

Organizational Peculiarities of Hotel Activities in Crisis Conditions, Transcarpathia, Ukraine

Abstract

The study revealed the main tendencies in hotel adaptations to crisis circumstances during the COVID-19 pandemic for the sample of selected enterprises in Transcarpathia, Ukraine. The results of an empirical study of hotels' responses to differentiated levels of pandemic restrictions, including the possibility of implementing preventive/ reactive organizational and technological solutions to eliminate or minimize the impact of SARS-CoV-2 coronavirus infection, were analysed and generalised. The paper contributed to the theory of hotel dynamics in crisis conditions and suggested specific managerial recommendations.

Keywords: hotels, crisis, pandemic, survival, Ukraine

1. Introduction

In recent decades, international and domestic tourism has developed rapidly, among the world's most profitable sectors (United Nations World Tourism Organization [UNWTO], 2019). However, the most critical factor influencing tourism in general and in the hospitality sector, particularly in 2020-2021, was the COVID-19 pandemic (UNWTO, 2021). The tourist services industry was one of the most vulnerable and least adapted to the new operating conditions. The hospitality sector in Ukraine has not escaped from pandemic consequences either and has faced severe financial and operational problems, especially in regions where tourism is among its priorities, such as Transcarpathia, Ukraine (Slava & Chyniak, 2021). In this case, hotel enterprises reflected the hospitality industry's state during the crisis.

This paper aimed to analyse the use of the hotel accommodation stock during 2018-2020 and to generalise their specific reactions on differentiated levels of pandemic restrictions, including the possibility of implementing the preventive/ reactive technological and organizational solutions to eliminate or minimize the impact of pandemic.

2. Methodology

In the present research, the study sample comprised 30 small and medium hotels, equally representing geographical locations in the analysed region; the enterprises hosted 37610 visitors in 2018, 33612 in 2019 and 12853 in 2020. The authors focused on the empirical investigation with the following clustering assessment to define groups of enterprises with similar reactions to crisis conditions. The authors used SPSS data processing for clustering of hotels with exercising of differentiated sets of indicators for distinctive purposes:

- (1) number of hotel places (VAR00004), the average number of guests who visited the facilities in 2018-2019 (VAR00006) for reflecting the situation in pre-crisis conditions.
- (2) number of hotel places (VAR00004), the number of guests who visited the facility in 2020 (VAR00007) respectively for crisis conditions.

Svitlana Slava, PhD, Corresponding Author, Professor, Uzhhorod National University, Department of Economy and Entrepreneurship, Uzhhorod, Ukraine; Visiting Scholar, University of Oxford;
ORCID ID: <https://orcid.org/0000-0002-3800-6868>; e-mail: svitlana.slava@uzhnu.edu.ua

Vitalia Chyniak, PhD Student, Leading Specialist, Uzhhorod National University, Department of Physical Geography and Environmental Management, Uzhhorod, Ukraine; ORCID ID: <https://orcid.org/0000-0002-3471-5632>; e-mail: vitalia.chyniak@uzhnu.edu.ua

- (3) (a) the difference in the intensity of tourist flows in pre-crisis and crisis conditions per one hotel place (VAR00019) – for measuring the organization’s steadiness with relative indicators and (b) the difference in tourist flows in pre-crisis and crisis conditions (VAR00020-a) – for revealing the organization’s steadiness by tourist flow measuring with total indicators.
- (4) and a distance to the regional center (Uzhhorod) (VAR00016), a distance to the transport node (Mukachevo) (VAR00017) – for hotel’s grouping depending on their remoteness from main cities in Transcarpathia.

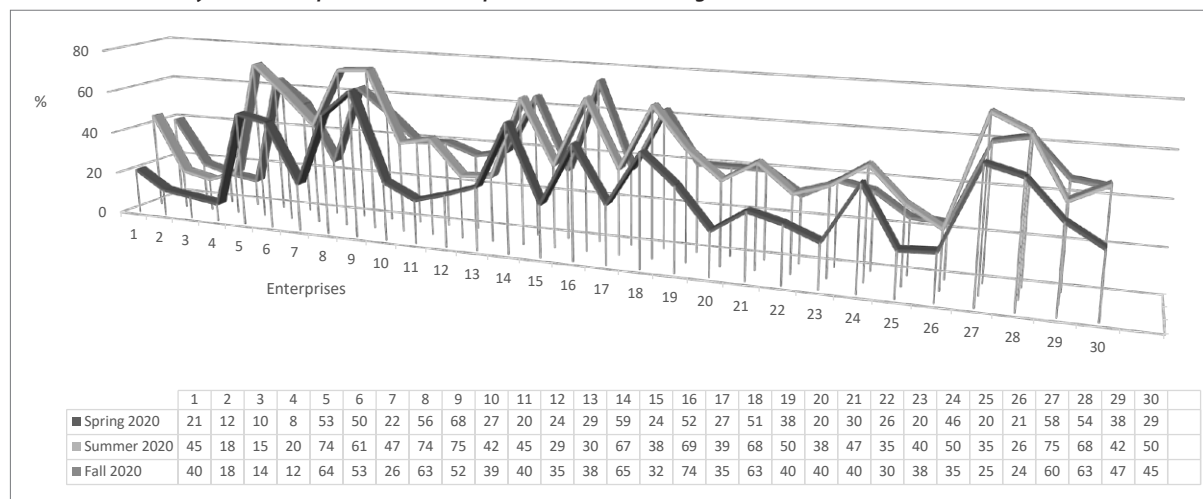
3. Results

The survey results¹ proved that small and medium-sized hotel enterprises in the Transcarpathia region dramatically suffered from quarantine restrictions, first introduced on March 12, 2020 (Resolution of the Cabinet of Ministers of Ukraine on preventing the spread of coronavirus COVID-19 on the territory of Ukraine).

The following analysis of the companies’ responses revealed that the most significant changes in hotel activities happened because of the reduction in visitors (63% of confirming responses). 40% of respondents pointed out the lack of stable transport links as a significant business issue during the pandemic. 20% of hotels admitted that compliance with covid sanitation, shortage of state financial support, and supply problems also complicated their work. 23% of enterprises noted that all these reasons caused an overall profit reduction. The need for social distancing created severe limitations for hosts and guests, but this aspect was one of the most effective means to curb the spread of coronavirus disease (Slava & Chyniak, 2021).

The dynamics of the use of the room stock (Figure 1) shows that the most significant decline in the activities of all enterprises was observed in the spring of 2020, and this fully correlated with the introduction of quarantine restrictions.

Figure 1
Use of room stock by hotel enterprises in Transcarpathia, Ukraine, during 2020



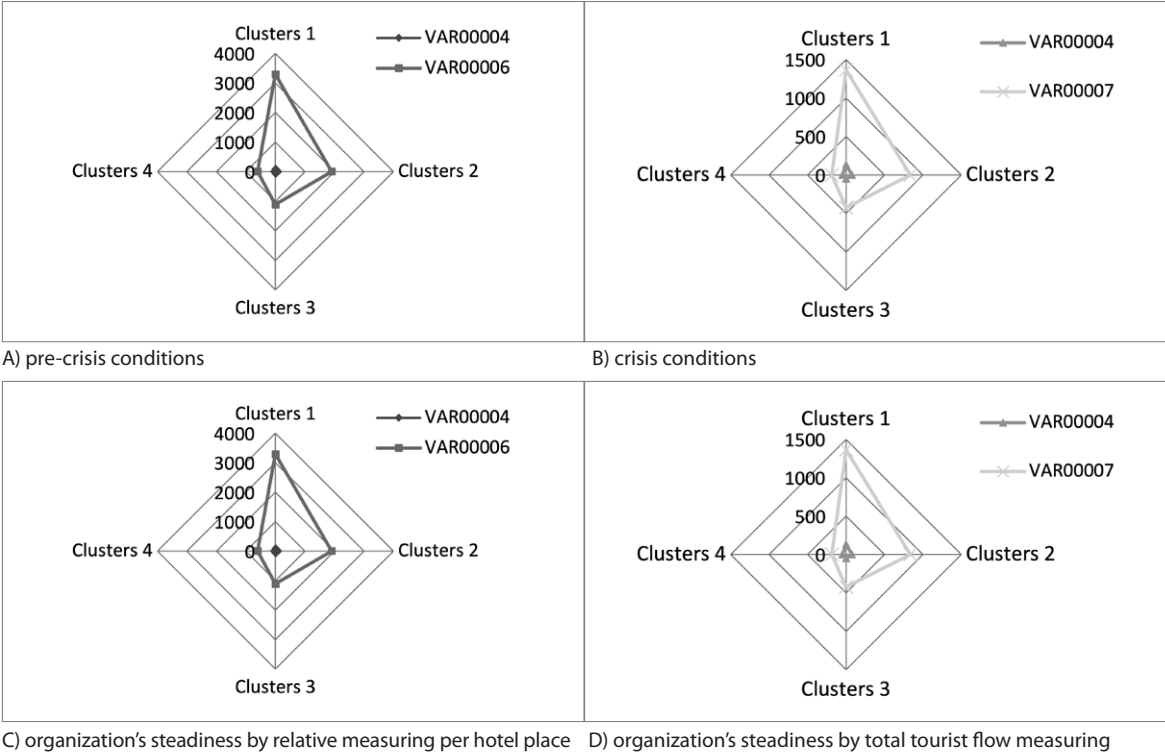
In summer, the attendance of all establishments increased compared to the previous season; some enterprises reached almost 75% occupancy, but in autumn, due to the second wave of coronavirus infection, there was again a decrease in the number of guests; only 23% of respondents reported a slight increase in the number of customers then.

¹ The results of this research are limited to the size of the research sample, and particular subjectivity always exists in survey responses.

Almost 10% of hotels in the spring season used only up to 20% of their accommodation potential, 60% of enterprises - from 20 to 50% and 30% from 50 to 75%, respectively. It is noteworthy that the hotels that attracted 50-75% of the total number of rooms were primarily small businesses and those with the most significant influx of customers in the first half of March and the second half of May 2020 - in periods when restrictions have not yet been introduced and when there was some relief in quarantine.

Further clustering of enterprises using different parameters (Figure 2) in compliance with the necessary econometric requirements for this type of modelling was performed to assess the group dynamics of hotels in pre-crisis and crisis conditions and identify the peculiarities of enterprises that survived in crisis.

Figure 2
Hotels' clustering with different organizational sets depending on the indicators of the final cluster's distances



The results proved that the part of the enterprise with better/ worse activity characteristics during pre-crisis (pre-pandemic conditions) generally kept their positions in the further crisis periods (Figure 2, A & B). This is confirmed by coincidences in the groupings of the same enterprises in different periods (75% for the first cluster, 60% for the second, 27% for the third and 70% for the fourth one). However, this also does not mean the absence of losses during pandemic conditions for leading clusters.

The study also revealed that the grouping of hotels by their gross capacity and tourist flows in pre-crisis and crisis conditions does not coincide with the group by the difference in the number of tourists per hotel place in pre-crisis and crisis conditions (Figure 2, A, B & C, D).

The location factor did not show an apparent harmony with the previous groupings except for the first leading group of enterprises: many enterprises in this cluster are located at the shortest distance from the region's main cities and repeat positions in leading sets formed by other parameters.

The study confirmed the effectiveness of using technological solutions to adapt to the pandemic (Slava & Chyniak, 2021; Dolbneva, 2020; Vahner & Demko, 2020; Korzh & Onyshchuk, 2020; Slozhynska & Kovtun,

2020; Stakanov, 2020; Banerjee & Bhattacharya, 2020; Susilawati et al., 2020; Seleiman et al., 2020). Of course, many hotel companies aim to use combined sets of organizational and technological solutions to increase customer flows and enterprise outcomes.

Managerial recommendations: The authors suggest paying attention to the following:

- 1) learning the zones of enterprises that are possible to change in a case of crisis, building a flexible model of hotel operations, paying attention to safety and possible distancing of guests, transportation means and new formats of attractions.
- 2) reconfiguring a transportation chain, if necessary, new means and routes that are possible to introduce.
- 3) a proper advertisement is needed a feeling of safety during a stay in a hotel.

Some attempts were made to learn the hotel's adjustments to the current war in the East and southern parts of Ukraine. The number of customers in Transcarpathia hotels has increased due to internally displaced persons. Still, this phenomenon cannot be considered a full-fledged hotel industry recovery in the post-crisis period. Thus, the author's recommendations relate not only to the crisis that arose because of the global pandemic of the disease COVID-19 but also to the crisis that began on February 24, 2022, in Ukraine in connection with a full-scale war due to the invasion of Russia.

4. Conclusion

Summing up the study, we can state that the global pandemic of viral infection SARS-CoV-2 significantly negatively impacted the hotel industry in the Transcarpathian region. The sector faced substantial financial losses due to the decreased flow of visitors caused by quarantine restrictions imposed in different periods from 2020 to 2021 and the actual course of the disease. The most significant declines occurred in the spring and autumn of 2020, when hotels used only 0 to 50% of their rooms. The best situation was observed in the summer of 2020 when the restoration of mostly domestic tourist flows contributed to the filling of hotels at 30-75%.

The clustering revealed that (1) vital hotels tend to keep their better positions during a crisis too; (2) smaller enterprises kept better intensity during a crisis; (3) the location factor demonstrated the specific impact on hotel activities in crisis as well as in pre-crisis conditions; (4) the crisis reactions could lead even to the increase in tourism flows, but depend heavily on the nature and peculiarities of possible generation of demand as happened during the Russian invasion in 2022.

Most respondents (about 93%) expressed a positive attitude to investing in organizational and technological solutions that would help minimize the effects of the pandemic.

However, such investments are currently not possible due to another crisis caused by the war in Ukraine, which led to the almost complete absence of external visitors. After the end of hostilities, the foundations of the post-war recovery of the tourism industry should be nostalgic, commemorative, military-historical, recreational, business, educational, sports and ecological tourism. The examples of other countries and the accumulated experience of successful post-war reconstruction of the tourism industry should become the basis for Ukraine's development of its plans for the existence and development of tourism. During the protracted war, Ukraine should pay special attention to the experience of Croatia and Israel in restoring the field of hospitality.

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