



## Applying Economic Methods on Analyzing Hostel Industry

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### Description

Economic ways are wide accustomed analyze the behavioral problems like consumption and production of products and services. However, most of economic analyses are self-addressed on the demand and provider of products, however not services. Since the cordial reception business chiefly contains service problems, numerical analysis with service indexes will offer necessary data to management of the commercial organizations. Chen and carver have used quantity of work per area and also the number of food and potable workers per floor space because the proxy of area service quality and F&B service quality severally to analyze the connection between the service quality and profit in edifice business [1]. Their results show that there's a non-linear relationship between F&B service quality and edifice profit, whereas the space service quality impact isn't important. carver and Chen (forthcoming) conjointly investigate the connection between service quality and market structure to reveal the dominated strategy of service quality trusted the market concentration of edifice scales [2].

### Commercial Economic Science

As is seen, adopting service science into the commercial economic science will offer a sensible vision on analyzing edifice business. Chen and Yangtze Kiang conjointly apply the ways of labor economic science on the edifice business [3]. The normal read of labor demand addresses on the derived demand. However, in edifice business, increasing the amount of staffs will increase the service quality, generating the increasing customers and revenues. On the opposite hand, the augmented revenue can even derive the labor demand in order that the matter of endogeneity arises as work the connection between area revenue and labor demand. Their study shows that with the endogeneity treatment on the labor demand model, the amount of staffs distributed to area services to extend revenues is half-dozen.6 times of distinction from the normal technique. From the commercial economic purpose of views, the commercial enterprise business is very stricken by the market fluctuations. The matter of unsure guest arrivals has been mentioned within the yield management. Completely different from ancient edifice analysis, Chen and Yangtze Kiang see of the unsure demand because the issue of market fluctuation and notice that hotels tend to expand their product selection because the unsure demand is high [4]. Also, Chen notices that the demand uncertainty will increase the chance of edifice failures [5]. On the opposite hand, assumptive that unsure demand takes the shape of output worth uncertainty, Chen and carver notice that demand uncertainty result in a rise in edifice capability. Chen and carver conclude that worth instability decreases edifice capability once volatile demand makes the

edifice business susceptible to worth instability. Whereas regarding the diversification strategy, the idea of comparative advantage is applied. The F&B service in hotels have become the most important revenues generated, particularly for the hotels with a additional profitable F&B operation than area operation in metropolitan space. The banquet services for wedding, conference, and exhibitions also are obtaining necessary for the edifice business. Qu H et al. conjointly notice that hotels with total revenue generated largely from F and B service tends to own higher growth in margin of profit, however conjointly suffer the next instability, compared to the hotels with revenue chiefly from area services. As considering the ad strategy, Chen associate in nursing find that extremely publicized product are largely charged with higher costs and function an entry barrier that results in a additional targeted market. They notice that the ad affects area revenues through the will increase of area worth, however not through the augmented amount of demand. Supported the idea of comparative advantage, native edifice operators would favor to be a part of a global chain if the perceived improvement in value potency from such a choice is bigger than staying with the established order.

### Difference-In-Difference (DID) Technique

Consequently, whether or not hotels' perceived enhancements in value potency are absolutely related to connation the international chain is disclosed. The management problems with hotels aren't solely regarding the operation methods, however conjointly embrace the policy effects. The edifice management is incredibly sensitive with labor policies. As an example, we are able to the time period impact with Difference-In-Difference (DID) technique. The introduction of the five-day work week in Taiwan constitutes a natural experiment with treatment and management teams. The treatment cluster is outlined by hotels consisting of domestic guests whereas the management cluster is outlined by hotels consisting of foreign guests. He finds that the implementation of the five-day work week system in 2001 accounted for a major increase in edifice demand. The finding conjointly implies the negative influence of labor time on travel demand. The samples of on top of studies suggest some directions on the edifice analysis. With the bottom of economic ways, there are many various problems between hotels and different industries, which might be self-addressed on for the long run analysis. Because meanwhile, the enlargement of economic framework on the cordial reception business can even build up the economic theories with additional comprehensive applications.

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