

# Methodological Approaches to Assessing the Innovative Potential of Enterprises in the Hotel Business

## Enfoques metodológicos para evaluar el potencial innovador de las empresas en el negocio hotelero

Elena Yurievna NIKOLSKAYA [1](#); Vyacheslav Anatolievich LEPESHKIN [2](#); Ivan Petrovich KULGACHEV [3](#); Leonid Alekseevich POPOV [4](#); Marianna Mikhailovna ROMANOVA [5](#); Konstantin Anatol'evich LEBEDEV [6](#)

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#### ABSTRACT:

This paper reports on the development of a set of techniques for assessing the innovative potential of enterprises in the hotel business. It is established that determining a set of assessment indicators is central to methodological support for assessing the innovative potential of enterprises in the hotel business. Achieving objective assessments of the size of this innovative potential requires making the right choice when choosing a system of indicators. Furthermore, it helps to have as many indicators as possible determined quantitatively. It is proven that it helps to carry out the procedure of assessing the level of innovative potential using a set of methods of taxonomic analysis – classic, modified, and unified ones. Implementing this approach by consecutively completing all of its stages enables an effective analysis of innovative activity by a studied group of hotel enterprises to assess their innovative potential. This approach also implies access to financial and economic indicators via statistical reports and enables the use in analysis of economic-statistical methods that can help assess innovative potential as effectively as possible.

**Keywords:** innovative potential, hotel business, competitiveness, enterprise, loyalty, effectiveness, managementA

#### RESUMEN:

Este documento informa sobre el desarrollo de un conjunto de técnicas para evaluar el potencial innovador de las empresas en el negocio hotelero. Se establece que la determinación de un conjunto de indicadores de evaluación es fundamental para el apoyo metodológico para evaluar el potencial innovador de las empresas en el negocio hotelero. Lograr evaluaciones objetivas del tamaño de este potencial innovador requiere tomar la decisión correcta al elegir un sistema de indicadores. Además, ayuda a tener tantos indicadores como sea posible determinados cuantitativamente. Está comprobado que ayuda a llevar a cabo el procedimiento de evaluación del nivel de potencial innovador utilizando un conjunto de métodos de análisis taxonómico: clásico, modificado y unificado. La implementación de este enfoque al completar consecutivamente todas sus etapas permite un análisis efectivo de la actividad innovadora de un grupo estudiado de empresas hoteleras para evaluar su potencial innovador. Este enfoque también implica el acceso a indicadores financieros y económicos a través de informes estadísticos y permite el uso en el análisis de métodos económico-estadísticos que pueden ayudar a evaluar el potencial innovador de la manera más efectiva posible.

**Palabras clave:** potencial innovador, negocio hotelero, competitividad, empresa, lealtad, efectividad, gestión

## 1. Introduction

The most significant objectives for enterprises in the hotel business are attracting as many clients as

possible and boosting their loyalty. It is not possible to resolve these objectives without innovative solutions. Operating in a competitive environment may require of hotels a certain amount of flexibility and the ability to promptly adapt to conditions in the market for hotel services.

Difficulty of tapping into market potential is mainly due to the insufficiently effective management of enterprises in the hotel business. Note that most vectors for the development of market relations are similar on many attributes both in the Russian Federation and in nations with a well-developed market economy. It will be possible to ensure the choice of relevant areas for the innovative development of enterprises in the hotel business not just based on having in place an optimum system of management and effective business administration but also through generating an innovation in the form of novel products, technologies, and methods of organization and management, which is the result of an innovative process.

What is important is to not just generate an innovation with minimum expenditure but come up with one that will be treated as a piece of innovative potential that may ensure additional revenue based on innovative solutions that will be developed in the future. Further, innovative potential may be viewed as the system's ability to organize and implement processes aimed at attaining innovative objectives that will ensure the system's development under conditions of an unstable external environment.

Assessing the innovative potential of enterprises in the hotel business has been investigated by scholars R.R. Gareev (2017), O.S. Krainova (2015), R.N. Ushakov (2010), G.B. Yakimovich (Yakimovich & Pantyukhova, 2013), Ek.V. Agamirova (Ek. Agamirova, El. Agamirova, Lebedeva, Lebedev, & Ilkevich, 2017), and others. The findings from an analysis of related research indicate that, with innovations increasingly becoming a regular element of the management of enterprises in the hotel business, of relevance today is assessing the latter's innovative potential and making proper decisions as to developing and implementing innovative projects in the hotel business.

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## 2. Methods

The methodological basis for this study is a set of general scientific methods: analysis and synthesis, employed in analyzing existing theoretical and methodological approaches and tenets, as well as research insights on issues related to assessing the innovative potential of enterprises in the hotel business; the structural/logical method, employed in systematizing the factors influencing the innovative potential of these enterprises; factor analysis, employed in determining the effect of various factors on the innovative potential of hotel businesses.

The study's information basis is certain statutes, laws, and regulations, statistical materials from federal and local authorities, and research publications by domestic and foreign scholars related to issues of assessing the innovative potential of enterprises in the hotel business (Dzhandzhugazova, Kosheleva, Gareev, Nikolskaya, & Bondarenko, 2016; Kurbatskaya, Dobrotvorskaya, & Ustin, 2015; Zhibbavi, 2016).

As part of this study, the authors undertook to develop a set of approaches to assessing the innovative potential of enterprises in the hotel business, provide a rationale for a strategy for the social/economic development of these enterprises, and develop the foundations of a strategy for their development on an innovative basis. In addition, the authors undertook to provide a rationale for a set of approaches to assessing the various factors influencing the innovative potential of hotel business operators and determine and formulate some of the key areas for the innovative development of companies within the hospitality industry at different levels.

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## 3. Results

As part of this study, the authors put together a methodological approach to assessing the innovative potential of enterprises in the hotel business having in consideration the latter's key features. Figure 1 represents the authors' structural/logical diagram for assessing the innovative potential of enterprises in the hotel business.

Compared with existing methods, this approach helps gain a comprehensive insight into the various components of innovative potential having in consideration the characteristics of the hotel industry, unite quantitative and qualitative indicators, and chart a potential course for developing and boosting innovative activity in enterprises in the hotel business.

Based on the above, the authors identified 6 major components of the innovative potential of enterprises in the hotel business, with it being possible to reckon the innovative and HR components using the expert assessment method. Indicators for the economic, financial, and material/technical components can be computed using data provided in statistical and financial reports from enterprises

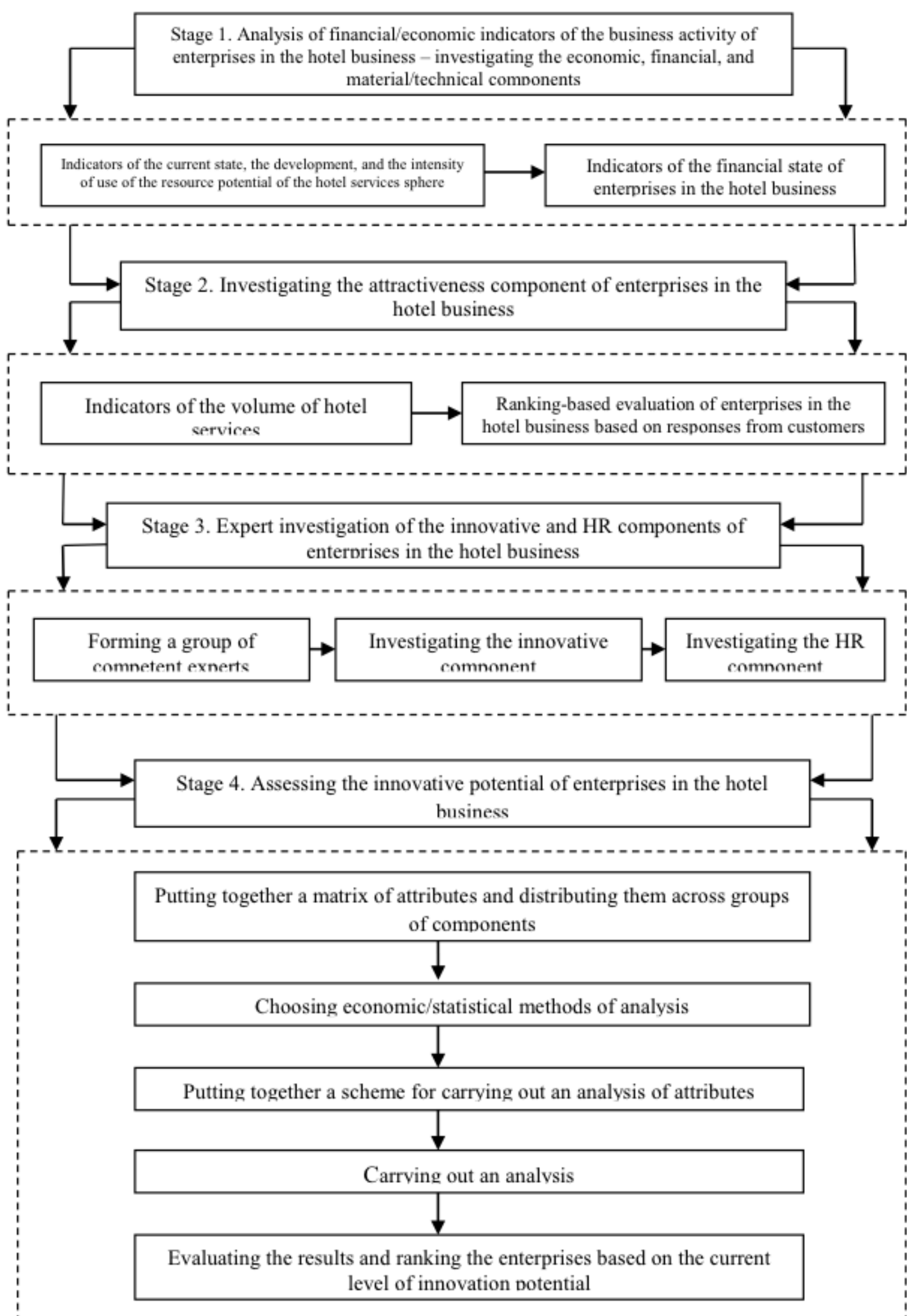
in the hotel business.

Indicators for the attractiveness component can be determined using an occupancy coefficient, while ranking-based assessments can be predicated on a set of criteria related to the actual experience of hotel clients (e.g., cleanliness, comfort, location, convenience, personnel, price vs. quality, Wi-Fi, etc.). Potentially, our experts in this case are consumers who have actually visited the facilities and provided a review.

The first stage is proposed to involve an analysis of financial-economic indicators of the business activity of a hotel enterprise, namely: making use of enterprises' statistical reports to retrieve certain indicators reflecting the current state, the development, and the intensity of use of the resource potential of the hotel services sphere (e.g., net earnings, gross earnings, and the cost-efficiency of services).

**Figure 1**

Structural/logical diagram depicting a way to assess the innovative potential of enterprises in the hotel business.



The second stage may involve assessing the attractiveness component of hotel enterprises and determining indicators of the volume of hotel services (e.g., the overall number of clients using the hotel, the number of night's lodgings, and the occupancy coefficient).

The third stage is proposed to involve an expert investigation of the innovative and HR components of enterprises in the hotel business, which implies the following: forming a competent group of experts; investigating the current state of innovative activity in enterprises in the hotel business using a special questionnaire; conducting an expert analysis based on benchmarks for assessing the innovative component.

The fourth stage involves assessing the innovative potential of enterprises in the hotel business, which implies the following: putting together a matrix of attributes based on the study's findings; choosing several economic/statistical methods of analysis; putting together a scheme for carrying out a multidimensional analysis; conducting an analysis based on economic/statistical methods selected; evaluating the results and ranking the hotel enterprises based on their level of innovative potential.

A practical application of the proposed methodological approach to assessing the innovative potential of enterprises in the hotel business should commence with the determination of the 6 components and consistent application of the multidimensional methods. The authors' primary focus is on assessing the innovative potential of 7 different enterprises in the hotel business of the city of Moscow (Table 1).

As is evidenced in Table 1, the situation is the most complicated with the Hostel77 group of companies and Krankino Park Hotel, while Rocco Forte Hotels and Triol-Expo Hotel are not having any major problems engaging in innovative activity. It is worth noting that processual innovations are a weak link in each of the hotel enterprises under examination.

Special attention is merited by the area dealing with the implementation of ecological means of service provision for tourists, an area becoming increasingly popular around the world. More work is needed to enhance the state of development of organizational/managerial innovations. The hotels' senior management may need to boost the efficiency of working with personnel, be more active in developing motivation-enhancing programs, implement new practices aimed at boosting the quality of employee training and simplifying the circulation of knowledge across the hotel enterprise, and employ proper methods for enhancing employee qualifications and minimizing the attrition rate.

**Table 1**  
An Assessment of Areas Forming the Innovative Potential of Enterprises in the Hotel Business of the City of Moscow (2017)

	<b>Innovations</b>	<b>Hostel77 group of companies</b>	<b>Krankino Park Hotel</b>	<b>Heliopark Hotels &amp; Resorts</b>	<b>Atlas Park Hotel</b>	<b>Rosinvest Hotel</b>	<b>Rocco Forte Hotels</b>	<b>Triol-Expo Hotel</b>
Product	Novel services	0.18	0.26	0.68	0.61	0.64	0.87	0.92
	Service methods	0.16	0.12	0.61	0.52	0.65	0.74	0.95
	Building design and interior design	0.08	0.11	0.63	0.33	0.64	0.57	0.97
	Group-wide indicator	0.14	0.15	0.65	0.45	0.65	0.70	0.96
Marketing	Methods for promoting hotel services	0.23	0.26	0.84	0.74	0.67	0.88	0.92
	Innovative programs for expanding the clientele base	0.38	0.27	0.88	0.83	0.62	0.95	0.98
	Group-wide indicator	0.23	0.25	0.83	0.77	0.64	0.91	0.91
Organizational/managerial	Means of and methods for managing personnel	0.12	0.18	0.68	0.65	0.63	0.46	0.67
	Optimizing the functional/hierarchical and territorial structure of enterprises in the hotel business	0.08	0.03	0.65	0.76	0.78	0.78	0.93

	Cultivating partner relations	0.35	0.06	0.82	0.65	0.55	0.71	0.85
	Group-wide indicator	0.15	0.07	0.71	0.66	0.64	0.64	0.82
Processual	Hotel management technology	0.05	0.08	0.42	0.43	0.55	0.73	0.85
	Information technology within the reservations system	0.03	0.06	0.53	0.36	0.53	0.68	0.88
	Material/technical support for service provision	0.06	0.17	0.62	0.65	0.75	0.79	0.92
	Ecological support for service provision	0.03	0.11	0.44	0.42	0.44	0.55	0.81
	Group-wide indicator	0.05	0.11	0.48	0.43	0.54	0.39	0.87
Innovation index		0.14	0.14	0.65	0.57	0.62	0.64	0.89

Hotels within the city of Moscow most often employ product and marketing innovations, as these do not require too much investment, help increase revenue, and are easy to organize. Apart from conducting an assessment of innovative activity, the authors also carried out an investigation of the HR component using the expert assessment method. Based on the findings, the best performance indicators for HR potential were posted by Rocco **Forté Hotels**, Triol-Expo Hotel, Atlas **Park Hotel**, and Rosinvest Hotel, with the rest needing significant enhancement.

The authors suggest using several levels in evaluating the hotel enterprises under study based on the degree of development of innovative potential (low level – 0–0.25, medium level – 0.25–0.50, high level – 0.50–0.75, and very high level – 0.75–1). As a result, the hotels ended up being distributed within the range of 2 levels – medium and high. Table 2 illustrates the distribution of the studied hotel enterprises based on the degree of development of innovative potential, with a brief description provided for each level.

**Table 2**  
A Characterization of Levels Achieved by Enterprises in the Hotel Business  
Based on the Existing Degree of Development of Innovative Potential

Level	Range scale	Characteristics
Very high	0.75–1	Implies implementing cutting-edge management technology and methods that never existed before; setting up special departments concerning the development of innovative activity; launching novel types of hotel enterprises and suites
High	0.50–0.75	Implementing new technologies for use in enterprises in the hotel business; keeping up as much as possible with the latest innovative trends; maintaining the highest levels of service
Medium	0.25–0.50	Performing satisfactorily in terms of the development of innovations, mainly based on the implementation of marketing and product innovations and organizational/managerial innovations
Low	0–0.25	Pursuing passive innovative development, i.e. engaging in the implementation of marketing and product innovations to an insignificant degree

Evidence from practice indicates that Moscow's market for hotel services is currently characterized by a unique and specific state of affairs. Compared with foreign ones, these hotels are still going through a stage of development, with a pronounced orientation toward the upscale segment. The market for hotel services is currently in need of more economy-class hotels providing high quality standardized service. Having said that, the market is oversaturated with highly expensive design hotels, which are increasing in number every year.

One may need to devote special attention to the development of the segment of 1- and 2-star hotels. To be able to implement any kind of innovations, these hotels need to have in place a robust material/technical base and carry out an internal and external modernization in keeping with national standards.

Some of the existing innovative strategies the studied group of enterprises could employ include: a defensive strategy, whereby the hotel enterprise will implement innovations only after it is convinced about their efficiency; an imitation strategy, employed by hotels holding strong market and service positions; an offensive strategy, inherent to enterprises in the hotel business that are oriented toward attaining service and market leadership via the creation and distribution of novel services.

However, most domestic enterprises in the hotel business currently operate using outmoded technology and equipment. They need to implement new technology for serving clientele, including in the way of automating most business processes, like check-ins and customer management.

A necessary condition for enhancing the innovative condition of hotels is boosts in the range of services offered to consumers. This factor is the cause of increased levels of expenditure, which may result in reduced revenue. High prices charged for hotel suites may significantly reduce the competitiveness of domestic hotels – and, as a consequence, cause declines in the number of consumers. At the same time, there are declines in demand from foreign tourists due to the low quality of services provided.

Boosting innovative potential may require the provision of novel services, including opening up various additional infrastructure facilities in hotels that do not have them yet. For instance, the Hostel77 and Krankino hotels may need a restaurant or a café. The hotel owners may view this as an additional source of revenue, while, apart from hotel guests, the restaurant could also serve the city's residents. Plus, there is the potential of special offers and discounts for those dining at the restaurant, which may help boost client loyalty. The hotel's clients, in turn, may benefit from not having to look for a restaurant or a café outside the hotel.

Another way is to open up a fitness center, a beauty parlor, or a day spa in the Rocco Forte and Triol-Expo hotels. This may not only provide the hotels with an additional source of revenue and ensure them boosts in clientele but also enable them to put together and combine special offers and deals for hotel guests. Tourists may treat the emergence of a fitness center and a beauty parlor as an opportunity to spend their time usefully without this interfering with their regular activities.

It may be possible to boost the innovative potential of enterprises in the hotel business through the implementation of prêt-à-porter projects, involving the sale of products from world-renowned brands (footwear, bags, and accessories). These projects, so popular across Europe, are expected to attract the attention of fashion buffs and elite guests. An offer of this kind is not only highly original and creative but enables the sale of custom-made items as well.

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## 4. Discussion

What substantiates the reliability of the proposed techniques for assessing the innovative potential of enterprises in the hotel business is that, compared with existing methods, this approach helps gain a comprehensive insight into the various components of innovative potential having in consideration the characteristics of the hotel industry, unite quantitative and qualitative indicators, and chart a potential course for developing and boosting innovative activity in enterprises in the hotel business.

Evidence from the global experience of successful enterprises in the hotel business engaged in innovative activity indicates that the first and foremost condition for developing and implementing innovations is senior management having the willingness and aspiration to pursue innovative development (Kim, Hwang, & Fesenmaier, 2014; Nikolskaya, Popov, Kosheleva, Kobayak, & Lepeshkin, 2016). Another fundamental condition for fostering innovative activity is having in place an efficient system of marketing that will help ensure a seamless link between the enterprise and the end consumer of hotel services.

The authors' approach to assessing the innovative potential of enterprises in the hotel business makes it possible to factor in both quantitative and qualitative indicators, as well as factors of the

external environment, helping come up with alternative ways to resolve objectives for innovative development amid an unstable state of affairs in the market.

The proposed approach to assessing the innovative potential of enterprises in the hotel business being flexible, it is possible to customize, if need be, the make-up and number of indicators employed, assess the effect of pre-planned activities on innovative potential, and determine a set of possible ways to boost innovative potential.

The findings from this study indicate that, in choosing indicators for assessing innovative potential, the authors observed all of the key principles one is expected to be guided by in conducting this kind of research, with all attributes employed to characterize multidimensional objects being quantitative, not attributive, a minimum but sufficient number of attributes being employed, and each attribute being represented by just one single indicator.

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## 5. Conclusion

To sum up, determining a set of assessment indicators is central to methodological support for assessing the innovative potential of enterprises in the hotel business. Achieving objective assessments of the size of this innovative potential requires making the right choice when choosing a system of indicators. Furthermore, it helps to have as many indicators as possible determined quantitatively.

It helps to carry out the procedure of assessing the level of innovative potential using a set of methods of taxonomic analysis – classic, modified, and unified ones. Implementing this approach by consecutively completing all of its stages enables an effective analysis of innovative activity by a studied group of hotel enterprises to assess their innovative potential.

A key strength of the above approach is that it provides a substantive description of specific guideposts for enterprises in the hotel business that need to be investigated in assessing innovative potential. Also, the approach implies access to financial and economic indicators via the statistical reports of enterprises in the hotel business and enables the use in analysis of economic-statistical methods that can help assess their innovative potential as effectively as possible.

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1. Plekhanov Russian University of Economics, 117997, Russia, Moscow, Stremyanny, 36, E-mail: [nikolskaya@gmail.com](mailto:nikolskaya@gmail.com)
  2. Plekhanov Russian University of Economics, 117997, Russia, Moscow, Stremyanny, 36, E-mail: [Lepeshkin.VA@rea.ru](mailto:Lepeshkin.VA@rea.ru)
  3. Plekhanov Russian University of Economics, 117997, Russia, Moscow, Stremyanny, 36, E-mail: [Kulgatchev.IP@rea.ru](mailto:Kulgatchev.IP@rea.ru)
  4. Plekhanov Russian University of Economics, 117997, Russia, Moscow, Stremyanny, 36
  5. Plekhanov Russian University of Economics, 117997, Russia, Moscow, Stremyanny, 36
  6. Institute for Tourism and Hospitality, 125438, Russia, Moscow, Kronstadt Blvd., 32A, E-mail: [qwer20003@rambler.ru](mailto:qwer20003@rambler.ru)
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