

# State Regulation of the Hotel and Restaurant Complex in the System of Development of Tourism and the National Economy

Oksana Poltavska <sup>†</sup>, Iryna Lashchuk <sup>††</sup>, Tetiana Nikitchina <sup>†††</sup>, Yuliia Borutska <sup>††††</sup>, Natalia Smolinska <sup>††††</sup>  
[mozgh@ukr.net](mailto:mozgh@ukr.net)

<sup>†</sup> State University of Trade And Economics, Ukraine

<sup>††</sup> Lviv Polytechnic National University, Ukraine, Ukraine

<sup>†††</sup> Odessa National Technical University, Ukraine

<sup>††††</sup> Lviv National Environmental University, Ukraine

<sup>†††††</sup> Lviv Polytechnic National University, Ukraine

## Abstract

The main purpose of the study is to analyze the key aspects of state regulation of the hotel and restaurant complex in the system of tourism development and the national economy. The effectiveness of the regulation of the hotel and restaurant complex in the system of development of tourism and the national economy largely depends on the presence of an effective central executive body that would take care of the problems of the development of the industry, the quality and perfection of legal support, a strategic view of programming the development of the industry within the state and regions, as well as administrative mechanisms of public administration, which fully ensure control over the activities of economic entities and the quality of the services they provide. Based on the results of the study, key aspects of state regulation of the hotel and restaurant complex in the system of tourism development and the national economy were identified.

## Keywords:

## 1. Introduction

In the modern economic environment, which is characterized by dynamic informatization of market relations and under the influence of globalization trends, it causes the emergence of new prerequisites for effective transcontinental and interregional cooperation with the creation of an extensive network of partnerships, the hotel and restaurant complex as a subsystem of the tourism industry and cultural and educational ties at the macro and micro levels. Such a complex mission is the responsibility of state structures that perform the function of ensuring the welfare of the population and the economic prosperity of the country through the protection of the professional and personal interests of their citizens, as well as guests of cities and towns. That is, this problem largely depends on the degree of action and development of state support for the development of the hotel industry.

The development of the hotel and restaurant market is due not only to the desire of hotel and restaurant enterprises to present an original competitive product on the market, but also to the presence of geographical, economic, organizational, legal and other prerequisites in a particular country. Currently, there is an active development of the hotel and restaurant market, due to ongoing work to increase the competitiveness of the tourism industry. Our country is increasingly becoming a venue for significant national and international events, which contributes to an increase in tourist flows and is an impetus for the further development of the hotel and restaurant services market.

The effective functioning of the entire hotel and restaurant industry is unrealistic without the presence of competitive offers from hotel and restaurant companies, which are the most important links in its mechanism.

## 2. Methodology

The article is based on theoretical provisions on the regulation of the hotel and restaurant complex in the system of tourism development and the national economy. To solve the tasks set, the following methods of scientific research were used: methods of analysis, synthesis and formalization; system-structural analysis; abstract-logical method - for the implementation of theoretical generalizations and the formulation of conclusions from the study of state regulation of the hotel and restaurant complex in the system of tourism development and the national economy.

### 3. Research Results and Discussions

The dynamic digitalization of market relations under the influence of globalization trends in the modern economic environment has led to the emergence of new prerequisites for effective transcontinental and interregional cooperation, which involves the creation of an extensive network of partnerships. The hotel and restaurant business as a component of the tourism industry plays a fundamental institutional role for the development of socio-economic, cultural and educational ties at the macro and micro levels. This complex mission can be attributed to the responsibility of state structures, because in the course of their activities they are called upon to ensure the economic prosperity and well-being of the population of the state by protecting the personal and professional interests of citizens, guests of cities and towns. That is, this issue largely depends on the degree of action and development of the state policy for the development of the hotel, restaurant and tourism business [1-4].

The state as a guarantor, in particular of economic security and financial stability, must be aware of the need to create a favorable climate for the development of hotel, restaurant and tourism businesses. In this case, the administrative levers of state regulation are an integral part of the hotel and restaurant technology system, which are based on methodological and organizational principles, which forms an integral institutional mechanism for the functioning of hotel and restaurant enterprises.

The key objects of legal regulation of enterprises in the hotel and restaurant industry are the technologies for the production, organization and implementation of the provision of hotel, restaurant and tourism services in various areas, covering a wide range of issues (from the terminological basis and time standards to the methodological basis for the formation of a hotel, restaurant or tourism product).

The development of the hotel and restaurant business to the greatest extent depends on the conditions of the market environment, as it is associated with the consumer service sector and the influence of market economy factors. Firstly, it concerns the conjuncture of the market environment, its changes, the state of competitiveness of the enterprise.

So, the hotel and restaurant industry consists of many structured and interconnected elements that create products and services in the course of their economic

activity that satisfy a certain range of consumers. The management of the hotel and restaurant industry is carried out by external and internal ways.

A feature of the hotel and restaurant business is the inseparability of the creation of a service from the moment of provision to receipt, and from the entities providing it and receiving the service. This maximizes the importance of providing high quality services. In the hotel and restaurant business, the consumer directly determines for himself the level of quality of the services received and decides whether to receive them again or, conversely, refuse. Decision-making when receiving a service by other consumers is often based on the opinions of previous customers of hotels and restaurants. Consequently, the possibility of developing the capital of hotel and restaurant enterprises directly depends on the quality of services [5-9].

There are systemic problems of state regulation of the hotel and restaurant complex in the system of development of the national economy (Table 1).

Table 1: The systemic problems of state regulation of the hotel and restaurant complex in the system of development of the national economy

<i>N<sup>o</sup></i>	<i>The systemic problems</i>
1	Underestimation of the role of tourism and hotel and restaurant business in filling the local and state budget
2	Problems with an effective management vertical in tourism and the hotel and restaurant business

3	Insufficient representation of the tourism and hotel and recreational business on the websites of local authorities
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these features and work to maintain a healthy competitive environment in the industry [10-15]. The main external threats to the system of state regulation of the hotel and restaurant complex in the tourism system and the national economy are shown in Figure 1.

The hotel and restaurant business market is one of the most highly competitive due to the large number of entities, mostly independent of each other. At the same time, unweighted processes of state regulation of the formation of a competitive environment can lead to the development of oligopolistic processes in this market. We are talking about the development of several large chains, which, having significantly increased their presence in the market, strengthen their influence on it and displace smaller hotel and restaurant business entities from the market. Therefore, governments should take into account

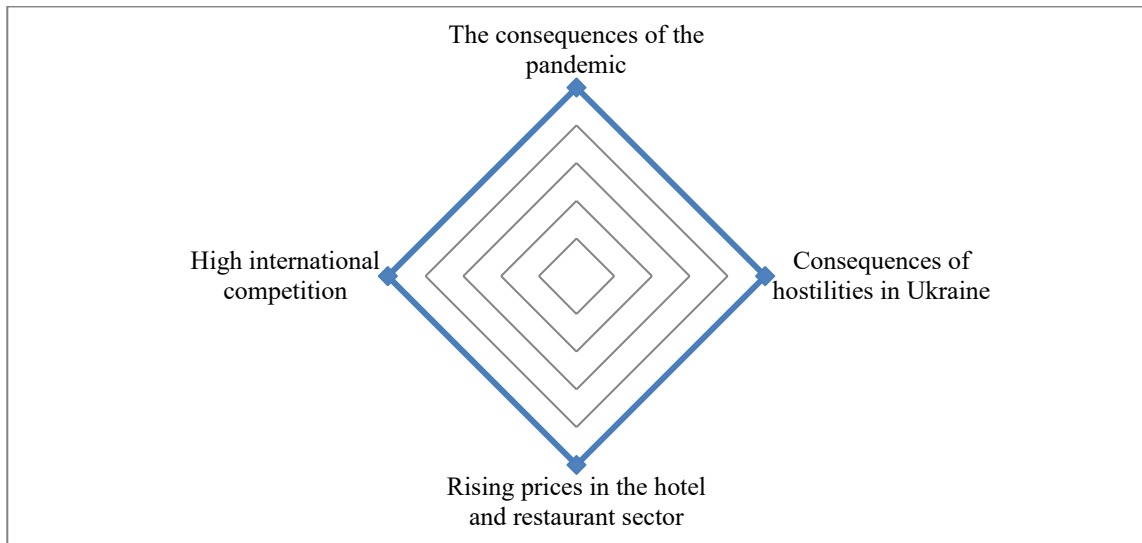


Fig.1. The main external threats to the system of state regulation of the hotel and restaurant complex in the tourism system and the national economy

Model of state regulation of the hotel and restaurant complex in the system of development of tourism and the national economy are shown in Figure 2.

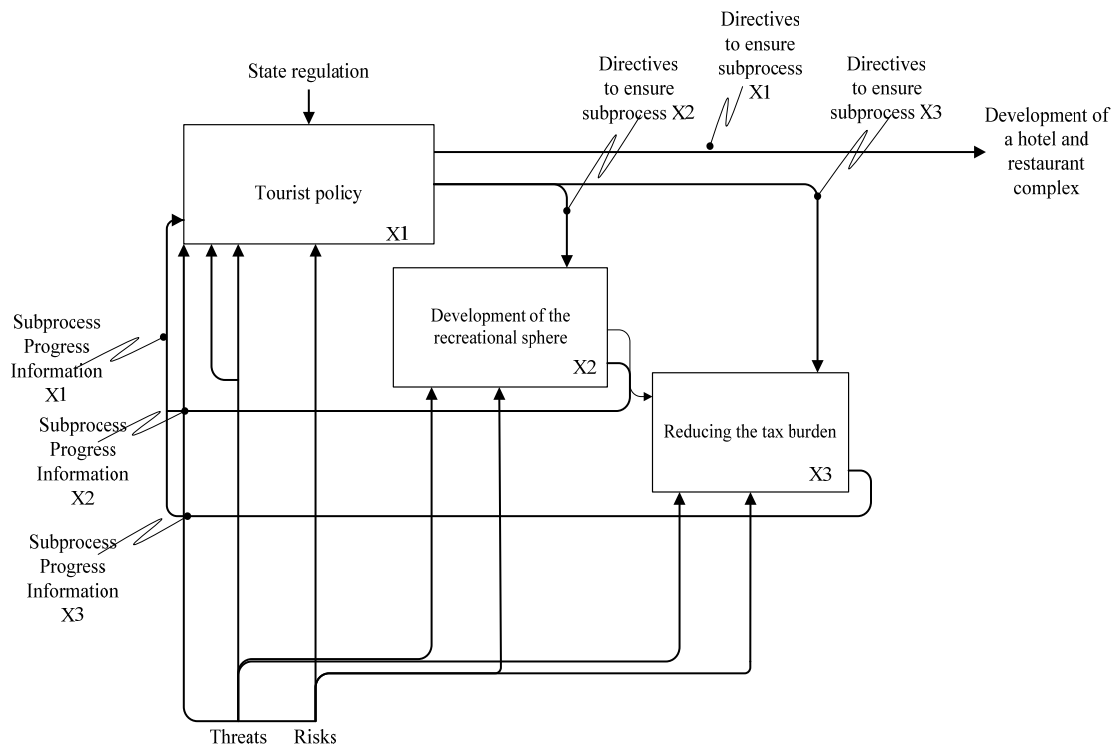


Fig.2. Model of state regulation of the hotel and restaurant complex in the system of development of tourism and the national economy

In the context of worsening pandemics and crises, an important strategy for the development of the hotel and restaurant business is the use of innovative technologies not only in production activities, but also in managerial and financial ones. The main innovative technologies in management activities include the introduction of hotel and restaurant business management systems, in particular with the use of a franchise, the formation of a new corporate culture based on trust, mutual understanding and client-centrism. In addition, the closure of the place must become a fundamental element. This can be achieved through the creation of smart cities within hotel and restaurant complexes. The main role will be played by corporate culture, which will become the core of future strategic changes. An innovative strategy is important for implementation, the implementation of which should take place through the creation of smart cities within the hotel and restaurant complex. This approach minimizes contact with the external environment and will contribute to the formation of a positive impression of the quality of services.

#### 4. Conclusions

Current trends in integration into the world economic space cause significant changes in the system of state policy priorities for the development of profitable sectors of the economy, one of which is tourism. The countries of Eastern Europe occupy one of the leading places in Europe in terms of the level of provision with well-known potentially branded natural, historical and cultural resources that can attract significant interest from domestic and foreign tourists. In the context of the development of a socially oriented model of the economy, the development of the tourism industry is one of the national priorities, since it is characterized by high profitability and an exclusively social orientation. For the development of the tourism industry in tourist-attractive regions (cities) and a significant expansion of the list of tourist and hotel and restaurant services, improving their quality, proposals are presented for creating effective organizational and legal forms for combining the efforts of various enterprises. At the same time, the hotel and restaurant sector cannot

ensure the full implementation of economic and social functions, and does not contribute to the preservation of the environment and cultural and historical heritage. The main reasons for this are imperfect legal regulation, lack of support from the state, weak innovative activity of the subjects of tourism services, as well as the development of the necessary infrastructure.

Given the importance of the tourism industry in the country and the world as a whole, investing in this industry is an important factor in the development of the industry and the country's economy, respectively. Investment contributes to the development of the tourism industry, given the peculiarity of the rapid growth rate and the emergence of innovations in this area. The development of modern tourism for the most part depends on the introduction and development of something new, which is aimed at improving the offered services, maintenance and generally expanding tourism opportunities. Given the huge competition for tourism services, innovation is the key to success in the toughest market conditions. Technology in the hotel and restaurant business is developing very quickly. This trend is the result of the fact that enterprises are facing two main tasks: to attract more customers and make them regular customers. These tasks are impossible without innovative implementations. This requires the hotel and restaurant industry to modernize in technology, save energy, money and time.

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