

Assessment of the Economic Stability of Hospitality Enterprises Development in the Region

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Abstract. The relevance of the research subject is conditioned upon the objective conditions for the development of the hospitality sector, which are characterised by considerable dynamism and uncertainty, and create obstacles to the stable functioning of enterprises, forecasting, and strategic planning of their activities. Economically stable functioning is an important prerequisite for increasing the investment attractiveness of enterprises, increasing business activity and profitability, and in particular, determining the level of economic stability is an important tool for managing the development processes of enterprises and industries. The purpose of the paper is to study theoretical approaches and assess the economic stability of the development of hospitality enterprises in the Transcarpathian region. To achieve this purpose, the author applied general scientific research methods, including correlation, statistical and mathematical methods of cognition. The paper defines the essence of economic stability in the development of hospitality enterprises in the region, systematises indicators and suggests a methodological approach to assessing its level. The analysis of the development of the hospitality sector in the Transcarpathian region is carried out, the level of stability of its functioning is calculated in the context of such economic indicators as the volume of sales of services, profitability, and investment activity. Based on the results of the analysis, the main tasks and priority areas for ensuring the economic stability of the development of hospitality enterprises in the region are identified. A methodological approach to assessing the economic stability of the development of industries in the region is substantiated, which involves calculating the comparative dynamics of key economic indicators of the development of industrial enterprises in the region with similar indicators of the development of the region's economy in general. Based on these results, the level of dependence of the industry on external factors is determined, the degree of such influence is identified, and a system of adaptive mechanisms is developed at the level of the industry and individual enterprises. The practical value of the paper is to determine the level of economic stability of hospitality enterprises in the Transcarpathian region, the main factors influencing the development of the industry, and further develop appropriate recommendations for improving the sustainability of its development in modern conditions

Keywords: economic sustainability, tourism services, profit, sales volumes of services, profitability, capital investment

The Problem Statement

In modern conditions, which are characterised by considerable variability of processes and phenomena under the influence of scientific and technological progress, rapid changes in the social, political, and economic spheres, increased competition, actual problems of effective functioning of enterprises and sectors of the economy are the development of effective adaptation mechanisms to ensure stable activity and

development. In this context, an important scientific task is to analyse the level of stability of enterprises and sectors of the economy to the influence of external forces, assess existing and potential threats, and develop mechanisms for stable growth.

Ensuring the economic stability of the development of priority industries in the region will help to unlock and

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build their potential, reduce the level of social tension, and ensure the sustainable development of the region. Due to the unique natural resource potential and the presence of a considerable number of cultural and historical monuments, the hospitality sector is one of the priority and dynamically developing types of economic activity in Transcarpathia. Therefore, the issues of assessing economic stability and creating appropriate conditions for the development of industry enterprises are relevant and require additional research.

Analysis of Recent Research and Publications

Theoretical and methodological foundations for assessing economic stability at the macro- and micro levels were considered in the papers of A.P. Vasyliuk [1], P.A. Dadashova [2], N.A. Kulbaka [3], A.V. Peretiakko [4], and other Ukrainian scientists.

The research of O. Lutak [5], N.V. Boshota [6], V.V. Papp [7] is devoted to the problems of development of hospitality enterprises in the region. In addition, in the context of comparative studies on the chosen problems of economic stability, it is advisable to refer to the developments of the following scientists: D. Asan, N. Batyrova, A. Aubakirova, N. Abishov, A. Kuralbayev [8], V.M. Shlikhta, O.I. Izotenko [9], E.I. Lukyanenko [10], I. Grinko [11], S.V. Onyshchuk, Z.M. Buryk, P.V. Knysh [12], L. Filipishyna, S. Bessonova, G. Venckeviciute [13]. Therewith, in the conditions of economic, political and social turbulence characteristic of the transformational period of development of Ukraine at this stage, the issues of assessing the level and methods of ensuring economic stability of the development of hospitality enterprises are not given much attention.

Purpose of the Study

The purpose of this paper is to study the theoretical basis and assess the economic sustainability of the development of hospitality enterprises in the Transcarpathian region.

Research Results

The concept of "economic stability" in scientific papers is most often used to characterise the development of processes and phenomena at the macro level, and, at the level of industries and individual enterprises, this phenomenon does not have a single interpretation and approaches to its research. The term "stability" (lat. stabilis) is borrowed from the natural sciences, where it means a stable state, the ability to exist for a long time, preservation in time. In practice, the accuracy of its determination is achieved by identifying certain types of stability and requires careful gradation. Stability is associated with order, immutability, equilibrium, stable functioning, etc. [1].

At the macro level, economic stability is understood as "... the internal ability of an economic system to maintain its characteristics under the influence of destabilising factors that manifest themselves over time and to help to overcome emerging imbalances. A special feature of the concept of stability is its dynamism. Macroeconomic

stability based on the modification of the Maastricht criteria can be characterised using a number of indicators: low inflation, long-term loan rates, the level of public debt-to-GDP ratio, stability of the national currency, real GDP growth" [5]. By the economic stability of a business entity, N. Kulbaka understands "... equilibrium balanced state of economic resources that ensures stable profitability and normal conditions for expanded reproduction and sustainable economic growth, considering the influence of the most important external factors" [3]. The authors of the paper agree with the opinion of A.V. Peretiakko, who suggests considering economic stability as a function of time, in particular, he argues that the allocation of the time factor is due to the fact that the functioning of an enterprise is not a static measure of determining the types of its activities on a certain date. Important for ensuring the economic stability of an enterprise is certain knowledge about the dynamics of its further development and the ability to fulfil its obligations over time [4].

Based on the generalisation of scientific approaches, the economic stability of the economic development of hospitality enterprises is proposed to be understood as the long-term functioning of industry enterprises within the limits of minor deviations of the main economic indicators from the average values that arise under the influence of external and internal factors.

Notably, important characteristics of economic stability are ensuring positive growth rates of the main economic indicators that characterise the development of the industry, namely: the volume of sales of services, profit and profitability, capital investment, etc. To determine the level of economic stability of the development of hospitality sector in the region, a methodological approach is proposed, according to which the level of economic stability is defined as a comparative growth rate indicator of economic indicators of the development of enterprises in the industry with similar indicators of the development of region's economy in general. The comparative level of economic stability in the context of individual indicators is calculated using the formulas:

$$\Delta Q_i^G = \sum_{t=1}^n \left(\frac{G_{Q_i}^t}{G_{GRP}^t} \times 100 - 100 \right) \quad (1)$$

$$\Delta P_h^G = \sum_{t=1}^n \left(\frac{G_{P_h}^t}{G_{P_r}^t} \times 100 - 100 \right) \quad (2)$$

$$\Delta CI_i^G = \sum_{t=1}^n \left(\frac{G_{CI_i}^t}{G_{CI_r}^t} \times 100 - 100 \right) \quad (3)$$

where $G_{Q_i}^t, G_{GRP}^t$ – growth rates of sales of products and services in the industry and growth rates of the gross regional product during the period t ; $G_{P_h}^t, G_{P_r}^t$ – profit growth rates of hospitality enterprises and, on average, regional enterprises for the period t ; where $G_{CI_i}^t, G_{CI_r}^t$ – growth rates of capital investment in the industry and enterprises of the region in general during the period t ;

In the context of this methodological approach, the target function of the stability of economic development, as a result of comparing the rate of economic development of hospitality enterprises with the rate of economic development of the region, will have the form:

$$S_{ED} = f(\Delta Q_i^G + \Delta P_h^G + \Delta CI_i^G) > 0 \quad (4)$$

where S_{ED} – a comparative indicator of economic stability of the development of hospitality sector in the region; where $\Delta Q_i^G, \Delta P_h^G, \Delta CI_i^G$ – comparative annual growth rates of sales volumes, profits, and capital investments of hospitality enterprises in the region for the period t .

The results of such a comparison allow determining how many percent of the rate of economic development of hospitality enterprises depends on the influence of macroeconomic and natural factors.

Nowadays, the hospitality industry is the most powerful economic system in the country and an important component of the tourism economy [6]. In modern conditions, the sphere of hospitality is a set of economic activities aimed at providing visiting guests with food, housing, as well as organising their leisure time. The main components of the hospitality sector are enterprises of the hotel and restaurant business, as well as the sphere of art and entertainment.

Given the considerable natural resource potential, unique historical and cultural heritage, and favourable territorial position, the hospitality sector of the Transcarpathian region has a considerable potential for development, which will have a positive impact on the region's economy. However,

as scientists O.M. Liutak and Yu.M. Grebeniuk note, "... currently, the following main problems in the tourism industry of Transcarpathia remain [5]:

- weak communication accessibility of territories that are promising for development for tourist and recreational purposes (unsatisfactory condition of roads, lack of electrification, installation of telephones);
- lack of a sufficient number of qualified personnel and specialised educational institutions for their training;
- insufficiently developed service infrastructure of territories and industry infrastructure;
- lack of a legally established mechanism for registering private farms that provide services in the field of rural green tourism".

These problems, as well as considerable instability of socio-economic and political processes in the country, insufficient level of infrastructure support for tourism development, seasonality of certain types of services, have a negative impact on the stability of economic development of the industry and financial results of enterprises. In particular, despite the increase in the number of tourist flows and the level of the workload of tourist enterprises, during 2014-2018, the average level of profitability of services in the industry is negative, and in 2018 it was -11%.

Generalising indicators of the development of hospitality enterprises are the growth indices of the main economic indicators during the study period, which is illustrated in Figure 1.

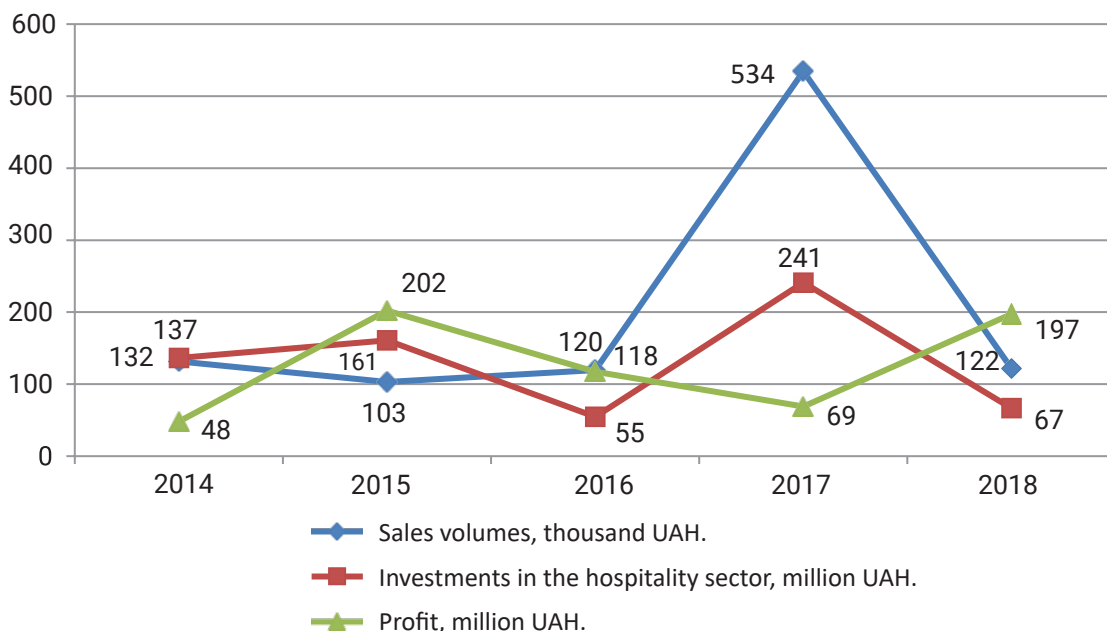


Figure 1. Indices of indicators of economic development of hospitality enterprises in the Transcarpathian region
Source: compiled by the author based on [14; 15]

As can be seen from Figure 1, the indices of the main indicators of economic development of hospitality enterprises in the Transcarpathian region show multidirectional trends. In particular, due to an increase in sales volumes in 2017 by almost 5 times, compared to the previous period,

the volume of gross profit of industry enterprises decreased by almost 30%. Trends in capital investment correlate with sales of hospitality products and services but are opposite to profitability indices. Analysing the growth indices of sales of services by industry enterprises in the region, it can

be noted that in 2015 and 2016, the growth rate of this indicator was lower than in previous periods, but in 2017 there was a significant spike in growth of 534%, accompanied by an increase in capital investment in the industry. However, in 2018, the growth rate of sales of services decreased and amounted to only 67%, compared to the previous period. Despite a considerable increase in gross profit in the industry in 2018 by 197%, the overall level of profitability of

enterprises decreased by 4%. The above dynamics indicate the lack of a stable and balanced economic policy for the development of the hospitality sector in the region.

Based on the proposed methodological approach, comparative indices of growth in indicators of economic stability of hospitality enterprises in the Transcarpathian region for the period 2014-2018 have been calculated. The calculation results are shown in Table 1.

Table 1. Growth rates of indicators of economic development of Transcarpathia and the hospitality sector in the region

Indicators	2014	2015	2016	2017	2018
Growth rates of economic indicators of development of hospitality enterprises in the region, % compared to the previous period					
ΔQ_i^G	132	103	120	534	122
ΔCI_i^G	137	161	55	241	67
ΔP_h^G	48	202	118	69	197
Growth rate of economic development indicators of the Transcarpathian region, % compared to the previous period					
$g_{Q_i}^t$	113	120	112	133	104
$g_{CI_r}^t$	84	143	123	121	133
$g_{P_r}^t$	131	155	142	77	117
Comparative indicators of economic stability and development of hospitality enterprises in the region, %					
ΔQ_i^G	17	-14	7	302	17
ΔCI_i^G	21	34	-51	82	-36
ΔP_h^G	-63	30	-17	-10	69
Comparative indicator of economic stability of the development of hospitality sector in the region (<i>with_{ED}</i>)	-25	50	-61	373	50

Source: compiled by the author based on [14; 15]

As the results of the analysis have shown, during 2014-2018 (except for 2015), the growth indices of sales of hospitality services outstripped the growth indices of the gross regional product by an average of 17%, and in 2017 they exceeded the growth rate of the comparative indicator by 3 times. This indicates the rapid development of the industry under study in the region and the growth of its importance for the regional economy. This effect is partly due to the growing role of the region in the development of the tourism potential of Ukraine and the course of part of internal tourist flows to the region after the occupation of the Autonomous Republic of Crimea, improving the tourist image of Transcarpathia, and activating marketing. Analysing the comparative rates of capital investment in the industry, it is worth noting significant dynamic fluctuations. In particular, in 2014-2015 and 2017, the rate of capital investment in the industry economy exceeded the same rate of investment in the region's economy. However, in 2018, there is a decline in positive trends -36%, which is associated with a certain stagnation in the economic activity of enterprises and peak growth of indicators in 2017. Stable development of the industry requires considerable investment in the development of primarily the infrastructure of the region, the introduction of innovative types of services, and the improvement of service.

Significant fluctuations in the profitability indices of hospitality enterprises indicate the instability of the economic development of the industry, a considerable dependence of its economic efficiency on seasonality of demand and the influence of macro-environment factors. Notably, the introduction of a visa-free regime with EU countries creates additional challenges for the competitiveness of Transcarpathian enterprises due to the flow of potential consumers of services to European countries.

The calculated indicator of economic stability of the development of hospitality sector in the Transcarpathian region shows that the industry is developing inconsistently and abruptly, and largely depends on the influence of both external and internal factors. Therewith, in some years, the total results of economic development of enterprises in the studied field are higher than the average in the regional economy, which indicates the role and growth prospects for the development of tourism and hospitality in Transcarpathia.

To ensure the stable development of hospitality enterprises in the region, it is necessary to create appropriate conditions that will help to increase the competitiveness of the industry and minimise the impact of negative factors of the macro environment. In particular, according to scientists V.V. Papp and N.V. Boshota, among the priority areas

of sustainable tourism development in the region, there are [7]: 1) ensuring the balance of economic, environmental, and social factors of development; 2) ensuring a balance of interests of tourists and the local population; 3) fair distribution of tourism income among all members of the local community, including all segments of the population, the most vulnerable

in particular (children, pensioners, disabled people, etc.).

Important factors of competitiveness and stable economic growth of hospitality enterprises in Transcarpathia are the development of related economic activities (logistics, transportation, medical services, banking sector, trade) and the development of transport infrastructure.

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Оцінка економічної стабільності розвитку підприємств сфери гостинності у регіоні

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Анотація. Актуальність теми дослідження обумовлена об'єктивними умовами розвитку сфери гостинності, що характеризуються значним динамізмом і невизначеністю, та створюють перешкоди для стабільного функціонування підприємств, прогнозування й стратегічного планування їхньої діяльності. Економічно-стабільне функціонування є важливою передумовою для підвищення інвестиційної привабливості підприємств, зростання ділової активності та прибутковості, а зокрема визначення рівня економічної стабільності є важливим інструментом управління процесами розвитку підприємств і галузей. Метою статті є дослідження теоретичних підходів та оцінка економічної стабільності розвитку підприємств сфери гостинності у Закарпатській області. Для досягнення поставленої мети автором були застосовані загальнонаукові методи дослідження, серед яких кореляційний, статистичний і математичний методи пізнання. У статті визначено сутність економічної стабільності розвитку підприємств сфери гостинності у регіоні, систематизовано показники та запропоновано методичний підхід до оцінки її рівня. Проведено аналіз розвитку сфери гостинності у Закарпатській області, обчислено рівень стабільності її функціонування у розрізі таких економічних показників, як обсяг реалізації послуг, прибутковість та інвестиційна діяльність. За результатами аналізу визначено основні завдання та пріоритетні напрями забезпечення економічної стабільності розвитку підприємств сфери гостинності у регіоні. Обґрунтовано методичний підхід до оцінки економічної стабільності розвитку галузей у регіоні, що передбачає обчислення порівняльної динаміки ключових економічних показників розвитку підприємств галузі у регіоні з аналогічними показниками розвитку економіки регіону загалом. На основі вказаних результатів визначено рівень залежності галузі від чинників зовнішнього впливу, виявлено ступінь такого впливу та розроблено систему адаптивних механізмів на рівні галузі та окремих підприємств. Практична цінність статті полягає у визначенні рівня економічної стабільності підприємств сфери гостинності у Закарпатській області, основних чинників впливу на розвиток галузі та подальшій розробці відповідних рекомендацій щодо підвищення стійкості її розвитку в сучасних умовах

Ключові слова: економічна стійкість, туристичне обслуговування, прибуток, обсяги реалізації послуг, рентабельність, капітальне інвестування