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**COMPETITIVE ADVANTAGES OF
MODERN FORMS OF MANAGEMENT BY A
HOTEL BUSINESS**

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Introduction and purpose of the study. Recently, the issue of increasing the efficiency of the functioning of hotel business establishments due to the application of competitive advantages becomes of paramount importance.

It is well-known that in the conditions of an integrated approach to the creation and use of competitive advantages, an enterprise is able to prevail in the demand market. Practical experience of the domestic hotel industry shows that some forms of organization of hotel activities for the domestic hotel industry are new, which creates the need to explore the features of modern forms of management of hotel enterprises in the system of competitive advantages.

The hypothesis of scientific research.

It is assumed that the processes of globalization and integration necessitate the formation of new forms of organization of hotel activity of the

domestic hotel industry in order to improve the form of management of hotel business.

The purpose is to determine the essence and content of modern forms of hotel business management in the context of the concept of competitive advantage.

Methods of research: general scientific methods of analysis, synthesis, comparison, systematization and generalization.

Results: modern forms of organization of hotel business management, which are used by leading specialists of the hotel industry sphere, reveal the peculiarities of their activity, the strengths and weaknesses of such forms of organizing management of hotel industry enterprises as independent hotels, voluntary associations of hotels and hotel chains.

Keywords: hotel business; forms of management; concept of competitive advantage.

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КОНКУРЕНТНІ ПЕРЕВАГИ СУЧАСНИХ ФОРМ УПРАВЛІННЯ ГОТЕЛЬНИМ БІЗНЕСОМ

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Вступ і мета дослідження. Важливого значення останнім часом набувають питання підвищення ефективності функціонування закладів готельного бізнесу за рахунок застосування конкурентних переваг. Загальновідомо, що за умов комплексного підходу до створення та використання конкурентних переваг підприємство отримує можливість превалювати на ринку попиту. Практичний досвід діяльності вітчизняного готельного господарства свідчить про те, що окремі форми організації готельної діяльності для вітчизняного готельного господарства є новими, що створює необхідність дослідити особливості сучасних форм управління підприємствами готельного господарства в системі конкурентних переваг.

Гіпотеза наукового дослідження. Передбачається, що процеси глобалізації та інтеграції спричиняють необхідність формування нових форм організації готельної

діяльності вітчизняного готельного господарства з метою удосконалення форми управління готельним бізнесом.

Мета статті полягає у визначенні сутності і змісту сучасних форм управління готельним бізнесом в контексті концепції конкурентних переваг.

Методи дослідження: загальнонаукові методи аналізу, синтезу, порівняння, систематизації та узагальнення.

Результати: досліджено сучасні форми організації управління готельним бізнесом, що використовують провідні фахівці сфери готельного господарства, розкрито особливості їх діяльності, сильні та слабкі сторони таких форм організації управління підприємствами готельного господарства, як незалежні готелі, добровільні об'єднання готелів і готельні мережі.

Ключові слова: готельний бізнес; форми управління; концепція конкурентних переваг.

Formulation of the problem. Recently, the issue of increasing the efficiency of the functioning of hotel business establishments due to the application of competitive advantages becomes of paramount importance.

It is well-known that in the conditions of an integrated approach to the creation and use of competitive advantages, an enterprise is able to prevail in the demand market. The practical experience of the domestic hotel business shows that some forms of hotel management for the domestic hotel industry are new, which creates the need for their research to determine the feasibility of their use in the domestic hotel industry.

Study Status. Modern economic science details the theoretical principles of competition, its forms, manifestations and dynamics, peculiarities of the formation and realization of competitive advantages, analyzes the global competitive environment, innovative approaches in providing competitive advantages, etc. Particular attention deserves the research of the following scholars: N.U. Balatska, L.M. Ganushchak-Yefimenko, K.A. Galasyuk, Yu.V. Gusiev, O.O. Lupych, V.G. Shcherbak.

Presenting main material. The form of organization of the hotel business is a means of doing business, which takes into account the combination of ownership and organizational and legal aspects of the hotel. In the hotel economy, the following organizational forms of management are commonly used: joint-stock companies, joint ventures, syndicates, consortia, which differ in content and proportions of functions, structure and degree of centralization of management.

The aforementioned forms of organization of hotel business enterprises may have the following types of management: an independent type of management; self-management with participation in the hotel association; independent management under a franchise agreement; rental of property by the operator; contract management; franchising

An analysis of the state of the hospitality of world leaders in the tourism business suggests that the most widespread in international practice forms of management of hospitality enterprises include: contract management; management through a franchise contract and lease [7].

One of the main forms of management of the hospitality industry, which has been widespread since the early 1970's, is contract management. Under a management contract, a written agreement is concluded between the owner of the business (hotel, restaurant) and the manager or company specializing in the management of the respective types of enterprises. For hotel owners one of the most important problems when designing a management contract is the choice of a management company. It is worthwhile to distinguish between independent management companies and companies that manage the hotel chain. An independent managing company deals, as a rule, with various types of hotel

products of various brands. In this case, the hotel owner pays for the services of the management company and separately corresponding payments (entrance fee, royalties, etc.) of the company – the franchisor.

The hotel chain management company mainly deals only with hotels, united by a single trademark. And in this case, the hotel owner pays the management company both for management, and for the traditional corporate services provided to the entire hotel chain.

The main points of the management contract are:

1. Allocation of the management company (operator) the right to manage the enterprise. The right of the owner to interfere in the process of day-to-day management and control is stipulated separately. The issue can be solved by arranging monthly reports to hotel owners to be provided by the management company. Apart from regular financial reports, hotel owners have the right to request explanations regarding deviations from planned regulatory indicators, receivables records, reserve bookings and group bookings of a room suite, customer remarks, investment reports, etc.

2. Laying on the owner all expenses from different operations, as well as all financial and operational risks arising from his property rights.

3. Protection or dismissal of the operator from any liability for any actions, other than those committed intentionally or as a result of gross negligence.

4. Term of property management of hotel enterprises. The standard management contract is for five, ten or twenty years.

5. Management remuneration. There are two systems for calculating payments for management services (commissions): fixed and progressive. Owners prefer low fixed rates and high bonuses that directly depend on the results of the work, and the management companies - on the contrary.

6. Terms of renewal of the contract.

7. Terms of termination of the contract.

Depending on the particular situation, management contracts can vary significantly. Contract management has its advantages and disadvantages. The advantages of contract management for the owner of the company are: lack of ownership of the property in the management company; presence of the right of the owner of the choice of a management company or manager; availability of investment opportunities in the enterprise, regardless of the position of the management company; possibility of profit, taking into account expenses for management remuneration.

Disadvantages of contract management for the owner of the enterprise are: lack of operational control; the presence of the risk of non-profit (in cases where the amount of profit allows you to pay only the management remuneration); the need to pay managerial remuneration; lack of right to interfere in the management process; difficulty with early termination of the contract.

The advantages of a contract system for a management company are: expansion of the sphere of influence; increase of incomes with minimal expenses; the complete absence of the need for payments to the owner (in cases where the amount of profit allows you to pay only the management remuneration).

The disadvantages of contract management for a management company are: limiting income to the amount of managerial remuneration; Dependence on the financial status of the owner; termination of the contract after the expiration of the contract (in case of non-renewal of the contract).

The following international practice is a form of management of the hospitality industry by managing a franchise agreement.

The franchising system provides a system of contractual relations between large and small independent enterprises, in which the latter receive the right to manufacture and sale on behalf and under the trademark of a large firm certain types of goods and services. In the scientific literature, along with the term "franchising," the terms "franchising", "franchise agreement" and "franchise" are used.

Franchising is an ongoing relationship, in which the franchisor (the franchisor) gives the law-protected right to engage in certain business activities, as well as assistance in organizing this activity, training, implementation and management for the remuneration of the franchisee (the franchisee's payee).

The franchise system, as a special method of doing business, is built from the outset in such a way that the franchisor benefits from rapid growth with a limited risk, and the franchisee - from what is part of a proven commercial system, that is, has already been tested and successful in the market.

Relations between the franchisor and the franchisee are fixed by signing the agreement. In a franchising contract, the franchisor gives the franchisee the right to use his trademark, technology and working methods, the system of reservation, spent marketing procedures, the system of discounts, etc. The standard condition is participation in the franchisor's market strategy. The most important element of a franchise agreement is the harmonization of payment forms. In franchising practice, the entrance fee (primary or deductible franchise value), regular deductions, called royalties, payment for marketing services are used. From hotels, in addition, a fee for using the centralized booking system is charged. The contribution is a one-time fixed payment for the rights granted and services performed. As a rule, it includes the cost of a set of project documents, a complete set of instructions on enterprise management, advanced training of management, training of staff to the opening of an enterprise, as well as the cost of periodic training of personnel for the entire duration of the contract. The initial contribution under the franchising agreement may take the form of a partial prepayment and payment of the remaining amount, either immediately

after the signing of the agreement, or equal shares not later than three months after the start of work. In addition to the entrance fee, the franchisees are required to make royalties (current deductions) payable to the franchisor on a permanent basis on the contents of the franchise system, management and compulsory services on its part. The contract stipulates the method of calculation and the procedure for payment of royalties. In international practice, current payments represent a defined percentage of gross income or profit. In the restaurant business, royalty is on average 7% of gross income. For hotels, current payments depend on the number of rooms [8]. They are usually determined at a minimum and fluctuate within 30–600 USD per number per year, or about 5% of revenue from the sale of rooms [8]. In order to obtain large royalties the franchisor conducts periodic inspections of enterprises, a review of production and issuance of recommendations on ways to increase productivity. The franchisor may recommend new products or services, new equipment or changes to the design of the enterprise to create the desired image. On the funds from the advertising fund held advertising campaigns, promoted sales and the creation of special programs. The franchisor's supervisory board monitors the advertising program and gives appropriate recommendations. The term of the franchising agreement is standardized within the framework of 5–20 years. The franchisee retains the right to renew the contract if, during its action, the franchisee has not been subjected to serious violations. Recent trends include the practice of extending the franchisee's contract. The reason is that after the expiration of the contract franchisee companies do not want to restore relations with the franchisor, because, having received sufficient experience during the cooperation, they consider themselves sufficiently trained for independent work. Thus, they create competition for the franchisor.

The obligations of the franchisor consist of the following:

1. Establishing all types of payments.
2. Transfer of business and technical information underlying the business concept through the system of training and support.
3. Documenting all rules and regulations for standardizing all procedures and quality assurance.
4. Quality control to maintain the reputation of franchising in the system.
5. Provide ongoing support to each franchisee, including refresher training, management assistance and on-demand operational services.
6. Clarification of the schedule of development and conditions for those franchisees who want to own more than one franchise.
7. Provision of protected territory. This is done to ensure that other franchisees of the same brand will not be opened in the area discussed.
8. Determination of the terms of the break and extension of the contract.

Obligations of the franchisee:

1. Implementation of all types of payments.
2. Confidentiality of information.
3. Use of the brand name.
4. Compliance with the quality standards and program of the franchisor, etc.

The franchising agreement also provides for terms of termination. Potential causes of cancellation of contracts may vary. The most common cases are when:

The system of franchising contains for both parties – the franchisor and the franchisee – advantages and disadvantages.

The advantages of a franchise agreement for a franchisee are:

1. Package of plans and specifications, assistance in the initial period of activity.
2. Advertising around the country, the world.
3. Centralized reservation system.
4. The possibility of using discounts for the purchase of furniture, equipment and other goods used for the service of guests.

The disadvantages of a franchise agreement for a franchisee are:

1. Requirements for strict compliance with the standards established by the franchisor.
2. Ability to purchase a negative image in case of unsatisfactory work of the franchisor.

The advantages of franchising for the franchisor are:

1. The ability to integrate into the market, expand the business with minimal investment.
2. Additional income from receiving payments from the franchisee.

The disadvantages of franchising for the franchisor are:

1. Limit income to payments by franchisee.
2. The risk of purchasing a negative image in case of non-compliance by the franchisee with the established quality standards.

Rental as an organizational form of management of the hotel industry is actively used in developing countries, where the practice of leasing state-owned enterprises is a constant practice.

As a result of the analysis of modern forms of hotel business management, we consider it necessary to point out that the most effective form of contract management and management through a franchise agreement. Comparison of the main positions of management systems built on franchising agreements and management in the hotel business gives the following results (Table 1).

Table 1

Comparison of the main positions of management systems built on franchise agreements and management arrangements in the hotel business

Positions	Franchising agreement	Management agreement
Terms	Performed on the terms of the transfer of the right to use the intellectual property (use of the trademark and standardized procedures for the provision of goods and services provided by the franchisor, in exchange for one-time and one-time payments or part of the franchise income	The Managing Company (MC) manages the personnel and operates the hotel on behalf of the owner; provides maintenance and development of the hotel; gets a branded license for advertising, marketing and booking. The level of income of an enterprise depends on the experience and competence of the MC.
Main obligations of the parties (owner)	The general management of the hotel remains the owner, who undertakes: to follow the instructions of the "operating brand" regarding the operator's standards; brothers participation in joint marketing and advertising; to participate in the integrated booking system; to open the hotel on a specified date; keep accounts and accounts with the operator; adhere to all legislative norms.	The owner remains responsible for: the hotel's compliance with the operator's brand standards (repairs related to the provision of these standards); maintenance, repair and insurance costs; employment of employees; obtaining a license for the operation of the hotel or a license for alcoholic beverages, etc.; real estate problems, including prolongation of the lease, etc. Owners have the right to approve budgets, approve management positions, check hotel accounts, etc.
Main responsibilities of the parties (managing company)	The franchisor provides: training in hotel business under this brand; provision and updating of the "operating manual of the brand"; opening of access to new services; access to the system of marketing, advertising and booking of the operator; Providing technical services in other areas, but this will probably require the holder of an additional payment.	MC operates hotel according to brand standards; connects the hotel to the system of marketing, advertising and reservation of the brand operator; has the authority to conduct daily hotel management, including the purchase of goods and services, litigation, personnel management; Provides technical services related to the design and development of the hotel.

Source: compiled by the author.

Conclusions. Despite the drawbacks, the form of management of hotel enterprises through the franchising contract is one of the most promising. Franchising as a form of management is based on the basic principles:

The success of franchising in the field of tourism is based on such basic principles as: constant cooperation, accessibility and high degree of trust of partners; mutual benefit and openness of relations; the possibility of solving problems through negotiations; realism in estimations; professionalism, which is expressed in the competence of the franchisor, and not ordinary implementation of the business strategy; equality that is expressed in the fact that the franchisee is an independent legal entity, and not an employee of the franchisor; joint presence in the market; Providing support and information sharing, enabling the development of forward looking plans, introducing new rational suggestions and ideas that can generate profits and improve competitiveness; high degree of entrepreneurial initiative; planning and forecasting of prospects; provision of competitive advantages; mutual responsibility; regularity and honesty of payments; mutual work of the parties to the formation of a reserve of business strength in order to overcome crisis situations; long-term orientation; adherence to the rules of working with confidential information; the maintenance of the parties of the high reputation of its trademark; support for high level of control.

These principles create the conditions under which an enterprise obtains competitive advantages in the market of hotel services. So, being in different possessions and exercising their activities in one market (within the state, region, city), the franchisees are not competitors to each other. All of them fulfill the single most important task – the establishment of the franchise chain brand market. Their overall goal is to attract more potential customers. The larger the trademark on the market, the higher total sales of the entire chain. To strengthen the entire system, franchisee companies operating in one market are required to work as one team. This circumstance provides much more opportunities for sharing experiences and collective actions.

In addition, the key issue for hotel owners is the benefit of joining the hotel brand. Such advantages include, in particular: higher probability of success due to knowledge of the brand, increased access to financing, marketing, advertising and access to centralized reservation systems, reducing the risk of bankruptcy. Franchising is one of the fastest and easiest ways to get these and other benefits, while allowing the owner to retain control over their assets.

Taking into account the current global economic climate, the franchise is attractive in terms of the brand owner, as it offers a way to quickly expand the brand, generating a further flow of income.

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