

FEATURES OF THE DEVELOPMENT STRATEGY OF THE HOSPITALITY INDUSTRY IN MODERN CONDITIONS

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Summary

The hotel business is one of the key elements of modern entrepreneurship, especially significant in the context of expanding the territorial framework of business, political, and scientific communications; development of sports and tourism, as well as improving the quality of life of the population. The hotel business, both in domestic and international practice, is a promising and rapidly evolving field of entrepreneurial activity, which concentrates a significant potential for development both at the local and international level, capable of bringing stable income. It has been proven that the management strategy of hotel enterprises is designed to ensure economic growth in the conditions of uncertainty of the socio-economic development of the hotel industry, significant innovative changes, expand the horizons of prediction and thereby create the possibility of a timely response of the hotel industry enterprise to those changes that occur in the external environment. It has been established that each of the types of management of a hotel enterprise differs from each other not only in terms of the implementation of its main functions (planning, regulation, forecasting, organization, control, accounting and analysis), as well as in the detailing or consolidation of the implementation of economic, financial, organizational and social indicators, but also, being in a single management system, should be equally focused on achieving the main goal – obtaining the greatest result in the form of hotel and related services with rational use of labor, material, technical and financial resources.

Key words: hospitality industry, hotel and restaurant business, development, strategy, management, services.

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1. Introduction

In the conditions of modern socio-economic problems, their solution creates a need for coordination of hotel activities, support and promotion of the development of the hotel and restaurant sector, creation of favorable conditions for further development. In order to identify the priority direction of hotel activity, which is implemented through the processes of management and economic justification, technological support and qualification formation, education of professional personnel, it is necessary to analyze the situation in the hotel market and identify the conditions for the further strategic development of one of the sectors of tourism – the hotel industry.

The role of the hotel complex is to promote the development of the country's economy, which is connected with the implementation of external and internal joint activities of hotel enterprises. Modern hotel management should contribute to solving a number of operational tasks and at the same time formulate the necessary strategic programs aimed at changes in the hotel complex in the direction of increasing competitiveness (Bayet A., et al., 2020). The above-mentioned circumstances determine the necessity and relevance of research.

2. Review of literature

Socio-economic problems of strategic management of organizations are the subject of consideration by researchers from different countries of the world. But the application of foreign methods and approaches of strategic management to modern Ukrainian conditions is justified only under the condition of their deep adaptation to the specifics of state regulation, including when developing a hotel complex development strategy.

The development of the hotel industry in domestic and foreign literature is reduced to a general analysis of known methods and problems, while there are no recommendations and issues of their practical implementation.

A significant contribution to the development of the conceptual apparatus, methods and approaches of strategic management was made by foreign scientists: I. Ansoff, K. Bowman, X. Wissema, P. Doyle, B. Karloff and others.

It should be noted that strategic management for modern Ukraine is a fundamentally new type of professional activity and, accordingly, a new object of study. The insufficiency of methodological developments in the field of strategic management in relation to the hotel industry as a whole is noted. Most managers of hotel enterprises do not have a clear idea of the essence of strategic management, its methods and approaches, and underestimate its role.

In the Soviet period, the formation of hotel complexes was carried out from a single center, the directions of development of which were determined by national tasks. Denationalization and privatization ensured the independence of economic objects, which required new approaches to determining the development prospects of both individual organizations and entire complexes (Caudron, S., 2018).

Currently, the formation of a hotel complex is in the initial stage, and the theoretical aspects of strategic development are not a coherent system that allows for the formation of models of effective hotel complexes.

The specificity of the hotel business is manifested in the fact that individual hotel businesses cannot develop dynamically outside the system. At the very least, the formation of a hotel complex should ensure the realization of the synergistic effect of the system as a manifestation of the property of systems. However, existing problems hold back the formation of the hotel industry. Therefore, it is necessary to develop a model for the development of the hotel industry, which ensures the dynamic and balanced formation of the hotel complex system (and, as a result, the economy in general), which is based on strategic approaches to the formation of systems of business entities (*Hastings C., et al., 2018*).

The criteria for the effectiveness of the development of the content of the model of strategic development of the hotel complex should be the priorities between the directions of development, and the functioning of the model should be the rational use of available resources and ensuring the leading positions of the hotel complex in the hotel services market of the country.

The effectiveness of the activities of hotel enterprises as independent business entities in the conditions of the market of hotel and sanatorium-resort services, the strengthening of competition depends to a significant extent not only on the managerial influences of a current, medium-term, and long-term nature on the object of management (hotel), but also on strategic management the development of hotels, which is implemented with the help of adopted functional strategies of economic, marketing, structural and organizational, social, innovative, inter-regional and international orientation, acting as a set of measures taken within the framework of their functions to ensure the target orientation of the management object to achieve the necessary results, a high level of resource types in a strategic period of time (*Heskett J.L., 2020*).

The management strategy of hotel enterprises is designed to ensure economic growth in the conditions of uncertainty of socio-economic development of the hotel industry, significant innovative changes, expand the horizons of prediction and thus create the possibility of a timely reaction of the hotel industry enterprise to those changes that occur in the external environment.

Therefore, the rational functioning of the unified management system of hotel enterprises, which combines interacting elements of current, perspective and strategic management to achieve the set goal – ensuring the dynamics of growth in the volume of hotel and related services, the level of competitiveness, is one of the main conditions for the scientific validity of the creation of such a mechanism and system strategic management of the development of hotel enterprises, which could realistically overcome the currently formed negative trends in the activity of hotels as independent business entities, achieve the planned strategic guidelines of economic and social performance, and occupy priority positions on the market with a specific hotel complex in a prospective and strategic period of time hotel services (*Heskett J.L., et al., 2021*).

3. The strategy of building the organizational structure of the hotel business at the management level

Hotel business is a rather specific branch of entrepreneurial activity, where there are characteristic features of building and effective management of a hotel enterprise. As a basis for the analysis, it is advisable to use a typical three-level structural scheme of hotel management:

1. higher management body: hotel owner, general director (institutional level);
2. middle management: heads of services, departments and other structural divisions (organizational level);
3. lower management: hotel staff (executive level).

Peculiarities of the hotel business at the institutional level

Strategy. In the market economy, the hotel business is present in two organizational forms: in the form of independent hotels and hotel network structures (chains), as well as in four forms of ownership: a private enterprise, a joint-stock company, a joint venture, and a unitary one (*Gould-Williams J., 2021*).

Historically, independent hotels as the only form of hospitality enterprise existed until the 30s of the last century, when the first ideas of horizontal integration of the hotel business arose. The real appearance of hotel chains, which became a serious competition for the independent hotel business, began two decades later, and in the 70s of the last century, among professionals, it was even believed that the time of independent hotels was numbered, but this is far from the case. The main reason for the existence of independent hotels on the market is their clientele, which in most cases is completely different from that of hotels of a similar class that are part of hotel chains. The differences between independent and chain hotels can be summarized as follows.

Hotels that are part of hotel chains are objectively inclined to implement the strategy of product standardization. As a result, the hotel product acquires an averaged character, which corresponds to the strategic interests of the chain, but not of an individual hotel, which serves according to a specific local market. Being in network structures, hotels strive to use all the advantages that the chain gives: unified brand, management, strategy, etc. (*Mintzberg H., 2020*).

At the same time, independent hotels have much greater opportunities for differentiation, and uniqueness becomes the main tool in the implementation of market policy. In this way, an independent hotel provides itself with a narrow but stable market niche.

Features of management. For a number of reasons, managing an independent hotel is more difficult than a chain hotel. First, network structures have significantly more financial opportunities; secondly, management is simplified due to standardization of output products, service, management policy, transfer of part of management functions to the main company, savings on procurement, simplification of control over the quality of services.

Horizontal integration of the hotel business is an objective process, and hotel chains have become the main organizational form of hotel management (*Tuckman V., et al., 2020*).

The integration of the hotel business and the growth of hotel chains takes place against the background of fierce competition, and the main tools that ensure their intensive growth are franchising and management contracts. The growth of the hotel chain is quite flexible, for example, due to mergers and acquisitions, but well-known brands do not disappear from the market, but continue to "work", bringing their dividends.

Unfortunately, currently there are no national hotel chains on the Ukrainian market of hotel services and there are no favorable conditions for their creation yet: many hotels are under different forms of ownership and have different forms of management. If we talk about the market of hotel services in general, then for its further development, changes of an institutional nature are necessary, since the need to create several national hotel chains operating throughout the country has already arrived. The main problem of such changes is a rather delicate issue of property relations.

Due to the fact that the hotel business by definition has a high investment component, one or another form of ownership plays a significant role in accessing the financial resources necessary for both the construction of new hotels and the reconstruction of existing ones. As a result of this situation, during the period of time that has passed since privatization, the dynamics of the development of the hotel business had a significant spread. Practically, the third and fourth places are shared by private hotels owned by one owner and public sector hotels. Thus,

the form of ownership, as well as other factors, significantly determines the positioning of the hotel in the market of hotel services, and also affects the economic indicators of the business: occupancy of the hotel, rate of profit, etc.

Features of the hotel business at the organizational level

In the practice of the hotel business, the organizational structure of the hotel as an enterprise can be built according to several main options, despite the fact that the customer service cycle remains unchanged.

The first widespread option for building an enterprise in the field of hotel business is a functional structure that is well aligned with the hotel service cycle. Its basis is the functional grouping of operations. A minimum set of hotel functions: reservation, service, reception and settlement, operation of the room fund, security. The main difference between the hotel functional structure and the classical one is the two-way orientation. Some of the functions are client-oriented, others are only for management.

The possibilities of functional structures in the hotel business are limited. As a rule, the shortcomings of the functional structure begin to manifest themselves in hotels with a significant number of rooms: the complexity of maintaining the necessary interaction between departments increases, their excessive orientation towards solving their own tasks is manifested, the quality of service decreases, the centralization of management decision-making increases, the reaction to changes in the situation decreases, etc.

In addition to functional, divisional and even matrix structures are used in hotel business enterprises, despite the fact that, for example, the latter is more characteristic of innovative firms and project organizations. Currently, the concept of building an organizational structure based on the creation of profit centers is becoming the most widespread in the hotel business.

If we turn to the structure of the executive committee of a large hotel, it follows that the hotel business has interconnected and technologically separated spheres of operations. In the simplest case, this is room service and catering for residents, where the differences in service are particularly strong. In reality, there may be much more differences in centers that generate independent financial flows. Their number will be determined by the concept of the hotel – the hotel product may contain medical and recreational, recreational, excursion and other components; independent financial flows can also be generated by centers providing additional services, the list of which is especially large in high-class hotels.

In the hotel business, the concept of independent profit centers does not find its final expression in the form of a "structure based on business units", according to which multidisciplinary companies of the industrial complex are built. In a customer-focused hotel, the creation of financially separate profit centers does not mean weakening their current centralized operational management, which is necessary to achieve close interaction between functional units.

For our country with its hotel fund, most of which was built in the Soviet period, the concept of the organizational structure of the hotel based on profit centers is quite promising, since the demand for the "generic" component of the hotel product – accommodation depends on the location of the hotel, almost regardless of class.

In connection with this nature of demand distribution for a significant part of hotels with "unsuccessful" location, the question of effective use of space arises. There are two options: renting out idle spaces, as is currently practiced by many hotels, or diversifying the hotel product by creating a multifunctional complex on the basis of the hotel. Multifunctionality, which allows to fundamentally change the hotel's revenue structure, requires appropriate organizational solutions, and here the organizational structure based on profit centers becomes adequate for the business profile.

Features of the hotel business at the executive level

An equally important role in the creation of a quality hotel product is played by the staff. In other words, the human factor in the hospitality industry plays a leading role, being an important strategic resource of the enterprise. Market experience shows that from 75 to 90% of cases of dissatisfaction with the work of the hotel arise at the level of direct interaction of the staff with the client. In this regard, the hotel business should be built as a client-oriented organization, the primary tasks of which are the motivation and training of personnel, as well as the formation of an organizational culture favorable for teamwork. The main determinants of the organization of hotel work: orientation to the guest, leadership of the manager, involvement of employees and synthesis of system and process approaches to management.

4. Conclusions

Consumer qualities of hotel services include the following characteristics: reasonableness (compliance with the purpose of travel and accommodation), reliability (compliance with advertising and information disseminated), efficiency (maximum quality for moderate money), integrity (completeness), adaptability (possibility of changing individual components of the service under needs, which may also change).

The hotel business is one of the key elements of modern entrepreneurship, especially significant in the context of expanding the territorial framework of business, political, and scientific communications; development of sports and tourism, as well as improving the quality of life of the population. The hotel business, both in domestic and international practice, is a promising and rapidly evolving field of entrepreneurial activity, which concentrates a significant potential for development both at the local and international level, capable of bringing stable income.

The analysis of foreign experience in the hotel business made it possible to identify positive and negative trends and, accordingly, to form the key areas of development of the Ukrainian hotel business:

- lobbying for the allocation of subsidiary funds for the promotion of new (mainly innovative elements) means of the accommodation industry;
- formation of regional hotel development programs;
- placement in mass media of advertising about the territory as favorable for tourism;
- development of tourist infrastructure and, first of all, its transport component;
- formation of a flexible system of incentives (including tax benefits) for the development of the hotel business;
- formation of a state order for the training of personnel to work in hotels in modern conditions.

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