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STRATEGIC MANAGEMENT IN HORECA: A MODERN PERSPECTIVE

Currently, fundamental changes are happening in strategic management in the HoReCa sector due to the need for maximum flexibility in long-term development plans for operators and market participants in public catering and hospitality. The highlighted necessity is becoming more critical due to escalating competition, rapid shifts in consumer preferences, swiftly advancing technologies, and their increased importance in sustaining competitiveness and enhancing customer service. Beyond the aforementioned factors, the importance of strategic management flexibility is accentuated by the substantial vulnerability of enterprises in the HoReCa sector to economic crises. The article aims to outline the conceptual foundations of strategic management in the HoReCa sector. The conclusion has been reached that among the fundamental principles of flexible strategic management in the HoReCa sector are: prioritizing dynamic outcomes; adopting a reactive format for strategic action systems; embracing an experimental nature and strategic iteration in the strategic planning process; emphasizing resource efficiency; and actively engaging personnel in decision-making processes. It has been noted that the collective implementation of flexible strategic management principles results in the formation of a strategic management framework that assists HoReCa enterprises in sustaining operational efficiency amid fluctuations in both external and internal environments, and facilitates growth in unpredictable market conditions.

Keywords: customer service, increasing competition, strategic metrics, strategic initiatives.

JEL classification: M11, O14, O41

СТРАТЕГІЧНЕ УПРАВЛІННЯ HORECA: СУЧАСНИЙ ПОГЛЯД

Наразі відбуваються фундаментальні зміни в концепції стратегічного управління у секторі HoReCa у зв'язку з потребою у максимальному підвищенні гнучкості довгострокових планів розвитку, які застосовуються операторами та учасниками ринків громадського харчування та готельного господарства. Окреслена потреба стає все більш важливою внаслідок зростання конкуренції, стрімких змін у споживчих уподобаннях, швидкої зміни технологій та підвищення їх значущості для підтримання конкурентоспроможності та якісного обслуговування клієнтів, глобалізації та зростання потоків туристів, а також постійних змін в правовому середовищі. Відповідно до вищезазначеного, метою статті є визначення концептуальних засад стратегічного управління у секторі HoReCa (що охоплює готелі, ресторани, громадське харчування). При цьому стаття спрямована на визначення принципів гнучкого стратегічного управління у секторі HoReCa та на ідентифікацію підходу до концепції стратегічного управління підприємств у галузі HoReCa. У межах дослідження доведено, що зміст концепції стратегічного управління підприємствам HoReCa не є сталим та постійно розширюється, внаслідок спрямованості на максимізацію можливостей з реалізації довгострокового плану дій виходячи з розуміння взаємозв'язків між різними аспектами бізнесу, змісту причинно-наслідкових зв'язків та характеру імовірних змін у зовнішньому та внутрішньому середовищі. Зроблено висновок, що серед базових принципів гнучкого стратегічного управління у секторі HoReCa: орієнтація на рухомий результат; реактивність формату стратегічних заходів; експериментальний характер та стратегічна ітераційність процесу стратегічного планування; ресурсна ефективність; активне залучення персоналу до процесу прийняття рішень. Констатовано, що за загальної дії принципів гнучкого стратегічного управління формується така його концепція, яка допомагає підприємствам HoReCa (через створення гнучких та адаптивних рамок досягнення цілей) зберігати ефективність діяльності на будь-яких змін зовнішнього та внутрішнього середовища, розвиватися за непередбачуваних умов ринку.

Ключові слова: обслуговування клієнтів, зростання конкуренції, стратегічні метрики, стратегічні заходи.

Statement of the problem. Currently, fundamental changes are occurring in the concept of strategic management in the HoReCa sector due to the need for maximum flexibility in long-term development plans applied by operators and market participants in the public catering and hospitality industry. The highlighted necessity is becoming more crucial due to increasing competition, rapid shifts in consumer preferences (as consumers become more demanding and quality-focused), swift technological advancements, and their elevated importance in sustaining competitiveness and enhancing customer service, globalization, and tourism trends, and continual changes in the legal landscape (including alterations in food safety regulations, taxation, etc.). In addition to the factors mentioned, the importance of strategic management flexibility is further emphasized by the significant vulnerability of HoReCa sector enterprises to economic crises. It is because most of these crises result in a sharp decrease in tourist traffic or changes in the economic situation, which directly affects the profitability of hotels and restaurants. Taking into account the complexity and dynamism of operating conditions, the development of strategic management becomes crucial for the success of enterprises in the HoReCa industry. It enables them to adapt to changes in the environment, identify growth opportunities, and maintain a competitive advantage.

Analysis of recent research and publications. Research on strategic management in the HoReCa sector and its development has been conducted by numerous scholars, including O.O. Maslyhan, O.S. Tereshchuk, A.H. Kizyun, A.V. Hutso, Tserklevych V., Dil A., Blauta A., Dil M., and others. However, the majority of research is centered around the stages of the strategic management process. However, authors often fail to consider the rapid changes in the surrounding environment and the impact of its factors on the development of hotels, restaurants, and public catering, which require the utilization of a flexible approach to strategic management.

Objectives of the article. The article aims to outline the conceptual foundations of strategic management in the HoReCa sector (hotels, restaurants, public catering). To achieve the outlined goal, the following research tasks have been planned: 1) determination of the principles of flexible strategic management in the HoReCa sector; 2) identification of perspectives on the concept of strategic management for HoReCa enterprises.

Summary of the main results of the study. Transitioning to flexible planning is one of the key aspects of strategic management development in the HoReCa sector today. Such management is characterized by dynamic outcomes, strategic iterations and experimentation, reactive action systems, close communicativeness, focus on efficiency, and personalization. Consequently, the list of principles of flexible strategic management in the HoReCa sector is quite broad (see Figure 1). Among the fundamental principles of flexible strategic management in the HoReCa sector, we have identified the following:

1. Focus on dynamic outcomes. Flexible planning aims to achieve flexible strategic metrics, prioritizing and allocating timeframes for their accomplishment, rather than adhering to fixed objectives within specific timeframes. As a result, HoReCa enterprises set goals and associated

key performance indicators (KPIs) without strict adherence to specific dates, working towards their achievement without a clear attachment to specific deadlines.

2. The reactivity of the strategic initiatives system format is achieved by measuring progress towards strategic goals or objectives and ensuring the capability to swiftly review and adjust strategic metrics in response to changes in demand, available technological innovations, competition, and other factors. As a result, long-term initiatives in HoReCa enterprises are continually reviewed and adapted to new conditions.

3. Experimental nature and strategic iteration of strategic planning involve ongoing testing of new ideas and initiatives through experiments and an iterative approach, establishing local metrics to gauge the effectiveness of experiments and iterations. As a result, HoReCa enterprises swiftly refine existing action plans based on acquired knowledge and improve them accordingly.

4. Resource efficiency. So, flexible resource plans are developed before the strategy (which include the allocation of resources such as financial, human, material, and others) and flexible resource plans (include the distribution of resources such as financial, human, material, and others) to ensure the effective implementation of the strategy and achieve the set goals. Flexible planning allows for the efficient utilization of these resources and real-time adjustment of their allocations by modifying inventory movements, optimizing workflows, and employing innovative management methods.

5. Active involvement of personnel in the decision-making process through the creation of an open and trusting environment, where employees can freely discuss their ideas, thoughts, and concepts with management, effective communication between different departments and management levels, the introduction of rewards for their contribution to the decision-making process, effective communication between different departments and management levels. As a result, HoReCa enterprises have effective communication between different departments and management levels.

6. Customer focus (specifically their needs and expectations), as HoReCa enterprises constantly study consumer demand for offered products and services through market research, gathering feedback, and conducting special surveys, personalized menus, special offers, and other personalized services [4].

Based on the principles outlined above, the following strategic management concept is formed to assist HoReCa enterprises in maintaining operational efficiency amidst changes in both external and internal environments and evolving under unpredictable market conditions by creating flexible and adaptive frameworks to achieve goals. Such a concept is characterized by:

1. Agility refers to the adaptability of personnel needs concerning the content of strategic actions and working conditions. Specifically, it involves shifting the balance towards greater freedom in strategic actions [1–2].

2. Iteration involves the repeated application of specific measures from the strategic plan with modified data [1–2].

3. Systematic approach refers to the format of strategic management being systemic, where all elements interact and influence one another [3].

The modern perspective on the strategic management concept of HoReCa enterprises can be most accurately

| | |
|--|---|
| <p>Focus on dynamic outcomes (emphasis on continual movement towards strategic metrics, ongoing improvement, and progress tracking)</p> | <ul style="list-style-type: none"> •Flexible planning is aimed at achieving adaptable strategic metrics •Flexible metrics are prioritized and allocated specific time frames for their accomplishment |
| <p>Responsiveness of the system's format (taking quick and effective actions to address issues or seize new opportunities)</p> | <ul style="list-style-type: none"> •Ensuring the ability to swiftly review and adjust strategic metrics •Measuring progress towards achieving strategic goals or objectives |
| <p>Experimental nature and strategic iteration (continuously testing new ideas, concepts, and strategies through experimentation and an iterative approach to their implementation)</p> | <ul style="list-style-type: none"> •Ongoing testing of new ideas and initiatives through experimentation and iteration. •Local metrics that determine the effectiveness •of conducting experiments and iterations. |
| <p>Resource efficiency (the organization's ability to efficiently utilize its resources to achieve strategic goals and maximize the effectiveness of its operations)</p> | <ul style="list-style-type: none"> •Development of flexible resource plans, encompassing the allocation of resources such as financial, human, material, and others. •Implementation of a system of constraints into resource plans. |
| <p>Active involvement of personnel in the decision-making process (focus on the participation of employees in the decision-making process, allowing them to contribute their ideas, and opinions in the formation of the strategy)</p> | <ul style="list-style-type: none"> •Effective communication between different departments and levels of management. •Creating an open and trusting environment where employees can freely discuss their ideas, opinions, and concepts with management. •Introduction of remuneration for contribution to the decision-making process |
| <p>Customer focus (ability to organize activities, and making decisions based on an understanding of customer needs, requirements and preferences)</p> | <ul style="list-style-type: none"> •Market research, collection of reviews and implementation of special surveys. •Personalized menu, special offers and other personalized services |

Figure 1. List of principles of flexible strategic management in the HoReCa sector

Note:

* Metrics measure the performance of solutions, solution components, and other issues of interest to stakeholders.

Source: formed based on [1; 3; 6]

reflected by the content of the interconnected instrument blocks scheme (Figure 2).

The integration of the aforementioned attributes into strategic management in HoReCa is realized through tools such as flexible plans, goal and key performance indicator review and adjustment procedures, experimentation and iterative methodologies for implementing ideas and initiatives, dynamic resource allocation algorithms, communication networks spanning various departments and management tiers, as well as algorithms for market research and consumer demand analysis. Let's examine the operation of each of the outlined tools in more detail.

Indeed, the functionality of flexible plans enables HoReCa enterprises to continually adjust their strategic

initiatives in response to changes in flexible metrics. This tool, utilizing methods such as Scrum and Kanban, guarantees flexibility and adaptability in work processes (Table 1).

Indeed, flexible plans formed using the Scrum method are oriented towards adapting strategic actions through sprints, while flexible plans formed using the Kanban method adapt through a flexible workflow (which is represented on a Kanban Board as cards moving from column to column, reflecting their current status).

The action of goal and key performance indicator review and adjustment procedures is aimed at periodically evaluating the attainability of flexible metrics and time adjusting the strategy in accordance with the new conditions

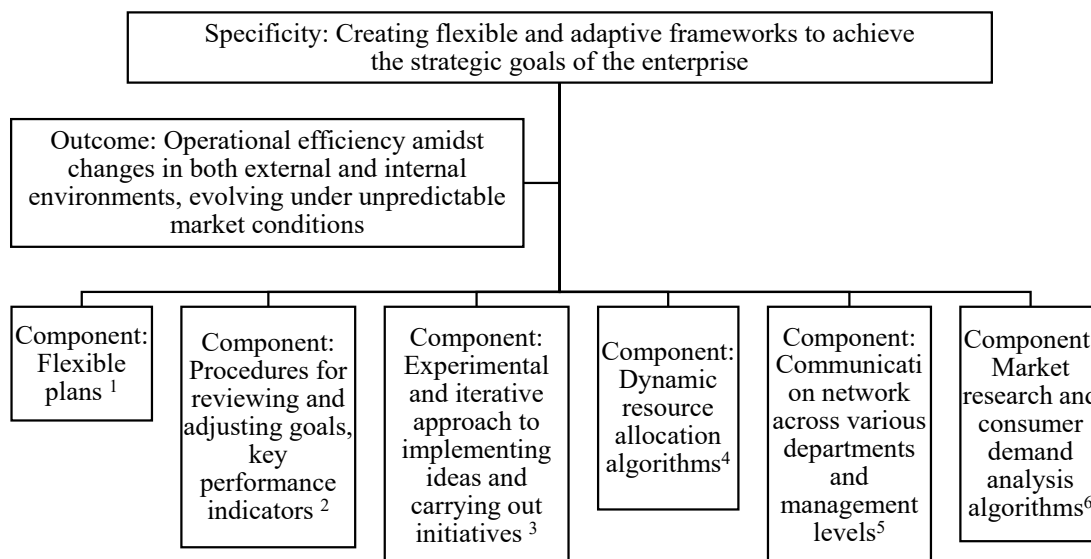


Figure 2. A contemporary view of the strategic management concept for HoReCa (Hotel/Restaurant/Café) enterprises

Note:

¹ These plans allow strategic management to pivot from achieving predetermined objectives within set timeframes to attaining adaptable metrics.

² These procedures facilitate the capacity to promptly review and modify goals, revise key performance indicators in reaction to environmental changes, such as shifts in demand, technological advancements, competition, and other factors.

³ These approaches generate opportunities for continuous testing of new ideas and initiatives through experimentation and an iterative approach.

⁴ These algorithms facilitate the creation of adaptable resource plans, encompassing the allocation of resources such as financial, human, material, and others, to ensure effective strategy implementation and goal attainment.

⁵ This network guarantees active participation of personnel in the decision-making process.

⁶ These algorithms enable the study of consumer demand for offered products and services.

Source: formed based on [1–2; 4–6]

Table 1

The principle of operation of flexible plans formed by the methods of Scrum and Kanban

| Components | Strategic action adaptation techniques | |
|---------------------------------------|--|---|
| | Flexible plans formed using the Scrum method | Flexible plans formed using the Kanban method |
| Planned action/measure | Short time intervals, known as sprints | Cards containing action descriptions |
| Content formation process | Implemented through the involvement of teams to execute one or several sprints (there are various roles such as Sprint Controller, Sprint Owner, and Team Member, each with their responsibilities and duties) | Implemented through placing action description cards on a board (Kanban Board). Each column on the board may represent a specific stage of the workflow, such as "To Do," "In Progress," "Under Review," "Completed," etc. Cards move from column to column, reflecting their current status. |
| Process of making changes to the plan | The action plan changes between sprints. To address these changes, the Teams conduct regular meetings such as sprint reviews, planning sessions, and daily stand-ups to track progress and address potential issues. | In Kanban, there are no fixed iterations; work continues continuously, and new tasks are added to the board as soon as the necessary capacity becomes available |

Note:

* Kanban utilizes WIP (Work in Progress) limits to prevent overloading the team with work and to maintain the workflow stream.

Source: formed based on [1; 3]

(through progress monitoring, results assessment, and analysis of changes in the environment [6]).

The action of an experimental and iterative approach to implementing ideas and strategic initiatives enables HoReCa enterprises to quickly assess and adjust their effectiveness according to the results (through elements of strategic action correction, confirmatory strategic experiment (used to verify relevant predictions), and

control experiment (conducted to monitor the results of managerial interventions) [6]).

The action of dynamic resource allocation algorithms enables HoReCa enterprises to, through stochastic (probabilistic) and heuristic programmed actions:

1) optimize the utilization of financial, human, and material resources by distributing them in a manner that achieves maximum efficiency and effectiveness;

2) redistribute resources towards priority areas of development and initiatives.

The basis of such algorithms lies in configurable resource allocation software solutions that offer multiple pathways or methods for resource distribution.

The action of the communication network across various departments and management levels enables:

1. Employees of the HoReCa enterprise become active participants in exchanging ideas and information through access to information hubs (HTTP, FTP servers, databases) and collaborative use of technical resources (network printers, data repositories, application servers).

2. The management system to swiftly respond to changes and coordinate actions through workload distribution and remote management.

The basis of such algorithms is a system of physical communication channels and switching equipment that implements various low-level data transmission protocols.

The action of market research and consumer demand analysis algorithms enables HoReCa enterprises to adapt products and services to market demands. The basis of such algorithms is a set of rules for studying end consumers (buyers) of goods and services, analyzing the market in terms of competition intensity, market conditions and forecasts, analyzing market trends for the near and long term, and competitor analysis.

Conclusions. Within the research, it has been proven that the content of the strategic management concept for HoReCa enterprises is not static and constantly expanding. It is because the primary purpose of the strategic plan is to maximize opportunities for implementing long-term action plans based on an understanding of the

interrelationships between various aspects of the business (such as marketing, operations, finance, and human resources), the content of cause-and-effect relationships, and the forecast of possible changes. The following conclusions have been drawn:

1. Key principles of flexible strategic management in the HoReCa sector include a focus on dynamic results, responsiveness in the format of strategic action systems, an experimental approach, and strategic iteration in the planning process, as well as a commitment to resource efficiency and active involvement of personnel in decision-making.

2. Based on the collective action of the principles of flexible strategic management, a strategic management concept is formed to assist HoReCa enterprises in maintaining operational efficiency amidst changes in both external and internal environments, allowing them to develop under unpredictable market conditions through the establishment of flexible and adaptive goal-reaching frameworks.

3. The foundation of the concept of flexible strategic management in the HoReCa sector lies in agility (where the needs of personnel change about the content of strategic actions and working conditions), iteration (where the repeated application of specific strategic plan elements with modified data is supported), and systematicity (where the format of strategic management is systematic, with all elements interacting and influencing one another).

Based on the achieved results, future research prospects lie in the development of specific tools and methods to help HoReCa enterprises apply the principles of flexible strategic management in their operations.

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