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FEATURES OF ENTREPRENEURIAL ACTIVITY IN THE HOSPITALITY INDUSTRY

ОСОБЛИВОСТІ ПІДПРИЄМНИЦЬКОЇ ДІЯЛЬНОСТІ У СФЕРІ ГОСТИННОСТІ

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Abstract. *Entrepreneurship and its stakeholders are crucial for the sustainable development of any industry, driving customer satisfaction, sales growth, and operational efficiency. This study delves into the timely and relevant features of entrepreneurial activity within the hospitality industry. Our aim is to foster a deeper understanding of current trends, identify challenges and opportunities, and facilitate the development of effective growth strategies to enhance enterprise competitiveness in this vital economic sector, particularly in the context of regional specificities. While the foundational principles of entrepreneurship and the classification of entrepreneurial entities in the hotel and restaurant business are extensively covered in academic literature, the critical issue of improving entrepreneurial management efficiency remains highly pertinent for hospitality establishments. The study analyzes diverse definitions of "entrepreneurship" from leading Ukrainian scholars and distinguishes it from the broader concept of "business," highlighting the formalized and legally defined nature of entrepreneurship in Ukraine.*

Keywords: *entrepreneurship, hospitality industry, entrepreneurial activity, business, management efficiency, service characteristics, hotel and restaurant business, sustainable development.*

Introduction.

Entrepreneurship and its participants play a crucial role in ensuring the sustainable development of the industry, which is grounded in meeting customer needs, increasing sales, and enhancing operational efficiency. The study of the features of entrepreneurial activity within the hospitality industry is both timely and relevant, as it contributes to a deeper understanding of current trends, the identification of challenges and



opportunities, the development of effective growth strategies, and the strengthening of competitiveness among enterprises in this vital sector of the economy – articularly in the context of regional specificities. Although the principles of entrepreneurship, as well as the classification of forms and types of entrepreneurial entities in the hotel and restaurant business under market conditions, are widely covered in academic literature, the issue of improving the efficiency of entrepreneurial management remains highly relevant for hotels, restaurants, and other hospitality establishments.

Main part.

Global experience clearly demonstrates that sustainable economic development is unattainable without the active involvement of enterprising individuals and the formation of diverse models of entrepreneurial activity. Entrepreneurship represents a specific form of economic activity aimed at achieving both economic and social outcomes, as well as generating profit. A similar concept is reflected in the term “business,” which is generally understood as economic or commercial activity oriented toward profitability.

In the Ukrainian academic and public discourse, the terms “business” and “entrepreneurship” are often used interchangeably. However, contemporary scholars emphasize the importance of distinguishing between them. Specifically, “business” is considered a broader concept that encompasses both regular and one-time economic activities, while “entrepreneurship” refers to a formalized activity carried out by an individual who has completed state registration, acquired legal status, obtained the necessary permits (licenses or patents), pays taxes, and maintains mandatory financial and operational documentation [5].

According to Article 42 of the Commercial Code of Ukraine, entrepreneurship is defined as independent, proactive, systematic economic activity carried out at one’s own risk by business entities (entrepreneurs) with the aim of achieving economic and social outcomes and generating profit [2].

Modern academic economic literature examines entrepreneurship from multiple perspectives: as an economic category, a method of economic management, and a type of economic thinking. Moreover, the very concept of entrepreneurship has evolved and



transformed over time in accordance with the specific socio-economic conditions of society. So, Valinkevych N.V. notes that “entrepreneurship is a form of organizational and economic creativity that fundamentally differs from conventional business activity, which is based on the application of pre-established, proven economic models. The creative and innovative nature of entrepreneurship grants a special status to its bearer – an individual who does not simply adapt, as a manager or executive of an already established company might, to existing production processes” [6].

Varnalii Z.S. defines entrepreneurship as an economic category, calling it “a special type of economic activity in which the central figure is the entrepreneur, who rationally combines the factors of production on an innovative basis and personal responsibility, organizes and manages production with the aim of generating entrepreneurial income” [7].

According to Korotych O.B., entrepreneurship is “a specific form of intellectual activity carried out by an energetic and proactive individual—entrepreneur, who owns (fully or partially) certain material assets, skillfully utilizes them in their own business, and manages the organization they have created” [3].

In the work of scholars M.Y. Malyk and O.H. Shpykuliak, entrepreneurship is defined as “independent, initiative-driven activity aimed at generating profit” [4].

Entrepreneurship in the hospitality industry can be defined as initiative-driven, independent, and systematic economic activity focused on the creation, promotion, and delivery of services aimed at satisfying consumer needs for temporary accommodation, food provision, leisure organization, and other related services. This activity is carried out with the objective of generating profit and/or achieving personal goals.

Such entrepreneurial activity is governed by a number of fundamental principles codified in the Commercial Code of Ukraine. According to Article 42 of the Code, entrepreneurship in Ukraine is conducted on the basis of the following provisions:

- the entrepreneur’s free choice of types and forms of entrepreneurial activity;
- the independent formulation of business programs, including the selection of suppliers and consumers, attraction of material, technical, financial, and other resources not prohibited by law, and the setting of prices for goods and services in



accordance with legal norms;

- the right to freely hire employees;
- reliance on commercial calculation and personal risk;
- discretionary use of profits remaining after the payment of taxes, duties, and other statutory charges;
- the entrepreneur's right to conduct foreign economic activity independently, including the use of their share of foreign currency earnings at their own discretion [2].

This legal framework provides a foundation for entrepreneurial development in the hospitality sector and emphasizes the economic freedom, innovation, and risk-bearing responsibilities assumed by hospitality entrepreneurs. These principles are essential for fostering a competitive environment and encouraging continuous modernization within the industry.

Figure 1.1 highlights specific features (characteristics) of entrepreneurship based on the generalization of scientific views of leading Ukrainian scholars.

Entrepreneurial activity in the hospitality sector has the following features:

1. Geographically Limited Local Market. Hospitality establishments typically target a geographically restricted local market. The size of this market depends on the establishment's location and its accessibility to consumers via transport. Some businesses may also focus on a city-wide market for segments like celebratory events, business meetings, and tourism [1, p. 12].

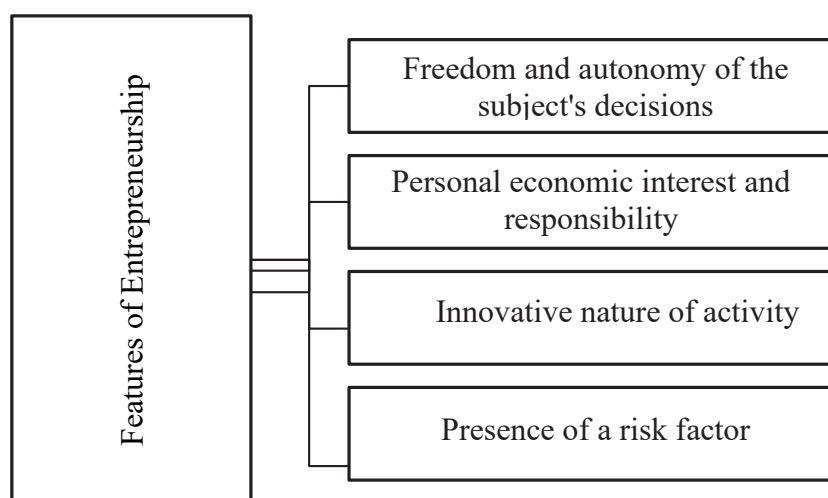


Figure 1.1 – Features of Entrepreneurial Activity



2. High Dependence on Human Factor. The effectiveness of economic activity heavily relies on the human factor. The success of an establishment largely depends on the staff's qualifications, motivation, and attitude, with hospitality and attention to detail being key drivers of successful business operations.

3. Impact of Seasonality on Profits. Demand for hotel and restaurant services can fluctuate significantly based on the time of year, holidays, events, and other factors, thus impacting profitability.

4. Highly Competitive Market. The hotel and restaurant services market is highly competitive and saturated. Therefore, a unique offering, high quality, and effective marketing are essential for success.

5. Unique Service Characteristics (the 4 "In's"). Hospitality industry services are characterized by the "4 In's": intangibility, inseparability, inconsistency, and perishability. Consumers don't buy a physical product; instead, they purchase impressions, emotions, and sensations. Thus, creating atmosphere and a positive experience is crucial.

These characteristics define the specifics of management and entrepreneurial activity within the hotel and restaurant sector.

Conclusions.

Thus, the evolution of the essence of entrepreneurship and its significance for the development of the national economy at various historical stages was determined by dominant production relations, the economic state, and the political system. Throughout this, the key subject of entrepreneurial activity was an individual who, driven by their own initiative, independently identified and implemented new opportunities for creating goods and services. Ensuring the development of entrepreneurship requires considering the temporal and regional characteristics of its operating environment, along with developing recommendations aimed at optimizing the development and utilization of an individual's entrepreneurial potential. The forms of its realization can vary from individual entrepreneurial activity to partnerships and functioning within existing enterprises. Entrepreneurship can be interpreted as a purposeful and proactive economic activity by subjects, aimed at generating profit



within the legal framework, based on the integration of personal gain and social utility.

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Анотація. Підприємництво та його учасники є вирішальними для сталого розвитку будь-якої галузі, сприяючи задоволенню потреб клієнтів, зростанню продажів та підвищенню



операційної ефективності. Це дослідження заглиблюється в актуальні та релевантні особливості підприємницької діяльності в індустрії гостинності. Хоча основоположні принципи підприємництва та класифікація підприємницьких суб'єктів у готельно-ресторанному бізнесі широко висвітлені в науковій літературі, критичне питання підвищення ефективності управління підприємницькою діяльністю залишається надзвичайно актуальним для закладів гостинності. Дослідження аналізує різноманітні визначення «підприємництва» від провідних українських вчених та відрізняє його від ширшого поняття «бізнес», підкреслюючи формалізований та юридично визначений характер підприємництва в Україні.

Ключові слова: підприємництво, індустрія гостинності, підприємницька діяльність, бізнес, ефективність управління, характеристики послуг, готельно-ресторанний бізнес, сталий розвиток.