

STRATEGIC PLANNING OF HOTEL SECTOR DEVELOPMENT IN UKRAINE

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Tourist industry in Ukraine and its' hotel sector is still in its developing stage. The "Law on Tourism" was adopted only in autumn of 2003. It is very important to understand what forces are behind the development of hospitality industry since it affects the development of construction, service and communication sectors and thus has a potential of increasing GDP and government revenues.

In particular, hotel sector of hospitality industry can be seen as a pivotal in Ukrainian hospitality industry development. First, each new hotel creates more jobs that need different levels of qualifications (the ones that pay minimum wage: waiters, maids; as well as highly-paid ones: managers, guides, interpreters). Second, the expanding of this sector will improve competition among the hotels, which will lead to the improvement in the services they provide. Third, the improvement of services provided by the hotels can improve the position of Ukraine in the international tourism market and attract more international and domestic tourists.

In particular, we are interested in how hotel managers try to improve the services provided by their hotels in order to attract more tourists. Since Ukrainian hotel sector has more incentives now to become more competitive (Crimea's increased competition with Turkish and Bulgarian resorts; the next Eurovision contest is going to be held in Kiev), it is interesting to investigate the strategy of existing hotels to provide a wider range and better services compared to their competitors.

There are two strategies that management can use in order to improve its' hotel's competitiveness: innovation and mimicking. Innovation (i.e., developing a new service that is not offered by the competitors) will help to separate the hotel from the others and thus contribute to differentiation of the hotel sector. Mimicking (i.e., offering the same service that the competitors have introduced), on the other hand, can be used to achieve two goals. First, it can help to eliminate competitive advantage of the others; second, if a hotel mimics the decision of the hotel with the best reputation in town, then it can improve its reputation as well. In both cases, mimicking contributes to the homogenization of the hotel sector.

It is interesting to analyze whether Ukrainian hotels mimic decision of each other and if yes, then whether they do it because they want to eliminate competitive advantage of the others in their region or because they want to improve their reputation.

In investigating possible mimicking behavior of the hotel managers, can be used the literature on social learning, which was introduced by Scharfstein and Stein (1990), Bikhchandani, Hirshleifer and Welch (1992) and Banerjee (1992) and further developed by Smith L. and P. Sorensen (2000), Çelen and Kariv (2004) and Kariv (2004). Bikhchandani et al. and Banerjee emphasized in their model, that when the agents have to decide sequentially, the state of the world is unknown, but each agent gets a private signal about the state of the world, each agent's decision reveals a little bit about her private signal and this "little bit" is used by other agents to update their beliefs about the state of the world. The main conclusion of the model is that even eventually every individual mimics her predecessor, even though she would have acted differently if she had decided on her own information alone.

Scharfstein and Stein chose a different way of explaining mimicking the decision of the predecessors. They suggest that in the world, where reputation is important, the signals about the state of the world can be noisy and the signals of agents with good reputation are correlated, then in order to maximize the reputation, the agents will mimic the decision of their predecessor.

The model of Scharfstein and Stein was tested empirically by Graham (1998). Graham investigates the mimicking behavior of investment advice newsletters. In his paper, the author uses the newsletter that is perceived as the best among the investors (The Value Line Investment Survey). Then he compares the recommendations of this newsletter on how to allocate investments between equities and cash with the recommendations of other newsletters in the next period. He finds that the newsletters with better reputation tend to mimic the decisions of Value Line.

The theoretical base of the strategic planning and strategic management problem are the subject of scientific researches of many authors in the field of economy and management. Among them are I. Ansoff, D. Macdonnell, I. Hentce, A. Alimov, N. Goncharova, M. Drazhan, D. Chervanov, M. Mescon, N. Trenev and other scientists. They made a valuable contribution to development the strategic management science given the definitions on this problematic, described the main components of the strategic management and the necessity of strategic planning at the enterprises. But there are not so many works on strategic planning of hotel sector so the statements of the theory need oncoming development and using on practice.

So we plan to run two reduced form regressions. In the first, the dependent variable is the timing of services offered by the hotels and the independent variable is the lagged timing of the services offered by the hotels with the best reputation. In the second, the dependent variable is the timing of services offered by the

hotels in the sample and the independent variable is the lagged timing of the services offered by other hotels. We need to think how to construct our dependent and independent variables in each case. May be we will need to divide sample not by the hotels but by the services.

I think it will be possible to investigate what strategy is followed by the hotels in Ukrainian hotel sector if we compare when different services were introduced in different hotels. If a new service is introduced by a hotel with the best reputation in the region and the other hotels introduce the same service later, then the mimicking occurs because of reputation. If services are introduced by a hotel without great reputation, and then this service is introduced by other hotels, including the hotel with the best reputation, then mimicking occurs because of elimination of the competitive advantage.

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