

## INNOVATIVE APPROACH TO IMPROVING BUSINESS COMPETENCIES AND MANAGERIAL SKILLS IN TRAINING PERSONNEL IN THE HOSPITALITY INDUSTRY

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**Abstract:** The article analyzes innovative approaches to improving business competencies and managerial skills in the hospitality industry. The factors influencing the development of the hotel manager's competencies and approaches to managing the implementation of educational services are studied on the example of using business simulation. Business theories, difficult to understand and implement in practice, the lack of effective educational technologies that allow students to apply practical managerial skills in the uncertain external and internal environment of the hotel enterprise recede into the past. The use of innovative business simulation technology solves this problem and is also an objective means of assessing the qualifications of the management team of the hotel enterprise and an incentive for continuous improvement of practical competencies. The aim of the present work is to study the factors of the development, implementation of business simulations for training in the hospitality industry, and to offer recommendations for sustainable development of application of business simulations for training in the hospitality industry based on the objective investigation. A comprehensive study of the business simulation impact on the quality of practical training has shown that it has improved the ability of participants involved in business simulation to make analytical decisions. The dynamic nature of the simulation encourages a competitive spirit in participants and allows them to acquire practical skills of working in a team and solving problems. Business simulations are also an objective evaluation tool for the qualifications of the hotel management team and an incentive for continuous improvement of practical competencies. The application of modern technologies, such as cloud services and virtual reality, will help to improve the quality of the simulation contents, while simultaneously increasing the number of participants, maintaining at the same time high emotional involvement of all participants of the business simulation.

**Keywords:** business simulation, computer simulation, hotel management, training technology, innovation, educational services consumer, efficiency, knowledge, educational process.

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## Introduction

Business simulation is an innovation in the training process for professional hotel management competencies. Business simulation can be classified as a simulation game technology that has a significant potential for development and considerable experience in implementation (Faria, 1998). This category also includes interactive learning methods, such as simulating activities using a simulator, role-playing and case problems, and moderation (Anderson & Lawton, 2009). What is the advantage of using business simulations in the learning process? Business simulation is implemented in the practical training format, and stimulates not only team building when solving problem situations, but also represents a unique simulator for the development of managerial qualities, business thinking of hotel employees, and makes it possible to consciously apply managerial competencies (Zavalko et al., 2020; Dudin et al., 2020).

The history of applying games in business and economics goes back to 1956 when the American Management Association developed the first so-called decision-making game (Isen, 1993), which was called the Top Management Decision Game and stimulated the development and use of dozens of other business simulations. In the late 90s of the 20th century, Western companies already widely used the design and configuration of business simulations to expand their corporate leadership development programs (Ivanov, 2009). In the current context, interest in business simulations in academic circles is caused by the development of technologies, methods of processing, structuring, and visualization of information (Hristoforova & Silcheva, 2019; Nikolskaya et al., 2019). A research of the authors Yang Xu and Yi Yang (Xu, Yang, 2010) conducted in 2010, confirms that the social interaction environment and psychological security of decision making in business simulations had positive impact on the development of knowledge in student groups and that this synergistic development of knowledge allowed students to form complicated mental models.

Well-known international business simulations in the restaurant and hotel business such as, for example, Cesim (Kalevankatu, n.d.) offer solutions of international business and strategic management, marketing simulation, management simulation of small and medium-sized businesses in the service sector, hotel business simulation and special industry simulations. Participants of these simulations manage the hotel and restaurant business competing with other teams. Teams can try out and apply various scenarios, orienting on the analysis of the profit received from approved projects and solutions. Each simulation round generates a number of detailed reports which contribute to the analysis and comparison of own results with the results of opponents. Financial results are displayed according to the unified system of accounts in the restaurant and hotel industry. Such technology for developing professional competencies for functioning managers of hotel enterprises, and undergraduate and graduate students from the hotel and tourism management sector is not sufficiently developed in the Russian market of educational services (Konovalova et al., 2018; Fedorova et al., 2019).

The development of process visualization technologies based on virtual reality technology will enhance the effect of involvement of hotel management in problem

situations, and significantly increase the efficiency of developing skills for making informed analytical and operational decisions through cash flows and visual representation. The aim of the present work is to study the factors of the development, implementation of business simulations for training in the hospitality industry, and to offer recommendations for sustainable development of application of business simulations for training in the hospitality industry based on the objective investigation.

## Methods

The goal set in the present research was achieved based on general scientific research methods by analyzing existing knowledge and experience in using business simulation in the economy. In order to determine the sustainable development vector of business simulation as a tool for improving business competencies and managerial skills when training personnel in the hospitality industry, the authors developed a business simulation technique called HOTEL MANAGEMENT. This business simulation was integrated into the educational process of the discipline "Strategic management of hotel business" for training undergraduates in the major of "Hotel business" at the FSBEI of Higher Education Russian State University of Tourism and Service (RSUTS). Qualitative and quantitative methods to assess the impact of proposed business simulation on the effectiveness of practical training were based on an electronic survey of students by means of Google Forms and Net Promoter Score.

## Results

Business simulation is a modern technology for developing the competencies of managerial staff, which is based on simulation of actual business processes that most closely resemble the external and internal economic (competitive) environment conditions of a particular hotel. This allows participants to gain experience in solving complex managerial tasks in simulated conditions. Thus, two main functions of business simulation can be distinguished, namely, assessment of qualifications and development of competencies of hotel managerial staff.

Business simulation is a unique simulator for developing managerial skills and business thinking of employees, which is characterized by the maximum closeness of the simulation game to actual business process conditions. What makes business simulation more effective than regular training of skills based on analysis of problem situations? The key difference between business simulation and training is that the first allows going beyond the understanding of the narrow function of hotel management and considering the entire business. Business simulation develops a holistic understanding of the business, gives the so-called helicopter view. Such change in standpoint affects the employees' awareness of their role in the organization, causes them to make decisions that coincide with the goals of the business interests, and assess the decisions made based

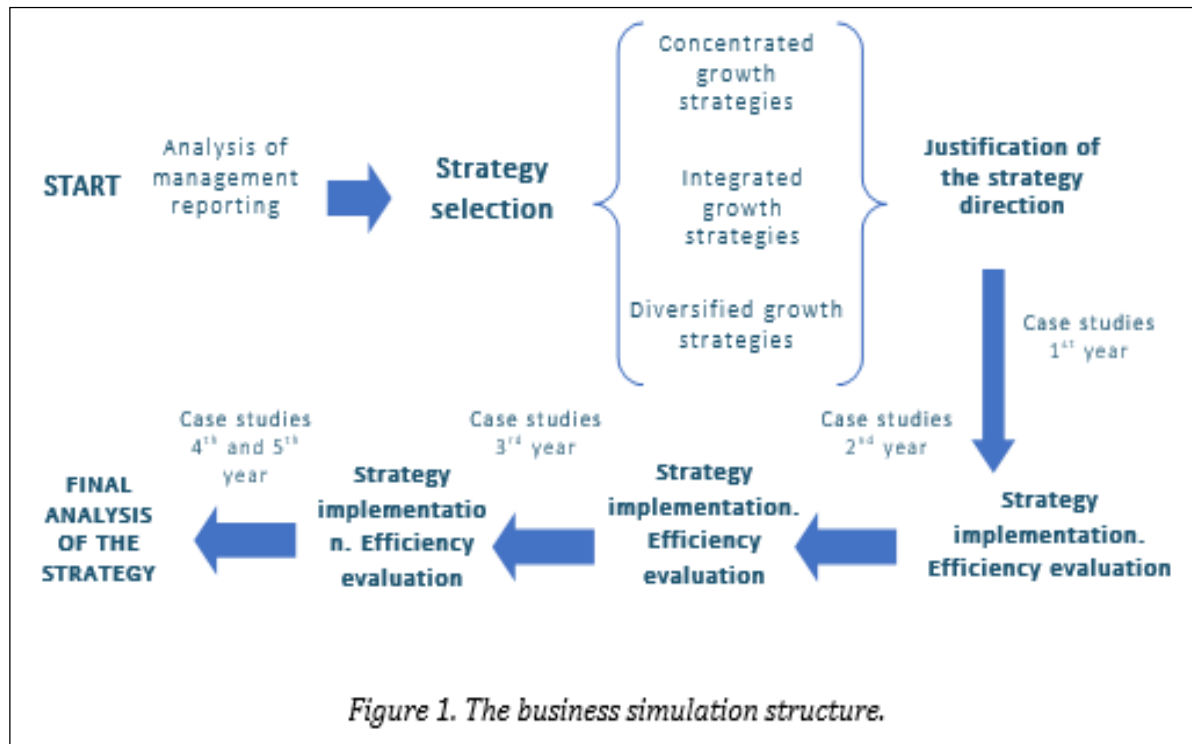
on unbiased data of financial indicators of the hotel enterprise, including operating profit, net profit, return on assets, and cash flows, and, as a result, significantly increases its efficiency. The practice has shown that the effective functioning of the hotel business is an indicator of positive changes in the economy, an important prerequisite for the enhancement of international relations and integration of the country into the world community (Konovalova et al., 2019).

As a method of assessing the qualifications of hotel managerial staff, business simulation allows managers to look at employees from the outside, helps to demonstrate the capabilities of people, identify leaders in teams and project groups. In addition, excitable and relaxed environment favors to exchange the best practices and be involved in teambuilding. Thus, business simulation can serve not only as training and team-building event but also as a powerful tool in the formation of a succession pool and a social and professional career elevator.

Applying business simulation has the following advantages: the ability to quickly immerse into the business situation and understand business processes (Yudina & Zavalko, 2020); during the game, participants learn how to manage both tactical and strategic goals; possibility to get experience in decision making from different perspectives, perceive the process from different points of view; possibility of conducting system analysis of the situation, developing the ability to see and take into account interrelated factors that affect the result rather than just one cause-and-effect relationship; a high degree of freedom in the development of the situation requires participants to use their knowledge and skills in a comprehensive manner, and to be flexible in choosing tools and approaches when solving a problem; continuous monitoring of the activity according to the game algorithm of Solution – Result – Analysis – New Solution allows demonstrating the effect and result of possible solutions in the shortest possible time; teamwork and competitive approach ensure high emotional involvement of all participants, contribute to the development of a common team language, and provide an exchange of best practices.

During the business simulation, participants acquire the theoretical knowledge and practical skills needed to manage the hotel. The emotional component of the game ensures the involvement of all participants, makes them analyzing, drawing independent conclusions, independently coming up to decisions that are embedded in the business game strategy in accordance with the expectations of the customer, as well as realizing the responsibility for the decisions made. The business simulation technology is as follows: participants are grouped in teams that perform the same tasks in parallel and generate entrepreneurial ideas in the sequence shown in the game structure (Fig. 1). One of the first tasks is to analyze the current activities and potential of the hotel enterprise. This is followed by the development of the strategy course (development of the strategy for achieving the planned indicators). The next stage consists in the development of measures for the strategy implementation and analysis of case studies for a period of one year. Each task is given a certain time period in minutes and maximum/minimum scores. At the end of the set time period, teams take turns presenting their solutions to the problem situation and then move on to the solution of the next task, which is also given a

certain time period and scores. Each time the teams' results are assessed by the game experts/organizers.



Key success factors: the success of teams is measured by a number of different financial indicators, which include operating profit, net profit, return on assets, and cash flows. Among all hotel operations, the key ones are: managing profits and maintaining customer satisfaction. Activities in the restaurant area include menu creation, human resource management, and customer service. In addition, the simulation includes special indicators such as ADR (average room price per day), GOPPAR (gross operating profit per room), the percentage of revenue per customer, and the number of customers per seat (in a restaurant).

## Discussion

Analysis of the best practices of implementing business simulations based on the two main principles of the business game, namely, assessing the qualifications and improving the competencies of the hotel management staff, allows formulating the following expected results: the simulation develops the ability of participants to identify, analyze, and influence key operational factors as well as environmental factors, which in turn affect restaurant and hotel operations. In addition, the simulation improves the ability to make analytical decisions and illustrates the financial basis for making

operational decisions through cash flows and visual representation. Finally, the dynamic nature of the simulation encourages a competitive spirit in the participants and allows them to acquire practical skills of working in a team and solving problems (Konovalova et al., 2018). The application of contemporary virtual reality technologies will allow ensuring the high emotional involvement of all participants of the business simulation.

A quantitative analysis of the effectiveness of achieving the set goals using the HOTEL MANAGEMENT business simulation was conducted based on the opinions of master's degree students. The proposed simulation was developed by the authors and integrated into the educational process of the discipline "Strategic management of hotel business" for second-year undergraduates trained under the master's degree program "Hotel business" at the FSBEI of Higher Education Russian State University of Tourism and Service (RSUTS). Positive feedback received from students proved the efficiency of the proposed business simulation. Quantitative analysis of students' opinions was carried out using a survey in Google Forms, which was attended by 30 respondents. The main goal of the survey was to find out the opinion about both the innovative method of practical training of managerial skills of hotel employees and their readiness to use new digital technologies of virtual reality (VR). Analysis of the conducted study has shown that the Net Promoter Score (NPS) amounted to 33% that according to the Reichheld classification ( $10 < \text{NPS} < 50\%$ ) corresponded to a high level of satisfaction of business simulation participants. At that, 57% of respondents agreed with the use of new technologies, such as VR. In their opinion, innovations will improve the effectiveness of using business simulation.

## Conclusion

In summary, to develop approaches for obtaining and improving professional knowledge and practical skills of strategic management in the hotel and restaurant business, involving students in realistic management of a hotel enterprise through business simulation, it is necessary to undertake the following measures: implementing extensively innovative technology of practical training, namely, business simulation, in the training process of hotel managerial staff; putting contemporary problematic situations from the hotel management practice into the core of business simulation processes; applying for a business simulation modern cloud-based information technology along with the means of three-dimensional visualization and virtual reality.

It is obvious that online learning has revolutionized the international market of educational services (Ivanov, 2009; Xu, Yang, 2010; Kalevankatu, n.d.) and changed the attitude towards the acquisition of new knowledge. A significant deterrent to the development of online training was the lack of effective development of students' practical managerial skills in the uncertain external and internal environment of the hotel enterprise. The application of innovative business simulation technology solves this problem and is also an objective tool to assess the qualifications of the hotel management team and an incentive for continuous improvement of practical competencies.

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### ABORDAGEM INOVADORA NA POTENCIALIZAÇÃO DAS COMPETÊNCIAS DE NEGÓCIOS E NAS HABILIDADES GERENCIAIS NA FORMAÇÃO DE PESSOAL NA INDÚSTRIA DE HOSPITALIDADE

**Resumo:** O artigo analisa abordagens inovadoras para melhorar as competências comerciais e as habilidades gerenciais no setor de hospitalidade. Os fatores que influenciam o desenvolvimento das competências e das abordagens de gerenciamento de hotel para a implementação de serviços educacionais são estudados no exemplo do uso da simulação de negócios. Teorias de negócios, difíceis de entender e implementar na prática, e a falta de tecnologias educacionais eficazes que permitam aos alunos aplicar habilidades administrativas práticas no ambiente externo e interno incerto da empresa hoteleira retrocedem ao passado. O uso de tecnologia inovadora de simulação de negócios resolve esse problema e é também um meio objetivo de avaliar as qualificações da equipe de gestão da empresa hoteleira, assim como um incentivo para a melhoria contínua das competências práticas. O objetivo do presente trabalho é estudar os fatores do desenvolvimento, implementação de simulações de negócios para treinamento no setor de hospitalidade e oferecer recomendações para o desenvolvimento sustentável da aplicação de simulações de negócios para treinamento no setor de hospitalidade com base na investigação objetiva. Um estudo compreensivo do impacto da simulação de negócios na qualidade do treinamento prático mostrou que esta ferramenta melhorou a capacidade dos participantes envolvidos na simulação de negócios em tomar decisões analíticas. A natureza dinâmica da simulação encoraja um espírito competitivo nos participantes e permite que eles adquiram habilidades práticas de trabalhar em equipe e resolver problemas. As simulações de negócios também são uma ferramenta de avaliação objetiva para as qualificações da equipe de gerenciamento de hotéis e um incentivo para a melhoria contínua de competências práticas. A aplicação de tecnologias modernas, como serviços



em nuvem e realidade virtual, ajudará a melhorar a qualidade do conteúdo da simulação, expandindo simultaneamente o número de participantes, e mantendo ao mesmo tempo o alto envolvimento emocional de todos os participantes da simulação de negócios.

**Palavras-chave:** simulação de negócios, simulação em computador, gestão hoteleira, tecnologia de treinamento, inovação, consumidor de serviços educacionais, eficiência, conhecimento, processo educacional.