THE FINANCIAL AND ECONOMIC ASPECT OF ASSESSING THE COMPETITIVENESS OF THE HOSPITALITY INDUSTRY

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Abstract
The paper considers traditional methods for assessing the competitiveness of the hospitality industry. The analysis of economic and financial indicators of some Russian hotels is carried out. An algorithm for assessing the competitiveness of enterprises in the hotel sector based on a statistical analysis of economic and financial indicators is proposed. The study allowed the authors to assess the competitiveness of the hotel enterprises. One of the factors of competitiveness of the hotel industry is the financial-economic situation, which may also be called a financially stable position, financial stability, and financial competitiveness.

Keywords
Hotel Enterprises, Financial Indicators, Competitiveness, Competitiveness of enterprises, Hospitality Industry

1. Introduction
The problems of competitiveness growth at the level of each particular company reveal themselves in conditions of the economy crisis. In the last quarter of the 20th century the modern
theory of competitiveness was developed in the works by M. Porter, A. Thompson and A. Strickland (Porter, 1990; Thompson & Strickland, 2001). Globalization opened up the entire world to business, and many companies forgot the importance of local conditions for their productivity and growth (Porter, 2013). According to Porter’s research, competition is a reality that the company creates and never transfers to anyone. Through a financial statement analysis investors determine financial feasibility, profitability, and growth. Trend analysis assists investor to inspect the future growth or project future based on historical performance (Arif, Noor-E-Jannat & Anwar, 2016).

Also, “the assessment of financial stability can be described through a system of calculation of indicators that characterize the level of independence judging by the elements of the assets and provide an opportunity to measure how stable the analyzed organization financially is” (Baranova & Bogatyreva, 2017).

1.1 Definition of Competitiveness

There are some approaches to the definition of competitiveness in the literature. This term is a multidimensional concept and can be considered at three levels: country, industry, and firm levels. Sources of competitiveness are those assets and processes within an organization that provide competitive advantage. These sources can be tangibles or intangibles (Ambastha & Momaya, 2004).

Competiveness classified into three components; entrepreneurship, lifelong learning and employability according some researchers (Hadiyanto, Noferdiman, Moehamin & Yuliusman, 2017). The fact that competition is firstly between destinations becomes obvious, since this is what visitors choose in the first place. Only after this choice another form of competition occurs, that between the suppliers of products and services at the respective destination (Maria, Madalina, Catalina & Diana, 2008).

<table>
<thead>
<tr>
<th>Table 1: The definitions of the competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Porter, Linde (1995)</strong></td>
</tr>
<tr>
<td><strong>Gelvanovsky (2006)</strong></td>
</tr>
<tr>
<td><strong>Fatkhutdinov (2008)</strong></td>
</tr>
<tr>
<td><strong>Meskon, Albert &amp; Hedouri (1998)</strong></td>
</tr>
</tbody>
</table>
1.2 Factors of competitiveness

Table 2 shows that the majority of scholars give priority to the progressive ways and methods of business running which are comprised in production management. Then the preference goes to the financial-economic position of the producers, the quality and the level of prices, the production and labour potential of the company, etc. The advantage at the level of business running enables the companies to establish sustainable economic and financial performance and achieve high quality produce and acceptable for buyers price levels.

The main factors of competitiveness in accordance with the existing approaches are presented in table 2.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Porter M.</th>
<th>Kono T.</th>
<th>Olivier A., etc.</th>
<th>Meskon, etc.</th>
<th>Brun</th>
<th>Aristov O.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The magnitude and dynamics of demand for products</td>
<td>+</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>The product quality and price level</td>
<td>+</td>
<td>–</td>
<td>+</td>
<td>–</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>The productivity and labour potential</td>
<td>+</td>
<td>+</td>
<td>–</td>
<td>–</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>The high level production management</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>The existence of well-developed related industries</td>
<td>+</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>The government support in export-oriented industries</td>
<td>+</td>
<td>–</td>
<td>+</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>The significant changes in the global economic and financial system</td>
<td>+</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>The effective marketing and image advertising</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>The financial-economic situation</td>
<td>–</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>–</td>
<td>+</td>
</tr>
<tr>
<td>The environmental and safety compliance</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>+</td>
</tr>
</tbody>
</table>

Consequently, it is possible to allocate the characteristics of competitive production which are displayed in Figure 1. Thus, the level of competitiveness is mainly determined by the effective management performance, the technological processes and staff competence.

Basing on the results of the study of the theoretical approaches, it is possible to conclude that one of the most important parameters of competitiveness of the enterprises in the hotel sector is the financial-economic situation, characterized by the system of relevant indicators and ratios.

“Determining the competitiveness factors and their attributes represents a first level in elaborating the competitiveness model. A second level consists of including the attributes of the competitiveness factors in the processes and operations in the organization with a view to
reaching the objectives and obtaining a competitive advantage. The third level of the model shows the dimensions of competitiveness as a social and economic impact, namely: clients’ satisfaction, the position on the market and the social internal and external responsibility” (Maria, Madalina, Catalina & Diana, 2008, p.217).

Figure 1: The main characteristics of competitiveness

2. Research Findings

The results of the calculations concerning three hotels JSC «The Hotel Barnaul», JSC «The Hotel Novorossiysk», JSC «The Tomsk Hotel» are presented in tables 3-5. The analysis was conducted on the basis of three groups of indicators: assets (the amount of non-current assets, the amount of current assets, the total quantity of assets); profit and profitability (the result from operating activities, the net profit, the asset profitability of net income); liquidity (fixed, absolute).

The choice of the above mentioned groups of indicators and their constituents can be substantiated by the following factors:
- The indicators of the assets group reflect the value of the property belonging to the hospitality sector enterprise; whereas the availability and the condition of capital assets affect the profit level and the cash flow generated by the hotel visitors;
- The indicators of profit and profitability group disclose the effectiveness of the property management;
- The liquidity indicators are traditional criteria in conducting financial analysis which reflect the ability of hotel companies to repay existing obligations.

**Table 3: The indicators of the assets group**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>The amount of non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotel Barnaul</td>
<td>30 158 000</td>
<td>28 607 000</td>
<td>28 786 000</td>
<td>27 287 000</td>
<td>27 559 000</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td>11 512 000</td>
<td>14 279 000</td>
<td>20 427 000</td>
<td>19 712 000</td>
<td>16 749 000</td>
</tr>
<tr>
<td>The Tomsk Hotel</td>
<td>42 024 000</td>
<td>42 996 000</td>
<td>43 000 000</td>
<td>78 805 000</td>
<td>78 328 000</td>
</tr>
<tr>
<td><strong>The amount of current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotel Barnaul</td>
<td>7 197 000</td>
<td>7 300 000</td>
<td>6 130 000</td>
<td>9 419 000</td>
<td>12 381 000</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td>43 733 000</td>
<td>19 543 000</td>
<td>15 618 000</td>
<td>11 549 000</td>
<td>14 191 000</td>
</tr>
<tr>
<td>The Tomsk Hotel</td>
<td>21 202 000</td>
<td>29 333 000</td>
<td>34 178 000</td>
<td>12 496 000</td>
<td>6 620 000</td>
</tr>
<tr>
<td><strong>The total quantity of assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotel Barnaul</td>
<td>37 355 000</td>
<td>35 907 000</td>
<td>34 916 000</td>
<td>36 706 000</td>
<td>39 940 000</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td>55 245 000</td>
<td>33 822 000</td>
<td>36 045 000</td>
<td>31 261 000</td>
<td>30 940 000</td>
</tr>
<tr>
<td>The Tomsk Hotel</td>
<td>63 226 000</td>
<td>72 329 000</td>
<td>77 178 000</td>
<td>91 301 000</td>
<td>84 948 000</td>
</tr>
</tbody>
</table>

**Table 4: The indicators of the profit and profitability group**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>The indicators of the profit and profitability group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>The result from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotel Barnaul</td>
<td>17 371 000</td>
<td>11 542 000</td>
<td>13 507 000</td>
<td>12 235 000</td>
<td>17 205 000</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td>1 057 000</td>
<td>3 648 000</td>
<td>3 985 000</td>
<td>4 756 000</td>
<td>4 214 000</td>
</tr>
<tr>
<td>The Tomsk Hotel</td>
<td>5 433 000</td>
<td>13 651 000</td>
<td>10 077 000</td>
<td>4 085 000</td>
<td>-406 000</td>
</tr>
<tr>
<td><strong>The amount of net income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotel Barnaul</td>
<td>11 350 000</td>
<td>6 549 000</td>
<td>7 356 000</td>
<td>6 434 000</td>
<td>10 277 000</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td>379 000</td>
<td>-24 260 000</td>
<td>1 003 000</td>
<td>504 000</td>
<td>487 000</td>
</tr>
<tr>
<td>The Tomsk Hotel</td>
<td>-878 000</td>
<td>7 808 000</td>
<td>5 720 000</td>
<td>760 000</td>
<td>-2 471 000</td>
</tr>
<tr>
<td><strong>The asset profitability of net income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotel Barnaul</td>
<td>0,30</td>
<td>0,18</td>
<td>0,21</td>
<td>0,18</td>
<td>0,27</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td>0,01</td>
<td>-0,54</td>
<td>0,03</td>
<td>0,01</td>
<td>0,02</td>
</tr>
<tr>
<td>The Tomsk Hotel</td>
<td>-0,01</td>
<td>0,12</td>
<td>0,08</td>
<td>0,01</td>
<td>-0,03</td>
</tr>
</tbody>
</table>
Table 5: The indicators of the liquidity group

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>The fixed liquidity ratio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotel Barnaul</td>
<td>0,57</td>
<td>0,23</td>
<td>0,31</td>
<td>0,45</td>
<td>0,04</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td>1,74</td>
<td>0,61</td>
<td>0,16</td>
<td>0,27</td>
<td>0,22</td>
</tr>
<tr>
<td>The Tomsk Hotel</td>
<td>2,35</td>
<td>2,80</td>
<td>3,31</td>
<td>0,21</td>
<td>0,13</td>
</tr>
<tr>
<td>The absolute liquidity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Hotel Barnaul</td>
<td>0,57</td>
<td>0,23</td>
<td>0,31</td>
<td>0,45</td>
<td>0,04</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td>0,33</td>
<td>0,11</td>
<td>0,16</td>
<td>0,27</td>
<td>0,22</td>
</tr>
<tr>
<td>The Tomsk Hotel</td>
<td>0,22</td>
<td>0,28</td>
<td>3,23</td>
<td>0,12</td>
<td>0,02</td>
</tr>
</tbody>
</table>

3. Results and Discussion

Thus, these calculations allow us to interpret the results for each of the hotels separately.

Table 6: The interpretation of the calculations of the groups of indicators

<table>
<thead>
<tr>
<th>The name of the object</th>
<th>The interpretation of the calculations of the groups of indicators</th>
<th>The indicators of the assets group</th>
<th>The indicators of the profit and profitability group</th>
<th>The Indicators the liquidity group</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Hotel Barnaul</td>
<td></td>
<td>The growth of assets is a positive fact. However, this increase in assets is generally determined by the escalation of financial obligations. The company has a &quot;heavy&quot; structure of assets.</td>
<td>The company receives a profit of 9 919 rubles, which is 32, 92% lower than the profit of 14 786 rubles which was gained at the beginning of the period. The value of asset profitability of net income at the end of the period reveals the high efficiency of the property usage.</td>
<td>The indicators of fixed and absolute liquidity are reduced, which is a negative factor.</td>
</tr>
<tr>
<td>The Hotel Novorossiysk</td>
<td></td>
<td>The reducing amount of property indicates the decrease in economic turnover, which could result in insolvency. The structure of property mainly consists of current assets.</td>
<td>At the end of the analyzed period the company lacked net profit, which means that it has lost the source of working capital (current assets). The indicators of asset profitability of net income at the end of the analyzed period signal about the low efficiency of the</td>
<td>The indicators of the fixed and absolute liquidity are reduced, which is a negative factor.</td>
</tr>
<tr>
<td><strong>The Tomsk Hotel</strong></td>
<td><strong>property usage.</strong></td>
<td><strong>The indicators of the fixed and absolute liquidity are reduced, which is a negative factor.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The growth of the amount of property is a positive fact. The structure of assets is mostly represented with non-current assets.</td>
<td>At the end of the analyzed period the company lacked net profit, which testifies to the fact that it has lost its source of working capital. The indicators of asset profitability of net income at the end of the analyzed period signal prove rather low efficiency of the property usage.</td>
<td></td>
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</tr>
</tbody>
</table>

4. Conclusion

The results of the analysis of the most famous works concerning the category of competitiveness in relation to goods, markets, and enterprises prove that:

The papers concerning analysis of the competitiveness of manufactured products and consumer goods are widely known. It can be explained by the fact that the object of research of a large number of scientists is the market mechanism and its components, including the competition.

The theory of estimation of competitiveness of enterprises as market entities is well-developed. There is a significant number of both domestic and foreign methods, as well as relevant tools allowing to increase the level of competitiveness of an enterprise in a short time basing on some general recommendations.

Summarizing the results of the research of various scholars and schools of thought, we come to conclusion that access to resources, especially financial ones, can be considered one of the most important conditions for high competitiveness.

In modern world the access to the source of funding is crucial for the development of any organization. This factor allows to implement projects of development in general and industrial production, in particular, to develop new markets, and to remain at the achieved positions in different markets.

Thus, the financial-economic situation of an enterprise turns out to be one of the determining factors of the competitiveness of the hotel industry. The financial-economic situation may also be called a financially stable position, financial stability, and financial competitiveness. Though, it should be noted that there isn’t such a category as the
competitiveness of the financial system of the enterprise, while the financial component of
competitiveness is considered to be the most important competence of the management by a
variety of authors. According to Thompson and Strickland strategy addresses fundamental
business questions such as whether to diversify, which customer groups to cater to, whether to
carry a narrow or broad product line etc. (Thompson & Strickland, 2001).

In conclusion it should be noted that, nowadays when the access to the markets of both
industrial products and consumer goods is hampered by the high level of competition, the level
of competitiveness of the enterprise and the manufactured goods depends on the level of the
effectiveness of its financial system. In its term, the efficiency of financial system ensures the
financial stability, financial competitiveness, the attraction of additional financial resources and
its adequate distribution.

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