

# Business Innovation in The Hotel Industry

Tetiana But<sup>1\*</sup>, Daria Mamotenko<sup>1</sup>, Valentyna Zaytseva<sup>1</sup>, Tetiana Pulina<sup>1</sup> and Tetiana Bukoros<sup>2</sup>

<sup>1</sup>National University "Zaporozhye Polytechnic", Ukraine, 64, Zhukovsky Street, 69000, Zaporizhzhya, Ukraine

<sup>2</sup>European institute of further education, Za humnami str., 508/28 Podhâjska, 94148, Podhâjska, Slovak Republic

**Abstract.** Today, business innovation is a hot topic. Therefore, it was proposed to use a competence-based approach to assess staff as a business innovation in the hotel industry. The paper investigates the theoretical and methodological principles of hotel staff evaluation using a competency-based approach. Scientific approaches are critically estimated, and aspects applied to material incentives management for hotel staff are analyzed. The scientific and theoretical basis of managing the staff's material stimulation in the hotel business on the basis of the competency approach is investigated and practical tools of its implementation in the hotel business activities are estimated. Methodical approaches to evaluating staff competencies as a component of material incentives management have been developed. The structure of remuneration and the system of bonuses based on staff competencies evaluation have been formed, which will help increase the efficiency of personnel management in the hotel industry.

## 1 Introduction

The current situation in the hotel services market requires forming new innovatively effective approaches and management concepts, the implementation of which is aimed at consolidating the staff to achieve socio-economic goals of enterprises. This will harmonize the relations in the systems of "employee-employer", "employee-employee" and "employee-consumer", increase professional competence, productivity and quality of staff. For hotel business enterprises, these management aspects are relevant because the staff is directly involved in creating a hotel product as a priority factor in generating enterprise income, maintaining and strengthening its market position and ensuring competitiveness.

Modern aspects of staff evaluation using a competency approach are covered in the studies of M. Armstrong [6], McClelland D.C. [13]. Boyatzis R.E. [11] analyzed the nature and factors of competence and the existence of the competence structure. J. Raven [12] studied the system of features by which the types of competence can be used.

Barybina Y.O., Lysenko M.O. [14] claims that the Ukrainian hotel market is characterized by a combination of a mixed model of incentives – an effective combination of tangible and intangible incentives focused on staff development and training.

Melnychenko S., Bosovska M., Poltavska O. [4] offer to make decisions as for an employee by the job quality evaluation on the basis of the competence approach – to make individual plans for the competence and career development, as well as to rotate staff.

As a result of many studies, various approaches, procedures and methods for organizing and conducting staff evaluations have been developed. However, at the

present stage of innovative development, staff evaluation requires using all scientific approaches, their generalization and combination in order to achieve greater efficiency, optimality and effectiveness in business innovations in the hotel industry.

The purpose of the study is to generalize and develop the theoretical foundations of the hotel staff evaluation using a competency-based approach and to develop practical recommendations for improving the management system of material incentives for hotel staff.

## 2 Result and discussion

The coronavirus pandemic has caused serious damage to the hotel business in Ukraine, and it may take more than a year for the sector to recover. According to the study, 93% of respondents confirmed a general decline in their hotel's revenue, in 21% of hotels gross revenue decreased by 25-40%, in a third of hotels – by 40-60%, in 30% of hotels such reductions reached more than 60%, only 4% of hotels showed an increase in annual revenue, and 3% remained at the same level. According to the data: 66% optimized their costs by reducing the staff, 2/3 reduced prices for their services, 63% of respondents improved their product and services (repairing, repositioning, updating standards and conditions with suppliers, changing equipment, etc.), 1/3 of respondents introduced digital and marketing tools, 27% introduced alternative services (coworking, renting rooms for offices, etc.), 7% decided to repurpose some of the premises, for example, for gambling establishments rent [1].

In these conditions, the issues of optimal use of labor, information and financial resources in the hotel business remain underexamined. The capabilities of the hotel

\* Corresponding author: [tatyanabut.zp.79@gmail.com](mailto:tatyanabut.zp.79@gmail.com)

business as for cost savings, strengthening the role of security in customer service, automation of its activities, personalization of services are largely related to how well the resource potential is studied, and what will contribute to its development.

Innovative management methods in modern HR management used by the world and EU leading countries are primarily based on a competency-based scientific approach. In the process of personnel management based on the competency approach, HR specialists or auditors determine a system of parameters that combines all the necessary competencies that employees must have in accordance with job descriptions, and obtain results of assessing the current state of human resources management. This allows identifying the level of each component of the set of employees' competencies. Research based on this approach should take into account the fact that professional competencies should be understood as dynamic, because a person is constantly developing knowledge, skills, abilities, so we can assume that the competencies development is a certain innovative process of increasing the organization's efficiency as a whole by improving the level of employees' professional skills. This is also one of the main tasks of the personnel management system and human resources development.

Of particular note is the definition suggested by J. Raven who gives a detailed interpretation of competence and understands it as a phenomenon consisting of "a large number of components, many of which are relatively independent of each other" with some components belonging more to the cognitive sphere, and others – to the emotional, ... these components can replace each other as components of effective behavior" [2].

Obviously the competency approach in personnel management is distinguished by its redirecting personnel management goals from solving operational personnel problems to tasks of a higher strategic level, which go beyond the usual responsibilities of the personnel management service. It is not enough just to increase knowledge, improve employees' skills, expertise and behavior. It should result in increasing productivity and organizational change that can boost the competitiveness and efficiency of the corporation as a whole. Therefore, the goals of personnel management in terms of the competency approach are formulated to show that these processes can improve the organization by achieving higher results, changing employees' behavior, increasing productivity and efficiency of the organization.

In fact, this is an innovative concept of personnel management which focuses not on the process or operational results, but on the mechanisms and management models based on the competency approach and their impact on the organization's long-term effectiveness.

A focus on organizational development priorities requires, on the one hand, shaping personnel management functions based on a competency-based approach that can help implement business strategy, and, on the other – highlighting the need to intensify mechanisms of employees' self-development and self-

organization, since it is impossible to take an active part in improving the organization's activities without involving the developed knowledge and individual abilities. The task of the personnel management system on the basis of the competence approach is to create an innovative environment that supports and guides the employees' self-development.

The concept of competency approach is an integrated concept that forms the basic principles of personnel management of a modern organization. Such principles include:

1. The principle of systematization when the use of a competency-based approach to personnel management should involve interconnected elements: goals, objectives, personnel management processes and be focused on short-term and long-term organizational goals.

2. The principle of complexity when tactical and strategic decisions in the competency approach use should be developed in accordance with the relationships between different areas and aspects of personnel management.

3. The principle of relevance with activities in the field of using a competency-based approach to personnel management corresponding to the personnel situation, offering solutions to current personnel problems of the organization, based on best practices and modern scientific developments.

4. The principle of continuity with activities in the field of competence approach to personnel management focusing on the progressive training and employees' development in order to improve performance, build capacity for growth and advancement during one's work in the organization;

5. The principle of succession with expanding the dominant values, unique knowledge, skills and experience acquired by employees in the organization in order to improve performance, maintain and increase its competitive advantages.

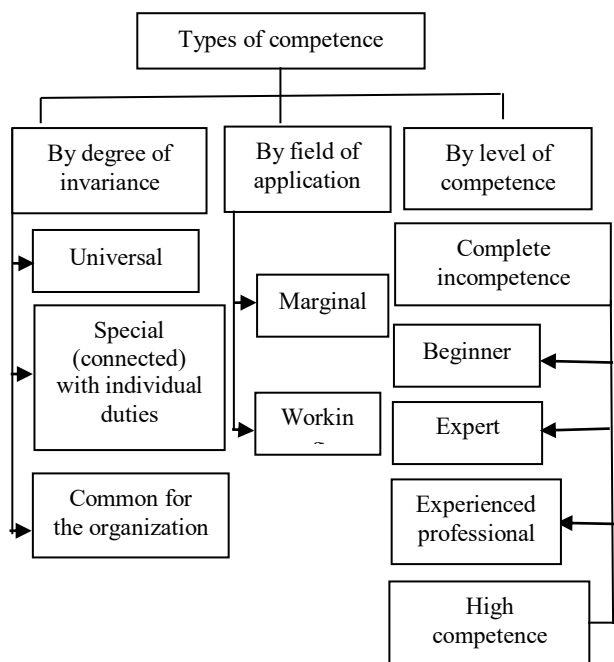
6. The principle of advanced development with extending the professional horizons and improving employees' skills to create a stock of knowledge, skills and abilities that may be needed to solve complex problems or non-standard tasks of the enterprise in the future.

7. The principle of self-development with creating conditions for employees' self-learning and self-expression in order to activate development internal mechanisms which motivate to work more effectively, increase job satisfaction, unleash professional and personal potential more deeply.

8. The principle of efficiency when the results of activities in the field of competency approach to personnel management should provide the required level of economic, organizational and social effects, thus helping to increase the efficiency of the organization [3].

It is considered relevant to use the concept of competence in the personnel management of the hotel business, and apply the results of the competence analysis in order to improve the processes of selection and hiring, employee development and motivation.

During a long time of research, the scientific literature has formed a system of features that can be used to characterize the types of competence (Fig. 2.1)



**Fig. 1.** Types of competence

In addition, competence can be common to the organization – it can be applied to all its employees. Or it can be applied to a group of related jobs in which work is similar but performed at different levels.

As hotel enterprises operate in the field of services, a significant part of which is provided to foreign consumers, we consider it appropriate to introduce an additional compensatory factor (criterion) – “level of foreign languages knowledge”. It is known that the quality of hospitality services is the main prerequisite for forming demand for them, and therefore the key to the effective hotel business operation.

In this regard, the list of compensatory factors (criteria) for evaluating the positions of the hotel business includes the “consumer orientation”. According to expert estimates, the list of compensatory factors (criteria) for the hotel industry can be systematized as follows Table 1.

The most important factors (criteria) for the hotel industry are the level of qualification, work experience, responsibility for decision-making, complexity and intensity of work, etc.

The conducted expert research of domestic practice of hotel enterprises determined the generalized list of compensatory factors (criteria) with validity of each of them according to strategic purposes and specifics of the enterprise’s activity (matrix of job evaluation), formed the scale of factors (criteria) with their distinctive descriptions at various levels, and carried out a direct evaluation of each job Table 2.

**Table 1.** Compensatory factors (criteria) for evaluating the hotel business jobs and their validity.

No.	Compensatory factors (criteria)	Evaluation of factor (criterion) validity, points
1	Level of qualification (education)	100
2	Level of foreign languages knowledge	80
3	Work experience	140
4	Ability to search for and analyze information	80
5	Consumer orientation	80
6	Interpersonal communication skills	100
7	Work complexity and intensity	120
8	Responsibility for decision-making	130
9	Ability to manage staff	100
10	Impact on the result (error price)	50

When forming levels, it is necessary to have their calibrated sequence, which provides clear guidelines for assessing a particular factor.

**Table 2.** Matrix of job evaluation at the hotel industry enterprises.

No	Compensatory factor	Evaluation of factor validity, points	Distribution of factor evaluation in points by detection levels					
			A	B	C	D	E	F
1	Level of qualification (education)	100	20	40	60	80	90	100
2	Level of foreign languages knowledge	80	0	15	30	45	60	80
3	Work experience	140	0	20	50	80	110	140
4	Information search and analysis	80	0	16	32	48	64	80
5	Consumer orientation	80	0	10	20	30	50	80
6	Interpersonal communication skills	100	10	20	40	60	80	100
7	Work complexity and intensity	120	10	20	40	65	90	120

8	Responsibility for decision-making	130	15	30	50	75	100	130
9	Staff management	100	0	15	30	50	70	100
10	Impact on the result (error price)	50	0	10	20	30	40	50
		1000						

Consistent levels can be defined by describing specific skills, competencies or needs for a particular qualification, training or experience.

Job evaluation of the hotel industry was carried out by an expert committee on the example of PJSC “Salyut Hotel” in Kyiv in accordance with the matrices indicating the level of factor detection for each job. The expert committee included the enterprise’s CEO, his deputy for organizational development, the head of accommodation service, the head of the personnel department, the authors as consultants. The results of job evaluation of PJSC “Salyut Hotel” are shown in Table 3.

**Table 3.** Job evaluation of PJSC “Salyut Hotel”.

No.	Job at PJSC “Salyut Hotel”	Actual factor evaluation, points
1	CEO	950
2	Deputy CEO for organizational development	804
3	Methodist of the physical health room	240
4	System administrator	504
5	Secretary-assistant	322
6	Chambermaid	150
7	Cleaner	85
8	Linen-keeper	85
9	Head of the floors	372
10	Head of accommodation service	532
11	Doorman	165
12	Receptionist-cashier	286
13	Auxiliary worker	85
14	Driver	210

Then, it is necessary to analyze which jobs are included in the groups. For example, if, according to the results of the expert assessment, the value of jobs with different qualification characteristics is similar, they can be placed at the same level of the job structure.

Thus, the purpose of designing a hierarchical job structure based on their evaluation in the hotel industry is to create a flexible mechanism for managing staff motivation grounded on a clear and transparent system that will unite all existing jobs in the company into certain groups and divide them by value levels for the enterprise.

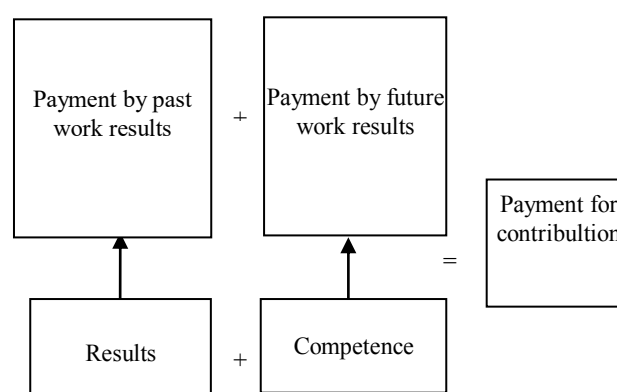
According to the proposed method of designing the hierarchical job structure (remuneration) of the hotel industry on the basis of a single competency model for all groups of staff, all jobs of the enterprise are divided into seven levels (G1... G7), each of which is relevant to certain pay ranges, and the latter, in their turn, correspond to five groups (A, B, C, D and E). An individual basic salary within the pay range determined for a given job should be based on evaluating a particular employee by quality criteria.

According to the developed job structure (remuneration) of the hotel industry, payment of an individual employee will be decided in accordance with the results of a comprehensive quality evaluation, which in turn is based on estimating the results of his/her work and assessing the level of competence that has a direct impact on these results.

In the scientific professional literature, such a payment model is characterized as a “contribution-oriented payment model” [4].

The “contribution-oriented” payment model can be effectively applied within the differential payment structure developed for hotel enterprises. In this case, personal reward will be formed on the basis of work results, competence and motivational incentives for developing competencies, efficiency, career trajectory [9].

Payment for contribution means payment for the obtained results and competence, as well as for the past and future work achievements (Fig. 2).



**Fig. 2** “Contribution-oriented” payment model [4].

Thus, contribution-oriented payment is based on a mixed model of performance management – the assessment of input and output factors (competencies and results), and allows concluding that the level of payment for a particular employee in a particular job is determined by both past and future work results.

The results of job evaluation in PJSC “Salyut Hotel” and data on average job payments are given in Table 4.

The salary is assigned to the employee after analyzing the wage market within the range of a certain level of structure, and its specific amount depends on individual competence, work experience, level of efficiency and requires additional assessment of an individual employee’s quality of work.

Therefore, each level of the structure (Gn) also needs to be subdivided into sublevels (Gjn., where j is the number of sublevels of a certain pay range) which will

correspond to certain salary estimates within a given range

As the results of the conducted analysis established the relationship between the hotel category and the level of payment, it is advisable to determine the average job salary among hotel enterprises in Kyiv with a 3-star category which corresponds to the category of PJSC “Salyut Hotel”.

**Table 4.** Results of job evaluation of PJSC “Salyut Hotel” and average job payment.

Enterprise’s department	Job	Overall job evaluation, points (OJi)	Average job payment*, UAH (Sin)	Recommended basic part of average job payment**, UAH (ZPdin)	Basic salary of PJSC “Salyut Hotel”, UAH (ZPactually)
Management	CEO	2478	17350	12145	12300
Management	CEO deputy for organizational development	2150	15050	10535	10000
Accommodation service	Head of accommodation service	1457	10200	7140	7300
Accommodation service	Senior receptionist-cashier	1372	9607	6725	6800
Accommodation service	Receptionist-cashier	1036	7250	5075	5200

\* The average estimate of an employee’s average monthly salary in a similar job among the studied 3-star hotels in Kyiv according to 2019.

\*\* 70% of the average estimate of an employee’s average monthly salary in a similar job among the studied 3-star hotels in Kyiv according to 2019 data.

In addition, the research results of the structure of employees’ average salary at 3-star hotels in Kyiv showed that its main share is less than 54.8%, while the share of allowances, surcharges, bonuses, other compensation and incentive payments averages 45.2 %. In modern market conditions and in the practice of economically developed countries’ enterprises, the share of the fixed part of payment should be at least 70%.

In this regard, we propose to accept 70% of the average market payment among the studied 3-star hotels of Kyiv (Sin) as a basic part of the salary of the i-th profession in the labor market (ZPdin) in order to develop a new job payment system of PJSC “Salyut Hotel”.

The other (30%) will be a variable part – the amount of bonuses, rewards, other compensation payments (ZPdin).

Specific salaries and bonuses should be assigned due to the staff competence and contribution by the following models in order to determine the amount of payment and appropriate strategies for the enterprise’s activities in the regional labor market in the hotel business sector:

$$ZP_i^{6H} < ZP_i^{6H} \text{ Defense strategy;}$$

$$ZP_i^{6H} = ZP_i^{6H} \text{ Follower’s strategy;}$$

$$ZP_i^{6H} > ZP_i^{6H} \text{ Leader’s strategy.}$$

Thus, within one job, the range of salary increase is 50%, which is a strong motivating factor. The minimum salary of the lowest (first level) is not lower than state norms and guarantees, i. e. not lower than the state-established minimum salary.

The salary for a certain job is set within the range of a certain level of structure, and its specific amount depends on an employee’s competence, his/her work experience, the level of work efficiency and requires additional assessment of an individual employee’s quality of work.

Basic salaries are adjusted annually in accordance with changes in the labor market, inflation, changes in assessing the complexity of work performed, and so on. The salary grid, which is calculated in relation to basic salaries, is adjusted accordingly.

It is established that the structure of remuneration developed for hotel enterprises has seven levels and, accordingly, seven ranges of payment that intersect (overlap each other) by 30% in average.

The general payment structure at the hotel industry

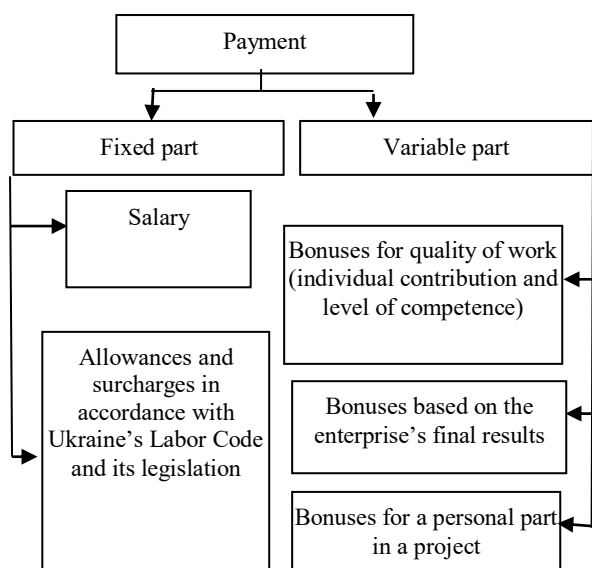
after introducing a new system of basic salaries formation is as follows (Fig. 3).

At the hotel enterprises it is rational to accept the main part of the salary at the level of 70%, while the other 30% will be the variable part.

It is planned to accrue one amount of bonus for each employee, which will be considered as compensation for individual contribution and level of competence, the other – as a reward based on the enterprise’s final results.

Thus, the application of the developed remuneration system on the basis of job evaluation and the staff competence will increase the efficiency of the hotel business and will help in the following areas:

1. To form a team of adaptive managers who are able to develop and implement a program of the hotel survival and development in changing conditions.



**Fig.3.** Improved overall payment structure in the hotel industry

2. To identify and preserve the core human resources of the hotel, i. e. managers, specialists and labour force of special value.

3. To restructure human resources in accordance with: organized transformations while restructuring; implementation of innovation processes; diversification; a complete reorganization.

4. To reduce socio-psychological tension in the team.

### 3 The paper’s scientific significance

According to the analysis of statistics on the hotel services market in Ukraine, it was determined that it was the crisis that forced hotels to reconsider cost management and turn to a more flexible pricing policy, but what is more – to intensify work with hotel staff and consider them as the main resource that ensures the hotel’s competitiveness. In this regard, the development of a job evaluation system on the basis of a competency-based approach is recommended as a way of increasing labor resources potential in the hotel industry.

Thus, introduction of business innovation based on

jobs evaluation and staff competence creates prerequisites for improving efficiency, optimizing internal business processes, simplifying wage management and motivating employees on the principles of fairness, transparency, flexibility, social partnership.

### 4 Conclusions

A balanced (hierarchical) payment structure is formed to improve the organization of payment at the enterprise by introducing a transparent and flexible remuneration system based on individualization of employees’ salary and determined not only by traditional parameters (an employee’s experience, qualifications, experience), but also by his/her individual characteristics, his/her competence on the basis of abilities evaluation and their possible implementation.

In addition, a hierarchical job structure at the enterprise is formed to contribute to achieving business goals and strategies of the enterprise, investing effectively in increasing the cost of human capital, attracting and retaining the best professionals.

### References

1. “Pandemiia koronavirusu zavdala serjoznykh zbytkiv hotel'nomu biznesu v Ukraini, na vidnovlennia sektoru mozhe pity ne odyh rik”, [Online], available at: <http://www.ukrstat.gov.ua/> (Accessed 1 February 2021), (In Ukrainian).
2. Raven D., *Kompetentnost' v sovremennom obschestve: vyavlenye, razvytye y realizatsiya* [Competence in modern society: identification, development and implementation], Kohyto-Tsentr, Moscow, Russia, (2002).
3. Tsurkan M. L. “Competence approach in the assessment of the personnel of the integrated holding” (2017), *Efektivna ekonomika*, [Online], **7**, available at: <http://www.economy.nayka.com.ua/?op=1&z=5703>, (Accessed 1 February 2021).
4. Tkachenko, T.I., Mel'nychenko, S.V., Bosovs'ka, M.V., Poltav'ska O.V. *Upravlinnia yakistiu posluh hoteliv: metodolohiia ta praktyka*, [Hotel service quality management: methodology and practice], Kyiv. nats. torh.-ekon. un-t, Kiev, Ukraine, (2012).
5. Tkachenko T.I., Bojko M.H., Mel'nychenko S.V., Mykhajlichenko H.I., Vedmid' N.I., Poltav'ska O.V. [ta in.]; in. Mazaraki A.A. (ed.), *Stratehichnyj rozvytok turystychnoho biznesu* [Strategic development of tourism business], Kyiv. nats. torh.-ekon. un-t, Kiev, Ukraine, (2010).
6. Armstrong M. *Praktika upravlenija chelovecheskimi resursami* [Human resource management practices], in. Mordovyna S.K. (ed.), SPb: Piter, Russia, (2009).
7. Djevid K. MakKlelland “The concept of competence”, [Online], available at: <http://www.timetogo.ru/articles->

- /what\_is\_competency.htm / (Accessed 1 February 2021), (In Ukrainian). (2009).
8. Bekh I. D. Kompetentnisnyj pidkhd uchasnij osviti [Competence approach in modern education], Henezys, Kiev, Ukraine. pp. 21-24, (2009).
  9. But, T. Pulina, T. Khrystenka, O. Zaytseva, V. Managing the Field of Reconstruction and Preservation of Historical and Cultural Complexes in Ukraine and Europe // *Lecture Notes in Civil Engineering* 73, pp. 709-720, Ukraine, (2020).
  10. Shmygol, N., Schiavone, F., Trokhymets, O., .Zavgorodniy, R., Vorfolomeiev, A. Model for assessing and implementing resource-efficient strategy of industry CEUR Workshop Proceedings, 2713, pp. 277–294, (2020).
  11. Boyatzis, R.E. The competent manager: a model for effective performance. New York: Wiley, p. 29, (1982).
  12. Raven J. Dictionary of occupational titles. 4th ed. U.S. Department of Labor. Washington, D.S: U.S. Government Printing Office, (1989).
  13. McClelland D.C. Testing for competence rather than for intelligence. *American Psychologist*, 28. P.1 – 14. (1993).
  14. Barybina Y.O., Lysenko M.O. “Modern methods of stimulating the staff of the hotel industry” *Zbirnyk naukovykh prats' Cherkas'koho derzhavnoho tekhnolohichnoho universytetu. Seria: Ekonomichni nauky* 2 (40), pp. 64–68, (2015).