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## IMPROVEMENT OF THE PRODUCTION POTENTIAL MANAGEMENT STRATEGY OF THE HOTEL ENTERPRISE

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**Abstract.** *The article examines the strategy of managing the personnel potential of the hotel network on the example of the Ukrainian enterprises of the French multinational hospitality company Accor S.A. The stages of formation of strategic management of personnel potential are indicated. Areas of management activities for effective formation and use of personnel potential of hotel chain enterprises have been developed. The general concept of developing a strategy for managing personnel potential by determining the main directions of development and the economic-mathematical model of network planning is proposed as one of the priority directions for choosing a hotel chain object, a modern form of organization of hotel business enterprises that ensures its competitiveness.*

**Keywords:** *enterprise management strategy, production potential, hotel chains, economic-mathematical model of network planning*

### Introduction.

Strategic management is an important factor in the successful functioning of enterprises in difficult market conditions. In the activities of hotel business enterprises, it is often possible to observe a lack of strategy, which leads to defeats in the competition. The application of modern mechanisms of strategic management is a priority direction for solving this problem. There are many approaches to defining the content of strategic management. V. Vasylenko considers strategic management as a multifaceted, formal-behavioral management process that helps to formulate and implement effective strategies that contribute to the balancing of relations between the organization and the external environment, including its separate parts, as well as the achievement of established goals [1]. According to V. Nemtsov, it is a process by which managers carry out long-term management of the organization, determine specific activity goals, develop strategies to achieve these goals, taking into account all relevant (the most significant external and internal conditions), as well as ensure the implementation of developed relevant plans that are constantly evolving and are changing [2]. In our opinion, summarizing the statements of various researchers, strategic management of a hotel business is a system of management decisions in conditions of instability of the market environment and limitation of own resource potential, oriented towards the choice of actions, synthesizing various strategic goals of the enterprise.

The essence of the management strategy in achieving competitive positions by hotel enterprises is based on the main provisions that provide a systematic approach to the implementation of the following types of activities:

- involvement of qualified personnel;



- creation of modern working conditions and quality of services provided;
- provision of customer-oriented hotel services;
- implementation of innovative technologies;
- development and expansion of service services;
- accounting and cost minimization;
- adaptation to changes in both the internal and external environment.

Strategic management can be defined as the management of an organization that:

- relies on human potential as the foundation of the organization;
- orients production activities to consumer requests;
- carries out flexible regulation, timely changes in the organization, which allow to achieve competitive advantages [3].

During the formation of the management strategy of hotel enterprises, it is necessary to take into account the consumer demand for hotel services, the main principles and trends of basic strategies and the formation of a high-quality competitive hotel product. The quality of this is determined by the professionalism of the manager and the quality of the company's personnel. The identification of potential opportunities and threats in the external environment of the enterprise, as well as the assessment of risks and possible alternatives, involves the formation of an effective management strategy of the hotel enterprise.

The successful operation of the hotel complex must be based on long-term goals and is possible only in the event that the entrance of the hotel business to the market is not only thought out, but comprehensively justified. The strategic approach to hotel management is limited in domestic practice. The reason for this situation is insufficient methodical and practical development for the conditions of the market economy. In strategy formulation, the first step is a mission statement, which leads to defining goals, strategies, and policies. In order to develop a strategy, every enterprise must understand the following important elements of its activity: mission; competitive advantages; peculiarities of business organization, sales markets where the firm operates; products (service); resource; structure; production program; organizational culture [4]. Developed strategies and policies are implemented through forecasts, programs, budgets and procedures. Strategy execution is evaluated at the end, and information is fed back into the system through a feedback loop so that adequate control over organizational actions ensures timely corrective effects.

Features of the development of a management strategy for hotel enterprises are related to taking into account the following provisions [5]:

1. Hotel enterprises are complex socio-economic systems characterized by a number of features:

- satisfaction with high-quality basic and additional services of domestic and international consumers;
- availability of certain resources and their transformation into basic and additional services;
- comparison of costs for production and use of basic and additional services with performance results;
- the complexity of the internal environment (a large number of elements);
- multi-criteria management tasks;



- high dynamism of processes;
- impossibility of formalizing many management tasks;
- mandatory development and variability of development criteria.

2. Enterprises are quite sensitive to the effects of external environmental factors, they are open (diffuse) systems, the effectiveness of their functioning will be largely determined by a quick response to changes in the external environment.

3. One of the main problems in the hotel industry is ineffective strategic management. The strategies used by hotel companies do not have universal solutions and are mostly non-traditional. The application of modern principles of strategic management in the activities of hotel enterprises should contribute to increasing the competitiveness of these enterprises and strengthening their positions in the hotel industry market and the field of hospitality in general. In this way, strategic management will make it possible to increase the efficiency of the enterprises of the industry in modern business conditions.

On the basis of the theoretical analysis of scientific works [4-7], it was established the existence of different approaches both to the definition of the concept of a hotel business enterprise and to the classification of enterprises of this type of economic activity. The authors started from the understanding of the concept of a hotel business enterprise as an independent subject of market relations, the functional status of which consists in providing a complex of hotel services oriented to the requests and interests of consumers.

A comprehensive approach to the classification of hotel enterprises ensures the differentiation of measures and methods of strategic management of these enterprises and the development of directions for its improvement, taking into account the peculiarities of its operation in the market of hotel services and the specification of the activities of each enterprise.

The main characteristics of strategic management are defined as a result of consideration of different approaches to strategic management:

- ✓ application of new marketing technologies in the hotel industry;
- ✓ long-term competitive advantages;
- ✓ formation of the information support system of hotel enterprises;
- ✓ optimization of the level of personnel potential - the most important resource of the enterprise;
- ✓ adaptation to changes in the external and internal environment;
- ✓ improvement of the organizational structure of hotels to increase their competitiveness.

Based on the principles of management theory and the principles of strategic management, the scheme of a conceptual approach to the strategic management of a hotel enterprise was chosen in the work [5]. The main structural components of the proposed approach are as follows: formulation of the mission of the enterprise, determination of strategic management goals and key success factors, diagnosis of the effectiveness of strategic management results. The implementation of the proposed conceptual approach is a theoretical and methodological basis for making management decisions that contribute to the improvement of the hotel business development strategy.



The work examines the practice of strategic management of hotel enterprises of the French multinational hospitality company Accor S.A. , which owns, operates and franchises hotels, resorts and leisure facilities [8]. For this purpose, the method of the automatic interaction detector of grouping by one or several characteristics (AID) was used. Out of 5,298 hotel enterprises, "three-star" hotels were taken for research, the total number of which was 748 enterprises, of which 48 enterprises are located in Ukraine. To determine the quantitative indicator of the sample population, the calculation method proposed by the FDFgroup marketing agency was used; confidence probability of the sample was 95%. The entire sample population was divided according to capacity into three groups: large - the number of rooms is more than 75 units (the first group); medium - the number of rooms is from 25 to 75 units (the second group) and small - the number of rooms is less than 25 units (the third group).

The weighted average value of the selected strategic management parameters of each hotel enterprise was calculated according to experts' estimates:  $\kappa_{hp}$  – attractiveness of the hotel product;  $\kappa_{ef}$  – efficiency of enterprise management. To build the matrix, the attractiveness of the hotel product was determined according to this scale:  $0 < \kappa_{hp} \leq 2$  – low attractiveness of the hotel product,  $2 < \kappa_{hp} \leq 3,5$  – ordinary attractiveness of the hotel product,  $3,5 < \kappa_{hp} \leq 5$  – high attractiveness of the hotel product, as well as the efficiency of enterprise management:  $0 < \kappa_{ef} \leq 2$  – low,  $2 < \kappa_{ef} \leq 4$  – average,  $4 < \kappa_{ef} \leq 5$  – high.

The results of the study show that most of the enterprises of the first group are in the zone of a fairly high level of strategic management. The enterprises of the second group are in the zone of a rather high and medium level of strategic management, the enterprises of the third group are in the zone of medium and low level of strategic management. The analysis of the current means of strategic management of the hotel industry enterprise proved the existence of problems related to the formation of a comprehensive strategy for the development of the enterprise, the development of a strategy for managing personnel potential and the use of network planning aimed at increasing the efficiency of the use of enterprise resources.

Hotel enterprises need adaptation of the strategic management system to the conditions of the market environment and its modification. To solve this problem, it is proposed to use modern methods and models aimed at making management decisions and their implementation with the minimum possible costs, which include methods of simulation, forecasting, optimal, logical-verbal and calculation-analytical justification of strategic decisions regarding the development of the hotel industry enterprise. The implementation of strategic management of a hotel business enterprise is possible only if its personnel have strategic thinking, where there is a system of strategic planning, an integrated system of strategic plans is used, and current, everyday activities are aimed at achieving strategic goals.

The work uses an economic-mathematical model of network planning of expected costs, the implementation of which determines the adoption of managerial decisions regarding the choice of a hotel chain object. According to this model, a certain type of expenses is planned, namely, those related to the construction and reconstruction of the hotel business during the implementation of the production strategy of the hotel chain enterprises, a distinctive feature of which is the introduction of the coefficient of unforeseen expenses per unit of reduced time. Attracting large amounts of expenses to



shorten the terms of construction of the hotel or its reconstruction, it is not possible to guarantee that the allocated funds will be sufficient. Therefore, this model is enriched with the coefficient of unforeseen costs per unit of reduced time  $l_{(i,j)}$ , where  $l_{(i,j)} \geq 0$  and in this case has the following form:

$$F = \sum_{i=1}^n \sum_{j=1}^n \left[ K_{(i,j)} \cdot y_{(i,j)} + K_{(i,j)} \cdot l_{(i,j)} \cdot (y_{(i,j)})^2 \right] \rightarrow \min \quad (1)$$

where,  $F$  is the cost of reducing the project implementation time;

$i$  – the beginning of work;

$j$  – completion of work;

$n$  – the number of all events;

$K_{(i,j)}$  – specific costs for reducing labor duration  $(i,j)$  per unit of time;

$y_{(i,j)}$  – the time of labor reduction;

$l_{(i,j)}$  – the coefficient of unforeseen costs per unit of reduced time.

When using this model, it is necessary to take into account a number of restrictions and conditions, namely:

$$\begin{cases} x_i - x_j - y_{(i,j)} \leq -\tau_{(i,j)} \\ y_{(i,j)} \leq M_{(i,j)} \\ x_n \leq T_0 \end{cases} \quad (2)$$

$$x_i \geq 0, \quad y_{(i,j)} \geq 0, \quad (i,j) \in P \quad (3)$$

where,  $x_i$  – the time of the event  $i$ ;

$x_j$  – the time of the event  $j$ ;

$x_n$  – час настання останньої події;

$\tau_{(i,j)}$  – normal duration of work  $(i,j)$ ,

$M_{(i,j)}$  – the maximum possible reduction of the duration of work  $(i,j)$ ,

$T_0$  – implementation of the entire project,

$P$  – the number of project works.

Since the first component  $K_{(i,j)} \cdot y_{(i,j)}$  characterizes the cost of reducing the time of work, the second component  $K_{(i,j)} \cdot l_{(i,j)} \cdot (y_{(i,j)})^2$  characterizes the amount of unforeseen costs for reducing the project execution time, then the total costs for reducing the project execution time will be:

$$\sum_{i=1}^n \sum_{j=1}^n K_{(i,j)} \cdot y_{(i,j)} \quad (4)$$

The total unforeseen costs for reducing the project execution time will be:

$$\sum_{i=1}^n \sum_{j=1}^n K_{(i,j)} \cdot l_{(i,j)} \cdot (y_{(i,j)})^2 \quad (5)$$

As a result of a comparative analysis of calculations based on the traditional method and the proposed model, it was proven that the implementation of the economic-mathematical model of network planning in the activities of the Accor S.A. hotel network located in Ukraine ("Ibis", "Novotel", "Sofitel" hotels, etc.) allows to reduce the terms of hotel reconstruction from 222 to 154 days (68 days earlier) and provides an economic effect in the amount of UAH 2410.1 thousand. The use of the model of network planning of expected costs as a result of the implementation of the



production strategy of the hotel industry increases the efficiency of the use of its resources. It should be considered that its implementation is aimed at improving the strategic management of the hotel business. The authors summarized the materials on the HR management strategy of the Accor S.A. hotel network, which takes into account both the influence of external and internal environmental factors, the assessment of qualitative and quantitative components of HR potential, the determination of the competitiveness of HR potential and its compliance with financial opportunities, in combination with the justification of stimulation and motivation strategies. Such a general strategy for managing personnel potential is outlined in Fig. 1, where the main directions of its development are defined

Successful implementation of HR management policy at Accor S.A. is ensured by the development of appropriate measures, supported by the entire staff team, which is an effective tool for managing business processes. If the above conditions are met, the personnel potential of hotel chain enterprises is adapted to the external environment and ensures their sustainable development. The stages of forming strategic personnel management are as follows. The first step is to conduct an analysis of all strategically important factors, both external and internal, that influence personnel decision-making. Possible threats arising at various stages of implementation of personnel strategy, strengths and weaknesses of enterprises are considered. At the second stage, strategic planning and the selection of personnel options that best correspond to the adopted strategy, taking into account all the requirements for the elements of the management system, are carried out. At this stage, personnel management strategy methods are chosen, its goals and objectives are formed. The last step, as the implementation of conceived and formed ideas and goals, is checked in practice and adjusted in the process of implementation, which determines specific personnel policy measures aimed at their achievement.

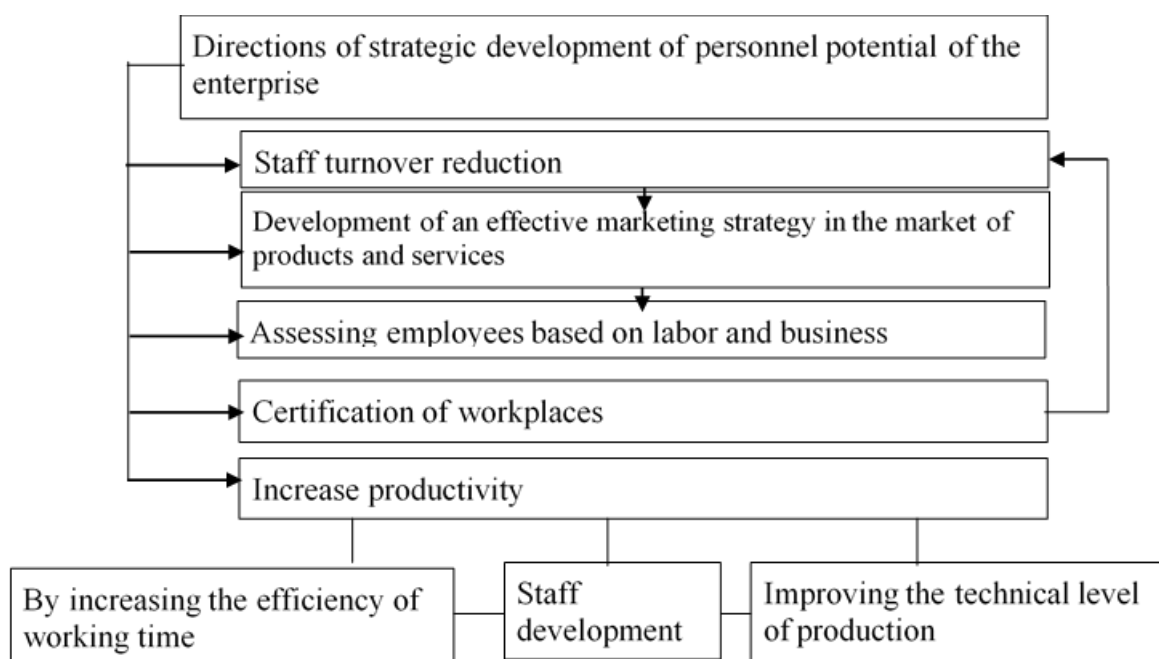


Fig. 1. The main directions of strategic development of personnel potential of the enterprise



## Summary and conclusions

In order to improve the strategic management of the enterprise and the personnel potential of the Accor S.A. hotel chain, an economic-mathematical model of network planning is proposed as one of the priority directions for choosing a hotel chain object, a modern form of organization of hotel business enterprises that ensures its competitiveness. The establishment of clear managerial control in the hotel chain is an important feature of a functional and systematic approach to the management of personnel resources, as well as compliance of the achieved results with the criteria of sustainable development of the enterprise and social responsibility of the staff.

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