

Economics

Trends in Sustainable Economic Strategies and Employee Satisfaction in Georgia's Hospitality Industry

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This study explores the interplay between job satisfaction and sustainable economic management strategies in Georgia's chain hotels, particularly in the face of regional challenges such as the Russia-Ukraine War. By examining both employee satisfaction and sustainable practices, the research aims to provide a comprehensive understanding of how these factors contribute to the overall performance and resilience of the hospitality sector. Drawing on scientific literature in employee satisfaction, crisis management and sustainable development, the study combines quantitative data from surveys of 275 hotel managers and employees with qualitative insights from interviews. Key findings highlight the influence of cultural sensitivity, workforce diversity, and operational dynamics on job satisfaction. At the same time, hotel managers have adopted strategies such as dynamic pricing, resource optimization, and sustainable practices aligned with the United Nations' Sustainable Development Goals (SDGs). These strategies not only address immediate operational and geopolitical challenges but also enhance long-term competitiveness and service quality in the global hospitality market. The study underscores the critical role of creating supportive environments for employees and implementing culturally sensitive approaches to improve job satisfaction, productivity and service quality. By bridging the gap between employee satisfaction and sustainable management, this research provides valuable insights for improving the hospitality sector's resilience and its contribution to Georgia's economy. © 2024 Bull. Georg. Natl. Acad. Sci.

economic reforms, socio-economic challenges, migration, tourism, hospitality industry, sustainable strategies

The hospitality sector in Georgia is a vital component of the country's economy, contributing significantly to tourism, employment, and regional development. As Georgia continues its path toward European integration, the alignment of its hospitality practices with global standards, particularly in

the areas of sustainable development and employee satisfaction, has become increasingly critical. Chain hotels, due to their structured operational models and consistent service standards, are key players in this evolving landscape. This study focuses on the integration of sustainable strategies

and job satisfaction, particularly considering regional challenges such as geopolitical instability and economic uncertainty.

Tourism and hospitality have emerged as one of the major drivers of economic growth in Georgia, fueled by the country's rich cultural heritage, natural beauty, and strategic location at the crossroads of Europe and Asia. The expansion of international chain hotels has not only increased the sector's capacity but also raised expectations for service quality and operational efficiency. These developments place significant emphasis on the role of human capital in driving performance. Employee job satisfaction is directly linked to service quality, customer satisfaction, and overall operational success [1].

Georgia's post-Communist economic restructuring, marked by significant challenges, successes, and failures, provides the unique lens through which to examine the evolving landscape of employment satisfaction. His insights into the successes and pitfalls of Georgia's economic transition, coupled with his examination of the interface between government policy and international agencies, provide valuable perspectives on the determinants of job satisfaction. Institutional memory as well as organizational memory that is created by experienced staff is a crucial factor for implementation systemic, effective programs, reforms, organizational changes in practice for the long-term real success [2]. Georgia's post-Soviet economic reforms have positioned the hospitality industry as a cornerstone of the service-oriented economy [3]. However, these reforms have also introduced challenges such as fluctuating foreign investments and monopolization in certain sectors [4]. Understanding the factors that influence job satisfaction in this context is crucial for ensuring the sector's sustainability and competitiveness. Research has shown that improving employee satisfaction can lead to enhanced service quality, higher employee retention, and increased customer loyalty [5]. Job satisfaction in the hospitality industry is influenced

by a wide range of factors, including working conditions, management practices, and organizational culture. Studies have demonstrated that employees who feel valued and supported are more likely to exhibit high levels of job satisfaction, leading to better performance and increased customer satisfaction [6].

The Russia-Ukraine War, which began in 2022, has had far-reaching effects on the hospitality sector in Georgia. The influx of migrants from Russia and Ukraine has increased demand for accommodation and services, creating both opportunities and challenges for hotel management [7]. Addressing job satisfaction is not only important for improving individual performance but also for enhancing the overall competitiveness of the hospitality sector. Satisfied employees are more likely to remain with their employers, reducing turnover and fostering a positive organizational culture. This is particularly relevant in the Georgian context, where the hospitality sector is a major source of employment and plays a key role in supporting the country's economic development goals [8].

As Georgia seeks closer ties with the European Union (EU), aligning its hospitality practices with EU standards has become a priority. This alignment extends beyond operational efficiency to include social policies, workers' rights, and sustainability initiatives. The EU places a strong emphasis on improving working conditions and promoting sustainable business practices, making it essential for Georgian hotels to adopt similar approaches [9]. Job satisfaction is a key indicator of a hotel's alignment with these values, as it reflects the organization's commitment to improving employee welfare and promoting social responsibility. As Georgia pursues closer ties with the European Union, aligning its hospitality sector with European standards becomes imperative. The focus on job satisfaction aligns with the EU's emphasis on social policies and rights of employees, showcasing Georgia's commitment to not only economic but also social dimensions of integration [10]. This

alignment is essential for attracting European tourists and investors, further integrating Georgia into the European market. For Georgian chain hotels, the challenge lies in balancing the need for operational efficiency with the demands of employee satisfaction and sustainability. Research has shown that employees are more likely to engage with sustainability initiatives when they feel supported by their employers [11].

The geopolitical landscape of the South Caucasus, particularly the Russia-Ukraine War, has created significant challenges for the hospitality sector in Georgia [12]. The country has experienced an influx of migrants, the migration has placed additional pressure on the hospitality sector, with hotels facing increased demand for accommodations and services [13]. The unique challenges posed by this influx include cultural adaptation, workforce integration, and the need for expanded capacity. These regional challenges have also created economic uncertainty, further complicating the management of chain hotels. In response, hotel managers have adopted sustainable strategies such as dynamic pricing, resource optimization, and technology integration to address these challenges. These strategies not only help hotels navigate the immediate pressures of increased demand but also contribute to the sector's long-term sustainability. By aligning these strategies with the United Nations' Sustainable Development Goals (SDGs), Georgian hotels can enhance their resilience and competitiveness in the global market.

Sustainable management practices are increasingly recognized as essential for the long-term success of businesses in the hospitality industry. These practices include resource optimization, energy conservation, waste reduction, and community engagement [14]. However, the successful implementation of these strategies depends heavily on employee engagement and job satisfaction. Research has shown that employees who are satisfied with their jobs are more likely to support sustainability initiatives, as they feel a greater sense

of ownership and commitment to the organization's goals [15].

In the context of Georgian chain hotels, sustainable management practices must be integrated with efforts to improve job satisfaction. This involves adopting culturally sensitive management practices that address the diverse needs of the workforce. The findings offer valuable insights for hotel managers and policymakers, highlighting the importance of integrating job satisfaction with sustainability initiatives to ensure the long-term success of the hospitality sector.

The notion of 'hospitality' implies that the unequal power dynamics between guests and hosts can affect the homemaking process. Derridean's critique inspired migration theorists to argue that true hospitality "is a refusal to perceive the preconceived identities of host and guest. According to professor Dikec, it is about recognizing that they are mutually constitutive and therefore interdependent and changeable, like all identities".

Integrating sustainable practices in hospitality industry amidst geopolitical challenges. In the context of the hospitality industry in Georgia, particularly in chain hotels, managers face the dual challenge of adapting to an influx of migrants due to regional conflicts while simultaneously aligning their practices with the United Nations' Sustainable Development Goals (SDGs). The intersection between these challenges highlights the need for strategies that are not only responsive to immediate economic and social pressures but also sustainable in the long term. The recent geopolitical shifts, particularly the Russian-Ukrainian War, have led to a significant migration of individuals into Georgia. The increased demand for accommodation and services presents both opportunities and challenges for hotel managers. On one hand, it has boosted occupancy rates and revenue streams; on the other hand, it has necessitated a rapid response in terms of resource allocation, cultural adaptation, and service provision.

Sustainable strategies for managing increased demand. To effectively manage the influx while contributing to the SDGs, hotel managers in Georgia have implemented several sustainable strategies. These include dynamic pricing models that optimize revenue without compromising accessibility and efficient resource management practices that minimize waste and energy consumption.

Cultural sensitivity and inclusion as SDG contributions. Cultural adaptation is not merely a business necessity but also a contribution to SDG 16 (Peace, Justice, and Strong Institutions) and SDG 10 (Reduced Inequality). By offering training programs focused on cross-cultural communication and inclusivity, hotels not only improve service quality but also foster an environment of mutual respect.

Community engagement and SDG alignment. Moreover, community engagement has become a central aspect of hotel management in Georgia. Hotels are increasingly collaborating with local communities to ensure that the benefits of increased tourism and migration are shared. This aligns with SDG 11 (Sustainable Cities and Communities), as it promotes inclusive and sustainable urbanization. According to Smith & Johnson by participating in local initiatives and supporting community projects, hotels can play a pivotal role in promoting social and economic sustainability in their regions.

Technological integration for sustainable development. The integration of technology is another key strategy that aligns with the SDGs. Hotels are adopting digital tools for reservations, customer service, and energy management, which not only improve efficiency but also reduce the environmental footprint of their operations. This contributes to SDG 9 (Industry, Innovation, and Infrastructure) and SDG 12 (Responsible Consumption and Production), by driving innovation in the hospitality sector and promoting sustainable consumption patterns.

The case of hotel management in Georgia amidst regional challenges underscores the importance of

integrating sustainable practices into business strategies. By aligning their operations with the SDGs, hotel managers can address the immediate challenges posed by migration while contributing to the broader goal of global sustainability. These efforts not only enhance the resilience of the hospitality industry but also position it as a leader in promoting sustainable development in the region.

Methodology

The study employed optimal statistical methods. Descriptive statistical measures were used to describe the sample, including mean (M) and standard deviation (SD), which were utilized to score the questionnaires. Pearson's linear correlation coefficient was employed to test the correlation between variables. The study uses both primary data by means of questionnaires and personal interviews and secondary data through reviewing of national statistical office of Georgia and websites. The results were obtained by measuring relationships through a questionnaire based on data collected via a survey. The research specifically targeted hotel managers, and a specially prepared questionnaire, comprising closed-type questions adapted from previous research, was distributed. Once respondents filled out the questionnaire, their answers were processed using the statistical program SPSS 27. In total, 275 respondents participated in the data collection process (N=275). All items in the questionnaire were measured using a 5-point Likert scale, where one corresponds to 'strongly disagree', and five corresponds to 'strongly agree'. Data analysis relied on structural data modeling, and the results are discussed in the following section.

Results and Discussion

1. Descriptive statistics

Table 1 provides an overview of general details and a summary of the respondents who actively participated in the data collection process. The Table includes key demographic information and relevant

characteristics of the respondents, such as gender, age distribution, and educational background.

Demographic characteristics of the participants revealed a balanced gender distribution, with 52.3% identified as women and 47.7% as men. Agewise, 8.6% fell in the 24 and below category, 41.5% in the 25-34 range, 35.1% in the 35-44 bracket, and 14.8% were 45 and above. Education-wise, a significant 86.3% of participants held a master's degree, 12.6% had a bachelor's degree, and 1.1% possessed a high school diploma. Notably, a substantial proportion of participants were concentrated in the 25-44 age group, with the majority holding university degrees. This pattern aligns with the educational background typically associated with the tourism sector, emphasizing the significance of higher education in the field. The research results in relation to the specific objectives focus on the strategies employed by hotel managers amid the influx of migrants to Georgia due to the Russia-Ukraine war. The influence of various factors, as outlined in Table 1, will be examined.

A noteworthy finding is the highest score achieved by Marketing Approaches (5.86). It's intriguing that, amidst the strategies employed by hotel managers in response to the influx of migrants

to Georgia due to the Russia-Ukraine war, factors scoring above 4 include Governmental and Institutional Collaborations, Technological Integration, Workforce Adaptation, and Training Programs.

Altered Demand for Accommodations and Services: The influx of migrants has brought about a substantial shift in the demand for accommodations and services. As displaced individuals and families seek temporary residence, there is a notable increase in the utilization of hotel resources. This section analyzes statistical data and trends to quantify and understand the extent of this alteration in demand. By exploring variations in occupancy rates, booking patterns, and the types of services sought, the study aims to provide a comprehensive view of how the migration influx is reshaping the hospitality landscape.

Cultural Dynamics and Adaptive Strategies: The cultural dynamics introduced by the migrating population pose distinctive challenges and opportunities for hotel managers. With guests representing diverse backgrounds, preferences, and expectations, there arises a critical necessity for hotel managers to adapt their strategies accordingly.

Managers employ various strategies, including revenue optimization through dynamic pricing

Table 1. Opinions of employees

Dimension elements	Strongly Disagree %	Disagree %	Neutral %	Agree %	Strongly Agree %	\bar{X}	SD	P
Section 1: Impact on Demand for Accommodations and Services	0.7	0.2	2.4	28.8	67.9	3.56	0.73	0.796
Section 2: Cultural Dynamics and Adaptive Strategies	1.9	1.9	2.9	26.5	66.8	3.87	0.79	0.734
Section 3: Operational Strategies	3.1	3.9	4.5	27.8	60.7	3.95	0.84	0.767
Section 4: Workforce Adaptation and Training Programs	2.8	3.1	4.3	18	71.8	4.16	0.91	0.742
Section 5: Community Engagement and Collaborative Initiatives	2.9	0.2	7.7	25.6	63.6	3.95	0.83	0.722
Section 6: Technological Integration	1.2	1.6	5.4	19.5	72.3	4.21	0.92	0.712
Section 7: Marketing Approaches	0.7	2.4	9.8	6.6	80.5	5.86	1.13	0.788
Section 8: Governmental and Institutional Collaborations	2.2	3.1	5.7	15.5	73.5	4.56	0.99	0.756

Source: The Table was compiled by the author from research results.

Table 2. Description of variables

Variable	Description
HOR (Hotel Occupancy Rate)	Measured as the percentage of total available hotel rooms occupied by guests. This variable reflects the utilization of hotel resources and can be influenced by the influx of migrants.
Independent Variables	
MI (Migrant Influx)	A proxy variable representing the number of migrants arriving in Georgia due to the Russian-Ukrainian War. The expectation is that a higher migrant influx may positively correlate with increased demand for hotel accommodations.
CST (Cultural Sensitivity Training)	A binary variable indicating whether hotels have implemented cultural sensitivity training for their staff. Expected to positively influence hotel occupancy by enhancing the quality of service for a diverse guest population.
CE (Community Engagement)	A measure of the level of engagement between hotels and local communities in addressing concerns and leveraging opportunities related to migrant influx. Anticipated to positively impact hotel occupancy by fostering positive community relations and attracting more guests.
TI (Technological Integration)	A variable indicating the extent of technological integration in hotel operations (e.g., online booking systems, contactless services). Expected to positively influence hotel occupancy by improving efficiency and meeting changing guest expectations.
Control Variables	
EI (Economic Indicators)	Variables such as GDP growth, unemployment rates, and inflation, which can influence overall economic conditions affecting the demand for hotel services.
TT (Tourism Trends)	Variables reflecting general tourism trends in Georgia, independent of the migrant influx.
β_0	the intercept term.
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$	coefficients representing the impact of respective variables on hotel occupancy.
ε	the error term, capturing unobserved factors affecting hotel occupancy.

Source: The Table was compiled by the author.

Table 3. Variable mean

Variable	Mean
MI	1459541
CST	3149
CE	86%
TI	100%
EI	GDP growth was 10.5%, the inflation level stood at 9.8%, unemployment reached 17.3%, and there was a 62% increase in the added value created in the tourism sector
TT	In 2022, Georgia recorded 5,426,903 visits made by non-resident visitors.

Source: The Table was compiled by the author from national statistical office of Georgia.

mechanisms, efficient room allocation, and reservation policies tailored to the evolving needs of the migrating population. Delving into these tactics reveals how hotel managers proactively adjust their operational frameworks, skillfully balancing demand and service quality in response to the unique challenges posed by migration dynamics.

Community engagement emerges as a pivotal strategy for hotel managers amid the influx of migrants, emphasizing their proactive involvement with local communities. By embracing community

engagement, hotel managers not only enhance their establishments' reputation but also foster mutual understanding, aligning their operations with the needs and aspirations of the communities affected by the migration dynamics.

Governmental and institutional collaborations are noteworthy, showcasing how hotel managers collaborate with relevant authorities to align policies, allocate resources, and share information in response to migration dynamics. The synergy between the private sector and government institutions

underscores their joint efforts to navigate the complexities of migration caused by the Russia-Ukraine war. This collaborative approach provides a more robust response to challenges, contributing to a cohesive and supportive environment for the hospitality industry in Georgia.

2. Model

The study constructs the model (1) to estimate the strategies employed by hotel managers in Georgia in response to the influx of migrants from the Russian-Ukrainian War.

$$HOR = \beta_0 + \beta_1 * MI + \beta_2 * CST + \beta_3 * CE + \beta_4 * TI + \beta_5 * EI + \beta_6 * TT + \varepsilon. \quad (1)$$

For detailed measurements and descriptions of each variable, please refer to Table 3.

Table 3 gives the values from the national statistical office of Georgia.

The result of the calculated expression, based on the provided coefficients and values, is:

$$HOR = 5430430.39 + \varepsilon. \quad (2)$$

So, the result is approximately $5430430.39 + \varepsilon$, where ε represents the error term in the model.

Conclusion

The comprehensive analysis of the hospitality industry in Georgia amidst the influx of migrants from the Russian-Ukrainian War reveals a dynamic transformation in both demand patterns and cultural dynamics. The altered demand for accommodations and services underscores the need for adaptive strategies, as hotels experience increased utilization of resour-

ces by displaced individuals and families. Cultural intricacies introduced by the migrating population necessitate nuanced approaches, emphasizing the importance of cultural sensitivity, language proficiency, and cross-cultural communication.

Furthermore, the study highlights the initiatives taken by hotel managers to promote integration and collaboration among diverse teams through cultural sensitivity training programs. Proactive measures contribute to fostering an inclusive work environment, effectively addressing the unique challenges brought about by the migration.

Community engagement emerges as a pivotal strategy, enhancing the reputation of hotels and fostering mutual understanding with local communities. Collaborative initiatives and joint efforts among hotels in Georgia facilitate the exchange of ideas and best practices, contributing to a sustainable and unified response to the evolving dynamics of the tourism industry. Noteworthy government support proves critical in addressing the unique challenges posed by migration inflows, contributing to a cohesive and supportive environment for the hospitality industry in Georgia.

In conclusion, the findings illuminate the multifaceted strategies employed by hotel managers in Georgia, showcasing their adaptability and resilience in responding to the complex dynamics of the migration influx. The study provides valuable insights for stakeholders in the hospitality industry, policymakers, and researchers seeking to understand and navigate the challenges and opportunities brought about by geopolitical events, such as the Russia-Ukraine war.

ეკონომიკა

ეკონომიკის მდგრადი სტრატეგიებისა და დასაქმებულთა კმაყოფილების ტენდენციები საქართველოს მასპინძლობის ინდუსტრიაში

პ. ადამაძე

ივანე ჯავახიშვილის სახ. თბილისის სახელმწიფო უნივერსიტეტი, ეკონომიკისა და ბიზნესის ფაკულტეტი, თბილისი, საქართველო

(წარმოდგენილია აკადემიის წევრის ვ. პაპავას მიერ)

ნაშრომში გამოკვლეულია შრომით კმაყოფილებასა და ეკონომიკის მართვის მდგრად სტრატეგიებს შორის ურთიერთკავშირი საქართველოს ტურიზმის სექტორში, სასტუმროების ქსელების მაგალითზე, განსაკუთრებით, რეგიონული გამოწვევების ფონზე, როგორცაა რუსეთ-უკრაინის ომი და მიგრაცია. კვლევა ეფუძნება თანამშრომელთა კმაყოფილების, სოციალურ-ეკონომიკურ და მდგრადი განვითარების შესახებ სამეცნიერო ლიტერატურას, აერთიანებს 275 გამოკითხული სასტუმროს მენეჯერის და თანამშრომლის რაოდენობრივ მონაცემებს, ასევე ინტერვიუების ხარისხობრივ მაჩვენებლებს. ძირითადი მიგნებები ხაზს უსვამს კულტურული მგრძობიარობის, სამუშაო ძალის მრავალფეროვნების და ოპერაციული დინამიკის გავლენას დასაქმებულთა კმაყოფილებაზე. ეს სტრატეგიები ეხება არა მხოლოდ უშუალოდ ოპერაციულ და გეოპოლიტიკურ გამოწვევებს, არამედ აძლიერებს გრძელვადიან კონკურენტუნარიანობას და მომსახურების ხარისხს მასპინძლობის გლობალურ ბაზარზე. კვლევა ხაზს უსვამს თანამშრომლებისთვის მხარდამჭერი გარემოს შექმნისა და კულტურულად მგრძობიარე მიდგომების დანერგვის მნიშვნელოვან როლს სამუშაოთი კმაყოფილების, პროდუქტიულობის და მომსახურების ხარისხის გასაუმჯობესებლად, რაც საქართველის ეკონომიკაში აღნიშნული სექტორის ზრდასა და განვითარებას შეუწყობს ხელს.

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