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## ASSESSMENT OF COMPETITIVE INVESTMENT ATTRACTIVENESS OF ENTERPRISES OF HOTEL AND RESTAURANT BUSINESS

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**Introduction and Objective:** Hotel and restaurant business in Ukraine is able to provide gradual dynamic development of the tourism industry and make it competitive on the world market. Improving the competitiveness of the hotel involves the introduction of new elements, closing old ones, upgrading existing ones. In other words, the update that requires a qualitative analysis. Scientific solving of problems of creating a system of indicators for assessing the investment attractiveness of hotel and restaurant enterprises will further provide effective development of the tourism industry.

**The hypothesis of the research:** It is assumed that creating a system of evaluation of investment attractiveness of hotel and restaurant business will form for business hotel – restaurant industry trends of effective coordination of investment processes and activities that provide investment management processes for criterion of maximum efficiency.

**The aim of the study:** theoretical foundations and development of scientific and methodological tools of formation and evaluation of investment policy of hotel industry enterprises in modern conditions.

**Methods:** The study uses general scientific methods of system analysis – to systematize

the types of investment types and investment policy of enterprises; methods of economic and statistical analysis for determining factors in the formation of investment environment; method of technical and economic calculations – for justification of the investment policy and the definition of investment attractiveness of enterprises.

**Results:** proposed criteria for evaluating the effectiveness of the investment policy of the company, which includes: the profitability of the object, the ratio of profit and risk, improve the quality and competitiveness of enterprises, social and environmental performance. In accordance with the established criteria, systematized indicators that are combined into several groups: the performance of investment activities involved in the company; indicators characterizing the financial and economic performance; indicators that define the technical level of service, intensity of play of assets; quality of investment activity.

**Conclusions:** The proposed criteria for evaluating the effectiveness of the investment policy of the company as a tool of evaluation will determine the classes of investment attractiveness of hotel facilities of different ownership from different regions of Ukraine.

**Keywords:** investment attractiveness, hotel – restaurant business; tourism industry

**Problem and its connection with important scientific and practical tasks.** Tourism market is key to the economy of various countries. It covers the interests of tourism companies, transportation companies, institutions that provide services of accommodation, food, travel agencies, museums, theaters, entertainment facilities, manufacturers of related goods and services, advertising campaigns, mass media, publishers, producers of souvenirs, traditional products . On average, the tourism sector supports about 50 related industries.

According to statistics, one tourist employs 11 people, and the creation of additional jobs in the tourism industry is 20 times cheaper than in industries.

In developed countries, this sector provides revenues exceeding turnover in such traditionally profitable areas as food production, car production, and oil exports. The share of tourism in the structure of world GDP is 10% and 30% of world exports of services.

Hotel and restaurant sector - is providing the infrastructure component of the tourism industry and yet the most promising business direction for Ukraine.

Search cost-effective ways of economic development required to review the hotel and restaurant business as a catalyst for socio-economic development of Ukraine as an actual problem of finding ways to favor creation of a sustainable system of hotel and restaurant service as the basis for the development of the tourism industry.

**Analysis of recent research and publications.** To the study of the development of hotel and restaurant business were dedicated research works of scientists: Agafonov L.G. [1], Borisov Y.N. [2]; Hladunyak Y.V. [3], Sviridov N.D. [4]; Antonov V.A. [5], Androsova T.V. [6], Vlasov N.O. [6], Mikhailova N.V. [6], Kruglov A.A. [6], Pyatnitska G.T. [7].

**Unsolved aspects of the problem.** The current state of domestic enterprises of hotel and restaurant industry is characterized by volatile trends, which is mainly caused by seasonal fluctuations in demand and the inability of stocking a particular product - hotel and restaurant services, rising prices for services and insufficient quality of service and organizational conservative management process.

In recent years, load of hotel businesses industry in Ukraine does not exceed 25% of capacity; share of unprofitable enterprises in the total number of hotel companies is about 30%, about 80% require modernization, automation and computerization. The situation is also complicated by the instability of the environment, lack of coordination processes that take place within companies.

However, the hotel and restaurant business - one of the most promising areas of business in Ukraine, which is successfully developing.

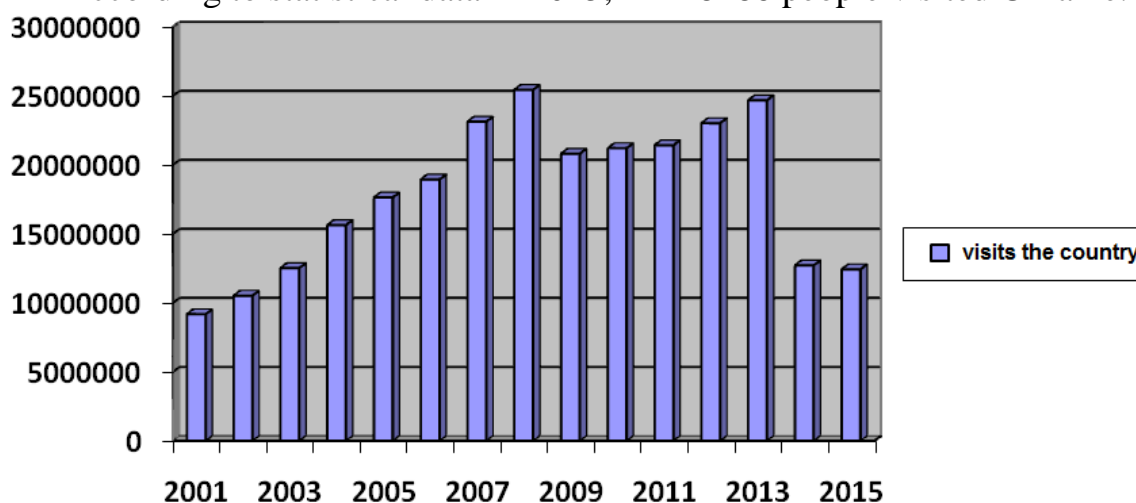
The peculiarity of this business is focus on European service standards and the rapid transition to them. Moreover, like every business, hotels and restaurants tends to increase revenue and looking for tools and efficient ways to achieve the desired financial results.

The infrastructure of the hotel market today in Ukraine does not meet the demand for hotel services either in quantity or in quality, material and technical base of the large hotels have physically and morally outdated and does not meet international standards. Improves situation of restaurant services, but to provide quality services with accommodation is an actual problem of domestic business sphere of hotel and restaurant business.

**The aim of the study.** To prove new ways of development of hotel and restaurant business in Ukraine.

**The presentation of the main results.** The hotel sector - is the main component of the tourism industry. Tourism, in particular within the hotel service belong to the social and cultural services. They are established on the principles of modern hospitality, increasing their role in the development of domestic tourism and also for the training of personnel for the tourism and hotel services. To solve complex problems with guest services, management institutions while maintaining a strong competitive position the business should have professional knowledge and continually improve them.

According to statistical data in 2015, 12428286 people visited Ukraine.



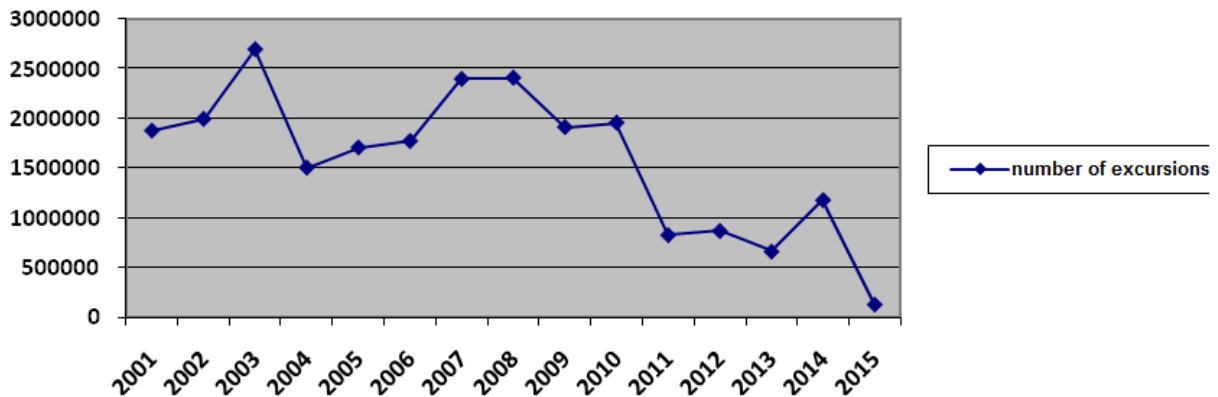
Source: Author's development on the basis of [8, 9, 10].

**Figure 1. Fluctuations of quantitative composition of tourists in Ukraine**

The following diagram (Figure 1) illustrates the dynamics of decline in the number of tourists during the 2014-2015 years, due to the military conflict in the east. This trend is temporary, because the prospects of further research is a comprehensive study, analysis and use of reserves to increase service quality and competitiveness of hotel complexes in Ukraine.

In a competitive market hospitality enterprises of hotel business in servicing tourists and other categories of people should ensure not only a high level of comfort living, but also constantly improve the level of customer service, offering a wide range of additional and related services, including information, personal intermediary, business center, recreation and others.

Figure 2 illustrates the reduction in the number of services of sightseeing that leads to the conclusion not only about the crisis in the economy, but also to the reduction of the quality of tour services.



Source: Author's development on the basis of [9, 10].

**Figure 2. Fluctuations in the number of tourists**

Experience in economic activity in recent years in the hotel industry of Ukraine shows a slow increase of qualitative parameters of evaluation productivity of the industry. At the same time is developing a network of hotels of high category service providing accommodation services in accordance with international standards.

Known that - hotel and restaurant complex is an important social element because it plays an important role in increasing the efficiency of social production and, the growth of living standards.

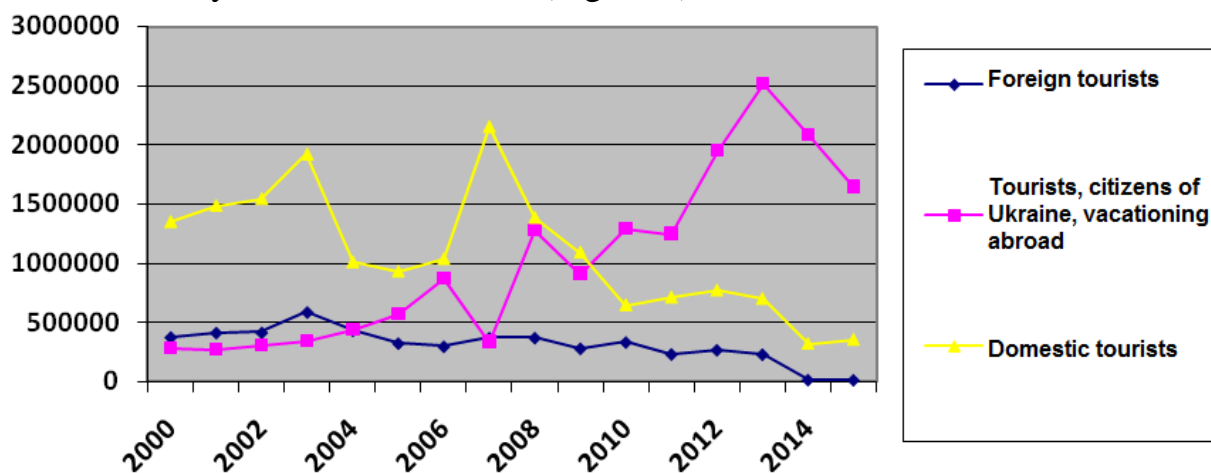
Quality service in catering services is the essence of the institution and the condition of its success. The assortment, price, design, image, location are important, but they never compensate in the eyes of the customer the inattentive and negligent treatment of the staff. On the other hand, the restaurant that was able to provide customers with excellent service, receive the strongest competitive advantage.

Service of catering involves concepts such as "quality of service", "culture of service", "service", based on a concern for consumers. Consumers should be given the option with the least amount of time and the greatest conveniences to satisfy basic needs. Most scientists, assessing the quality of service, see it, based on time spent on the purchase of finished products and the conditions under which consumer makes a purchase. Quality of catering service is defined as "minimal time spent on the purchase of finished products, service and comfort" or as "optimization costs for the consumer and the service sector." Quality of customer service is meant to create for a specific enterprise of hotel and restaurant business most favorable conditions for the selection and purchase of the product range and provide specified services. The quality of service depends on the culture of the personnel, on the degree of professionalism.

Studies show that improving the quality of service becomes an effective tool to increase sales and profits than marketing, promotion or advertising.

Therefore, in companies where developed thoughtful, literate strategies with clients, this activity brings more net profit than research and development, new products and equipment, wide range of other strategies.

Analyzing the state of the domestic market of hotel services, it should be noted that today Ukraine is one of the last places in the list of European countries by the number of hotels. In our country, a thousand residents have an average of two hotel rooms, whereas in Europe the figure is no less than 14-18. This fact is one of the reasons for reducing the number of tourists who have chosen holiday destination Ukraine (Figure 3)



Source: Author's development on the basis of [8, 9]

**Figure 3. Dynamics of quantitative and qualitative indicators of tourist flow in Ukraine**

As it was noted, the dynamics of the development of hotel and restaurant business depends on many factors. The number of clients - is a key factor in the development of this sphere. Apart from economic factors that affect the number of customers, there is a factor of interest. That's why the fact of reducing the number of people, going abroad on vacation in Ukraine (Figure 3) is the impetus for active action in business areas of the hotel - restaurant business in the direction of finding ways to increase customer interest.

In the field of hotel and restaurant business, it is possible to achieve competitive advantage by improving the quality of service. Ensuring quality of service should be taken as the process of formation of the required properties and characteristics of services that are able to meet or exceed customer expectations.

Measures that support a high level of service include: the availability of professionally designed strategy; permanently updating the list of services; work based on flexible pricing policy; availability of creative advertising; a system of raising staff. Also an important factor in the dynamics of hotel - restaurant business are measures aimed at efficient use of investment capital.

Due to the fact that the investment policy is an ordered system, where hierarchically combined goals that determine the course and direction of investment policy measures to implement these objectives, capital investment should be considered as property and intellectual values invested and / or involved in industrial and commercial processes to generate income (profit), or increase the economic potential of the company.

The investment attractiveness is a system of quantitative indicators to measure the economic, financial and technical potential of the company to assess the position of a particular company.

Evaluation of investment attractiveness should be carried out in two stages: the first stage: the calculation of integrated index for each enterprise separately on the basis of financial accounting and reporting; Second stage: the measurement of investment attractiveness by adjusting the integral index, calculated on the first stage of appeal based on mesoeconomic level, the impact of the financial and economic activities and risks of the enterprise.

Indicators of investment attractiveness are based on accounting documents and financial statements, balance sheet and income statement of the company (Table. 1).

Table 1

**Key indicators of investment attractiveness**

<b>№</b>	<b>Indicator</b>	<b>Method of calculation</b>	<b>Mark</b>
1	Coefficient of financial independence	Equity / total assets	K1
2	Financial stability ratio	Long + current liabilities / Equity	K2
3	Investment ratio	Shareholders' equity + long-term liabilities. Non-current assets	K3
4	Coefficient of maneuvering	Working capital / Equity	K4
5	Current ratio	Current assets / Current liabilities	K5
6	Assets	Income from sales; The residual value of fixed assets	K6
7	Return on equity	Net income / Equity	K7
8	The period of repayment of debts	Short-term bank loans + Payables for goods + Commitment to budget and employees on wages / Cost of sales	K8
9	Value of short-term receivables and payables	Accounts receivable / bills issued	K9
10	Coefficient of fixed assets	Payables for goods + advances	K10
11	The profitability of production	The increase in initial cost of fixed assets / Initial value of fixed assets	K11
12	Return on sales	Net income from sales / Cost of sales	K12
13	Return on total capital	Operating Income – paid interests / turnover from sales of products	K13

The estimated indicators of investment attractiveness of hotel and restaurant business used to determine the integral index of investment attractiveness based on their importance:

$$I = \sum_{i=1}^n K_i \cdot d_i \quad (1)$$

$I$  – integral index of investment attractiveness;  $K_i$  – relevant factors of investment attractiveness;  $d_i$  – level of factor significance.

The level of significance is calculated by the formula:

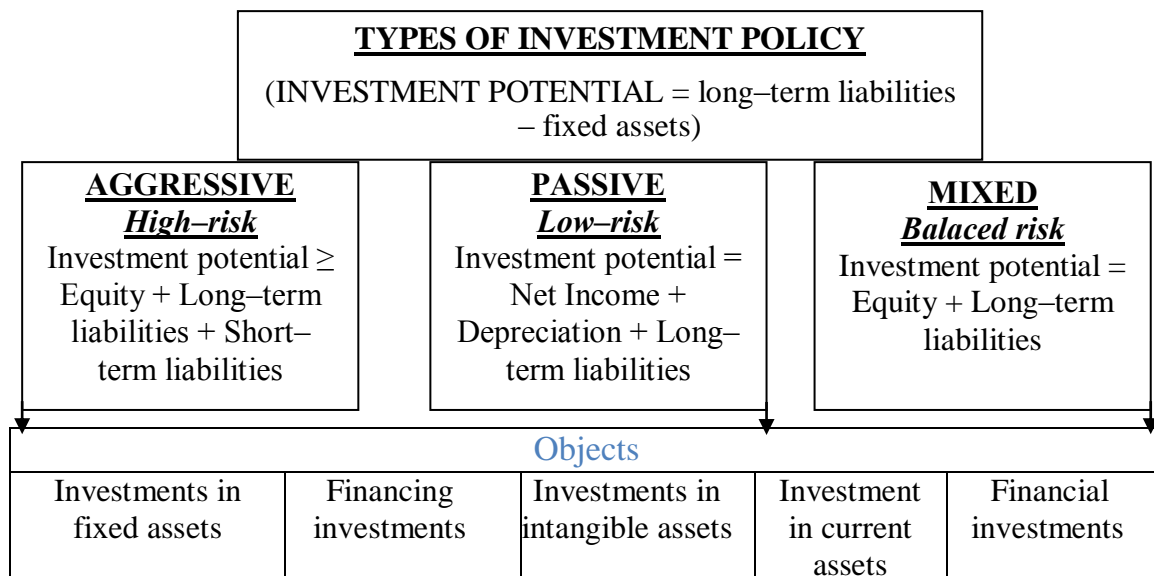
$$d_i = \frac{R_i}{n} \quad (2)$$

$R_i$  – rank of  $i$  indicator according to the final ranking;  $n$  – the corresponding figure for the rank of importance (1 to 13) in the degree of priority and importance.

The evaluation of investment attractiveness is proposed to implement by formula:

$$I = \sum_{i=1}^n K_i \cdot \frac{R_i}{n} \quad (3)$$

The choice of objectives depends on investment potential of the company: technical, financial, economic, social and organizational characteristics. These factors form a favorable (or, conversely, unfavorable) environment influx of investment from the state and quality of which depends on the choice of a particular type of investment policy of the company of hotel and restaurant business (Figure 4).



Source [10]

**Fig. 4. Types of investment policy of hotel and restaurant business**

There are three types of investment policy: aggressive, passive and mixed.

Implementation of an aggressive investment policy appropriate to the stage of formation and development of enterprises of hotel and restaurant business.

Type of passive investment policy can be used at all stages of the life cycle of the enterprise with a view to the planned development.

Mixed investment policy ensures a balance between risk and yield objects and is applicable of new prospective projects in which the company participates, but left their own development priority.

Investment tactics are necessary to implement within the expansion and improvement of logistics enterprises, implementation of deposits of funds invested in government stock options, formation and investment portfolio management and more. Investment tactics carried out by these operational matters as drafting budgets and schedule of implementation of the investment. As operational investment, actions can evaluate the conduct of speculation in the investment market securities (so-called "shorts"), currencies and precious metals, which is currently the most common investment operations of enterprises.

In the context of a comprehensive assessment of the investment policy, proposed to use the indicator characterizing the efficiency of operational activities (EDI), which are in practice implemented by management solution on the purchase or sale of investment instruments, participation or exit from certain investment projects:

$$EDI = \frac{\text{Economic effect}}{\text{expenditures}}, \quad (4)$$

Proved the importance of efficiency of investment decisions and determined their effectiveness as responsiveness to investment risk. Efficiency of investment decisions (EID) proposed to calculate by the formula:

$$EID = \frac{\text{Time}}{\text{Time from happening- solution}} \leq 1. \quad (5)$$

The proposed indicators allow to assess the quality of certain aspects of operational policy managers of various levels of government towards the formation of effective investment policy of enterprises of industry.

The proposed instrument makes it possible to determine classes of investment attractiveness of enterprises surveyed (Table 2).



Table 2

**Integral indicators of investment attractiveness of hotel business**

Name of the company	The value of the integral index	Class of investment attractiveness	The level of investment attractiveness
JSC "Dnepr", Kyiv	15,57811	<b>I</b>	Very high
JSC CC "Lybid", Kyiv	0,375894	<b>IV</b>	Low
JSC "October", Dnepropetrovsk	0,143418	<b>V</b>	Very low
CJSC "GC" Europe ", Kirovograd	1,809455	<b>I</b>	Very high
KP "Hospitality", Zhitomir	1,365164	<b>II</b>	High
JSC "Hotel" Podilia ", m. Khmel'nitsky	0,307994	<b>IV</b>	Low
JSC "Hotel" Lviv ", Lviv	0,363444		
JSC "Hotel" Ukraine ", Sevastopol	0,393123		
JSC "Hotel" Dnipro Dawn ", Kremenchug	0,335476		
SE CJSC "Ukrpofour" Hotel "Tourist", Kyiv	0,975544	<b>III</b>	Mid

Thus, it is reasonable to rank the investment attractiveness of Ukraine by proposed tools that will enable enterprises to hotel and restaurant business to express its investment, attractiveness and attract additional investment.

In addition to attracting, investment success in hospitality and restaurant business depends on the efforts of the enterprises themselves, economic factors, government policy. The experience of EU indicates that the subsidy policy of economic development of countries that joined the EU after the collapse of the Soviet Union is not effective. The greatest effect is the policies aimed at providing tax incentives, and creating conditions that encourage businesses to develop at their own expense, using innovative approaches. This is because the companies work out their own experience, which is effective in a particular region and for a specific segment of the services.

The most important issue for the hotel is: how and with what to attract and retain loyal of customers.

The main tool to attract new visitors and retain existing is: the use of an individual approach to each client, discounts on accommodation and use of various loyalty programs, free morning arrivals or late departures, a variety of gifts and discounts, small gifts for guests.

In the course of the analysis, the following effective means of increasing customer base, which can be used to increase the attractiveness of hotel and restaurant complex:

1. Use of aggregator sites or provide information about the hotel and availability on search engines. However, in large companies, hotel search is made differently. One way of organizing business trips for companies – is bringing to search travel agencies. When an employee goes on a business trip, he often does not have time and opportunity to book a ticket, transfers, accommodation and monitor the accuracy of the data. An internal department of travel agency sets this work. Most large companies have so-called preferred-sheet hotels, i.e. hotels that are most attractive when booking. In the application, the company says which hotel and the customer, and the passenger choose the best.

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If all the accommodation options in the list are booked, the agency must begin to look for a new option. To join the list of preferred–hotel is sometimes quite difficult. For some reason the hotel gets to the proposed list. Sometimes, it happens sometimes to migrate from hotel in the corporate sector, sometimes enterprise branch, located next door. It should be noted that the lists of preferred–hotels get mostly large hotels and hotel chains, but also small hotels have a niche in this market. Of great importance are also good reviews of guests.

2. Discounts for accommodation. Sometimes hoteliers to attract customers use various economic tricks. In some cases, a hotel, so wants to get the customer, he makes an offer of minimum cost of living. Business customers can receive meager prices for all seasons, and they have no reason for refusal. Of course, dumping is not something that every hotel can afford. At dumping, prices cannot last for long, but the customer will remember and would recommend this hotel. As a result, the hotel receives clients and provides reputation. Also important are results from the hotel in non–season period. Hoteliers have to create the conditions in which the non–season period will be important. Means are various: free morning arrivals or late departures. Slight economic losses for hotel when creating more comfort.

3. Various PR–measures to create the image of the hotel. We cannot forget the reputation as the main lever of competition and non–price image here is the weight. Hotels with high level of PR carry out various activities. Guests can make cultural, social events, symphonic or jazz concerts, with appropriate coverage of these events in the media.

4. What matters is flexibility and a willingness to solve problems that may arise in a variety of gifts, small gifts for guests. Important is to smile, wondering how the trip is, express warm human attitude.

5. To conduct business events, the hotel must provide customers with special specifications and services. Take into account the size of the conference hall, seating capacity, availability of equipment, Internet, professional staff, food and location. During the event, it is necessary to have specially trained team of staff, who during a conference coordinated the entire process and provide the necessary assistance in dealing with the restaurant or engineers. Important is also the technical equipment of conference rooms, availability of screen, projector, integrated sound system, high–speed Internet, a powerful air conditioning system and ventilation.

6. Provision of meals at conferences. When the conference provides a large group of participants it is uncomfortable to choose from banquet menu. Designers should provide flexible coffee breaks, lunches, buffets. In business activities, there is limited time for lunch, for 40 minutes can be arranged only "buffet".

**Conclusions.** Exploring the current state of development of hotel and restaurant business in the world, the undeniable is the fact that in many countries the hotel and restaurant industry has long formed and is developing steadily, with material and providing of millions of working people who definitely has a positive effect on the economy of a particular country.

In terms of fierce competition, social and political crisis of particular relevance and importance to the issues of professional and innovative approach to solving many problems, including training and retraining of hotel and restaurant sector, establishing effective working mechanism of interaction between central,

regional and local power and of tourism, create a favorable legal environment to ensure sustainable development of hotel and restaurant industry, the creation of local and national levels of official information field for potential domestic and foreign investors.

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