Ministry of Education and Science of Ukraine
Simon Kuznets Kharkiv National University of Economics

REPORT

on the topic:

«Innovative Risk Management in Hotel and Restaurant Business Enterprises: a Scientific and Practical Aspect»

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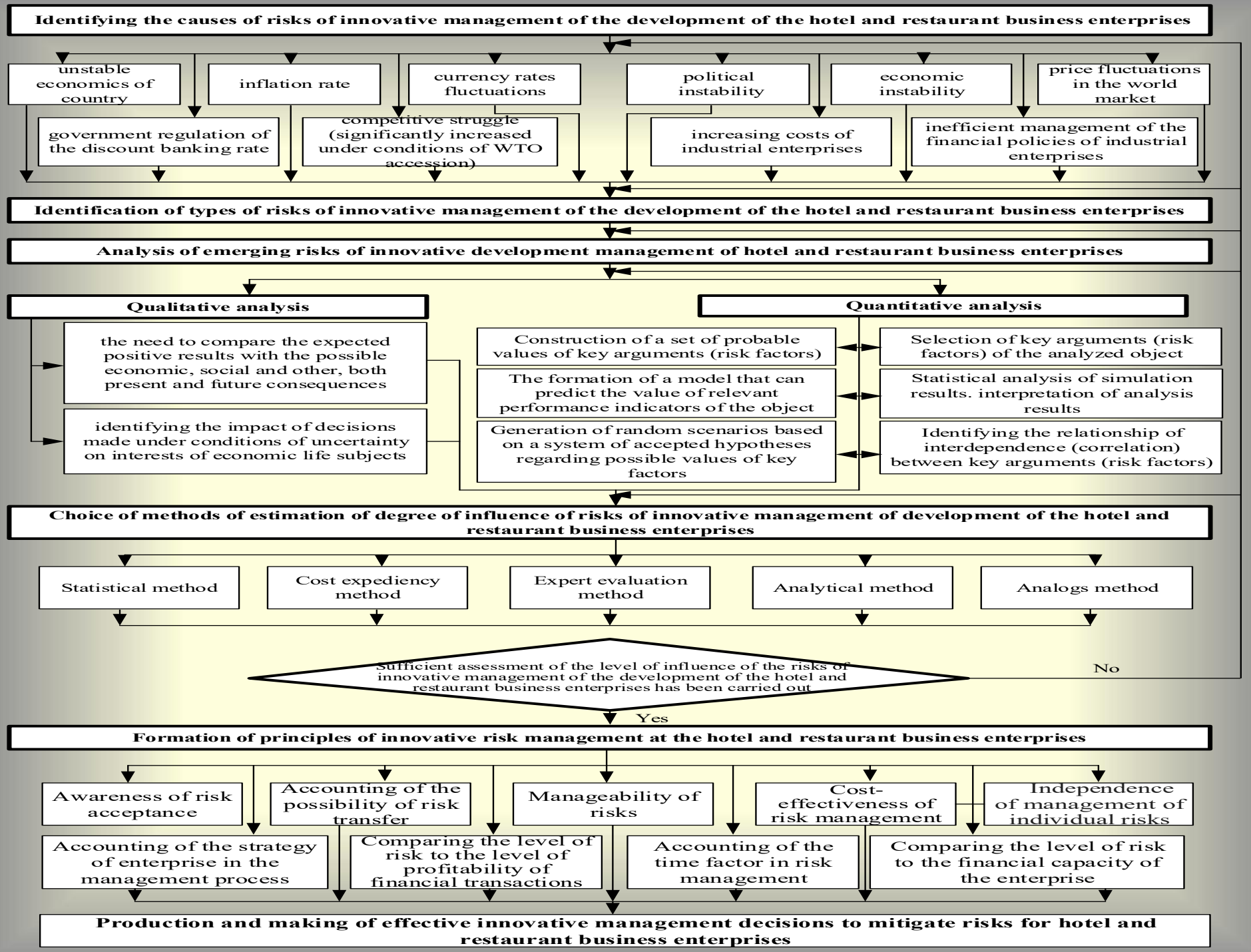
Comprehensive scientific and practical approach to the assessment of the degree of influence and neutralization of risks of innovative management of the development of the hotel and restaurant business enterprises


Identifying the causes of risks of innovative management of the development of the hotel and restaurant business enterprises
unstable economics of country
inflation rate
currency rates fluctuations
political instability
economic instability
price fluctuations in the world market
government regulation of the discount banking rate
competitive struggle (significantly increased under conditions of WTO accession)
increasing costs of industrial enterprises
inefficient management of the financial policies of industrial enterprises
Identification of types of risks of innovative management of the development of the hotel and restaurant business enterprises
Analysis of emerging risks of innovative development management of hotel and restaurant business enterprises
Qualitative analysis
Quantitative analysis
the need to compare the expected positive results with the possible economic, social and other, both present and future consequences
identifying the impact of decisions made under conditions of uncertainty on interests of economic life subjects
Construction of a set of probable values of key arguments (risk factors)
The formation of a model that can predict the value of relevant performance indicators of the object
Generation of random scenarios based on a system of accepted hypotheses regarding possible values of key factors
Selection of key arguments (risk factors) of the analyzed object
Statistical analysis of simulation results. interpretation of analysis results
Identifying the relationship of interdependence (correlation) between key arguments (risk factors)
Choice of methods of estimation of degree of influence of risks of innovative management of development of the hotel and restaurant business enterprises
Statistical method
Cost expediency method
Expert evaluation method
Analytical method
Analogs method
Sufficient assessment of the level of influence of the risks of innovative management of the development of the hotel and restaurant business enterprises has been carried out
No
Yes
Formation of principles of innovative risk management at the hotel and restaurant business enterprises
Awareness of risk acceptance
Accounting of the possibility of risk transfer
Manageability of risks
Cost-effectiveness of risk management
Independence of management of individual risks
Accounting of the strategy of enterprise in the management process
Comparing the level of risk to the level of profitability of financial transactions
Accounting of the time factor in risk management
Comparing the level of risk to the financial capacity of the enterprise
Production and making of effective innovative management decisions to mitigate risks for hotel and restaurant business enterprises

Calculation of the least risky hotel and restaurant business enterprise by clusters

Method name and calculation method

Laplace criterion

For $F^+ \cdot A_i^* = \max_i \left\{ 1/n \sum_{j=1}^{n} V(A_i, S_j) \right\}$; for $F^- \cdot A_i^* = \min_i \left\{ 1/n \sum_{j=1}^{n} V(A_i, S_j) \right\}$

Enterprises by clusters	Year			$1/\sum_{j=1}^{n} V(A_i, S_i)$	$\max_i \{1/nV(A_i, S_j)\}$
	2021	2022	2023		
«Savoi» PJSC «Vinnytsia» hotel	0,704	0,783	0,799	1/3(0,704+0,783+0,799)=0,762	+
°«Hotel "Podillia"» PJSC	0,384	0,435	0,487	1/3(0,384+0,435+0,487)=0,435	
°«Hotel "Prem`ier Palats"» PJSC	0,327	0,298	0,303	1/3(0,327+0,298+0,303)=0,309	

Hurwitz criterion

for $F^+ \cdot A_i^* = \max_i \left\{ \alpha \max_j \left\{ V(A_i, S_j) \right\} + (1-\alpha) \min_j \left\{ V(A_i, S_j) \right\} \right\}$; for $F^- \cdot A_i^* = \max_i \left\{ (1-\alpha) \max_j \left\{ V(A_i, S_j) \right\} + \alpha \min_j \left\{ V(A_i, S_j) \right\} \right\}$

Enterprises by clusters	Year			$1/\sum_{j=1}^{n} V(A_i, S_i)$	$\max_i \{1/nV(A_i, S_j)\}$
	2021	2022	2023		
«Savoi» PJSC «Vinnytsia» hotel	0,704	0,783	0,799	0,6·0,799+0,4·0,704=0,548	+
°«Hotel "Podillia"» PJSC	0,384	0,435	0,487	0,6·0,487+0,4·0,384=0,446	
«Hotel "Prem`ier Palats"» PJSC	0,327	0,298	0,303	0,6·0,327+0,4·0,298=0,315	

Sevid's criterion

(construction of risk matrix)

for $F^+ \cdot R_{ij}^* = \max_i \left\{ V(A_i, S_j) \right\} - V(A_i, S_j)$; for $F^- \cdot R_{ij}^* = V(A_i S_j) - \min_i \left\{ V(A_i, S_j) \right\}$. $A_i^* = \min_i \max_j \left\{ R_{ij} \right\}$

Enterprises by clusters	Year			Risk matrix			$\max_j \{R_{ij}\}$	$\min_i \max_j \{R_{ij}\}$
	2021	2022	2023	2021	2022	2023		
«Savoi» PJSC «Vinnytsia» hotel	0,704	0,783	0,799	0,704-0,704=0	0,783-0,783=0	0,799-0,799=0	0	+
«Hotel "Podillia"» PJSC	0,384	0,435	0,487	0,704-0,384=0,32	0,783-0,435=0,348	0,799-0,487=0,312	0,348	
«Hotel "Prem`ier Palats"» PJSC	0,327	0,298	0,303	0,704-0,371=0,377	0,783-0,298=0,485	0,799-0,303=0,496	0,498	

The mechanism of improvement of the system of innovative risk management at the hotel and restaurant business enterprises

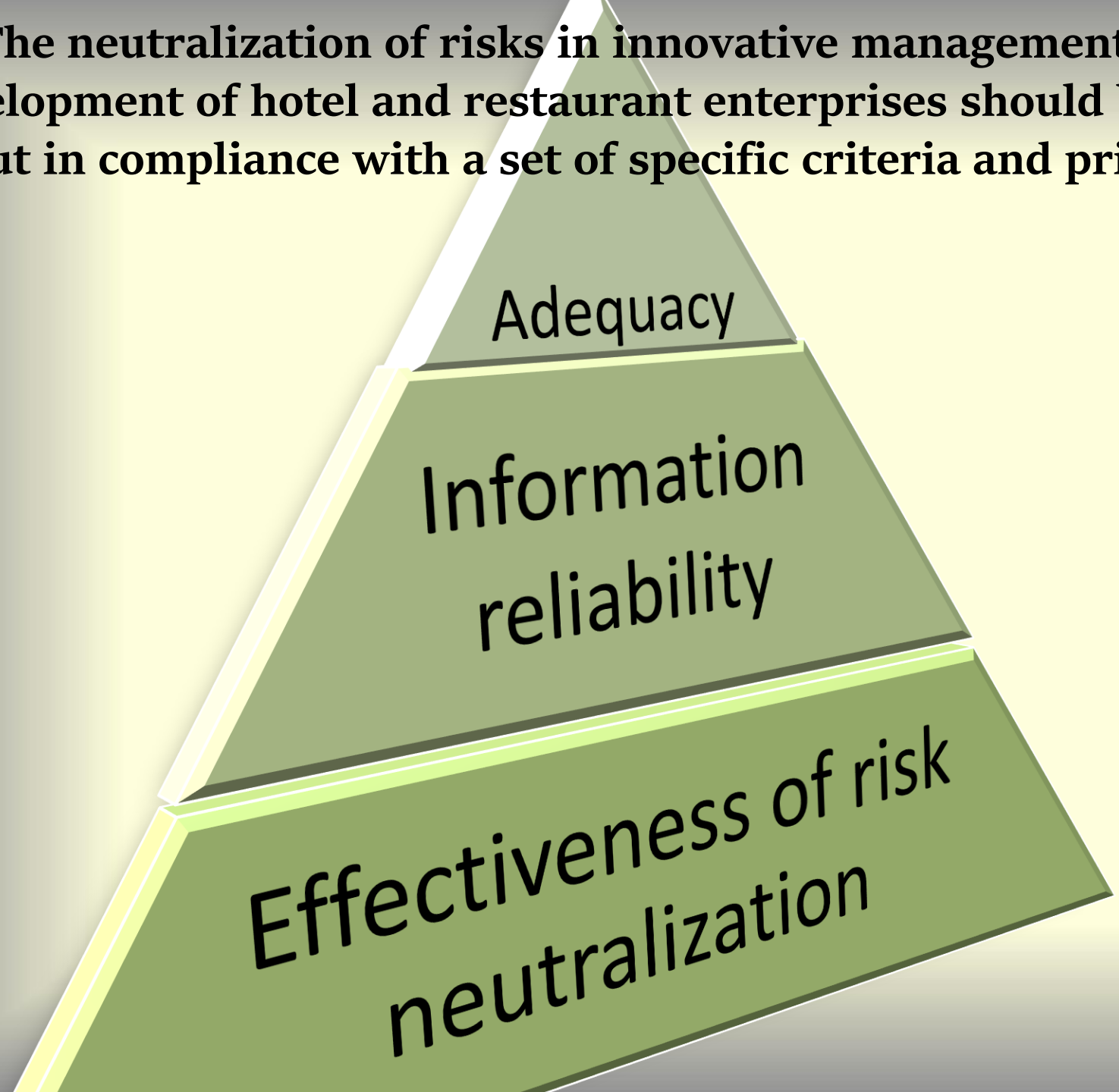
System of internal risk management mechanisms of hotel and restaurant business enterprises and their characteristics

Risk avoidance	This direction of risk mitigation is the most radical. It is to develop such internal measures that completely eliminate a specific type of risk
Risk concentration limitation	The mechanism of limiting the concentration of risks is usually used for those types that go beyond the permissible level, that is, for economic operations carried out in the area of critical or catastrophic risk. Such limitation is realized by setting appropriate internal standards at the enterprise in the process of carrying out various aspects of economic activity
Hedging	Hedging risks by conducting related derivative transactions is a highly effective mechanism for reducing the potential financial loss when a risk event occurs. However, it does require some cost to broker fees, options premiums, etc. However, the level of these costs is much lower than the level of costs for external risk insurance. Various forms of risk hedging have become widespread in the practice of domestic risk management
Diversification	Diversification mechanism is first of all used to mitigate negative financial consenquences of non-systematic (specific) types of risks. At the first place it allows to minimize portfolio risks
Risk sharing	The mechanism of this direction of financial risk mitigation is based on its partial transfer (passing) to partners in specific business operations. Herewith, business partners get the part of risks, which they have more abilities to to mitigate their negative consenquences and have more effective ways of internal insurance protection
Self-insurance	Mechanism of this direction of financial risk mitigation is based on reserving a part of financial resources by an enterprise, which allows overcome negative financial consenquences of those business operations, by which those risks are not connected to counterparty actions
Other method of neutralization of internal risks	Provision of additional level of risk premium for economic operational activities of obtaining certain guarantees, reduction of the list of force majeure circumstances, ensuring compensation of possible losses for risks due to the planned system of penalties

Improving the system of innovative risk management of hotel and restaurant business enterprises

Implement effective analytical and early warning techniques	Integrate risk assessment into strategic and operational processes	Improve risk measurement and monitoring
Identifying risks at the business process level leads to more informed, innovative management decisions	As the risk management process becomes an integral part of operational management, managers become more prudent when making innovative management decisions	Preparing risk reports will allow knowledge to be exchanged on various aspects of the innovative management system

The neutralization of risks in innovative management of the development of hotel and restaurant enterprises should be carried out in compliance with a set of specific criteria and principles



Conclusions

The existing methods for assessing the impact of risk on the activities of hotel and restaurant enterprises are aimed at the comprehensive implementation of the following measures: identification of possible solutions to the problem; determination of the potential consequences of the application of the decision; integral risk assessment, which includes quantitative and qualitative aspects. At the same time, there is a general tendency to assess risk in two areas: the level of risk and the risk of time.

When assessing the level of risk of hotel and restaurant enterprises by any method, the initial parameter is the variability of the consequences of a particular decision. Assessment of the level of risk is presented in the form of the ratio of the scale of expected losses to the volume of the company's property, as well as the probability of these losses. Effective and rational use of risk assessment methods allows to ensure the stability of development of hotel and restaurant enterprises, to increase the validity of innovative management decisions in risky situations, to improve the financial condition as a result of all types of their activities.

THANK YOU FOR YOUR ATTENTION