Analysis of Financial Indicators of Montenegrin Hotel Industry

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Purpose - Taking into consideration the slow increase of incomes and limited investments IN Montenegrin hotel industry, the purpose of this paper is to research the potential sources of efficiency via analysis of financial indicators in hotels in Montenegro. The special focus is given to analysis of the following indicators: operating revenue, revenue per room, room occupancy, investments, room rates, payroll etc.

Methodology - Using available secondary and primary data from hotels, government bodies and relevant international organizations, several factors are identified that affect the financial efficiency of SMEs in Montenegrin hotel industry.

Findings - Key findings indicate that hotel industry in Montenegro is experiencing limited financial efficiency, especially in terms of following financial indicators: low average annual growth rate of the operating revenues per room of just 4% in period 2008-2013; room occupancy has grew from average annual 37% in 2008 to 39.5% in 2013; decrease in average investment in 2013 comparing to 2012 for 54.6%, together with negative prognosis for future investment till end of 2015; and serious regional disbalance in sense of key indicators (e.g. operating revenue, gross operation profit) in seaside, central and northern area of Montenegro, where level of demand in Northern (Mountain) region is still below the Montenegrin average, etc.

Contribution – The contribution of this research comes from the analysis of financial indicators and accounting system of hotel industry in Montenegrin, which provides the guidance and ideas for further improvements in the important sector of tourism.

Keywords: hotel industry, Montenegro, USALI, sources of efficiency