



Article Title

Profitability and Efficiency – An Analysis of the Financial Impact of the Szechenyi Plan in the Hungarian Hospitality Industry

Citation

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Abstract

Continuous changes in the market and macroeconomic factors have made a significant effect on the tourism sector in Hungary. A heavily growing number of hotels could be observed in the past decade. The main question about the hotels built with high investment costs was their expected time of return. Keeping Hungary's natural conditions in mind, is it more expedient to build new hotels or refurbish old ones? I was seeking answers for these questions during my work. My research was aiming to explore the impacts of the non-refundable subsidies – financed by the government – provided for new health and wellness hotel projects carried out within the framework of the Széchenyi Plan. On the other hand, my study was expanded to the analysis of balance sheets and profit and loss accounts data of the hotels of Hungary according to their star (quality) rating. The major findings of the research: Considering high developmental costs subsidies play an important role in the hotel industry. It is impossible to carry out such investments using internal sources only. However, exclusive bank loans finance could drive insolvency so it is extremely risky. Non-refundable subsidies provided for hotel investments created stable, countable payroll taxes and other forms of incomes for the country. In order to achieve more profitable operation, providing higher quality of services is indispensable. Taking Hungary's conditions into account this can be reached more likely among four star rated hotels than any other star (quality) ranked establishments.