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RISK MANAGEMENT OF INTEGRATED STRUCTURES IN THE HOTEL AND RESTAURANT BUSINESS

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Introduction and aim of the research: Globalization and integration processes is a feature of modern business. Effectiveness and efficiency of modern enterprise management is defined as both a competitive advantage and the ability to work with business partners. Require further study on integrated risk management structures in the hospitality industry, taking into account the interaction of participants of the formation.

Research hypothesis. It is proved that the specific risk management integrated business structures is the need for a mechanism integrated risk management, taking into account the behavioral aspects of risk management: risk tolerance index and index of risk aversion partner.

The aim. The purpose of the article is a generalization and improvement of theoretical and methodological principles of integrated risk management structures in hotel and restaurant business.

Methodology: The article uses general scientific methods and techniques of knowledge: the scientific method of information retrieval, monographic method (in essence a synthesis of concepts such as "risk management," "integrated business structure"); system analysis method (in determining the components of risk management mechanism integrated business structures).

Results: It is determined that the main components of the mechanism of integrated risk management at the enterprise hotel and restaurant business are:

- object-subject component (participants integrated business structure - (customers, suppliers resources, science and education, government, brokers, manufacturers and services);
- integration organizational component, network connections; the interests of business partners (joint, different interests); coordination of interests; portfolio risk areas of organizational risk exposure);
- functional and productive component: principles, methods, components, tools, functions, the result of an integrated risk management.

Conclusions: The article is proved that the synergistic effect of risk management based interactions through: economies of scale of activity; obtaining complementary resources; reduce competition; improve the quality of management; Information effect; innovative effect; diversification of risks.

Keywords: risk, mechanism of risk management, integrated business structure, interaction, partnership, potential, project management, efficiency.

Problem and its connection with important scientific and practical tasks. Increasing instability of the global economy, the dependence of national economies on the global financial and economic crises, the tough conditions of a competitive business environment, integration and globalization of the economy and the society necessitated a systematic risk management in business. Currents is an issue of critical business risks impact on the efficiency of doing business in the hotel and restaurant business and tourism activities. Risk in business acts as indicator that shows not only the threats but also provides additional capabilities in the design and implementation of the strategy.

Effectiveness and efficiency of modern enterprise management is determined by the usage of new approaches and methods, one of which is an integrated risk management at the enterprise level (Enterprise Risk Management ERM). Therefore, an important task is the study and systematization of the existing practical and scientific approaches to risk management in the hotel industry allowing the formation and operation of integrated entities.

Analysis of recent publications on the problem. Theoretical and practical aspects of risk management in business were studied by western and domestic scholars such as: Thomas L. Barton, William G. Shenkyr, Paul L. Uoker, V. Apopiy, Ivan Balabanov, G. Bashnyanyn, A. White, J. Blank, E.Velychko, V. Vitlinskyy, L. Donets, V. Zagorski, A. Mazaraki, N. Machina, Mizyuk B., S. Nakonechny, I. Neno, V. Tochilina, A. Yastremskaya and others. [6, 17, 23].

The management issues of companies based on integration approach, theoretical and practical aspects of the formation and operation of integrated business structures disclosed in papers [7, 9, 10-12, 15].

Theoretical and methodological aspects of cluster-network structures were studied in the works of scholars such as: M. Porter [20], M. Voynarenko [4], M. Yemets [7], M. Yermoshenko, L. Hanushchak-Efimenko [8], S. Kunitsyn [9], M. Naumenko, M. Cherkashin [16], S. Sokolowski [21].

The question of effective management of public-private partnerships explored by scientists such as: L. Afanasyev, N. Cooper, L. Gritsenko, Alexander Onishchenko, et al. [1, 3, 5, 13, 14, 18].

Remaining part of the study. There is a reasonable cause of risks in business, due to the impossibility of calculating result and taking into account the impact of various factors. Therefore require further study on integrated risk management structures in the hotel industry, with taking into account the interaction of participants of the formation. The purpose of the study is a generalization and improvement of theoretical and methodological principles of integrated risk management structures in hotel and restaurant business. The study has set and solved the following tasks: research the nature of the concepts of "risk management," "integrated business structure"; evaluate existing preconditions of the environment on the prospects of creating integrated structures in the hotel industry, based on official statistics; identify the components of the mechanism of risk management in the company of hotel and restaurant business, as a member of the integrated structure; define the risk-management features of integrated business structures.

The presentation of the main results and their justification. A key success factor in the design and operation of integrated business structures is a responsible position of business leaders, partnerships among various business groups, define the interaction principles, responsibilities of participants on the basis of agreements. In the integrated business structures all enterprise participants receive many benefits from the merger and cooperation in a particular area (which is typical for the hotel and restaurant business) without losing its independence.

Prerequisites for creating strengths, competitive advantages of participants of integrated business structure are the following: the relationship between the companies that make the members of the integrated business structures stronger than those working alone; cooperation and collaboration, which are incentives to find new, more advanced methods of work; focus on innovation, attracting domestic and foreign investments; focus on the needs of the market (the region), the main factors that ensure overall strategy of integrated structures in hotel and restaurant business.

The analysis of the number of enterprises of hotel and restaurant business (companies engaged temporary arrangement and catering) for 2015 amounted 7785 units, representing 79% of the same period of 2010. The size of the analyzed companies is dominated by small enterprises (96.8 %, including 81.6% microenterprises) (Table 1).

Table 1

Basic structural indicators of enterprises engaged in temporary arrangement and catering for their size [22, p. 454, 466]

	2010	**2011**	**2012**	**2013**	**2014**	**2015**
The number of enterprises, total	9777	9880	9495	10096	7885	7785
large enterprises, %	0,0	0,0	0,0	0,0	0,0	0,0
medium-sized enterprises, %	4,3	4,4	4,8	4,3	3,7	3,2
small enterprises, %	95,7	95,6	95,2	95,7	96,3	96,8
including micro small enterprises, %	76,1	75,4	75,6	78,4	80,4	81,6
Sales of products (goods and services), total mln. UAH.	11613,4	12940,7	16519,3	16726,9	14346,3	17674,1
including small enterprises, %	31,2	31,5	30,9	31,2	30,7	31,1
including micro small enterprises, %	9,2	9,4	9,5	9,3	8,9	9,6

According to the results of analysis in 2015, 71.8% were profitable enterprises (Table 2).

Table 2

Financial results (before taxes) of enterprises engaged in temporary arrangement and catering [22, c. 477, 480]

	2010	**2011**	**2012**	**2013**	**2014**	**2015**
Financial result (balance)	-548,1	-571,6	-862,5	-1270,5	-6579,0	-6300,9
Companies that have received profit						
percent to the total, %	57,3	60,3	58,9	59,5	59,5	71,8
The financial result, mln. UAH.	619,8	806,1	858,7	788,3	370,2	801,8
Companies that have received loss						
percent to the total, %	42,7	39,7	41,1	40,5	40,5	28,2
The financial result (loss) mln. UAH.	1167,9	1377,7	1721,2	2058,8	6949,2	7102,7
Return on operating activities, %	-1,8	-0,1	-1,1	-2,8	-25,8	-15,0

Business entities that combine their efforts to create and implement products and services in the hotel and restaurant business is part of the tourism business. The major participants in the distribution channel are suppliers, intermediaries, communications link and consumers [15, P. 254].

The main role is played by distributors, because of their activities depend the actions of other members of the channel. The category of providers include: transportation carriers (companies auto rental, cruise lines, internal and international Airlines); accommodation establishments (hotels, resort hotels, motels, hostels, resorts tourist accommodation establishments); institutions of restaurant industry; institutions that offer tourist attractions (museums, sights of nature, history and architecture, theater, tour operators), others that are capable of self-producing and travel services [15].

Feature of risk management of integrated structures in hotel and restaurant business is the account of changes that occur as a result of interaction between enterprises participating in the result of a regular exchange of information (resources) on the main and other processes between the parties, acting as a customer, supplier, intermediary, manufacturer of products and services of hotel and restaurant business (Figure 1).

An important condition of integrated business structures is to form a network of stable relations between all stakeholders: businesses, suppliers, research institutes, universities, government, financial institutions, advertising agencies [1, 3, 7-9]. These network connections ensure a permanent dialogue between all participants in the integrated structures in hotel and restaurant and tourism business.

Risk management at the enterprise level (Enterprise Risk Management) or integrated risk management - management philosophy focused on proactive risk management. The difference of integrated risk management from traditional risk management is anticipatory in nature management decisions, not defending minimization of the risk [5, 6, 17].

Modern economics represents how likely the risk event due to the onset of which may occur positive, neutral or negative effects. If the risk presupposes both positive and negative results, he refers to the speculative risks. If because of the risk of negative results may occur or may not, then such risk is treated as clean.

Thus, L. Gritsenko indicates, "the objective condition of risk in public-private partnership is the availability of alternative scenarios, which leads to results, which differ from expectations, provided project documentation and contractual terms of the innovation project [5].

The feature of integrated risk management structures in the hotel and restaurant business is a comprehensive (integral) risk capacity, uncertainty or adverse events (e.g. bankruptcy) of risk-based members of other integration structures.

Economic practice uses different risk classification: 1) related to the influence of external circumstances that do not depend on the will of the partners; 2) political; 3) related to non-compliance of contract partners; 4) business; 5) financial; 6) environmental [5, 14, 17, 19].

According to the methodology of the PPP program in Ukraine, USAID (2013) [13], the risks in the area of public-private partnership are divided into categories: 1) planning and permits, licenses; 2) design and construction (reconstruction, modernization, improvement, repair, and so on); 3) demand for and market; 4) operational risks; 5) regulatory risks; 6) financial and macroeconomic; 7) social and political; 8) force majeure events and other unforeseen events with a high level swim. In our opinion, this classification most adapted to project management as a basis of joint action of integrated business structures [5, 17, 19].

Successful implementation of integrated risk management (ERM) is possible by the interaction of four key components: organizational support; instruction, which includes a quantitative assessment of risk exposure; calculation of the economic impact and effectiveness (Economic Value Added - EVA); check of the stability (stress testing); information-analytical system.

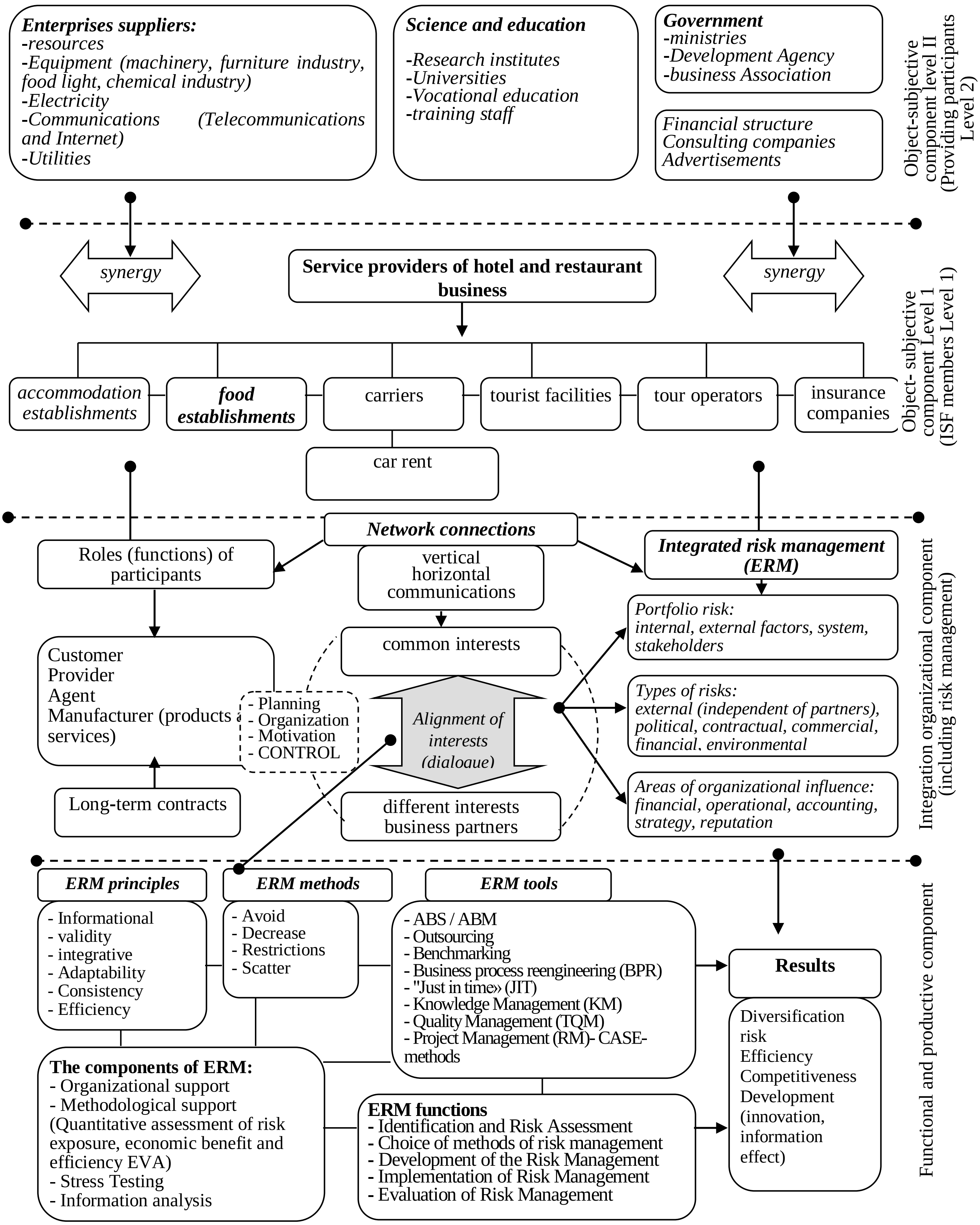

Figure 1. **The mechanism of risk management in the hotel industry based on integration approach (author's development)**

Actions of risk management in business can be divided into stages:

1. Risk Identification and Assessment: Assessment of characteristics, identify internal and external risks, determining the specific identified risks, the study of the potential size and economic damage, determining the degree of correlation between the risk of changes over time, the study of factors affecting business risks;
2. Evaluation of possible methods of risk management: prevention, reduction, transfer, adoption;
3. Selection of risk management: developing risk management programs;
4. The implementation of the program of risk management, adoption and implementation of management decisions;
5. Analysis of results and improvement of risk management, system evaluation of the results, the efficiency of ongoing monitoring of the activities.

Risk assessment involves: 1) determine the extent of the potential risk; 2) identification of possible negative consequences; 3) determining the threat level of risk (high, medium, low) [1, p.10].

Methods of risk assessment are: 1) statistical method; 2) the method of feasibility of costs; 3) the method of peer review; 4) method counterparts. According to the methodology of the PPP program in Ukraine, USAID (2013) it is also appropriate to use such methods of quantitative risk analysis: 1) The sensitivity analysis of risks; 2) scenario analysis; 3) Monte Carlo simulation method [13].

Quantitative measure of integrated risk may be the volatility of the market value of the company (participating companies) for evaluation using the standard deviation value of shares.

When integrated risk management structures in hotel and restaurant business must consider the risk, the perception of partners is determined by: the expected consequences (the ratio of costs and profits that determine risk tolerance (Risk Tolerance Index)); previous experience (human factor principles and features of the concept of integration, partnership); confidence (skills, knowledge, training level). The specifics of risk management of integrated business structures, it is needed to take into account the behavioral aspects of risk management: risk tolerance index and index of risk aversion [1, p.11]

Tolerance for risk, as an indicator of riskology, serves only channel of information about risk perception by a partner, member of integrated business structure. Risk tolerance is the basis of the allocation of responsibilities and risks between the parties integrated business structure.

The indicator reflects the level of risk tolerance that is acceptable for a party of integrated business structure (business partner). [1, p.11].

Alternatively, considered as a situation where a partner "not accepting the risk". According to research by Z. Body and R. Merton 'risk aversion - a characteristic of preference of rights in situations involving risk assessment, with taking into account the trade-off between costs and risk reduction benefits from this [2, p. 329]. Risk aversion participants of integrated business structures, means unwillingness to take risks, and favoring less risky option at the same cost. Therefore, it is reasonable taking into account the risk aversion index partner (Risk Aversion).

Experts of the International Monetary Fund in their study emphasize that the effect of risk associated with the PPP, "... can be defined by function threats and vulnerabilities" [13]:

$$\textit{The implementation of risk} = f\,(\textit{threat, vulnerability}), \tag{1}$$

The "threat" is defined as the probability that some adverse events occur in the future, for example, through one of the channels of interaction between participants of integrated business structure;

"Vulnerabilities" related to the specific structure of the integrated business / PPP projects or specific factors that affect the "readiness" of the parties involved (partners) to prevent the emergence of threats (including material) or overcome the negative effects [13].

Vulnerability can be seen as a lack of capacity and / or lack of willingness of the parties [10-12]. Despite the emergence of relevant risk to provide a project management to meet the actual result as close as possible to the expected result. The result, or "realized risk" - is the potential impact on PPPs arising from the interaction of threats and vulnerabilities [1, p.11]

Decisions on risk management, according to L. Gritsenko [5] is always taken under uncertainty, therefore, there are some scenarios (scenarios).

Thus, the selection of participants planned solution when known or set the subjective probability of possible states of the environment. This statement of the problem is such that there is:

set of alternatives (A):

$$A = \{A_1,\ A_2, ..., A_m\} \tag{2}$$

and many states of the environment (Z):

$$Z = \{Z_1,\ Z_2, ..., Z_m\} \tag{3}$$

Ultimately, the interaction of participants of integrated business structure implemented only one option with an existing set of alternatives.

For managers participating in the integrated structure of the hotel and restaurant business is important, not only the probability of a certain risk, but the extent of its potential impact on the project (joint action). Thus, the expected value of the event (EV), as well as the expectation, the sum of the product of the probability of an event of the outcome [25]:

$$EV = \sum_{i=1}^{n} p_i \cdot x_i \tag{4}$$

pi – the probability of an event i (expressed in the form of a decimal point);
xi – final value / outcome of *i* events;
n – the number of possible outcomes / results.

The feature in assessing the potential impact of risk on the implementation of Joint Action (project) is focused on the role of participants of integrated business structure as partners in managing risks. That is the probability of the most favorable scenario, a set of alternatives depends entirely on the correct allocation of responsibilities between the partners and good risk management on their part [1, p.13].

The crucial risk management of integrated business structures in hotel and restaurant business is to respect the principles of partnership, transparency, equality, flexibility. In an integrated risk management, priority becomes the main principle of respect for the responsibility for specific risk, which takes on a partner who can most effectively control / mitigate / eliminate the risk based on available resources. The lack of a partner (participant integration structures) experience or having a negative experience with the participants of previous projects reduces the effectiveness of risk management projects in hotel and restaurant business [1, p.11].

Another element of the mechanism of risk management in the hotel industry is based on integration approach, this method is used for matching (increased level of compliance) of participants of integrated business structure, methods of ABS / ABM, outsourcing, benchmarking, reengineering business processes (BPR), method «just in time» (JIT), knowledge management (KM), quality management (TQM), Project management (RM), CASE-techniques (SADT, IDEF, ARIS, SA / SD, BSP, ERP) [8].

Economic ties, which are the basis of creating interaction integration model are based on long-term contracts and implemented on the basis of vertical (supplier / consumer) and horizontal (total base consumption of resources, fully compatible technology) interactions between business entities and their interdependence at regional level, reinforcing the synergy (see Figure 1). Synergetic effect of risk management is based on interactions through: economies of scale of activity; obtaining complementary resources; reduce competition; improve the quality of management; information effect; innovative effect; diversification of risks.

Conclusions. Business risk management system must be based on a specific sequence of actions to identify, assess and prevent risks, or minimize it to an acceptable level. To work, company has a stable foundation and is protected from the impact of unforeseen economic factors in each company to be formed by methods of identification and management of risks specific to its activities and available for the implementation of its capabilities. Risk management includes the development and implementation of risk management program that provides economically reasonable for the company guidelines and measures to reduce the overall level of business risk to an acceptable level. Risk management in the hotel industry requires the involvement of organizational, economic, administrative, financial, investment, innovation, and legal and regulatory means.

Integrated risk management (ERM) is a significant evolution beyond previous approaches to risk management, which includes: covers all areas of organizational risk exposure (financial, operational, reporting, the interests of business partners, management, strategic, reputational); sets priorities and manages threats on the principles of portfolio management rather than situational management; assesses portfolio risk in the context of all relevant internal and external environmental factors, systems, circumstances and stakeholders (participants of integrated business structure); takes on a synergistic effect, which can mean favorable or adverse changes because individual risks across the organization can create interlinked and integrated exposure that differs from the sum of the individual risks; provides a structured process to manage all risks, regardless of whether these risks are quantitative or qualitative; considers effective risk management as a competitive advantage; seeks to introduce risk management as a component in all important decisions across the organization

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