

CHAPTER 1

CURRENT TRENDS IN ECONOMIC DEVELOPMENT

CLUSTERING IN THE TOURISM HOTEL BUSINESS TO INCREASE THE ECONOMIC EFFICIENCY OF THE NETWORK STRUCTURE

Mykola Denysenko¹, Zoryna Yurynets², Yulia Biriukova³

¹Doctor of Science (Economics), Professor of Business Economics and Tourism Department, Kyiv National University of Technology and Design, Kyiv, Ukraine, e-mail: profden3@gmail.com, ORCID: <https://orcid.org/0000-0001-8767-9762>

²Doctor of Science (Economics), Professor of Management Department, Ivan Franko Lviv national University, Ukraine, e-mail: zoryna_yur@ukr.net, ORCID: <https://orcid.org/0000-0001-9027-2349>

³Graduate student of the Department of Economics and Service, Kyiv National University of Technology and Design, Kyiv, Ukraine, e-mail: shevchuk.ya@knu.d.edu.ua, ORCID: <https://orcid.org/0000-0003-4860-1676>

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Abstract. The article delves into an important problem known as clustering in the tourism hotel business. The authors attempted to examine the different aspects of the formation of the tourist hotel cluster which allow to increase the economic efficiency of the network structure. The researchers concentrated on the system of formation of tourist hotel cluster for increasing the economic efficiency of the network structure. The network structure of tourist hotels has a number of advantages, which is examined in this article. The key aspect of the system of formation of tourist hotel cluster is creating a structural basis, marketing activities, formation of internal standards. The formation of tourist hotel cluster includes the following elements: inventory of fixed assets of participants, SWOT-analysis, assessment of the potential of all participants of the tourist hotel cluster, analysis of marketing internal and external environment in hotel services, identification of all possible risks and benefits of the cluster, implementation of organizational, legal, social, psychological adaptation of participants to integration in the cluster, the formation of strategies for the development of the tourist hotel cluster, coordination the conditions for participants to join the cluster and further activities in the cluster, preparation for the concluding and signing of contracts. In the study motivational factors and benefits of merging enterprises into tourist hotel clusters were identified by the authors. These motivating factors allow to increase the economic efficiency of the network structure.

Keywords: tourism hotel business, tourist hotel cluster, network structure, system, elements.

JEL Classification: Z32, Z39

Formulas: 0; **fig.:** 1; **tabl.:** 1; **bibl.:** 9

Introduction. Modern conditions of economic development force the tourist hotel business to create various connections and form networks. Networking can be an effective way to overcome negative situations, both in modern conditions and in the future. This is due to the small capacity of hotels as an independent participant in the market of hotel services, and the small chances of gaining an advantage over competitors [1]. In this context, the actual conditions for the operation of the tourism hotel business in the national environment and the goals of networking may be different. Therefore, the role of links between organizations operating in the hotel market for increasing the economic efficiency of the network structure is becoming increasingly important.

The integration of different types of hotels allows to create better conditions for the maximum satisfaction of the desires of customers with different financial

capabilities. Globalization processes have created an environment for the creation of international hotel chains that maintain high standards of service.

Increasing the level of functioning and development of tourist hotel business is possible due to the implementation of the cluster form of enterprises.

Literature review. Foreign and domestic scientists give significant attention to the study of factors influencing the network structure of the tourism hotel business and cluster form of interaction. Świstak E., Świątkowska M., Stangierska D. (2016) [2], Todeva E. (2010) [3] describe the features of creating a sustainable development strategy in the hotel industry on the example of the Accor group. Piwoni-Krzeszowska E. (2015) [4] believes that the network structure of hotels has a number of advantages and disadvantages. But such structuring does not take into account modern global problems of development of tourist hotel business. Robson M. J., Kadile V., Watson K., Clegg L. J. (2017) [5] explore the issue of formation of franchise agreement. Wiggins J. M. (2020) [6] sets feature of contract management and investigates mergers of hotels through the conclusion of management contract between the owner of the organization and the management company. Richard B. (2017) [7] analyzes problems of survival strategies of hotel chains.

Aims. The purpose of the article is to study the features of clustering in the tourism hotel business in order to increase the economic efficiency of the network structure.

Methods. During the scientific research, the method of synthesis, systematization and analysis has been used (in the study of clustering in the tourism hotel business; the network structure); structural and logical (to build a system of formation of a tourist hotel cluster, to systematize the motivational factors and benefits of merging enterprises into tourist hotel clusters); induction synthesis, (to solve the problem of the formation of a tourist hotel cluster); schematic, graphic images for the visual display the results of the study.

Results. The connection of the tourist hotel business to the network can be in the form of contract management or a franchise agreement. Such organizational and legal forms do not require large costs from the operator and increase profits for the tourism hotel business.

The franchisor is the owner of the trademark (brand), reservation system, know-how. The franchisor gives the franchisee the right to use the franchise and receives periodic deductions, which are calculated as a percentage of gross income. At the same time, the franchisor does not interfere in the operational management of the hotel, but only monitors compliance with standards [5].

A management contract is popular in business. The merger of hotels is due to the conclusion of a management contract between the owner of the organization and the company. The main activity of the company is professional hotel management in the tourism and hotel market. A company that enters into contract management does not receive any rights to the organization's assets. Under the contract, the company usually has limited financial liability and receives income that depends on the size of the hotel's profits [6].

In order to adapt international tourist hotel chains to the national environment, it is advisable to use the following strategies:

- growth strategy, which has different methods of integration and forms of expanding the presence of participants in foreign markets (eg, mergers, acquisitions, participation in the construction of tourism hotel business, management contract, franchising) [2]. This strategy is focused on expanding the activities of operators in the national market, accumulation of resources, capacity building. In the national market there is a change in the hotel market, the development of innovative competitive advantages and profit maximization. The main tools are: updating business plans and business models, expanding the range of functional development strategies, which are focused on making fundamental changes;

- stability strategy [3], which is based on the principles: preservation and development of the network, profit optimization, increasing the degree of specialization, maximizing the level of absorption, expanding the network, diversifying hotel services, balancing competitive positions in the market.

The network structure of tourist hotels has a number of advantages in the crisis and post-crisis periods for Ukraine:

- 1) promotes the survival of the economic entity and strengthens its competitive position through multilateral relations and cooperation;

- 2) allows you to focus on key skills that are used in a coordinated manner;

- 3) provides intellectual and collective use of network resources and knowledge, the benefits of internationalization;

- 4) promotes competitiveness by improving the quality of services, increasing the level of security of guests, professional competencies of staff, effective use of fixed assets [4, p. 36];

- 5) ensures the implementation of a common strategic idea in order to increase the efficiency of hotels. This is due to the occupancy of hotels and similar accommodation, reducing the cost of staff training, booking rooms, marketing and sales of hotel services.

Transnational companies (TNCs) are important in global integration processes. TNCs promote the development of network members, concentration and capital flow to support livelihoods.

Integrated hotel chains are a good example of creating TNCs in the tourism hotel business. The headquarters of many large hotel chains are in the United States. However, the role of other countries in the management of the hotel business is constantly growing. Hotel chains from Hong Kong («Shangry-La», «Regal Hotels», «Mandarin Oriental»), Singapore, Mexico, and Brazil increased their economic activity. According to experts, 50% of the world's largest hotel chains were of Asian origin [8].

Integration processes allow us to focus on finding the best methods of cooperation in the network, which contribute to the best results in each segment of the tourism hotel business. This is due to constant relationships with other entities or is the result of the formation of effective networks (process, functional and organizational). Inter-organizational networks have the following types: integrated, federal, contractual, direct relations, social, bureaucratic, local, global [9].

Networking in Ukraine has some difficulties. These problems are related to the creation of clear «rules of the game» and tools for their observance. This applies to common for all pricing, marketing, logistics and service policies, increasing the volume of hotel services by all network members, strategic innovation management and planning their implementation. It is about the need for synergistic interconnection of all network components.

Clustering involves the involvement in the service destinations of enterprises and organizations from other sectors of the economy (education and science, industrial and agricultural production, etc.), the development by coordinating organizations of strategic documentation agreed at the regional and national levels.

The formation of tourist hotel cluster in Ukraine is at an early stage. Leading countries have developed and implemented various initiatives in the field of tourism and hospitality.

The system of formation of tourist hotel cluster for increasing the economic efficiency of the network structure is shown in Figure 1.

The formation of tourist hotel cluster includes the following elements: inventory of fixed assets of participants, SWOT-analysis, assessment of the potential of all participants of the tourist hotel cluster, analysis of marketing internal and external environment in hotel services, identification of all possible risks and benefits of the cluster, implementation of organizational, legal, social, psychological adaptation of participants to integration in the cluster, the formation of strategies for the development of the tourist hotel cluster, coordination the conditions for participants to join the cluster and further activities in the cluster, preparation for the concluding and signing of contracts.

Creation of tourist hotel clusters in Ukraine depends on economic, social and legal conditions. The process of formation of tourist hotel cluster requires a smooth approach. First of all, it is necessary to create a structural basis and identify strong links between regionally close hotel enterprises.

Motivational factors and benefits of merging enterprises into tourist hotel clusters are given in Table 1.

The effect of scale makes it possible to reduce the risk of possible crises and the risk of closing the tourism hotel business in the post-crisis period; reduce the cost of hotel services; successfully promote hotel services; effectively use resources and expanded infrastructure; increase the number of suppliers, customers and stakeholders; to establish cooperation; to promote the development of a system of contractual specialization and labor cooperation; to increase the economic efficiency of economic activity; to combine enterprises into a joint business; provide access to the latest innovative developments; create an opportunity to accumulate financial resources through participation in various investment projects; effectively realize the internal potential.

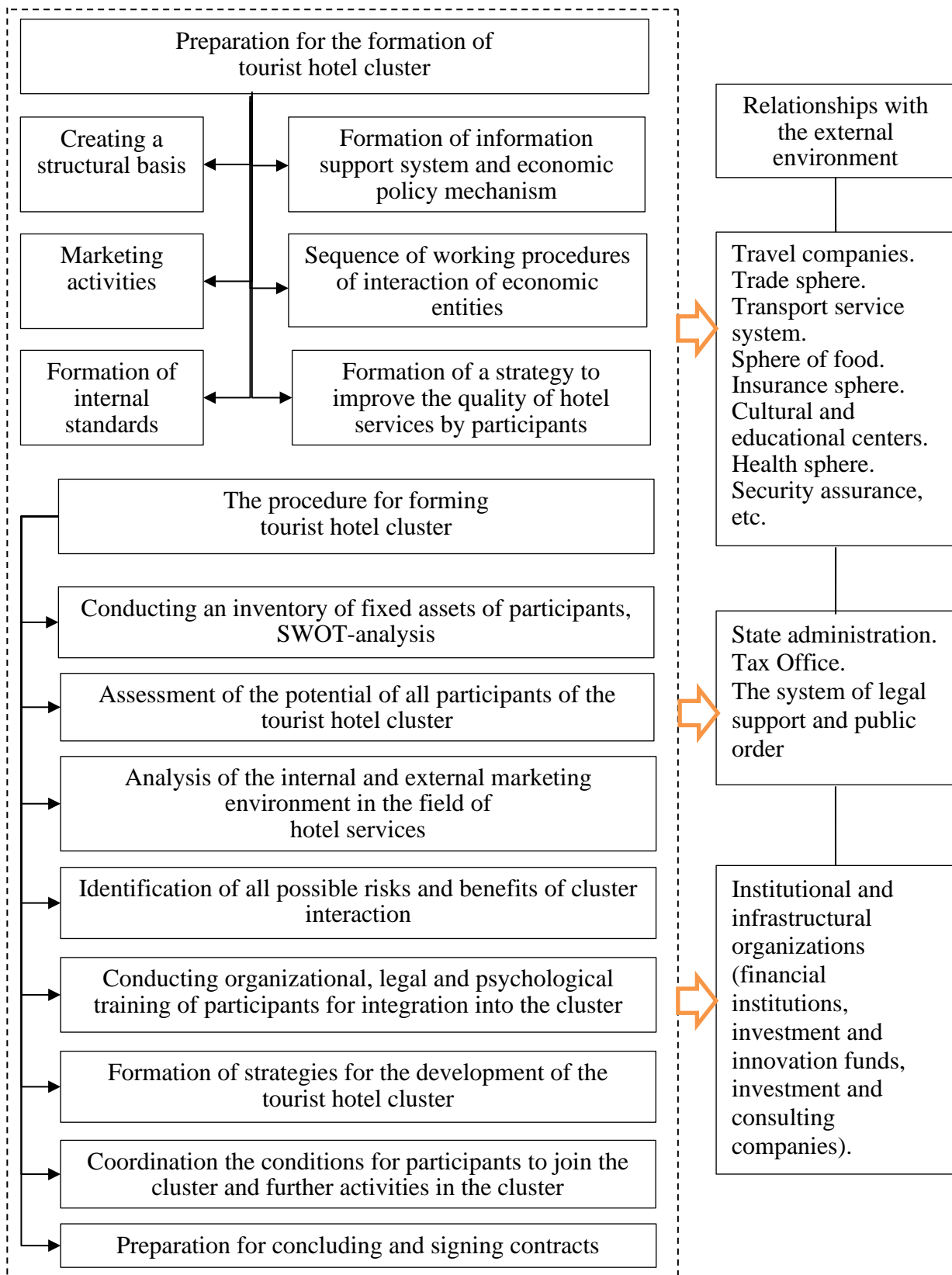


Figure. 1. The system of formation of tourist hotel cluster for increasing the economic efficiency of the network structure

Source: developed by the authors

Table 1. Motivational factors and benefits of merging enterprises into tourist hotel clusters

№	Motivational factors and benefits
1	Increasing the profitability of participants, reducing the cost of hotel services, the ability to accumulate financial resources through participation in various investment projects, the effective realization of internal potential
2	Opportunity to participate in several associations
3	Independence of all cluster members
4	Advocacy of own interests, branch and regional interests
5	Expansion of scientific and technical cooperation between participants, promotion of competitive relations, synergy of cluster components, establishment and synchronization of cooperation, development of contractual specialization and labor cooperation
6	Exchange of data, new ideas, technologies and personnel, access to the latest innovative developments
7	Adherence to established standards and principles of equality
8	Low level of administrative and centralized influence on the work of cluster elements
9	Successful promotion of improved and shared hotel services, efficient use of available resources and expansion of infrastructure
10	Ensuring proportionality in pricing policy, balanced and optimal use of a range of hotel services
11	Reducing the risk of possible crises and closing the hotel business
12	Increasing the number of suppliers, customers and stakeholders in cooperation
13	Improving the economic efficiency of economic activity, the combination of tourist hotel enterprises in joint business

Source: developed by the authors

The tourist hotel cluster can unite different number of hotel enterprises and auxiliary segments of economy of different scale. This contributes to the unification of hotel enterprises and related organizations that interact with other institutions (travel agencies, enterprises of trade, insurance, health and transport services, food, cultural and educational environment, authorities, institutional institutions and infrastructure organizations, etc.), to improve the competitiveness of hotel services.

Discussion. The tourist hotel cluster should establish mutually beneficial cooperation, exchange of data and personnel, the latest ideas and technologies, promote the development of competitive relationships and the combination of all components of the cluster. Preparation for the formation of tourist hotel cluster involves the creation of a system of information support and a mechanism of economic policy, the formation of procedures for interaction of economic entities and strategies to improve the quality of hotel services by participants, and so on.

Tourism hotel cluster is characterized by a low level of administrative and centralized influence on the work of cluster elements, compliance with established standards and principles of equality, ensuring proportionality in pricing policy, compliance with balanced and optimal use of hotel and tourism services. Economies

of scale play an significant role in bringing down the costs in clusters and management cluster's activities.

Regrettably, the merging enterprises is made up of segments with vastly varied motivational factors and benefits. This becomes a key impediment to increase the economic efficiency of the network structure becoming an essential sector of the Ukrainian economy. New study is needed to rather understand all the features of clustering in the tourism hotel business. It is essential to figure out the elements of formation of tourist hotel cluster for increasing the economic efficiency of the network structure in order for them to be successful.

Conclusion. Thus, based on the above, a contemporary view of tourist hotel business in which a hotel is an autonomy and active business unit operating in conditions of tough and high competition should be expanded to take into account a new global tendencies of creation of business structures and methods for the formation of clusters as modern tools of network structures management. The main conditions for the formation of clusters are the identification of motivational factors and benefits of merging enterprises into tourist hotel clusters, and elements of the system of formation of the tourist hotel cluster; introduction of new ways of increase the economic efficiency of the network structure.

Author contributions. The authors contributed equally.

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