

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

**IMPROVEMENT OF STRATEGIC MANAGEMENT
IN THE INNOVATIVE DEVELOPMENT OF
SERVICE ENTERPRISES**

Speciality: 5311.01 – “Management and organization of enterprises”

Field of science: Economics

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GENERAL DESCRIPTION OF THE RESEARCH

Relevance and research degree. Unpredictable and inconsistent processes are accompanying the growth of the global economy in the early decades of the twenty-first century.

The most susceptible nations in the current circumstance are those with developing economies, like the Azerbaijan Republic, whose economy is mostly oriented towards raw commodities.

The difficulties with developing the nation's priority non-primary sectors, which currently have enough potential to ensure stable economic growth and lessen Azerbaijan's dependence on external economic conditions, are made real by the complexity of the current economic and political processes taking place in the world.

When the vast prospects presented in the service sector are taken advantage of, even under the current environmental circumstances, they become a large and rapidly expanding sector of the economy.

The service sector has evolved into one of the most violent areas of the economy and now directly contributes to the creation of the nation's GDP and the incomes of the populace. It represents the most significant component and driving force of the global economic system and increases the possibilities for structuring social and economic development.

As a means of maintaining the political and economic stability of the state in a market environment, expanding its participation in the domestic sector is a necessity for national growth.

Tourism, one of the biggest, most lucrative, and most dynamic economic sectors make up a considerable portion of the service industry.

Tourism activities are formed and transformed in interaction with the totality of many complex problematic circumstances and managerial mechanisms against the backdrop of globalization and the activation of integration processes. Tourism activities are a significant factor in sustainable development and the business sphere.

Therefore, the pandemic Covid-19-related tourism problem, which is defined by a drop in all economic indicators, has turned into a significant issue for all players in the global tourism business.

Based on this, the strategic aspect of management systems for contemporary hotel businesses should receive an increasing amount of

attention, as its practical application is gradually becoming one of the guiding principles for ensuring the successful development of enterprise data in this situation.

To ensure economic growth in the face of uncertainty, strategic anti-crisis management should consider important innovative changes, broaden the scope of foresight, and create opportunities for prompt responses to external changes.

Today, it has been decided that service companies' highly effective strategic innovation management and highly developed innovative potential are the key components of their competitive advantages, enhancing their future market positions and economic stability.

The examined problem's theoretical and practical significance, as well as its applicability as the subject of this dissertation research, are all determined by the aforementioned factors.

The theoretical provisions of strategic management, as well as the problems of innovative development of enterprises of various sectors of the economy, including the service sector, were considered in the scientific works of such domestic scientists as: A.A.Alekperov, T.N.Aliyev, Sh.T.Aliyev, A.Q.Alirzayev, M.D.Atakishiev, T.A.Guliyev, A.X.Nuriyev, S.Q.Purxani, F.P.Rahmanov, S.A.Qanimat, Q.S.Suleymanov, R.P.Sultnova, G.Z.Yuzbashiyeva.

I. Ansoff, O. S. Vikhansky, V. Ya. Gorfinkel, P. Druker, F. Kotler, J. Pierce II, R. Roberson, A. Thompson, Juine Higgins, D. Shendell, and others are among the international scientists who have examined strategic management issues in great detail.

Researchers from other countries, including T. Berns, F. Valenta, L. Veryak, O. Vodachkova, R. Johnson, P. Doylya, G. Mensha, O. V. Nikulin, D. A. Novikova, L. Pererva, B. Santo, E. Stalker, B. Twiss, R. A. Fathutdinova, J. Schumeter, etc., have studied issues related to the management of innovations.

It should be emphasized that the concerns with strategic management of the inventive development of firms are not fully exposed in the works of the aforementioned scientists, despite their contribution to the promotion of innovation issues in research.

There is currently no widely accepted methodology for evaluating the innovative potential of hotels. Methodological approaches to the

process of managing the innovative activity of hotel enterprises, as well as identifying their level of effectiveness, have not yet been fully mastered. These problems are specifically related to the formation and implementation of an innovative strategy in service enterprises.

Again, the demand for answers to the highlighted issues influenced the selection of the subject and established the applicability of the dissertation research.

The subject and object of the research. The hotel businesses in Baku are the object of the study.

The subject of research is managerial relationships created during the innovative processes of domestic service sector businesses, using the hotel industry as an example. It also examines the methods, tools, technologies, and working mechanisms of these relationships to improve strategic management during these businesses' innovative growth in the market environment while taking globalization trends into account.

Research purpose and objectives. The purpose of the dissertation is to develop science-based and practical recommendations for intensifying the management of innovative processes that contribute to increasing the competitiveness of domestic hotel enterprises at the present time based on the study of strategic management in the innovation activities of service enterprises.

To achieve this purpose, the following objectives have been set and fulfilled:

- to examine the theoretical underpinnings of strategic management in the creative creation of services;
- thoroughly examine the determinants of the emergence and inventive growth of services; - study the economic essence and structure of strategic management;
- analyze and assess the potential for the innovative growth of hotel enterprises in the service of services in Baku;
- identify the key characteristics of strategic management in the innovative activities of services of the service sector;
- provide an assessment of the current state of strategic management in hotel enterprises in Baku.
- identify and defend the creative development strategy for hotel businesses;

- create plans for dealing with the pandemic Covid-19 crisis occurrences and enhancing hotel enterprises' operations in Azerbaijan during this difficult time;
- show an economy metric assessment of income from hotel-type hotels and businesses in the Republic of Azerbaijan based on economic and statistical calculations.

Research methods. To support the claims made in the dissertation, special methods of management theory, theory of systems, theory of development and testing of managerial solutions, expert assessments, theory forecasting, modeling, strategic management, optimization, planning, etc. were used in addition to general scientific research methods like a logical generalization, comparative analysis, mathematical and statistical analysis, etc.

Key provisions provided for defense:

- Determining the relationship between strategic management and innovation management, substantiating the fact of their full integration in the process of development of service enterprises. (1.2; 1,2,3)
- Identification of the strengths and weaknesses of the structural components of the innovative potential of the analyzed hotels in Baku, through research and their comprehensive assessment. (2.1; 7, 9)
- Evaluation of the strategic management of hotel enterprises in Baku as it stands now and formulation of measures for future improvement. (2.2; 8, 11)
- Development of a strategy for innovative development of Gorgud Hotel & SPA, and calculation of performance indicators of the proposed activities. (3.1; 10)
- Determination of ways to overcome the crisis and improve the activities of hotel enterprises in Azerbaijan against the backdrop of the Covid-19 pandemic. (3.2; 12.13)
- Based on statistical and economic calculations, establishing the relationship between the capacity of hotel companies, the cost of foreign tourists visiting our country for tourist purposes, and the income from the operations of hotel enterprises in the Republic of Azerbaijan for 2009 to 2020 years. (3.3)

- The relationship between GDP and revenue from the operations of the hotel industry firms in the Azerbaijan Republic has been developed based on the analysis of the correlation -regression. (3.3)

Scientific novelty of the research.

The study's scientific novelty lies in the formulation of suggestions for enhancing strategic management in the innovative growth of the service sector in the context of economic instability, using hotel firms as an example.

The key findings that highlight the uniqueness of the science are as follows:

- theoretical assessments of the economic foundation of strategic management are augmented;
- a systematic analysis of the factors influencing the formation and innovative growth of service sector enterprises, which calls for the highest management of service enterprises to concentrate on the external environment, enabling him to quickly react to the changes that are taking place by boosting innovative capabilities, and opposing them;
- for the first time, a thorough analysis of the operations of 4-star hotels in Baku was conducted, and existing issues with a number of these businesses' innovative potentials were discovered. This analysis allowed for the selection of the best development plans for these hotels, taking into account their resources and the availability of available opportunities;
- the current state of strategic management in the examined hotel firms in Baku was given a generalized assessment for the first time.

To improve the quality management system for the services offered, increase the competence and qualifications of employees responsible for the service, and expand the range of additional services, specific measures that have never been used before have been proposed in this area. These measures will help to increase customer satisfaction and the anticipated overall revenue of the analyzed hotels.

- the author's concept was used to determine and support the effectiveness of the hotel in Baku's innovative development strategy.
- solutions that go beyond the norm and are innovatively non-standard that help stabilize and successfully restore the hospitality sector in our nation have been developed to address the COVID-19 pandemic crisis

and improve the business activities of hotel enterprises in Azerbaijan in the current uncertain environment;

- an econometric evaluation of the income from managing hotels and businesses that are similar to hotels in our nation was provided, and based on a correlation-regression model, an evaluation of the impact of income from the operation of hotels and businesses that are similar to hotels on the economic growth of Azerbaijan was made.

Theoretical and practical significance of the research. The theoretical significance is reduced to the concretization, systematization, and generalization of theoretical approaches to ensuring the development of hotel enterprises based on improving the strategic management of innovative activities, as well as the formulation of the conceptual underpinnings of an efficient hotel management strategy that increases the demand for innovations in the service sector.

The novelty and attention to enhancing the strategic management of cutting-edge initiatives by domestic hotels are how the dissertation's proposals and recommendations are described in terms of their practical significance:

- a creation of an author's concept and model of strategic management of innovative activities of lodging businesses that are supported by science, ensuring the growth of the services' competitiveness and boosting the effectiveness of the service industry in our nation, helping to ensure the proper level of its socio-economic development;

- the findings from the study process can be used in the training of experts in the field of economics and management of service companies, as well as in the practice of strategic management of various firms in the examined sector, in terms of the particulars of their economic activity.

Application and approbation of the research. The main points of the research were reported by the author at international and Republican conferences, and thirteen scientific papers were published in the open press (of which five were published abroad, particularly in the journal "Journal of Institutional Studies", indexed in Web of Science, and the article "Institutional aspects of risk strategic management in Azerbaijan hospitality sector").

Name of the organization where the research work has been conducted. The dissertation has been completed at the Azerbaijan University of Tourism and Management.

Total volume of the dissertation with characters, indicating the volume of the structural units of the dissertation separately. There are 25 tables, 9 figures, and 7 graphs among the 173 pages (230711 characters) that make up the entire book. The study's introduction is 15968 characters, the first chapter is 67920 characters, the second chapter 52377 characters, the third chapter is 79570 characters, and the conclusions are 13832 characters.

STRUCTURE OF DISSERTATION WORK

Introduction

Chapter I. Theoretical foundations of strategic management in the innovative development of service enterprises

- 1.1. Economic essence and structure of strategic management
- 1.2. Factors of formation and innovative development of service enterprises
- 1.3. The main features of strategic management in the innovation activity of service enterprises

Chapter II. Analysis and evaluation of strategic management in innovative development of hotel service enterprises

- 2.1. Study of the potential for innovative development of hotel enterprises in Baku
- 2.2. Assessment of the current state of strategic management of hotel enterprises

Chapter III. Ways to increase the efficiency of strategic management in the innovative development of service enterprises

- 3.1. Determination of the strategy of innovative development of hotel enterprises
- 3.2. Overcoming the crisis in the context of the COVID-19 pandemic and improving the activities of hotel enterprises in Azerbaijan.
- 3.3. Econometric assessment of income from the management of hotels and hotel-type enterprises in the Republic of Azerbaijan

Conclusions

List of used literature

Applications

KEY PROVISIONS PROVIDED DEFENSE

1. Determining the relationship between strategic management and innovation management, substantiating the fact of their full integration in the process of development of service enterprises. (1.2; 1,2,3)

When examining the theoretical underpinnings of strategic management, it is seen that the strengthening of innovation was the main force in strategic development at the start of the twenty-first century.

This aspect of modern strategic management presents it as a "proactive" management style based on the enterprise's future vision and on its adaptable organizational capacity to update in the context of changes in the external environment, as well as its business model, which guarantees the capture of economic benefits that are inaccessible to rivals.

Because innovations increasingly serve as the main axes for the future development of a business, the relationship between strategic management and innovative management is such that in the future these two types of management will be fully merged.

In addition to examining the purpose and content of strategic management, the author of the dissertation also describes its structure, which investigation revealed to be an organic component of the enterprise management system as a whole rather than a stand-alone activity.

The following conclusion was reached after studying the key components of several strategic management systems and examining the structure, content, and economic underpinnings of the process under consideration: The goal of strategic management, which is top management, is to timely adjust and adopt strategic decisions in case of changes in the internal or external conditions of the enterprise to gain competitive advantages and achieve the intended goals. Strategic management is predictive management based on human potential and requires creative activity in the creation, development, and commercialization of innovations.

The dissertation research systematized and analyzed the factors influencing the formation of innovative development of enterprises in the field under study, taking into account the unique characteristics of service enterprises to increase the efficiency of their activities and enhance their competitiveness.

2. Identification of the strengths and weaknesses of the structural components of the innovative potential of the analyzed hotels in Baku, through research and their comprehensive assessment. (2.1; 7, 9)

The research examines the key indicators of hotels and hotel-type businesses in the city for 2011–2020 to explore the potential for innovative development of hotel operations in Baku.

Seven of the most popular and frequently visited hotels in Azerbaijan were chosen for the study based on an analysis of the booking.com booking system.

These include the 4-star hotels listed below: Baku City Hotel, Metro City Hotel, Winter Park Hotel Baku, Demir Yol Plaza Hotel, Askar Hotel, and Gorgud Hotel & SPA.

The dissertation uses a system of qualitative and quantitative indicators of the annual financial statements for 2019, which determine both the state of their structural components and the general integration level of the innovative potential of the analyzed hotels in the city of Baku, to identify the promising directions for the development of the analyzed hotel enterprises and the selection of optimal management strategies.

This assessment was conducted using an integrated indicator of innovative potential and the Harrington verbal-numerical scale, which allows for the interpretation of quantitative calculations based on the three levels of creative potential (high (H), medium (M), and low (L)).

As well as integral indications of the inventive potentials of the investigated hotel enterprises, the actual values obtained and the related levels of development of each structural component are shown in Table 1.

Table 1.

Actual values and corresponding levels of development of individual structural components and their integral indicators of innovative potentials of the studied hotel enterprises of Baku hotels

| Metro Sity Hotel | Gorgud Hotel & SPA | All Stars | Winter Park Hotel Baku | Askar Hotel | Baku Sity Hotel | Demir Yol Plaza Hotel |
|--|--------------------------|-----------|---------------------------------|----------------|-----------------------|--------------------------|
| Intellectual indicator | | | | | | |
| 28,9 | 22,3 | 25,3 | 21,3 | 24,0 | 25,0 | 25,5 |
| L | L | L | L | L | L | |
| Research indicator | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| L | L | L | L | L | L | L |
| Production and technical indicator | | | | | | |
| 28,6 | 24,8 | 24,4 | 25,4 | 24,2 | 26,6 | 25,6 |
| L | L | L | L | L | L | L |
| Financial indicator | | | | | | |
| 25,9 | 23,9 | 28,2 | 27,1 | 26,4 | 23,8 | 24,1 |
| L | L | L | L | L | L | L |
| Marketing indicator | | | | | | |
| 7,9 | 9,7 | 4,6 | 6,7 | 9,1 | 11,3 | 7,3 |
| L | L | L | L | L | L | L |
| Organizational and managerial indicator | | | | | | |
| 78 | 82 | 79 | 80 | 77 | 84 | 82 |
| M | H | M | H | M | H | H |
| Innovation indicator | | | | | | |
| 24,5 | 21,2 | 22,3 | 21,6 | 22,0 | 23,1 | 22,5 |
| L | L | L | L | L | L | L |

Source: Based on research done by the author.

The hotels we examined had an inadequate state of creative potential, i.e., their innovative potential is at a low level, as demonstrated by the actual application of the proposed technique for measuring the innovative potential.

The creation and implementation of a set of measures to improve the usage and development of the structural components of an enterprise's

creative potential are necessary to address difficulties that now exist in a number of those components.

3. Evaluation of the strategic management of hotel enterprises in Baku as it stands now and formulation of measures for future improvement. (2.2; 8, 11)

The research first examines the management structures of the hotels Baku City Hotel, Gorgud Hotel & SPA, Askar Hotel, All-Stars Hotel, Winter Park Hotel Baku, Metro City, and Demir Yol Plaza to evaluate the current state of the strategic management of the hotels under consideration. It should be emphasized that these hotels have a management structure that is characteristic of small-room hotel operations. Each one of them has a linear functional structure, which denotes the distribution of tasks among employees and is typical of many businesses of this kind.

The organizational structure of the administration of these hotels cannot be deemed faultless, according to research of their structural services, as they do not include any experts in risk forecasting and do not perform normal marketing and advertising activities for the hospitality sector.

The dissertation also offers a thorough review of the assortment of fundamental and supplemental services offered by the hotels under investigation.

According to the analysis, Askar Hotel and Demir Yol Plaza Hotel offer their patrons the fewest services, while Baku City Hotel and Gorgud Hotel & SPA offer the most. The managers of Askar Hotel and Demir Yol Plaza Hotel should concentrate their efforts on increasing the variety of services offered to tourists, and the managers of Baku City Hotel, Gorgud Hotel & SPA All Stars Hotel, Winter Park Hotel Baku, Metro City should make every effort to update their service offerings and enhance their marketing strategies to boost demand and popularity for these services.

The research revealed that none of the hotels under examination had developed their goal statement. The lack of a mission statement shows that these companies do not completely grasp their role in society, that their aims and paths are unclear, and that there are no standardized managerial psychology principles or priorities.

Further in the study, the studied hotel firms' SWOT analysis was completed to design measures to affect the existing situation and to identify their strategic goals (Table 2.).

Table 2.

SWOT analysis of 4-star hotels Gorgud Hotel & SPA, Askar Hotel, All Stars, Winter Park Hotel Baku, Demir Yol Plaza Hotel, Metro City Hotel, Baku City Hotel

| | STRENGTHS | WEAKNESSES |
|-----------------------------|--|--|
| INTERNAL ENVIRONMENT | <ul style="list-style-type: none"> - a practical location; - having practical hotel experience; - having been on the market for more than 14 years; - the sales market has access to competitive, well-known services; - low staff turnover; -long-term stable partnership with partners; | <ul style="list-style-type: none"> - underdeveloped hotel infrastructure; - a lack of information on the strategic directions of hotel development; - conventional methods of promoting services in the tourism sector; - an insufficiently high level of employee professionalism; - a lack of regular employee awareness of the results of their activities, which is a demotivating situation; - a lack of developed customer feedback; - an increase in hotel costs as a result of rising housing and communal service tariffs; |
| | OPPORTUNITIES | THREATS |
| EXTERNAL ENVIRONMENT | <ul style="list-style-type: none"> - reinforcing partnerships; - doing market research to discover consumers' needs - upgrading production machinery - the potential for accessing the market for business classes (conferences, seminars). - hotels' participation in national and international tourism exhibits; - an expansion of hotel partnerships with foreign travel agencies and organizations. - focusing on a broader segment of customers | <ul style="list-style-type: none"> -increased competition from an increasing number of recently opened hotels and the advent of new sorts of services; -increased prices for food items and energy resources; - the murky state of the nation's economy; - evolving consumer demands and preferences; - state-ordered hotel closures |

Source: Based on research done by the author.

The SWOT analysis revealed that the severe competition in the hotel services sector, as well as rising competition from rivals who are more swiftly adjusting to changes in customer preferences, is the biggest danger to these hotels.

It is first suggested that the strategic management system of the analyzed hotels improve the quality management process, specifically the improvement of the service quality management system, staff development, and expansion of the range of additional services, to function effectively in the face of growing competitive pressure from existing hotels in Baku.

In this regard, the dissertation presented strategies to raise the standard of service provided by the hotels under investigation:

- measures to diagnose the present quality of service and to establish a service standard.
- activities for staff training;
- proposals for the installation of extra services that will boost customer satisfaction.

The calculations made for the dissertation support the hypothesis that the recommended measures will result in a 15% increase in the revenue growth of the assessed hotels.

The study suggests using the questionnaire method to perform a self-analysis of the strategic management system.

The functional model of management assessment put forth by D.V. Maslov serves as the theoretical and methodological foundation for creating a strategy to evaluate the strategic management of a company.

The results of the survey indicate that the strategic management system in the analyzed hotels has potential for development, but these opportunities are poorly implemented.

The author uses the management adequacy ratio to further the study inside the approach based on the suggested model for evaluating strategic management.

The current analysis demonstrates that the level of management adequacy is overstated (reassessed) for the majority of the management

¹ Maslov, D., Watson P., Chilishi N., Application of a functional management assessment model to achieve sustainable competitive advantages // Management in Russia and abroad.

functions of the studied hotel operations, i.e., there are discrepancies between managers' and employees' perceptions of the state of the enterprise.

Based on the research, the paper provides the following broad assessment of the current state of strategic management in the investigated hotel enterprises: strategic management is carried out haphazardly in them, missions are not defined, goals are not described, and enterprise management systems are insufficient due to the lack of a strategy in the operations of these hotels, and they are oriented for short-term results.

4. Development of a strategy for innovative development of Gorgud Hotel & SPA, and calculation of performance indicators of the proposed activities. (3.1; 10)

In this dissertation, a unique innovative development plan is created for the hotel chain Gorgud Hotel & SPA. This approach helps to strengthen the hotel's reputation, which in turn will promote customer loyalty, market competitiveness, and industry leadership for a certain set of services.

The paper also highlights how the values and conventions of the company culture should serve as the foundation for developing an innovative strategy.

The strategic objectives of the hotel's innovative development are established at the outset of constructing a strategy, which is examined in the dissertation of the hotel.

In light of the results of the SWOT analysis, the author suggests the following formulation of strategic objectives for the growth of the Gorgud Hotel & SPA hotel (up to 2025):

- ensuring an increase in revenue;
- investigating price reductions for hotel services without sacrificing quality;
- identifying new segments for the sale of services and locating a new group of customers.
- increasing market share by snatching up competitors' market share at the lowest possible cost.
- expanding the network of suppliers, creating mutually beneficial, long-term collaborations, and acquiring new partners.

The dissertation outlines the hotel's objective by its operational strategy for the Gorgud Hotel & SPA: "Seizing and maintaining a

leadership position in the hotel market by demonstrating exceptional consideration for clients, attention to business partners, personnel, and society."

Additionally, the paper suggests actions to be taken to introduce and implement particular creative solutions in the examined hotel (introduction of the marketing department, measures for the application of innovative methods of training, and staff development).

The author finds that the suggested activities will be financially advantageous for the Gorgud Hotel & SPA hotel based on the calculations' findings. Profits are expected to rise by 14% as a result of the Gorgud Hotel & SPA hotel's implementation of the event to establish a marketing department and by a similar percentage as a result of the hotel's implementation of the event to train its staff.

The thesis produced an idea for a small-format cinema that will use contemporary equipment to demonstrate the most recent cinematography, both in conventional and 3D format, to broaden the range of services to boost the profitability and competitiveness of the Gorgud Hotel & SPA, by the selected strategy of diversified expansion.

According to the calculations done for the dissertation, the project will become profitable in the second year and the small 3D theater at the Gorgud Hotel & SPA will have a full payback period of 10 months.

The process of implementing an innovative development strategy is the last step for a hospitality business.

5. Determination of ways to overcome the crisis and improve the activities of hotel enterprises in Azerbaijan against the backdrop of the Covid-19 pandemic. (3.2; 12.13)

The COVID-19 pandemic's detrimental effects on the global economy, and in particular its greatest impact on the hospitality industry, made it necessary for this study to explore strategies for resolving the pandemic-related problem and enhancing the operations of hotel firms in Azerbaijan.

Due to a sharp decline in visitor numbers to Azerbaijan, the occupancy rate in the Baku hotel services market fell by 93% in 2020, and the rate of return per room fell by 96% in 2019.

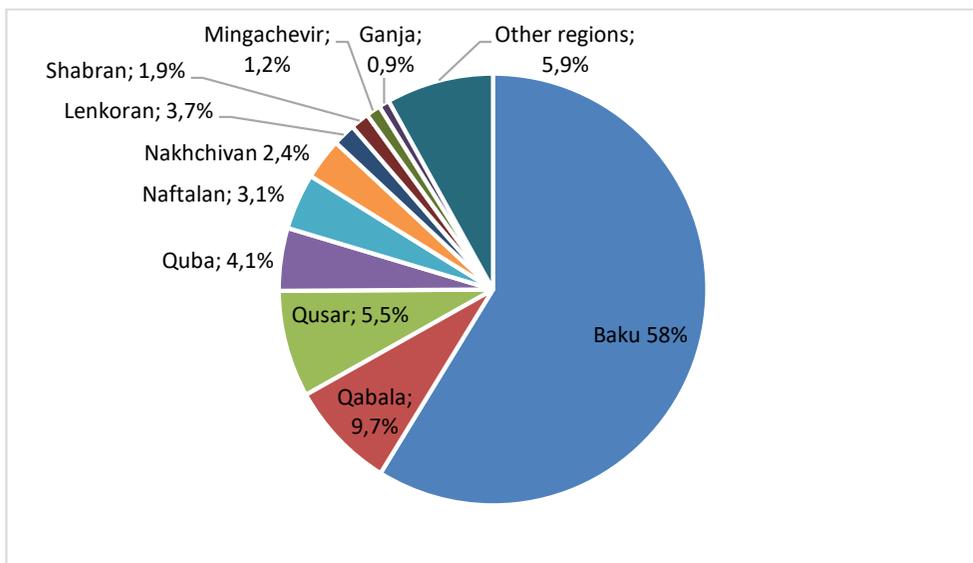


Figure. 1. Number of overnight stays by regions of Azerbaijan in 2020

Source: Compiled by the author based on data from Inews.az

In general, 999.8 thousand foreign visitors spent the night in hotels in our nation in 2020; this represents a decline in this indicator of 3.3 times. At the same time, 58 percent of all overnight stays were spent in hotels in Baku, the capital of Azerbaijan, which accounted for the majority of those stays. This figure was 9.7 percent in the Gabala region, 5.5 percent in the Gusar region, 4.1 percent in the Guba region, 3.2 percent in the Lankaran region, 3.1 percent in the city of Naftalan, 2.4 percent in the Nakhchivan Autonomous Republic, 1.9 percent in the Shabran region, 1.2 percent in the city of Mingachevir, 0.9 percent each in the Ganja, Khachmaz, Gakh, and Shamakhi regions, and 0.7 percent (Fig. 1)

One of the major effects of the pandemic was the critical decline in the hotel's financial and operational performance. A hotel can only manage its income by creating a serious, adaptive anti-crisis program of action that includes non-traditional, creative solutions that help stabilize and successfully restore the hospitality sector in our nation. This program must be focused on reducing the pandemic's extremely negative effects and improving the crisis.

Based on this, the dissertation first identified the following factors that markedly raise the level of susceptibility of all hotel businesses in the context of the coronavirus pandemic:

- the inevitable closure of hotels by government order;
- the inevitable closure of hotels due to a complete lack of visitors;
- the inability of offering hotels a wide variety of services;
- location (a lot more international tourists travel to megacities),
- reliance on charter flights for hotel occupancy,
- fixed rent from the owners of the building, etc.

In a pandemic, an entrepreneur should initially focus on staying afloat and averting firm closures rather than worrying about making huge profits, according to the study.

Based on this, the report highlights how crucial accurate pricing is in the hotel industry right now. The COVID-19 pandemic problem has demonstrated that rigidity and stable tariffs are necessary to maintain competitiveness. Today's hospitality businesses require dynamic pricing because a client's decision to book a hotel is influenced by the cost.

In this regard, the dissertation offers a variety of pricing tactics, the use of which will be appropriate for hotel businesses in a time of crisis.

Along with this, the dissertation also suggested a series of novel approaches to lessen the pandemic's unfavorable effects and ease the problem in the country's hospitality sector, which, according to the author, should be focused on:

- the emergence of domestic tourism as a new market;
- the development of a new hotel service or product, including the use of the Use-to-book platform to rent out rooms for work-related purposes, introduce the staycation idea, and use the "self-isolation in hotels" service;
- the adoption of cutting-edge digital technologies, including the development of single information space for the tourism sector, the use of chatbots and mobile applications for tourists and hotel guests (SPG Keyless + system), the use of voice assistants in hotels (Alexafor Hospitality, a service that can be implemented using "smart speakers" Echo), intelligent (smart) room control, and robotization of the hospitality sector;

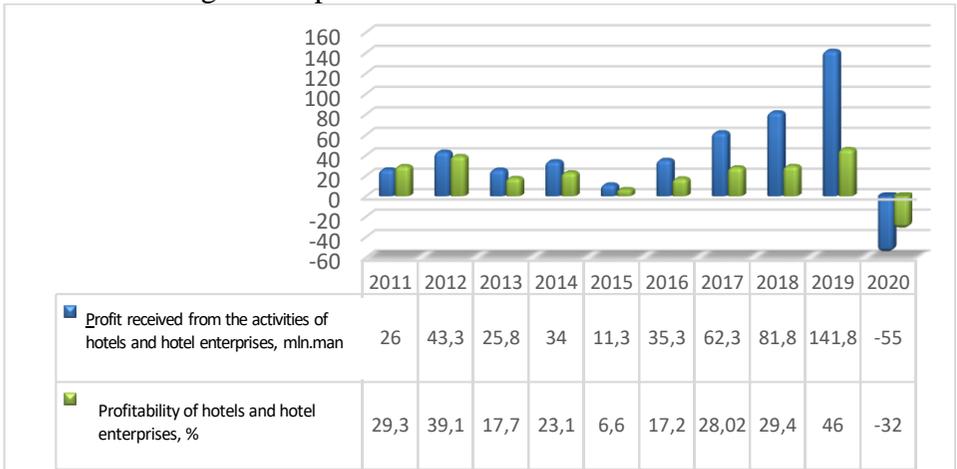
- creative approaches to marketing and promoting travel and hotel services, including the creation of an anti-crisis marketing plan and the sequencing of marketing activity;

- innovations that ensure the application of additional sanitary and hygienic requirements necessary in a pandemic, such as those forcedly introduced in response to the changing business conditions in the COVID-19 era in the hospitality industry's people management;

- modifications to the hotel business management system, such as the inclusion of domestic hotels in the safe tourism program to earn certificates of a secure and comfortable stay on an international level. SafeTravels SPB provides health insurance for travelers and integrates compliance services into the hotel industry's management system, among other things.

6. Based on statistical and mathematical calculations, establishing the relationship between the capacity of hotel companies, the cost of foreign tourists visiting our country for tourist purposes, and the income from the operations of hotel enterprises in the Republic of Azerbaijan for 2009 to 2020 years. (3.3)

As shown in Chart 1, there was a positive trend in the outcomes of economic activity for businesses in the hotel sector from 2011 to 2020 as a result of management optimization.



Graph 1. The amount of profit generated by the work performed by hotels and businesses that resemble hotels in the Republic of Azerbaijan

Source. written by the author using statistics from stat.gov.az.

Basic data on hotel enterprise capacity, the cost of foreign tourists visiting our nation for tourism, and revenue from hotel enterprise activities in the Republic of Azerbaijan are shown in Table 3 for the years 2009 to 2020.

Table 3

Income from the activities of hotel enterprises in the Republic of Azerbaijan for 2009-2020 and factors affecting it

| Years | Hotel enterprise capacity (number of places) (X1) | Costs of foreign tourists coming to our country for tourism purposes, million azn (X2) | Income from the activities of hotels and hotel-type enterprises, million azn. (Y) |
|--------------|--|---|--|
| 2009 | 30571 | 0,6979 | 98,6 |
| 2010 | 30793 | 0,6866 | 97 |
| 2011 | 31979 | 0,8119 | 114,7 |
| 2012 | 32834 | 1,0901 | 154 |
| 2013 | 33951 | 1,2125 | 171,3 |
| 2014 | 35652 | 1,2812 | 181 |
| 2015 | 37278 | 1,1324 | 183,1 |
| 2016 | 40042 | 1,4113 | 240,1 |
| 2017 | 41611 | 2,2853 | 284,5 |
| 2018 | 46693 | 2,6616 | 359,5 |
| 2019 | 49980 | 2,9714 | 450,2 |
| 2020 | 50687 | 0,4147 | 116,8 |

Source: The author's research, based on the website stat.gov.az.

The EViews-12 econometric program was used to conduct a regression analysis of the relationship between the capacity of hotel enterprises, the costs of foreign tourists visiting our nation for tourism purposes, and the income from the operations of hotel enterprises in the Republic of Azerbaijan in 2009-2020.

Table 4

Dependent Variable: Y
 Method: Least Squares
 Date: 05/18/22 Time: 07:49
 Sample: 2009 2020
 Included observations: 12

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|----------|
| X2 | 116.8577 | 8.527579 | 13.70350 | 0.0000 |
| X1 | 0.002981 | 0.000956 | 3.117319 | 0.0124 |
| C | -72.76760 | 32.12580 | -2.265083 | 0.0498 |
| R-squared | 0.975779 | Mean dependent var | | 204.2333 |
| Adjusted R-squared | 0.970397 | S.D. dependent var | | 110.8845 |
| S.E. of regression | 19.07827 | Akaike info criterion | | 8.947295 |
| Sum squared resid | 3275.825 | Schwarz criterion | | 9.068522 |
| Log likelihood | -50.68377 | Hannan-Quinn criter. | | 8.902413 |
| F-statistic | 181.2916 | Durbin-Watson stat | | 2.442540 |
| Prob(F-statistic) | 0.000000 | | | |

Source. Created by the author with the EViews software suite

The regression equation will be as follows based on the outcomes from the Eviews-12 application suite:

$$Y = 0.00298 * X1 + 116.8576 * X2 - 72.7676$$

To check the statistical significance and adequacy of the established model, we use the Fisher criterion. To do this, the F-Fisher criterion should be compared with the value of Ftable (a; m; n-m-1). According to the data in the table reflecting the results of Eviews-12 software suite:

$$F_{\text{statistic}} (\text{Fisher's criteria}) = 181.3$$

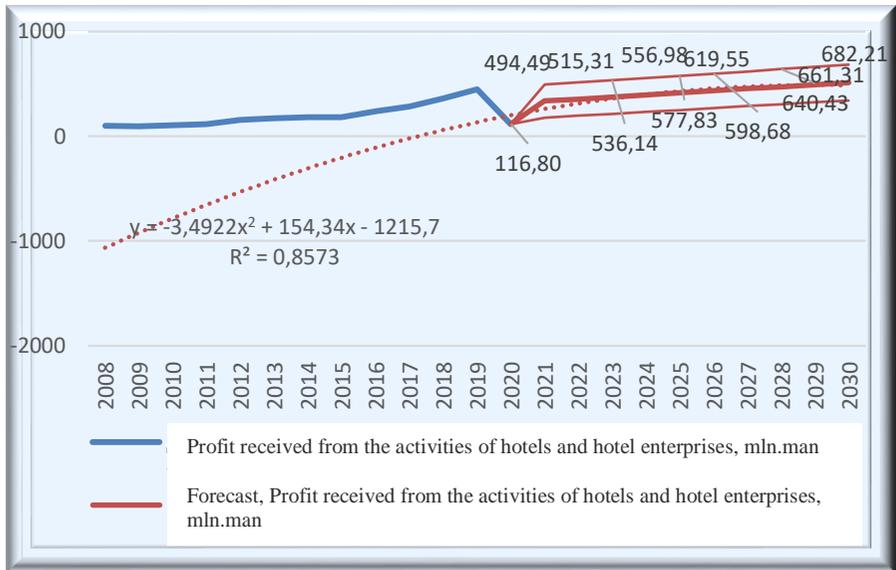
$$F_{\text{table}} (a; m; n-m-1) = F_{\text{disp}}(0.05; 2; 9) = 4.26$$

When the F-Fisher criteria are compared with the Ftable value (a;m;n-m-1), we get the following result:

$$F_{\text{Fisher criteria}} > F_{\text{table}} (181.3 > 4.26).$$

This demonstrates the statistical significance of the regression equation as a whole and the suitability of the built-in model.

The predicted revenue from the labor and offerings of hotel businesses in the Republic of Azerbaijan through 2030 is depicted in Graph 2.



Graph 2. Forecast of income from the activities of hotel enterprises in the Republic of Azerbaijan until 2030

Source: Done by the author using the stat.gov.az website.

As shown in Graph 2, by the end of 2020, the revenue generated by hotel enterprises in Azerbaijan fell by 74.1 percent compared to 2019 and totaled 116.8 million manats, which translates to a 333.4 million manat decline in revenue for hotels and hotel-type businesses.

Beginning in 2021, the revenue generated by hotel firms in Azerbaijan will rise, reaching 682.1 million manats by 2030, or 5.84 times more than in 2020.

7. The relationship between GDP and revenue from the operations of the hotel industry firms in the Azerbaijan Republic has been developed based on the analysis of the correlation -regression. (3.3)

An increase in the income from works and services in this field is brought about by the best management of the economic activities of hotels and hotel-type businesses.

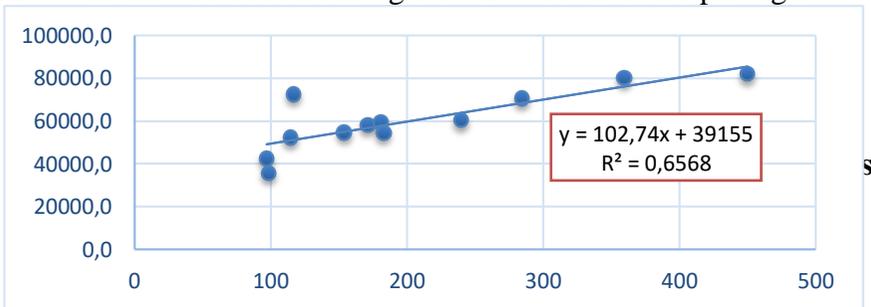
Graph 3 displays the revenue generated by hotel businesses along with the dynamics of GDP growth in the Republic of Azerbaijan from 2008 to 2020.



Graph 3. The dynamics of GDP growth in the Republic of Azerbaijan from 2008 to 2020 as well as income from hotel industry operations

Source. Done by the author using the stat.gov.az website.

The association between the revenue generated by hotels and businesses that are similar to hotels in the Republic of Azerbaijan and GDP has been constructed using the MS Excel software package.



As observed in Chart 4, the regression equation $y = 102.74x + 39155$,

which represents the income from hotels and other hospitality-related businesses, has a high correlation ($R^2 = 0.6568$) on the Chaddock scale.

The effect of the hotel and hospitality-related business revenue on GDP is greatly amplified by a high correlation between these variables. The value of the elasticity coefficient found below can be used to determine this

$$E_{\text{income from the operation of hotel enterprises}} = \frac{\alpha \times \bar{x}}{\bar{Y}} = \frac{102,74 \times 204,2333}{60137,6} = \\ = \mathbf{0,349}$$

α - is the coefficient of the free variable in the regression equation,

\bar{x} – mean value of the free variable

\bar{Y} - mean value of the dependent variable

The Azerbaijani GDP share of tourism increases by 0.349 percent for every 1% growth in revenue from hotels and businesses that cater to the hospitality industry, according to the country's elasticity coefficient of 0.349.

CONCLUSIONS

The following scientific findings were obtained during this dissertation's research, and their use—individually and in combination—contributes to the enhancement of strategic management in the creative growth of service enterprises:

1. It was feasible to make the following judgment based on the findings of the research of the key components of various theoretical approaches to understanding the essence of strategic management and the examination of the economic content and structure of the process under consideration: strategic management is proactive management based on human potential and requires inventive effort to develop master, and commercialize innovations; it is the top management's activity targeted at timely adjustment and adoption of strategic decisions, when the internal or external conditions of the enterprise's functioning change, to acquire competitive advantages and accomplish the desired goals.

The research conducted for the dissertation revealed that a variety of subjective and objective factors limit the ability to solve strategic management issues in the innovative development of the service sector.

2. The dissertation's approach for evaluating the 4-star hotels in Baku's innovative potential showed that this potential is at an

unacceptable level, or a low level, in the case of the hotels under analysis. As a result, significant efforts must be made to improve the application and development of the structural elements of their inventive potential. The practical implementation of the established strategies will guarantee the expansion of these hotels' competitiveness in the market for hotel services, not only in the short and medium terms but will also create the groundwork for long-term success.

3. Creating unconventional development ideas for the hotel is one of the ways to enhance its strategic management.

Therefore, a service differentiation approach is suggested in particular for the Gorgud Hotel & Spa. The hotel will be able to lead its industry in a certain group of services thanks to this strategy.

The dominance of the hotel firm over its rivals will be determined by innovative approaches to strategic management, which helps to chart the future course for harmonious growth and continual process improvement.

The final section of the thesis provides comprehensive information about the results.

The main content of the research is described in the following published scientific works of the author:

1. Рза-заде Н.Р. Концептуальные подходы к стратегическому менеджменту // “ Turizm və qonaqpərvərlik tədqiqatları, Azərbaycan Turizm və Menecment Universiteti” Н.Р. Рза-заде. - Bakı: - 2018. – с. 93-102.
2. Рза-заде Н.Р. Научно-технологический и образовательный потенциал-важнейший фактор формирования инновационного развития предприятий сферы услуг // “ Экономика Строительства и Менеджмент Научно-Практический Журнал” Н.Р. Рза-Заде. -Bakı: - 2019. – с. 91- 95.
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4. Rza-zadeh N.R. Study of the economic potential of the innovative development of the hotel enterprises in Azerbaijan // “Economic Herald of the Donbas, Quartely Scientific Journal № 4” - 2019. – p.61-65.

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7. Рза-заде Н.Р. Государственная политика Азербайджана по поддержке инновационного развития экономики страны // “Şaxələndirilmiş İqtisadiyyatın infrastrukturunun təminatı: əsas meyllər və inkişaf istiqamətləri. Azərbaycan Memarlıq və İnşaat Universiteti”- 2019. - с. 203- 207.
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9. Rza-zadeh N.R. Study of the economic potential of the innovative development of the hotel enterprises in Azerbaijan // “Sustainable Tourism-Perspectives and Challenges, International Student-Doctoral Scientific Conference Organized by tourism department at faculty of economics of the “ST.Cyril and ST. Methodius” University of the Veliko Tarnovo” – 2020. - p. 171-179.
10. Рза-заде Н.Р. Исследование экономического потенциала инновационного развития гостиничных предприятий Азербайджана // “21 əsrdə Beynəlxalq İqtisadi Münasibətlərin Prioritet İstiqamətləri mövzusunda Beynəlxalq elmi-praktik konfrans. Azərbaycan Turizm və Menecment Universiteti ”- 2020. - p. 261-265.
11. Рза-заде Н.Р. д.э.н., проф. Султанова Р. П. Проблемы управления рисками в гостиничной индустрии // “ Turizm və qonaqpərvərlik tədqiqatları, Azərbaycan Turizm və Menecment Universiteti” Н.Р. Рза-заде. - Bakı: - 2021. – с. 93-102.

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