by applying a systematic management approach. Since 2010, all Swissotel properties and its Corporate Office have been globally certified for Quality Management (ISO 9001), Environmental Management (ISO 14001), Health and Safety Management (OHSAS 18001), and Food Safety Management (ISO 22000).

These studies show that a hotel with such certificates meets all external and internal operational standards, and updates those that it has embodied in its practices (Augustyn and Pheby 2000; Wang et al 2001; Injac, 2002; Levett 2005; McAdam and Fulton 2002; Feinberg et al 2003; Calisir 2007). It is necessary to note though, that the amount of benefit gained by an organization is directly proportionate to the support from all stakeholders (Lazibat, 2005). Beside the need to emphasize the advantages and benefits (Priede, 2012; Ogechukvu, 2016) arising from their implementation, we also need to be aware of its downsides as well. While every hotel operator wants to make sure that its services are up to date and meet customer expectations, it has become difficult to guarantee they are fit for purpose given the imposition of the extra paperwork that comes with certification systems (Kristina, 2014).

The implementation of quality management systems in any organization increases administrative effort (Dragičević and Žarković, 2014). The process can also often be a problem for hotel staff to accept (Pavlic and Dragičević, 2008). While Rayner and Porter (1991) found that while improved marketing performance is one result of implementation, this comes at an increased administrative cost (Dragičević and Žarković, 2014). Adanur and Allen (1995) found that the main advantage of ISO 9001 in the US were increased effectiveness, higher client rating, and a raised ability to compete, but that this also came at a cost (Atwater–Discenza, 1993; Calisir et al., 2005; Urbonavicius, 2005; Dragičević and Žarković, 2014). While those hotels that have gone down this path have reduced labor problems, and raised their image, they also mention the negative effects on operations and employee satisfaction levels when the process of certification is not carried out with the full cooperation of all stakeholders (Callan 1992; Nield–Kozak, 1999).

Having said this, Ingram and Daskalakis (1999), and Costa (2004) note that greater evidence of quality control has become a key selling point for the hotel business in many destinations. It is also notable that the processes of introduction of management systems relevant to ISO standards are the result of the fact that the tourism enterprises of a country are strengthening their position in international markets, and increasing service levels. Besides, if managers are aware that the introduction of management systems means taking care of employees and the environment, this can only enhance the prestige of a company, and boost its effectiveness.

Chapter 3: Uzbekistan

There is no doubt that today tourism is one of the most important economic activities worldwide. Its direct economic impact has significant influence on GDP and employment. According to the Uzbek National Information Agency reports published between 2013-2017, the hotel industry in Uzbekistan has an important role in supporting the nation's tourism industry and economy. In this subsector alone the reports envisage the implementation of 44 new projects worth \$27.5 million involving construction and renovation of hotels, restaurants and other tourist infrastructure. While within the country there are 255 archaeological and cultural monuments, some of which are listed in the list of historical sites under UNESCO protection. The reports show that, on 39 objects of cultural heritage, work on their repair and restoration is costing \$15.6 billion.

Recently, the Financial Times (2016) published an article about the most attractive tourist destinations in 2017. This ranking included nine states, and Uzbekistan was in second place based on the number and quality of its attractions as determined by a survey of business executives and leaders of the tourism industry; such as "Wild Frontiers," "KE Adventure Travel," "Discover the World," "Ampersand Travel," "Oetker Collection," "Red Savannah," and "Cazenove and Lloyd." In this piece (<http://singapore.mfa.uz>), the founder of Wild Frontiers said that tourists prefer to visit unique places, and that Silk Road countries are the most attractive destination at present. The Tashkent Times (2016) noted that even if tourists have no time to travel through all the countries along the Silk Road, then they should visit Uzbekistan. It added that Uzbekistan with its ancient cities like Samarkand, Bukhara, Khiva, Shakhrisabz, and Tashkent, and its unique architectural monuments, deserts, and upland valleys can substitute for all the countries of the region.

The author of the Financial Times article also noted that the Decree "On measures on ensuring rapid development of tourism industry in Uzbekistan," promulgated on 2 December 2016 by the government, means that Uzbekistan will waive visas for tourists from 15 countries, and for those from a further 12 countries aged over 55, from 1 April 2017 (UzDaily.com, 2016). Since gaining independence in 1991,

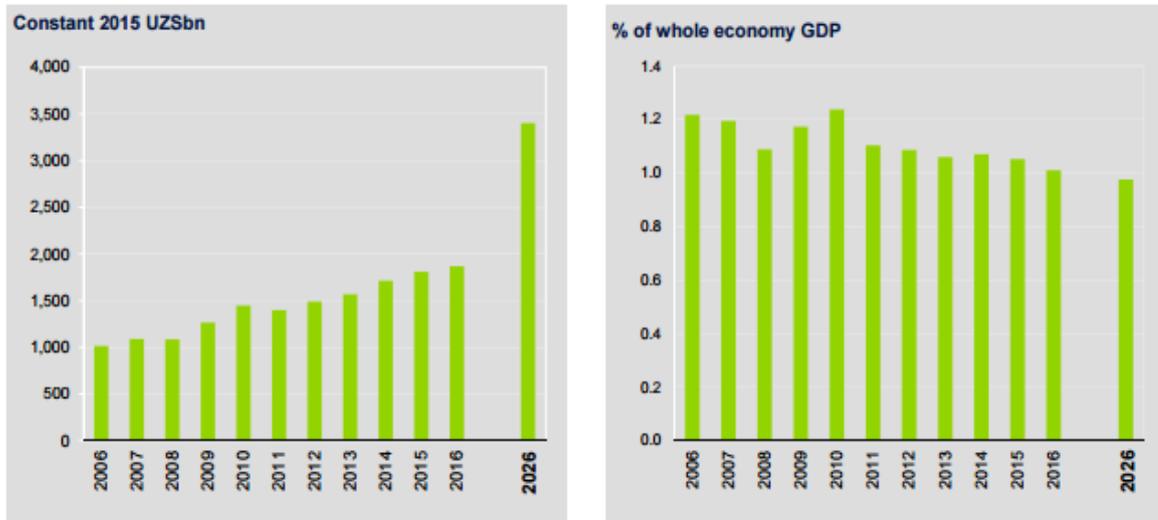
Uzbekistan has shown the ability to become a major tourist destination based on its unique cultural, historical, archeological, and natural attractions (Kantarci, Uysal, & Magnini, 2014), and its improvements in tourism infrastructure (Coulibaly et al., 2012).

Travel & Tourism's contribution to the GDP of Uzbekistan

The direct contribution of Travel & Tourism to GDP in 2016 (Table 2) was UZS1,869.7bn (1.1% of GDP). This reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It is likely to grow by 6.2% per year to UZS3,404.2bn (1.0% of GDP) by 2026.

Table 2: Contribution of Travel & Tourism to GDP

UZBEKISTAN: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP



Source: WTTC (2016).

With all subsectors and impacts counted, Travel & Tourism added 3.1% to GDP or UZS5,702.1bn in 2016 (Figure 2), and this will rise by 6.1% pa to UZS10,330.4bn by 2026 (but fall to 3.0% of GDP).

Figure 2: Total Contribution of Travel & Tourism to GDP



¹ All values are in constant 2015 prices & exchange rates

Source: WTTC (2016).

Visitors and Investment

Visitor income is part of the direct contribution of tourism to an economy. Uzbekistan received UZS568.4bn from about 2 million inbound tourists in 2015 (Table 3). In 2026 inbound visitors are forecast to total 4,409,000; bringing revenue of around UZS1,094.8bn.

In a move that will ease travel restrictions to Uzbekistan and produce more income, the country has introduced visa-free travel for citizens from 27 countries (<http://www.lonelyplanet.com/news/2017/1/9>), but this will not come into force until 2021. Tourists from 15 countries will be entitled to a 30-day visa: Australia, Austria, Britain, Canada, Denmark, Finland, Germany, Italy, Japan, South Korea, Luxembourg, the Netherlands, Singapore, Spain, and Switzerland. Visitors from 12 other countries can enter visa-free for 30 days, as long as they are over 55: Belgium, China, the Czech Republic, France, Hungary, Indonesia, Israel, Malaysia, Poland, Portugal, the US, and Vietnam. The government said the restrictions were eased to create favorable economic and institutional conditions for the intensive development of tourism. Visitors from all 27 countries will have to pay an entrance fee (Plush, 2016).

Table 3: Visitors



Source: WTTC (2016).

The tourism sector benefitted from investments of UZS864.2bn in 2015. Over the next ten years this is expected to rise by 5.9% pa to UZS1,614.2bn in 2026. Due to the expected heavy investment in other sectors though, its share of total investment will fall from 2.1% in 2016, to 2.0% in 2026 (Table 4).

Table 4: Capital Investment in Travel & Tourism



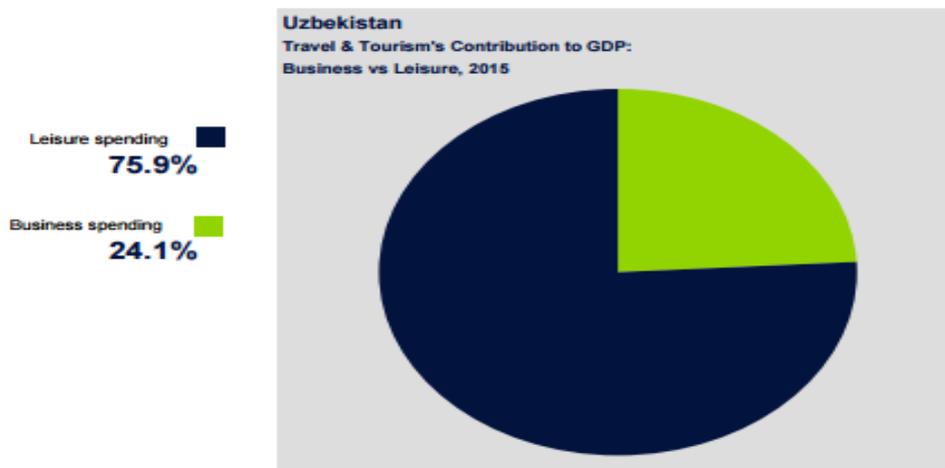
¹ All values are in constant 2015 prices & exchange rates

Source: WTTC (2016).

The Different Components of Travel and Tourism

In Uzbekistan, tourist spending (inbound and domestic) generated 75.9% of this direct contribution to GDP in 2015 (UZS2,581.3bn), compared with 24.1% for business travelers (UZS819.2bn; Figure 3; <http://www.wttc.org>). Leisure travel spending is expected to jump by 6.1% pa to UZS4,975.5bn in 2026, while business spending will rise by 6.7% pa to UZS1,476.7bn.

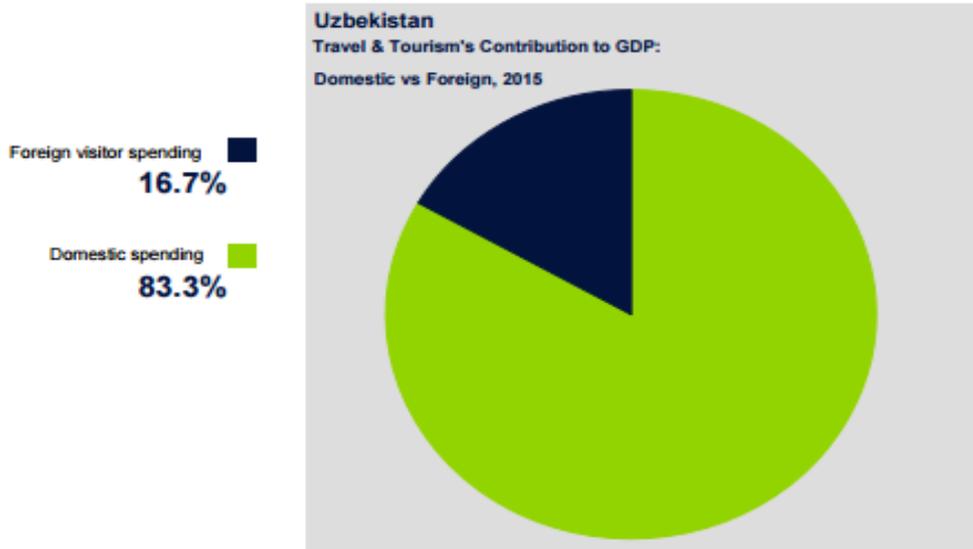
Figure 3: Contribution to GDP



Source: WTTC (2016).

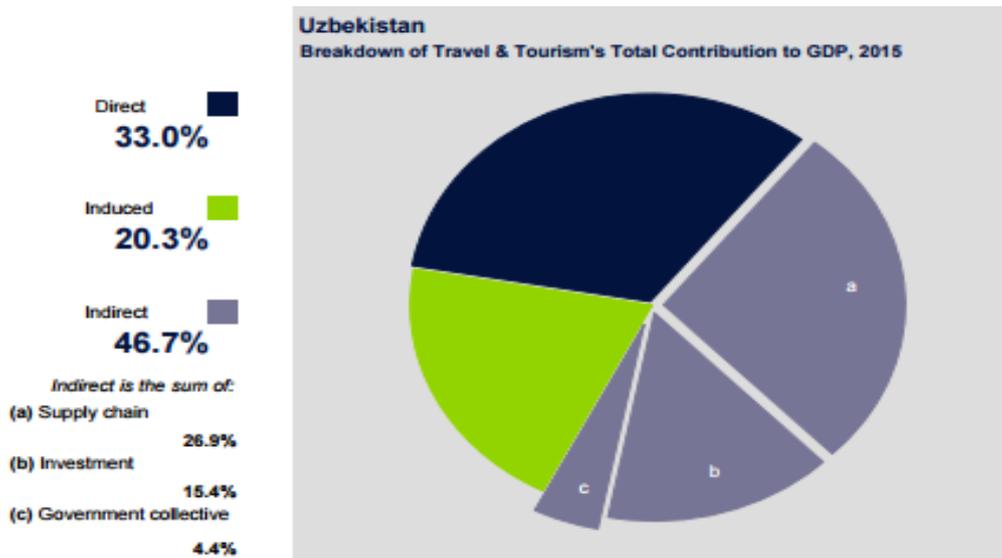
Domestic tourism contributed 83.3% of this contribution to GDP in 2015 (Figure 4), and inbound tourism 16.7%. Domestic spending is forecast to rise by 6.2% pa to UZS5,357.5bn in 2026. International tourism receipts are forecast to rise by 6.5% pa to UZS1,094.8bn in 2026. Finally, the overall impact of tourism on GDP is 3 times greater than its direct impact (Figure 5).

Figure 4: Contribution to GDP



Source: WTTC (2016).

Figure 5: Segments of the Total Contribution of Travel & Tourism to GDP

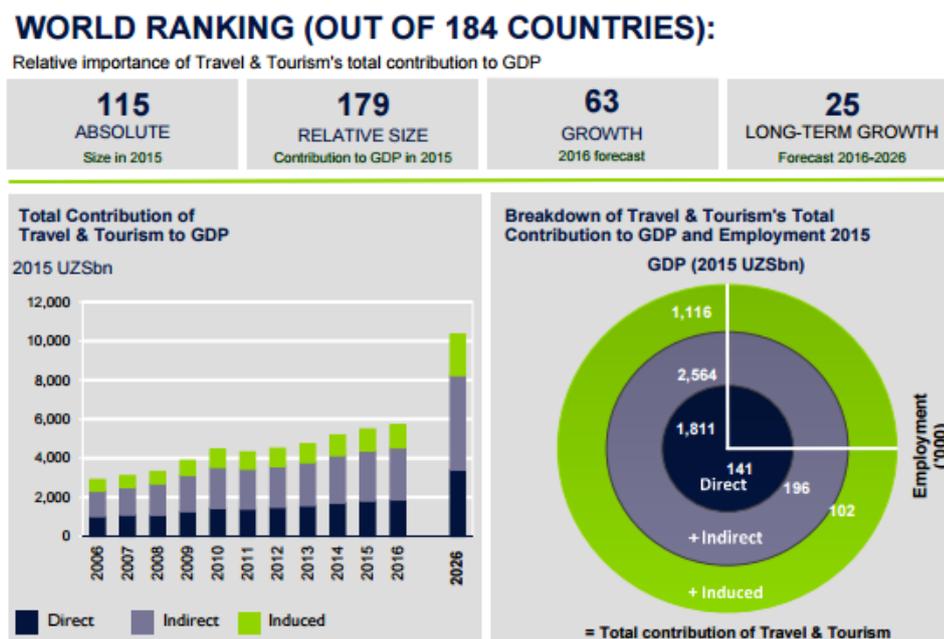


Source: WTTC (2016).

The government of Uzbekistan has defined the development of services as one of its top priorities for the development of the country. Figure 6 lays out the

consequences of this approach in respect of the current position of Uzbekistan in the globalization of tourism. According to the WTTC World Ranking Report (<http://www.wttc.org>), the country is in 115th position absolutely, but is rated 25th in terms of its potential for long term growth.

Figure 6: World Ranking



Source: WTTC (2016).

TQM and Tourism in Uzbekistan

Total quality management (TQM) is a management approach that has made its way into the tourism sector in many countries. The tourism and hospitality industries began to implement the concept in the early 1990s, and this has been quite successful (see Chapter 2). In the tourism sector of Uzbekistan, the progress of implementing TQM and ISO standards has however been rather slow, with examples of successful implementation represented by only a few new hotels. However, these hotels have benefited from a TQM and ISO standards process similar to their counterparts in the competitor countries of UAE, Turkey and Russia; such as improved staff performance, better services, reduced costs and customer satisfaction.

While Total Quality Management (TQM) and operational ISO standards are widely accepted by firms and other profit oriented organizations in Uzbekistan, their adoption by the tourism sector, particularly in local hotels and at the operational level is less well understood. In fact, the introduction of advanced management systems into the local tourism sector is still insubstantial: of the 548 hotels in Uzbekistan only 10% have implemented such certified management systems. Thus, broadly speaking there has been a low uptake of ISO standards and certification in Uzbekistan's tourism sector. This low uptake by the hotel sector is depriving it of the much-publicized benefits that ISO certification gives business. These benefits include helping companies to enhance their efficiency, improve communication, improve their comparative advantage, and to reduce their costs (Young and Wilkinson, 2002; Casadesus and Marimon, 2010).

The loss of these benefits is seen in the low level of competitiveness within the Uzbek hotel industry compared to the hotel industries of Russia, Kazakhstan or Turkey. And, although Uzbekistan has developed some educational institutions to meet international standards for tourism marketing and management of service and hotel businesses, it still lags behind with respect to a skilled resource base (Baum and Thompson, 2007), and suffers from several disadvantages in the management of its attempts to attract tourists from outside the region.

Chapter 4: METHODOLOGY

Introduction

The methodology of a study is a collective term for the process required to perform the research. The term is generally considered as including the conception of the research, the collecting of information, and the discussion of the results. This chapter examines the general methodology of the present study. It discusses the background, the population, the survey plan, the study procedure, and the information investigation strategies that were used.

The aim of this study was to determine the impact of quality management systems on the operations, human resources management, and marketing aspects of hotel business practice in Uzbekistan. It was designed to show how the introduction of TQM will positively aid the development of the tourism industry in Uzbekistan by comparing actual practice with international standards, especially management system standards. It was suggested by the literature review that implementation of this concept would bring many benefits to the Country's tourism sector, and help to reassure international and local consumers that the products and services in the Uzbek hotel industry are safe, efficient and good for the environment in that destination.

The research design included a postal questionnaire to a sample of 100 hotels in Uzbekistan (50 responses were obtained), and face-to-face contact with the managers of the 25 hotels that have introduced quality management system standards into their businesses. The research objective raised three main questions: 1. whether TQM exists in the Uzbek tourism sector, especially in hotels; 2. How does a hotel approach the implementation of TQM; and 3. What are the critical factors that would ensure the introduction of TQM culture to hotel operations in Uzbekistan?

Thanks to the generous support from the Ritsumeikan Center for Asia Pacific Studies Master's Student Field Research Support Program, I was able to conduct multiple case studies in Tashkent, Samarqand and Fergana Valley hotels in Uzbekistan. Without this support, it would not have been possible to carry out the research.

The research hypotheses created to answer these three questions are restated as follows:

- H1: TQM and ISO standards are not widely known in Uzbek tourism;
- H2: The acceptance of TQM and ISO standards will improve marketing performance in the Uzbek tourism industry;
- H3: The implementation of TQM and ISO standards will improve operational performance in the Uzbek tourism industry; and
- H4: The implementation of TQM and ISO standards will boost the HRM performance of the Uzbek tourism industry.

The Significance of the Study

Evaluating the current quality management profile, policy and strategy in Uzbek hotels is essential for suggesting modifications for sustainable tourism development and planning in the future. Setting up and achieving such objectives only will not serve the purpose of contributing a higher value to the country's economy, but will assist the hotel sector in striking a balance between trading volumes and quality service. And this is important in future policy making for sustainable tourism development.

Globalization of the tourism industry may mean that the quality factors that have affected decision making in the past will no longer be valid in the future. Therefore the outcome of this study can be used in constructing future tourism policy and strategy by both government & private sector stakeholders, foreign investors, hospitality sector workers, and many other financial and economic decision makers for their own decision making such as measuring the market risk, designing promotional campaigns, and so on, to achieve total quality management.

Data Collection

A total of 25 hotels were identified as having implemented some parts at least of the Quality Management Systems approach. The focus of the research survey was on the high-level managers in each of the hotels. Regrettably, only 16 hotel managers (from the Dedeman Silk Road Tashkent, Ramada Tashkent, Shodlik Palace Tashkent, Grand Mir Hotel Tashkent, "Uzbekistan" Hotel, Le Grand Plaza Hotel, Radisson Blue Hotel Tashkent, Miran International Hotel, Hotel Grand Samarqand, Samarqand Plaza Hotel, Malika Bukhara Hotel, Amelia Boutique Hotel, Hotel Asia Fergana, Hotel Bogishamol in Andijan, Namangan Hotel, and Saydana Namangan Hotel) were willing to take part in the interviews.

A structured approach to these interviews was adopted. The first section of the interviews provided demographic information. The second covered the marketing benefits managers saw as being obtained from quality management processes, the third covered the increases in operational efficiency obtained, and the last covered the benefits from better trained and focused human resources. The method of measuring the range of responses was a five-point Likert type scale, where one signified the lowest and five the highest level of the responses from the organization. Chi-square inferential statistics were used to check reliability of the data.

Prior to this survey, a postal TQM questionnaire was sent to a sample of 100 Hotels in Uzbekistan that did not appear to have certification, and 50 completed answers were received (a response rate of 50%).

Table of Total Responses

The Number of Hotels	The number of responded Hotels	Response rate (%)
100	50	50%

Most of these questionnaires were answered by the Quality Representatives of Hotels, and involved them making comment on the value of the TQM approach for Uzbek hotels. The respondents in the sample were selected because they are key players in the Uzbekistan tourism service sector and consequently, their opinions and suggestions were considered important for the improvement of the hotel industry. The answers to the questionnaire included the following opinions:

- Most hotels have implemented ISO 9001 standards, even if not certified;

- The main reason to implement quality systems in Hotel is for marketing purposes;
- The implementation of quality systems process was challenging;
- At least 10 people are trained to maintain the system each Hotel;
- All hotels have attempted to get an ISO Certificate, but only 25 of them have received a ISO 9001 certificate;
- Most hotels have a long term strategic plan;
- All hotels encourage staff development;
- The hotels recognize that ISO 9001 implemented and certified hotels will have quality policies, quality manuals, and encourage team work; and
- All hotels measure quality performance and customer satisfaction.

The data are given in Appendix 1.

Chapter 5: Results of the Study

Implementation of TQM in the Uzbek hotel industry

The set of hotels studied consisted of a sample of the companies registered in Uzbekistan (approximately 548). The field work (a questionnaire survey about the value of the TQM approach) was carried out during August and September 2016 in a sample of 100 hotels chosen from the registered hotels using random numbers (a 50% response rate was achieved). The next stage involved surveying of 25 hotels who had certification in a more-in-depth study. Reports of previous work in this area (mainly from the Internet) were also used to construct the list of hotels possessing quality management system certificates.

The 25 hotels were chosen because of their implementation of quality management systems. Initially, it was thought that there would be more because, according to the ISO (2016), in 2015 Uzbekistan was 4th among the CIS countries in the number of its companies certified in accordance its system. Indeed, data from the Agency for Standardization, Metrology and Certification of Uzbekistan Survey Management System Standard Certifications (2016) show that:

- A total of 3431 certificates were issued Uzbekistan in 2016;
- A total of 3134 certificates were issued to ISO 9001;
- A total of 54 certificates were issued to ISO 14001;
- A total of 68 certificates were issued to ISO OHSAS;
- A total of 72 certificates were issued to ISO 22000;
- A total of 5 certificates were issued to ISO 50001;
- A total of 34 certificates were issued to ISO/TS 16949;
- A total of 5 certificates were issued to GMP; and
- A total of 55 certificates were issued to Integrated Management Systems.

According to this research, there are no hotels in Uzbekistan that have implemented or have been certified at ISO 140001 (Environment Management Systems), ISO 50001 (Energy Management Standard), or ISO 22000 (Food Safety

Management Systems) levels; thus, only ISO 9001 has been implemented in hotels in Uzbekistan, and there are presently only some 50 in this category. The ISO 14000, 50001, and 22000 certificates are presently restricted to restaurants and other businesses. Accordingly, these 50 hotels were contacted and responses were received from 25 hotels. 50% of the hotels that have implemented TQM are in the Tashkent region, followed by 30% in Samarqand and Bukhara, and 20% in the Fergana valley region.

The study also sought information on future intent in the postal questionnaire, and this showed that most of the hotels *planning* to implement quality management systems are in Tashkent, and in the Samarqand, Bukhara regions outside the capital. Therefore, it is obvious then that awareness of quality management principles is highest in Tashkent, followed by Samarqand and Bukhara. And, it therefore follows that should TQM be adopted in the industry in the future, the level of certification in these subsidiary areas will rapidly increase.

The National Model of Tourism Enterprises

A restructuring of the national model of tourism development was planned in 1993-1995. By 1996 about 90% of the tourism facilities in the "Uzbektourism" system had passed into private hands from their original developers, the public sector. In 2014 559 tour operators and 477 hotels (including B&Bs and Guesthouses), with a general capacity of 26.8 thousand visitors per day, could be found in Uzbekistan. Occupancy rates had reached approximately 40% in 2014, and the average length of stay of visitors was 2.5 days (15% more than in 2013). In Uzbekistan, the optimum occupancy rate is about 62% (Orifboev, 2016). The development of small and medium-sized hotel business attracted the main attention, and most of these are in private ownership (Kumar and Suresh, 2015). The average annual rate of growth in the tourism sector in Uzbekistan reached 7.6% last year; much higher than the average worldwide of 4.5% (Pugach, 2005).

The study found that, of the hotels that have implemented ISO and are certified at ISO 9001 level, 90% are privately owned. The majority (90%) of those planning to implement ISO 9001 in the future are also privately owned; only 10% are state-owned. There is therefore a relationship between private ownership and the implementation of

TQM, and it is the ISO 9001 set of certificates (administrative procedures) that is found in private hotels in Uzbekistan for this purpose (Dragicevic and Zarkovic, 2014).

Customer service excellence has always been and will always be one of the critical sources of competitive advantage for any business. According to this study, local and foreign private hotel and business hotel managers are more attuned to service quality than the managers in state-owned hotels (Dragicevic and Zarkovic, 2014). There is therefore a need to improve the education and awareness level of the latter group of hotels (Dragicevic and Letunic, 2011). All customers want to be noticed and heard, and if any part of the system falls short, ongoing success, customer loyalty, and referrals to others will all be at risk in all parts (Love, 2015). Given this recognition, consumers play a central role in the development of a hotel business. Mahatma Gandhi once said, "A consumer is the most important visitor on our premises. He is not dependent on us, we are on him. He is not an interruption to our work; he is the purpose of it. We are not doing a favor to a consumer by giving him an opportunity. He is doing us a favor by giving us opportunity to serve him" (Orifboev, 2016).

In this regard, it is 3-star hotels that have implemented ISO 9001 in Uzbekistan; only 20% of four-star hotels, 15% of two-star hotels, and 3% of five-star-hotels have done so. The hotels planning to implement and to certify quality management systems are also three-star-hotels (this is not unexpected given the quality of the industry in Uzbekistan). These results show the increased awareness level of three-star hotels concerning quality management systems, but the really encouraging result is that some two-star hotels plan to introduce quality management systems, which is possible because quality standards is not limited to any one size or category of hotels. According to the International Organization for Standardization, all new versions of their standards are generic and are intended to be applicable to all organizations.

Mai-Dalton, Latham and Fiedler (1978) note that the ability to serve and help people is an obvious part of hotel service, and that this ability can be gained by an adequate level of training and on-the-job experience. However, the lack of an identifiable career in many hotels tends to reduce the commitment of employees (Goodman 1978). Therefore, managers should boost their communication skills and hone their techniques for dealing with people, to maintain good relationships and working conditions in the hotel workplace. This study found that the implementation of

such skills as part of the quality management process is readily accepted by hotel managers in Uzbekistan as being possible in both small and medium size hotels.

The impact of standard management systems on the business success of the Uzbekistan tourism (hotel) industry

On Managers

All managers participating in this study held a university or a college degree. Most of them graduated from Management Development Institute of Singapore in Tashkent, Westminster International University in Tashkent, the College Tourism and Services in Samarqand, the Tashkent Professional College of Tourism, or the Samarkand Institute of Economics and Service. It can therefore be concluded that there is a relationship between the education level of hotel managers and the implementation of quality management systems. The demographic data showed that 50% of these managers are older than 45, 35% are between 30 and 35, and 15% are between 21 and 25. Therefore 50% have up to 30-35 years of service, while 15% have between 10 and 15 years of service, and this again correlates well with the idea that managerial experience determines the uptake of quality control systems. Managers with experience are more likely to realize the importance of continuously improving the quality of the hotel product.

Marketing performance

Management system certified hotels tend to realize their key performance factors, and produce better performance. Quality certification in hotels is therefore an important strategic initiative because it facilitates the development of KPIs, and has a considerable an impact on firm performance (Tarí and Cortés, 2009). In fact, possession of ISO 9001 certification creates marketing opportunity, and may assist in increasing the visibility of Uzbek hotels in international markets (Nield–Kozak 1999; Dragicevic and Zarkovic, 2014).

According to this study of Uzbekistan, some hoteliers that understand the importance of ISO 9001 are the Dede man Silk Road Tashkent, "Uzbekistan" Hotel, Le

Grand Plaza Hotel, Radisson Blue Hotel Tashkent, Mirna International Hotel, Hotel Grand Samarqand, Samarqand Plaza Hotel, Malika Bukhara Hotel, Amelia Boutique Hotel, Hotel Asia Fergana, Hotel Bisham in Andrija, and the Namangan Hotel. Each of their managers described a quality management process that is highly important for any business, but particularly so for the hospitality industry as it ensures the viability of hotels. These hotel managers explained that, without a quality management system their hotels might survive, but would not be able to reach their maximum potential. These hotel managers agreed that effectively implemented ISO standard procedures help them to increase their loyal customers, and to further strengthen their local and international reputation.

During the study, Tashkent, Samarqand and Fergana Valley region hotel managers were asked to assess the international visibility of those Uzbek hotels that have implemented quality control systems. Sixteen of the hotel managers (Dedeman Silk Road Tashkent, Ramada Tashkent, Shodlik Palace Tashkent, Grand Mir Hotel Tashkent, "Uzbekistan" Hotel, Le Grand Plaza Hotel, Radisson Blue Hotel Tashkent, Miran International Hotel, Hotel Grand Samarqand, Samarqand Plaza Hotel, Malika Bukhara Hotel, Amelia Boutique Hotel, Hotel Asia Fergana, Hotel Bogishamol in Andijan, Namangan Hotel, and the Saydana Namangan Hotel) assessed the international visibility of hotels before and after the implementation of quality management systems, as shown in Table 5.

Table 5. Assessment of the national visibility of Uzbekistan Hotels before and after the implementation of Quality Management Systems

Interval	1-very low	2-low	3-medium	4-satisfactory	5-very satisfactory	Total
Before the implementation of Quality Management Systems	-	-	6	10	-	16
After the implementation of Quality Management Systems	-	-	-	15	1	16

A t-test of these data gave the value $\chi^2 = 19,194$ ($\alpha = 0,05$), and shows that there is indeed a correlation between the implementation of quality management processes and the improved visibility of the Uzbekistan hotels in international markets. Given

these research results, it is possible to suggest that hotels in Uzbekistan will enjoy improved visibility in international markets after the implementation of such systems. Creating brands in this way leads to an increase in customer sensitivity towards certificated hotels.

According to the results listed in Table 6, sixteen hotel managers (Dedeman Silk Road Tashkent, Ramada Tashkent, Shodlik Palace Tashkent, Grand Mir Hotel Tashkent, "Uzbekistan" Hotel, Le Grand Plaza Hotel, Radisson Blue Hotel Tashkent, Miran International Hotel, Hotel Grand Samarqand, Samarqand Plaza Hotel, Malika Bukhara Hotel, Amelia Boutique Hotel, Hotel Asia Fergana, Hotel Bogishamol in Andijan, Namangan Hotel, and Saydana Namangan Hotel) discussed the impact of international standards on the advertising of their hotels. Given the T-test value $\chi^2=10$ ($\alpha =0,05$), there is correlation between the implementation of ISO 9001, and using the certificate itself for marketing purposes (Dragicevic and Zarkovic, 2014).

The main online hotel advertisers of Uzbekistan hotels are www.tripadvisor.com, www.advantour.com, www.booking.com, www.hotels.com, www.agoda.com, www.lonelyplanet.com, and orexca.com. However, Oriental Express CA Ltd (trademarks, OrexCA.com and OTPUSK.UZ), is the first, and presently the only tourism operator advertising company in Uzbekistan that has succeeded in introducing ISO 9001 standards. According to the State Committee of the Republic of Uzbekistan on the development of tourism, 731 travel companies operate currently in Uzbekistan, thus the majority of Uzbek tourism and hospitality businesses do not understand the advertising potential of the certificate itself, especially on the Internet (Susan Young, 2000).

Table 6. Assessment of the influence of ISO 9001 on Advertising

Interval	1-very low	2-low	3-medium	4-satisfactory	5-very satisfactory	Total
Before the implementation of Quality Management Systems	-	1	10	5	-	16
After the implementation of Quality Management Systems	-	-	8	8	-	16

Sixteen hotel managers assessed the position of their hotels before and after quality management system implementation (Table 7). The T-test value of $\chi^2 = 32$ ($\alpha = 0,05$) shows that there is a correlation between the implementation of a quality management system and the positioning of Uzbekistan hotels in relation to their competitors (Dragicevic and Zarkovic, 2014).

This study thus confirms that the implementation of quality management systems is a key foundation for ensuring the sort of service that will contribute to the visibility of Uzbek hotels in relation to international competitors (see also Dragicevic and Zarkovic, 2014). This is critical given that the market position of Uzbek hotels compared with their Russian, Kazakh and Turkish counterparts is not yet good.

Table 7. Assessment of the positioning of Uzbekistan hotels

Interval	1-very low	2-low	3-medium	4-satisfactory	5-very satisfactory	Total
Before the implementation of Quality Management Systems	-	1	15	-	-	16
After the implementation of Quality Management Systems	-	-	-	10	6	16

The sixteen respondents also assessed the image of Uzbekistan hotels before and after the implementation of quality management standards (Table 8). The T-test value was $\chi^2 = 22$ ($\alpha = 0,05$), and confirms that there is a relationship between the implementation of quality management systems and the market image of the hotel concerned. Given that Uzbek hotels have a lower image than their foreign competitors in Russia, Kazakhstan and Turkey, the implementation of such systems should lead to an improved perception of Uzbek hotels on international markets.

In today's world, perception is reality. There are so many avenues available for organizations to influence their prospective or current customer base, that it may be difficult to strike the right balance in using all the tools at their disposal to create a positive corporate image. Today's consumers will move on if they can't find what they are looking for fast, or if they don't like what they find (Markowitz, 2014). Thus, there is no doubt that improved website appearance, an active social media presence, thought leadership, corporate culture, and executive access will be the main factors contributing to a hotel's positioning in domestic and international markets, and to their improved cooperation with business partners.

Table 8. An assessment of the positioning of Uzbekistan hotels in relation to competitors before and after Quality Management System implementation

Interval	1-very low	2-low	3-medium	4-satisfactory	5-very satisfactory	Total
Before the implementation of Quality Management Systems	-	2	8	6	-	16
After the implementation of Quality Management Systems	-	-	1	3	12	16

The impact of ISO 9001 implementation on the operational performance of Uzbek hotels

The Introduction of New Technologies

The results of this study show that out of the sixteen hotel managers who participated in the interviews, eight said that the introduction of new technologies in Uzbek hotel business practices was occurring, despite the low rate of implementation of ISO 9001 standards. Seven managers thought that this was satisfactory, while one manager said it was less than satisfactory. Conversely, twelve managers said that the introduction of new technologies into the business practices of Uzbek hotels was very satisfactory after gaining certification, and four said it was satisfactory. The χ^2 test showed that there is a correlation between the implementation of ISO 9001 and the introduction of new technologies in the Uzbek hotel sector. This study has thus shown that Uzbek hoteliers have understood the significance of modern technology and its correlation with the industry's future success.

The Introduction of Business Process Controls

The Uzbek hotel industry requires the introduction of new technologies and the replacement of existing ones, especially with respect to business process controls (Dragicevic and Zarkovic, 2014). This study shows that the eleven managers that had been assessing such controls in their hotels *before* the implementation of ISO 9001 certification, rated their ability to do this as only generally acceptable, and 5 rated it as low. When the hotels were assessed after the implementation of ISO 9001, eleven managers rated this area as satisfactory, while five rated it as being very satisfactory. The χ^2 test of independence showed that there is a clear correlation between the implementation of standards, and better business process control in hotels. This is also important given the untrained nature of the hotel workforce, especially in those hotels operating seasonally: strengthened business process controls will reduce the likelihood of failures in the future.

Personnel training

The staff that make up a significant share of the Uzbek hotel workforce are very much lacking in any form of training. Staff training is an essential part of any kind of hotel business. Consider the popular and often repeated quotation: “Give a person a fish and you feed him for a day. Teach a person to fish and you feed him for a lifetime” (Confucius, in Xaio, 2010), which shows clearly how important it is to train an employee to do his/her work properly than just give him/her an income. Today’s business climate, with its exponential growth in technology, means that the need for training is more pronounced than ever (Xiao, 2010).

However, if management still has not fully understood this, a hotel could be in a dangerous situation if employees are not directed to take professional training seriously. It is necessary therefore for organizations to accurately advise their prospective employees about the quality and performance they are required to deliver in the hotel context (Mravca, 2010). Here, well-constructed job descriptions have the power to inspire positive employee engagement, and to solve a wide range of employee problems, even before they arise. Fifteen of the 16 hotel managers had assessed the quality of the job descriptions in their hotels before the implementation of quality management procedures, and rated this task medium value, and one rated it as low (Dragicevic and Zarkovic, 2014). After implementation, twelve managers rated them as satisfactory, and four rated them as very satisfactory. Again, there is a correlation between the implementation of ISO 9001 standards and the use of more precise job descriptions in the hotels.

The influence of ISO 9001 implementation on human resources management in the Uzbek hotel industry

As mentioned by Nield–Kozak (1999), the implementation of quality management systems can lead to increased satisfaction among hotel staff. In any kind of business, human resources are the most powerful source of buy-in on quality management processes (Chi and Gursoy, 2009; Yang, 2010). However, according to sixteen of the hotel managers surveyed, employee satisfaction in Uzbek hotels before the

implementation of such quality management systems was satisfactory. Rating this after implementation, five managers rated it as very satisfactory, and four managers as medium-level satisfactory. The χ^2 test of independence shows that there is therefore a correlation between the implementation of a quality management system and increased employee satisfaction, but is relatively weak (Dragicevic and Letunic, 2011).

Loveman (1998) argued that satisfied employees will be motivated to provide good service to customers (see also Chi and Gursoy, 2009). The results reported in this study are consistent with this previous work, and suggest that employee satisfaction plays a primary role in helping companies achieve their goals (Paradise-Tornow (1991). This is because if a company takes care of its employees, the employees will take care of the customers and increased revenue will be gained (Chi and Gursoy, 2009). Thus, as suggested by the service-profit chain, if employees feel their company takes good care of them, they are, in return, likely to take time to provide better service to meet and/or exceed customer's expectations (Chi and Gursoy, 2009). This is likely to lead to higher satisfaction among customers, which in return will lead to higher organizational returns (Koys, 2003).

Communication

Finally, hotel managers were asked to evaluate their communication with employees. Sixteen of the interviewees, when assessing the improvement in communication among employees before the implementation of ISO 9001, rated the outcomes as reasonably satisfactory. Upon implementation, six managers rated it as very satisfactory, and four as medium-level satisfactory. $\chi^2 = 19,2$ ($\alpha = 0,05$), suggests that there is a strong relationship between the implementation of ISO 9001 and improved communication among the employees in Uzbek hotels (Dragicevic and Zarkovic, 2014).

Chapter 6: Conclusions

This study examined how the tourism and hospitality sector might be affected by the implementation of quality management systems (TQM through ISO standards) in Uzbekistan. The findings show that there is still no effective strategic orientation towards quality management (Dragicevic and Zarkovic, 2014). Although there are some good signs, the current level of implementation of TQM and certification of management systems in Uzbekistan's tourism and hospitality sector has been shown to be less than satisfactory.

The findings of the study show that there are very few hotels that have implemented or have been certified against today's significant International Standards like ISO 14001, ISO 22001, ISO 50001, although ISO 9001 has been implemented in a few. It seems that it is a perfect time for hotels to start to implement ISO 14001, ISO 22001 and ISO 50001 standards, because these international standards will increase employee awareness of the hotel environment, food safety, energy issues, and will encourage behavioral changes to support the meeting of environmental conservation, food safety, and energy management performance targets. The findings of the study also show that there is a connection between quality management systems and the qualifications of hotel managers, and therefore, the progressive improvement of qualification levels and perception raising among this group is necessary; not only in the state-owned hotels but also in the private hotels (Dragicevic and Zarkovic, 2014).

There is a connection between the implementation of quality management systems and the international acceptance of Uzbek hotels. As these are progressively recognized as quality establishments, the benefits of implementation and certification of ISO 9001 will also play a very important role in the formation of hoteliers' perceptions towards such certification schemes. This is because hoteliers suggested that they choose to have their establishments certified for reasons such as tapping into international markets and improving the service delivery process. Hotels may offer the greatest service in the world, but unless consumers are aware of it, they may not make a single sale. One of the most important jobs for hotel business therefore, is to create brand awareness for their product. This study shows that the implementation and certification

of management systems with international standards has influenced the advertising of hotels in the Republic of Uzbekistan. Once people in hotel business have successfully registered their hotels to ISO 9001 or any other quality management system standard, they need to promote this to their customers, vendors, and employees. Highlighting the possession of such certificates in their management systems, would be an ideal marketing tool on its own.

This study shows that, based on a comparison of customer ratings in Uzbekistan with and without quality management certification, guests rate the hotels with quality management certification higher than those without such certification. It also indicates that hotels have a better brand image and more effective positioning in relation to competitors when they have quality management systems, a fact that is particularly of interest given that Uzbek hotels do not have good image, and are not well established in international markets compared with their competitors.

These findings of the study show that the implementation and certification of quality management systems will also positively influence the introduction of new technologies into hotel business practice in Uzbekistan. Some hotels do not have internet, or if they do, the speed is very low. Today, the integration of communication technologies and computers allows all hotels to control their external operations and internal operations from a single integrated management system.

Recommendations

Hotels in Uzbekistan should fully embrace the implementation and certification of quality management systems and properly introduce total quality management. This is because the findings of this study suggest that the implementation and certification of quality management systems through TQM has both internal and external benefits to the business. There is no doubt that those hotels that have achieved management systems certification feel a sense of relief that they accomplished something worthwhile. It is therefore an important project to undertake and complete.

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APPENDIX 1: Postal questionnaire

Name of the Hotel:

Name of the Respondent:

Position of respondent in the Hotel:

Variables	Categories	Please put a tick
1. Number of employees	10-100	
	100+	
	Unknown	
2. Which quality system does your hotel have?	ISO 9001, 14001, 22000	
	TQM	
	Six Sigma	
3. What is the main reason to implement a quality system in your Hotel?	Customers' requirement	
	Marketing purpose	
	Improve HRM	
4. The implementation of quality systems process was:	Easy	
	Challenging	
	Extremely difficult	
5. Was anyone trained to maintain the system in Hotel?	Yes	
	No	
6. How long should be the training period?	4 weeks	
	8 weeks	
	More than 6 months	
7. Did your Hotel attempt to get ISO Certificate?	Yes	
	No	
8. Does the Hotel have a long-term plan? if Yes, which?	Strategic plan	
	Quality plan.	
	Marketing plan.	
	Succession plan.	
9. Does the Hotel encourage staff development?	Yes	
	No	
10. Does the Hotel have a quality policy, quality manual and encourage team work?	Yes	
	No	
11. Does the Hotel measure quality performance and customer satisfaction??	Yes	
	No	
12. Are employees satisfied with the Hotel	Yes	
	No	

Please put your very valuable Comments/ suggestions here (as required): _____