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# **Modernization as a Means of Improving Financial and Economic Adaptability Hotel Business**

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#### ABSTRACT

The strategic goal of the modernization of the hotel business is to ensure its adaptability in a rapidly changing and unexpected external and internal environment. The position of the hotel enterprise may become unstable, or adaptive because of internal production and technological problems, failures in the supply chain, disorders of the information and communication systems, changes in consumer demand, increased activity of competitors. Achieving strategic stability hotel enterprise depends on the achievement of two main components: Security (reducing the likelihood of failures in the various subsystems of the enterprise) and increase adaptability (development of the ability to restore the key performance indicators). The basis of improving the safety operation of the hotel enterprise is to create a system of protection against failures based on prediction, early detection and elimination of negative situations. Such a system should provide for the mandatory inclusion of all personnel in the work of security companies, as well as cooperation with partners, bodies of state and municipal government and even competitors.

Keywords: Hotel Business, Modernization, Customer Demand, Competitor Activity JEL Classifications: L21, P48

#### **1. INTRODUCTION**

Financial and economic adaptability hotel enterprise depends on its ability to react quickly to changes in supply and demand balance. Changes in supply and demand can be attributed to the change in effective demand, fashion trends, competitor activity and other environmental factors. Moreover, malfunction of the hotel enterprise reduces its efficiency and, correspondingly, to the inability to meet the current demand. Any business interacts with the environment. Problems can arise in the area of logistics enterprises in the service process, in the implementation of services.

For an adequate response to the mismatch of supply and demand, the company must have sufficient resources. In addition, it is necessary to form the supply chain and manufacturing process of service so that a service adapted to the needs of the consumer in the later stages of the production cycle. This will allow the company more flexibility to switch to service customer segments characterized by unmet demand.

#### 2. THE MAIN PART

Modernization of the financial and economic condition of the hotel enterprise is directly related to budgeting, represents an important integral part of management. The essence of budget management is that it is an element of management-oriented management of commercial organization and is a methodology of planning, accounting and control of funds and financial results.

An important issue in the organization of budgeting in the hotel company is the flexibility of the budget, the ability to quickly change the budget figures in the process of implementation of the budget, depending on the changes of basic indicators (such as



buying and selling of services). Vahrushina notes that the flexible budget takes into account changes in the costs depending on the change in the level of sales services. In our view, this approach is optimal (Vakhrushina, 2002).

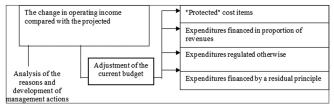
In accordance with the different approaches to the concept of budgeting, a number of researchers, for example, Dugelny argue that there is a wide and a narrow approach to the concept of budgeting. In a narrow sense budgeting - this financial planning the enterprise in which the forecast is three accounting reports: Cash flow (cash flow budget); Profit and loss (income and expenditure budget); Balance Sheet (budget balance sheet). In an extended sense, economic planning technique, in which the company at regular intervals, not only drawn up a set of financial and operating budgets (budget sales, production budget, procurement budget, etc.) which are, in essence, a set of plans business enterprise. Finally, in the broadest sense of budgeting - a technology for control of financial and economic activity of the enterprise. As part of these technologies are performed planning, accounting, control, analysis and regulation of all activities to be implemented.

Maslenchikov also considering a flexible budget that projected costs are set "in the form of standard costs, legislation bound to volume indicators of activity of the company" (Maslenchenkov, 2004; Gurieva, 2015). However, this approach does not correspond to the difference between the cost of different types (AC, DC, etc.). Further, the author notes that there are two basic order "management by exception:" (1) The priority at which each exhibiting budget priority and budget with a lower priority is not funded to complete financing of the budget with a higher priority; (2) proportional, in which each applicant is distributed proportional to the budget. Moreover, Maslenchikov he notes the shortcomings of these approaches - is often at the priority that budget with the lowest priority - and they are usually development projects - are generally unfunded; proportional and gives you less control cash flow (Maslenchenkov, 2004).

Rumyantseva argues that "the system of budgeting is the most powerful tool of financial management system of all available enterprise management. Properly implemented effective budgeting system capable of... greatly increase the chances of successfully achieving the goals of modernization" (Rumyantsev, 2007, p. 321).

Another approach to flexible budgeting considers Novoselov. He points out that "expenditure items are divided into secured and unsecured and secured first priority funding in cases receiving less revenue, revenue than planned" (Novoselov, 2000). As the author said, "it is necessary to properly assess the degree of protection or vulnerability of a particular expenditure", and, "depending on the specific business activities of a company's allocation of certain costs to the protected or unprotected may vary" (Novoselov, 2000). In our view, this approach is optimal - in budgeting must be set exactly the degree of protection each of the articles. It is necessary to determine what costs are financed in full, regardless of the plan of the revenue, which costs in proportion to the revenues or other financial items, any costs - as a residual. The corresponding approach is presented graphically in Figure 1.

Figure 1: The relationship changes in indicators in flexible budgeting system (for example, changes in the level of income)



Note also that such an organization "flexible" budget also allows to organize continuous budgeting, "sliding" manner. As the Khrutsky, "the basic principle of budgetary rules - staggered development involves constant adjustments to the budget bastings as the end of each month or quarter of the budget period." According Bocharova, desirably "budgeting process is continuous or rolling nature." Danilochkina also notes the use of "sliding budget," which can more accurately take into account the changes in the environment in which the company operates. This author points out that in many companies are so-called "sliding" of the budget: The budget, drawn up for a sufficiently long period of time (1 year), adjusted in the process of implementation (e.g., monthly): In December, is made up of 12 months (from January to December) in January - in the next 12 months (since February of this year to February next), etc. Mischenko also argues that "need to maximize closer control to real time" (Khrutsky et al., 2004; Bocharov, 2003; Controlling as a Management Tool Now, 1999; Mishchenko et al., 2004).

Universal scheme of budgeting does not exist. Methods and techniques of budgeting can be applied only on the conditions of a particular company. So, according to Dugelny, budget management system (as opposed to accounting system) cannot be projected in a universal form of planning (budgeting) of business - a difficult task that must be addressed at each plant individually (Dugelny and Komarov, 2004; Espino-Rodríguez and Gil-Padilla, 2015).

The role of budgeting notes in his dissertation Nyrova (Mirotin and Tashbaev, 2004), who writes: Budgeting is a method of allocating resources, characterized in a quantitative form, to achieve the goals as presented quantitatively. The main purpose of budgeting in the modern enterprise is to increase the efficiency of the company through:

The main purpose of budgeting in the modern enterprise is to increase the efficiency of the company through:

- Target orientation and coordination of all the events at the enterprise;
- Identify risks and reduce their level;
- Increasing the flexibility, adaptability to change.

Thus, the formation of the budget as the main financial plan and the economic regulator of the relations between the structural subdivisions of the enterprise and the enterprise with the environment enable enterprises to effectively manage finances in conditions of instability, to organize the production of competitive products, ensuring the effective development of the company.

Generalizations of the concept on the basis of theses Karpova and other researchers are shown in Table 1.

Unfortunately, even in accommodation establishments of the Russian Federation, in addition to large companies, the lack of proper financial planning, and received guidance solutions for financial and economic activity are not justified by appropriate calculations and are intuitive. In some plants planned work is carried out only for a short time (3 months) and is reduced to the definition of a more or less exact size of advance payments of tax payments. However, too short planning horizon eventually turns into a barrier for business development and leads to an emphasis on the current problems. Therefore, greater importance should appear to be given a strategic perspective and intra-corporate financial planning.

Despite the urgent need not all enterprises still present planning and control on the centers of financial responsibility, even though this method allows an effective control by delegating responsibility to the level of individual departments, to conduct operational analysis of operating results and to determine the weaknesses of production; In addition, this method makes it possible to keep management informed of what areas of production cannot achieve the targets.

The procedure for upgrading the financial and economic condition of the hotel enterprise should include the four stages (Gurieva, 2006):

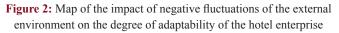
- Identification of factors of negative fluctuations of the external environment;
- Identification of possible deviations from the favorable values;
- Determination of the likelihood of each adverse deviation;
- Assessment of the potential consequences of each adverse deviation.

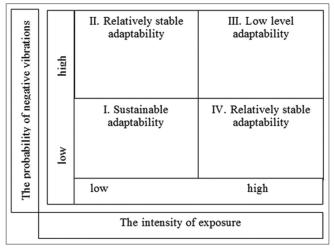
For ordering information on possible disturbances, predicting their occurrence and consequences of their ranking, to identify "weak points" of the enterprise, you can use a special scheme. It allows you to determine the degree of adaptability of the enterprise with respect to fluctuations in the external environment. Influence of environment on the level of adaptability of the enterprise is characterized by the probability of occurrence of an adverse fluctuation and intensity of its impact on the operation of the enterprise. In analyzing the impact of environmental factors on the degree of adaptability of the enterprise in the coordinates of "likelihood of fluctuations/intensity of the impact," there are four possible degree of adaptability of the enterprise (Figure 2).

Low level of adaptability is maximal when the probability of negative vibrations is high, and the consequences are severe (quadrant III). If on the contrary, the effects of fluctuations are not significant and have a low probability, the level of adaptability of the enterprise will be high (Quadrant I). The negative vibrations that have a high probability, but of little consequence (Quadrant II) fall within the competence of tactical management. These include "common" business problems, as small changes in demand, reduced productivity, deterioration of product quality and service, etc. Events IV quadrant, with low probability but serious consequences for the company, require strategic analysis and planning measures to overcome their negative impact, beyond the tactical management.

#### Table 1: The role of budgeting in enterprise management

	or budgeting in enterprise management		
Budgeting as	Impact on enterprise management system		
The guiding	Budgeting involves the focus on results,		
force of the	confirmed by appropriate resources and		
company	incentives of company personnel and		
	harmonization of existing units		
Style of thinking	Budgeting forces managers to think several		
	moves ahead		
Operational	Budgeting system enables operational		
management	decisions based on budgets and plans, as well		
instrument	as to control the execution of these decisions		
Instrument of	Both in fact and according to plan - in the		
control	latter case, the system of budgeting can		
	prevent inefficient solutions even before they		
	were implemented		
Game rule	Budgets of companies are regarded as		
	agreements between the departments and the		
	administration of companies, imposes certain		
	obligations		
Image activities	In the company to budget should be just about		
and ideology	anything, and the rules of budgeting should be		
	clearly fulfilled		
Competitive	Implementation of budget management		
advantage and	increases the management capacity of the		
a symbol of	company; the presence of the budgeting		
progress	system allows more seriously the company's		
	creditors, investors, customers, suppliers, etc.)		





A similar map can be constructed for assessing the impact of a particular threat to the external environment to the enterprises of various industries. It is clear that enterprise of different industries to varying degrees affected by threats to the environment. For companies in certain industries are more dangerous terrorist attacks (airline), for others - a natural disaster (the tourist business), for the third - the strike of trade unions (automakers), etc. (Ovcharov et al., 2015). Thus, companies are in different quadrants of the card, depending on the type of environmental exposure.

In the analysis of adverse movements in the environment, with serious consequences for the company, it is necessary to classify the possible

risks of their ranking, and to identify key areas of action for the development of an adaptive enterprise. For example, in the company of general motors (GM) have developed a classification of the possible negative situations, consisting of four units: Financial, strategic, and operational and block natural disasters (Korchagina, 2002).

The operating units are problems associated with damage to the manufacturing process, from failures in the supply of raw materials to turnover.

The block of natural disasters and accidents are dangerous risks associated with random effects (environmental factors), and intentional infliction of harm (falsification of the product).

Financial unit includes both external (exchange rate fluctuations) and domestic financial risks (errors in the financial statements).

Strategic block includes the key risks of strategic management: The emergence of new competitors, fluctuations in demand, the deterioration of relations with dealers and brokers, etc. The sum of all four units the company estimates more than a hundred different risks. Risk classification methodology GM is shown in Table 2.

Classification, developed by GM, is relative. There is no clear separation of factors external and internal environment. A more detailed classification of risks allocation of additional groups (seems biased switch, for example product liability in a block of natural disasters and dangerous accidents). Furthermore, approach GM observed including one type of risk in the different groups (duplication).

For example, the loss of principal supplier, disruptions in the activities of providers assigned to a group of operational risks,

and relationships with suppliers - to a group policy, although these categories overlap. The situation is similar classification already mentioned product liability to block natural disasters, and the perceived quality of the product by the consumer - to strategic risks.

To overcome the drawbacks of the above-described methods of risk assessment is necessary to use a systematic approach. This approach involves a comprehensive analysis of all components of the financial and economic adaptation of the enterprise taking into account the effects of the environment. To do this, you must set targets flexible enterprise management as a subsystem within the system of higher order - the regional economy (Korchagina, 2002; Quek, 2012).

Then you need to assess the current state of compliance with specified target parameters. In case of divergence of target and actual performance of the company, it is necessary to develop and implement appropriate corrective actions. In addition, you must be a clear separation of internal and external factors. Environmental factors define the limits of sustainable development of the enterprise. Influence them, as a rule, the company cannot, but is obliged to take them into account in their activities. Efficiency of internal factors of sustainable development is determined by the flexibility of literacy and strategic management (Skameykina, 2009).

To build a system of targets for sustainable development will use the methodology of the objectives tree. This methodology will provide the following benefits:

• Specific language of each target (to be reflected in a specific object or process);

Table 2. Risk classification meth	ouology GM		
Financial block	Strategic block	Operational block	Block disaster
Failure to pay the debt on the loan	New or foreign competitors	Staff turnover, lack of staff skills	Geopolitical risks
Adverse changes in the regulatory	The boycott of the population	Guarantees/company product recall	Product liability
and legal acts	and public reprimand		
The intervention of the shareholders	Negative reviews media	The loss of key personnel	Severe weather conditions
Fluctuations in interest rates	Protectionism in foreign markets	Extortion	Sabotage
Fuel prices	Corporate culture	Discrimination	Lost shipping
Currency fluctuations	Loss of intellectual property	Embezzlement	Management's
			Responsibility
The instability of the financial	The struggle for market share	Problems of information and	Property damage
markets		management	
Credit rating of business obligations	Relationships within their own	Failures of the accounting system	Environmental pollution
	companies	and internal control	
Liquidity/availability of funds	Relations with suppliers	Malfunctions in the system failure	Building collapse
The economic downturn	Relations with dealers	Crashes IT - systems	Third party liability
Changing the rules of accounting/	Technological Design study	Violation of the requirements of	Compensation of employees
tax legislation		health and safety	injured on the job
Structure of uncompetitive costs	Inefficient management	Governmental investigations	Earthquake
Revenue Management	Violation of moral norms	Crashes suppliers	Flooding
Change of environmental	Relations with trade unions	Breaks in the activities of suppliers	Tsunami
protection legislation			
Valuation of assets	Seasonal fluctuations in demand	Loss of the main supplier	Epidemic
Convertibility of currency	Perceived quality	Theft	subsidence of buildings
The cost of health care and pensions	Customer relations	Deliberate damage	Fires
GM: General motors			

#### Table 2: Risk classification methodology GM

GM: General motors

- Comparability purposes at each level on the scale and significance;
- Measurability (possibility of a quantitative assessment of the level or ordinal achieve the goal);
- Opportunistic (the representation of each target in the form of higher levels of lower-level sub-goals so that the union of the concepts of sub-goals are completely determined by the concept of the original target);
- Continuity, consistency, completeness statement of objectives (objective tree is constructed in such a way that between the concept of goals and sub-goals it was impossible to include intermediate concepts, with the exception of even one sub changes the concept of the original target).

When constructing objectives tree is necessary to decompose the general goal of "ensuring socio - economic sustainability of the hotel enterprise" a number of sub-goals. In the first step of decomposition, we can identify six groups of targets, describing the activities of the hotel complex of the enterprise in the field of marketing, production, financial, organizational, management, and innovation, social and environmental policies.

To ensure the sustainability of marketing include: Strengthening the competitive position, business activity, increase sales, enhance the attractiveness of products for consumers. Production is characterized by increased stability of the efficiency of resource use and production activities. Financial sustainability of the hotel suggests increasing the profitability of financial and economic activity, solvency and financial stability. Organizational and managerial stability is determined by an increase in management efficiency and increasing the investment attractiveness of the organization. Ensuring the innovation process involves the introduction of new technologies and ways of organizing the production of services, production of new types of services. Decomposition purposes should be carried out in compliance with the requirements of the lower levels of measurable goals. Realization of the target parameters of the model of sustainable enterprise development involves the creation of specific governance mechanisms.

Serious threats to the sustainable development of hotel companies rarely occur in the absence of signs of foreshadowing. Chance of many random events can be estimated by the publicly available information about the frequency of earthquakes, floods, epidemics, etc. Many natural phenomena are subject to statistical laws, suggesting that their appearance at certain times. Moreover, the majority of adverse events associated with the human factor, is subject to similar laws. A large number of minor disruptions usually precedes a more serious events. Thus, minor accidents are an important basis for the analysis of the factors and causes of the instability of the hotel enterprise. Their study will allow the company to adjust the mode and conditions of their work in order to prevent the crisis. Permanent collection and regular analysis of the shortcomings of the enterprise will reveal his "problem areas" and to optimize the process of assessing the likelihood of potential threats.

Currently, most Russian hotels have no formal instrument failure prediction and assessment of their likelihood. If such a process is

organized in the hotel, the analysis is usually based on subjective assessments management. Limited opportunities for assessment and prediction of problems and threats leads to the necessity of formation of surplus resources for the sustainability of the hotel enterprise.

In the development of a crisis of any nature, regardless of its length and depth, can be divided into several stages.

Modernization of the financial and economic condition of the hotel enterprise consists of a series of sequential steps. In most cases, the company can anticipate the negative impact of the environment and to prepare for them. This will minimize the negative effects of the crisis and maintain stability.

The first stage - the process of preparation for the crisis: System analysis and forecasting of possible problem situations enables hotel companies about the existing negative trends. This allows you to identify systemic problems that can trigger the development of the crisis in the future. It should be noted that the lead time a crisis situation may be different.

This is followed by the onset of the crisis. From the perspective of system analysis for enterprise - is a critical point at which the system goes out of balance. Its further development can take place under different scenarios (or survival, restoring stability when changing the basic parameters of activity or bankruptcy). Forecast of development of the company depends both on the outside (the impact force of the crisis) and internal factors (ability to adapt).

The second stage - the first reaction of the hotel enterprise to the crisis: The duration of this stage may also be different. The first reaction is aimed at preventing the physical and material damage to the company, its employees and the environment (in the case of natural disasters, etc.). This stage involves the use of resources of the hotel enterprise, and perhaps outsourcing. Minor symptoms of instability (primarily fluctuations in consumer demand) or the initial stage of a serious crisis, the company can overcome with the help of pre-made stocks. Hotel company may create reserve capacity to replicate key processes and diversify the supply of materials and major components. This will allow the company to serve customers, in parallel doing restoration after the failure. At the same time, the strategy of "creating insurance stocks" has serious drawbacks, chief among them - the high cost. Storage insurance stocks significantly increases the overall cost of the enterprise and, therefore, reduces the profitability and efficiency of its current work. Intense competition is forcing companies to optimize hotel workflows, reduce costs primarily by eliminating the storage of surplus stocks. The strategy of creating insurance stocks is justified in a situation where the potential losses from the crisis are quite high, and the costs to build stockpiles and production facilities are relatively small (for example, information technology).

It is not always immediately visible effects of the crisis in full. The crisis may have a delayed impact. The consequences of the crisis can be mitigated by advance preparation, the ability of the hotel to compensate for the temporary loss of enterprise sustainability. If

the effects of the crisis are manifested in full, the hotel enterprise sustainability and efficiency of its work seriously reduced.

The third stage of modernization in a crisis situation is to prepare for recovery. It can start with either simultaneously with the first reaction, or soon thereafter. This stage involves the assessment of alternatives for restoring the stability of the company and choice of the optimal course of action (shift to the new marketing segments, the search for new suppliers and middlemen to attract the necessary resources, etc.)

The fourth phase - the restoration of adaptability. Restoration of supply, production, destroyed infrastructure, information and communication systems may require considerable time. If, because of a crisis situation at the enterprise deteriorated relationship with target consumers regain a stable position on the market it will be difficult. In many ways, the severity of the crisis depends on the competitive position of the company: If it works on the market with fierce competition (for example, the production of consumer goods), the company must respond to the crisis more quickly and effectively than in a situation where it produces a unique product. Adaptability position of the company in a competitive market is highly dependent on the index of the market share. The larger the market share, the higher its adaptive capabilities and the potential of the positive long-term development. Due to economies of scale, the company with greater market share is lower production and transaction costs. Accordingly, it can use a flexible pricing policy and additional internal reserves to survive the crisis with fewer losses. To return to normal production, many companies are working with increased loads on labor and material resources.

The basis for the development of hotel management adaptive enterprise strategy should be flexible. Its practical implementation is rather complicated, because it involves the creation of a flexible system of cooperation not only between departments of the enterprise itself, but also between the company and its major partners. This strategy includes building a stable long-term relationship with clients, flexible contracts that allow the volume and schedule services. It involves the use of flexible manufacturing technology services, allowing the release of various services. It involves the training of generalists capable of solving various production problems. An obligatory element of this strategy is to manage the relationship with consumers, aimed at creating strong partnerships (Sohn et al., 2014).

Any modernization of the system is based on the objective of the internal laws (self-modernization - self-sufficiency; selfdevelopment - local government). Therefore, modernization involves rapid adaptation of the hotel enterprise to the constant changes in the environment.

The strategic goal is to ensure the modernization of the hotel business in the conditions of adaptive immunity sharply and unexpectedly changing internal and external environment.

The procedure for modernization of the funds needed to increase the financial and economic adaptability hotel enterprise consists of four phases: Identification of factors of negative fluctuations of the external environment; identify possible deviations from favorable values; determining the likelihood of each adverse deviation; assessment of the possible consequences of each adverse deviation. At all stages of the modernization action is necessary to monitor the degree of negative and positive vibrations, favorable and unfavorable events for the seating sector, to assess the quality of hotel products and services for the customer. This process, as a rule, is engaged in business communications system.

The role of business communications in the hotel company is that they are a necessary and fundamental conditions that support the existence and development of modern hotel service. You can also recognize it is a fair point of view, shared today by a growing number of economists - scientists, researchers and practitioners of business and entrepreneurship, according to which business communications are the essential foundation of business of the modern type, in fact, the business of communication - it is the modern economy (Skameykina, 2009). Among the trends that determined the growing role of business communications in the hospitality industry are:

1. A commitment to ethically-oriented business - communication allows you to create an active communication environment for establishing fruitful contacts between the enterprises of the hotel industry, business organizations, the authorities and the media.

Analysis of the domestic as well as international experience shows that the most important areas of modernization of business communications hospitality industry, commercial and non-profit organizations whose main activity is the production of services include the following areas shown in Figure 3.

Consider these trends in more detail:

- Improved forms, methods and systems management of hotel companies offers a package of services for the population, in order to achieve such economic performance, which could provide them with adaptive functioning in a competitive market environment.
- Improved organizational forms and mechanisms

Interaction between hotel companies with government agencies. In a market economy, the direct intervention of the state in the sphere of hotel business, even if it is a market of socially significant and ensuring social stability of services is considered

Figure 3: The main directions of modernization of the communications business hotel enterprises

	1			
Perfection of forms and methods of management, taking into account the priorities social Policy	Improving organizational forms and mechanisms of interaction with state structures	Improvement of infrastructure and business communications		
The development of the hotel business communications				
The unification and standardization of document management systems in the hotel service	Creating systems and channels of integrated communications	Active use of Internet technology and electronic systems interaction		

to be unacceptable. However, the state has a sufficiently powerful arsenal indirect impact on the market situation, using legal and political forms of regulation of the spheres of activity, which it considers a priority in terms of public interest.

- Improved systems and infrastructure business Communication involves, first of all, the adoption of decisions related to technical and technological support of business contacts, which could serve as a reliable basis for an intense and ever-increasing amount of information in business interactions.
- Harmonization and standardization of document management systems in

Hospitality services to the public with a view to removing Barriers in the field of hotel services between consumers and organizations, including the government, to carry out legal, mediation and regulatory functions.

- Development of systems and integrated communications channels is of particular importance in terms of improving the efficiency of business communications and giving them a qualitatively new form, relevant to today's technical and institutional capacity in the field of communications.
- Increasing the efficiency of information contacts with the end users of services through electronic channels of communication based on the use of Internet technologies.

## **3. CONCLUSIONS**

The modernization of the Russian economy requires modernization and service. The need to speed up the dynamics of the Russian services is dictated primarily by internal factors - low levels of virtually all services, as well as the country's orientation towards a dignified integration into the world economy.

The course for the modernization of the Russian economy suggests the creation of favorable conditions for the fuller realization of the positive trends in the services sector and its general economic impacts.

Conceptual model of modernization service enterprises may be aimed at strengthening their role in the progressive change of factors external and internal environment, on the systematization of emerging challenges predictive monitoring and analysis of the business environment in the structuring and optimization of internal capacity.

The imperative of modernization processes sphere of hotel services defines the main benchmark of quality, competitiveness and adaptability of development. This requires the development of a new growth model based on promoting the quality of services, that is to create the conditions for sustainable operation and development of the subjects of the hotel business.

Analyzing the state of affairs in the domestic hotel industry against the backdrop of the international hotel industry can be stated that it is necessary for modernization, which should be the basis for the following tasks:

• Ensure strategic stability and adaptability of the hotel business;

- Improve the quality of hotel services;
- Increase the competitiveness of services.

The complete cycle of management decision-making in the modernization possible when forming the flexible hotel management, able to carry out strategic planning, flexible budgeting, business communications and monitoring of competitiveness, i.e. use the optimal set of modernization.

Flexible hotel management as a whole is a means of implementing the ability to adapt hotels in different areas and types of modernization.

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