

## **4.2 Hotel business management in modern business conditions**

In modern economic conditions, tourism occupies a leading position in the economies of developed countries. It is a significant sector of the economy and one of the most important sectors of the world economy, and in part the budget-generating of some countries - tourist centers. At the same time, the hotel business is a major component of the tourism industry, as the state of development affects the development of the tourism industry and affects other key segments of the economy. Thus, it should be noted that there is a directly proportional relationship between the state of development of the tourism sector and the hotel business.

In general, it should be noted that the hotel business is one of the important factors influencing the development of the tourism industry and certain elements of the economy, such as construction, transport, trade, industry, etc., as well as the main component of tourism in terms of resources - material, labor, financial, etc. [58].

Tourism is an important strategic sector of the economy, in part one of the most profitable, tourism revenues account for a significant share of GDP and exports [59]. In developed countries, the share of revenues from foreign tourism in total revenues from exports of goods and services is 60% in Spain, 40% in Austria, 36% in Greece, 12% in Switzerland, 11% in Italy, 21% in Portugal. In developing countries, foreign tourism accounts for 10-15% of revenues from exports of goods and services (India, Egypt, Paraguay). In some countries, popular among tourists from around the world, this figure is much higher, in particular Colombia - 20%, Jamaica - 30%, Cyprus - 52%, Panama - 55%, Haiti - 73% [60].

In general, it should be noted that the growth of revenues from foreign tourism contributes to the growth of the number of hotel farms and revenues from the provision of hotel services.

Thus, in recent years, on average, the world hotel fund has increased by 3-5% per year, developed countries such as Spain, Greece, France received from the services of the hospitality industry received 70% of gross national income and provided 75% of employment [61].

According to the United Nations World Tourism Organization (UNWTO): in

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2020 the number of tourists will be reduced by almost a third compared to 2019, which could lead to a reduction of 50 million jobs and as a result will negatively affect the hotel business. This trend is also for Ukraine, in particular in the field of hospitality. Despite the fact that the hotel business has a fairly high profitability - 40-60% with a significant payback period - 7-15 years, the biggest losses are 5-star facilities (3-8 million UAH), including hotels, which "worked on business travel", as well as located in small towns and regional centers" outside the flow of business traffic", as an exception - the suburban format of hotels, in particular" cottage locations" [62].

However, with the growing pandemic caused by coronavirus infection (COVID-19) there is an increasing impact of negative trends (the effect of which can be compared with the effect of "avalanche") on the development of tourism in general and all elements of tourism infrastructure, including hotel business. Is largely due to the fact that hotels perform one of the most important functions in the field of tourist services (providing them with modern housing and household services), and the cost of hotel services for tourists is estimated at 30% -50% of all their costs. Taking into account the above, the expediency of conducting a study to improve the efficiency of hotel business management with the use of adequate modern management models and appropriate adjustment of corporate governance strategies of hotel corporations.

Hotel corporations in modern economic conditions include joint hotel enterprises formed on the basis of joint capital of owners of different states; ownership by a national company of a controlling stake in a foreign hotel corporation; merger of hotel enterprises of several states; mergers of hotel enterprises of several states as a result of an exchange of shares or joint creation of a company in the form of a holding company). Such associations are carried out in order to reduce production costs as a result of joint activities, gain new opportunities for hospitality services, increase the importance of marketing and create a flexible pricing policy, mastering new markets, reducing risk when creating new production facilities, avoiding seasonality in operation [58].

In today's world there are three models of hotel business:

- Ritz model - their feature is the observance of European traditions of sophistication and aristocracy; however, it should be noted that this model is currently

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in crisis;

- Holiday Inn hotel chain - significant flexibility in meeting customer needs combined with high standards of service. Its features are: unity of style (architecture, interior); symbols and external information; spacious and functional hall; speed of customer registration; numbers provided for regular customers; buffet breakfast; availability of a conference hall; flexible tariff system; unified management, marketing and communication service. More than 50% of hotel rooms in the world are controlled by hotel chains built on this model;

- "Independent" hotel chains, such as Best Western - a single brand combines hotels on the basis of uniform characteristics that meet certain standards and sets of services, regardless of location. Hotels-members of the chain pay contributions to a single fund, which is spent on joint advertising and marketing activities, product promotion, while fully preserving their financial, economic and managerial independence [63].

Quite often in modern conditions there is a combination of the second model with the third, an example of which is the Accor hotel chain, which offers hotels of different classes and acts under different brands - Pullman, Sofitel, Novotel (high class hotels), Mercure (medium), and Ibis, Etap , Formule 1, Motel 6 (economy class hotels respectively) [63].

According to the classification of the International Hotel Association, hotel chains are conventionally divided into the following categories: corporate chains - hotel corporations that own numerous enterprises; chains of independent companies that unite to use the overall reservation system, the concept of marketing, advertising and other services expensive for a particular company; chains providing management services.

The main advantages of hotel chains, which ensure the rapid development and success of network companies in the hotel business include the following:

- a single booking system for all companies in the hotel chain;
- a single brand, which in the form of a guarantee of the quality of hotel services, avoids high costs for the development and promotion of a new network brand and

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without much effort to attract and retain customers;

- standardization of the hotel product, which by unifying management systems and training, provides better workload, increases the range of additional services, increases the efficiency and profitability of network members;

- cost savings compared to independent hotels for the purchase of materials, engineering, decorator services, marketing research and advertising of hotel services [63].

According to research, when hotels are grouped together, the profitability of one room is 7 times higher than in independent hotels. The main reasons for the success of hotel chains are: consistency of product quality, identity of services at different enterprises, as well as affordability [63].

In terms of investing in the hotel business, given that effective hotel management requires specific knowledge, as well as because the operational performance of the hotel depends on many factors that are difficult to predict, the expected return on the hotel is always 1-1, 5% higher than from the best office or shopping centers "[61].

Currently in the global market of hotel services, the most popular advanced professional developments in automated control systems (ACS) are Fidelio, Libra Hospitality, Lodging Touch. They are installed in more than 120 countries and in the 90 largest international networks, covering 27,500 hotels.

The universal program is offered by the corporation "Micros-Fidelio". Micros-Fidelio systems are used in the enterprises of more than 100 largest international hotel chains, including Sheraton, Radisson, Hilton, Marriott, Kempinski, Hyatt, etc. In hotels, it is important to use the capabilities of international computer systems for booking tour services - GDS (Global Distribution Systems): "Amadeus", "Galileo", "Saber" and "Worldspan" - all of these systems solve one problem - provide the consumer with the necessary information about the tourism product and represent a convenient ordering mechanism [64].

The main approaches to the organization of hotel business management include:

- procedural (management is considered as a continuous process of interrelated management functions);

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- system (hotel business is considered as a combination of interconnected elements - resources of different types, structural units, management technologies, etc., focused on achieving various goals in the environment);

- situational (is the use of different management methods depending on the circumstances that are formed in the changing environment of hospitality, which is constantly under the influence of internal and external factors).

The most common forms of hotel business management in international practice include the following: contract management; management through a franchise agreement; rent. Other organizational forms of management are quite common: joint-stock companies, joint ventures, syndicates, consortia, etc., which differ in content and proportions of functions, structure and degree of centralization of management.

It should be noted that the international recognition and widespread hotel chains are obliged to franchise [65].

In the United States, the hospitality industry is the most developed in terms of franchising, in particular, there is a large hotel corporation "Hospitality Franchising System", which does not have its own hotels, but combines them under a franchise system. The reasons for the success of franchising abroad are the real estate crisis, lack of qualified personnel, expanding the sphere of influence of powerful hotel corporations. At the same time in Europe, in contrast to the United States, the practice of signing contracts for the management of hotel enterprises has been widely successful. The main disadvantage of this type of contract is the transfer to the owner of all costs and risks associated with commercial activities.

In modern conditions (increasing the coronavirus pandemic) for Ukraine to preserve the hotel business and its development is appropriate to use a management model based on a combination of the second and third models of hotel business using a management system based on franchising (despite obvious shortcomings such as: the need for payments to the franchisor, the need to comply with the standards set by the franchisor, the possibility of acquiring a negative image in the case unsatisfactory performance of the franchisor) and a systematic approach. According to research, the closure of franchisees in the first five years of their operation was 4%, among members

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of the International Organization of Franchise Organizations the number of bankruptcies is less than 1% [66].

The implementation of this will generally contribute to the implementation of basic management tasks in the hotel business (because the form of hotel management through a franchise agreement is one of the most promising), among which the main are [67]: obtaining reliable management information about the entire hotel complex and each unit; business process optimization; improving the effectiveness of control over the activities of hotel services and staff; optimization of operating costs.

In general, the implementation of this in the context of increasing the pandemic caused by coronavirus infection (COVID-19) by combining the second and third models of hotel business using a management system based on franchising and a systematic approach to hotel management will improve the efficiency of both the hotel and tourism in general and will have a positive impact on the economic development of the state.