

An Examination of Investment Potential in Georgia's Hotel Industry: The Role of EVA and Tourism

Prof. Tamar Gamsakhurdia, PhD in Economic Sciences

Prof. Lamara Kadagidze, PhD in Education Sciences

Salome Ioseliani, Ph.D. student

Grigol Robakidze University, Tbilisi, Georgia

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Abstract

The tourism sector plays a significant role in the economic advancement of both developing and developed countries. The present study examines the economic potential and investment opportunities in Georgia's hotel industry, utilizing the Economic Value Added (EVA) coefficient as the primary indicator. The objective of the research was to evaluate the EVA coefficient for hotels across various regions of Georgia and to analyze its impact on the number of foreign tourists and hotel revenues. A mixed-methods approach was employed in the study, incorporating both quantitative and qualitative analyses. The dynamics of financial data were examined, and regression analysis was applied to calculate the EVA coefficient and to determine the relationship between the growth of tourist flows and financial performance metrics. The key findings indicated that Georgia's hotel sector was attractive to investors and contributed significantly to economic growth. The results demonstrated an increase in the EVA coefficient and its positive impact on economic sustainability, as well as a correlation between the growth of tourist flows and financial success. The research also provides recommendations that include enhancing transparency in financial data, improving the accessibility of information for investors, and adopting

technological innovations to strengthen the sustainability of the tourism sector and foster economic development.

Keywords: Hotel business, tourism sector, Economic Value Added (EVA), financial indicators, investment potential

Introduction

Tourism is one of the most crucial sectors of the global economy, experiencing rapid growth and economic development, particularly within the hotel sector. The role of hotels in the development of tourism is pivotal, as they establish the infrastructure that supports the travel and tourism industry. The investment potential of the hotel sector significantly impacts not only tourism but the broader business landscape as well.

The hotel sector serves as a central component of the tourism ecosystem, providing accommodation, comfort, and services for tourists. This sector contributes to the creation of supportive infrastructure, such as lodging facilities, dining establishments, and recreational spaces, which enhance the attractiveness of a destination (Wang, 2019). The comfortable and diverse services that hotels offer improve tourists' experiences, which is a key factor in tourism development. Tourists who have the opportunity to enjoy high-quality services help increase the recognition and popularity of tourist destinations (Guttentag, 2015).

The hotel sector presents significant opportunities, particularly through the integration of modern technologies. The use of digital technologies allows hotels to create efficient and personalized services, such as online bookings, automated check-ins, and specialized services for tourists (Ivanov & Webster, 2017).

However, the hotel sector also faces challenges, such as the issue of environmental sustainability. As tourism develops, the pressure on the environment increases; thus, the hotel sector is obligated to reduce its negative environmental impact based on sustainable tourism principles (Jones et al., 2016).

The rapid growth of tourism and the hotel sector creates substantial investment opportunities that promote economic growth in various regions. Investments in new hotels, leisure centers, and hotel infrastructure play a vital role in strengthening local economies (Wong, 2021).

Despite global economic challenges, the hotel sector is often regarded as a stable and profitable investment area. High-end hotels and brands offering global services enhance the long-term prospects of tourism and stimulate financial flows across different regions (Demuth et al., 2024).

In Georgia, the growth of tourism and government support provide a foundation for the rapid development of the hotel business. Recent studies

confirm that the success of Georgia's hotel sector largely depends on how effectively financial resources are managed and economic value is generated (Gamsakhurdia & Fetelava, 2023). Hotels in Georgia, particularly in the regions, face challenges such as capital shortages, yet the investment potential remains high, which is clearly reflected through the EVA indicator. Given the critical role of financial efficiency in fostering sustainable development within Georgia's hotel industry, this study applies the Economic Value Added (EVA) approach to examine investment potential and the economic impact of tourism on the sector.

Research Methodology

The aim of this research is to assess the Economic Value Added (EVA) coefficient of hotels located in various regions of Georgia, which will help identify the investment potential of the business. Additionally, the study seeks to analyze factors influencing the variability of EVA across different hotel enterprises, as well as investigate the correlation between the growth in the number of foreign tourists and the increase in hotel revenues. Ultimately, the objective is to evaluate the overall investment potential of Georgia's hotel industry.

To achieve these aims, the following tasks have been set:

- To examine all financial indicators dynamically that either facilitate or hinder the economic efficiency of the hotel business.
- To establish the relationship between the influx of foreign tourists and the growth in hotel revenues.

The subject of this research is the economic efficiency of the hotel business in Georgia, focusing on the creation of Economic Value Added (EVA), which involves a detailed analysis of financial aspects.

The research objects are selected Georgian hotel enterprises and hotel-type establishments. Financial data is analyzed based on the most successful and well-known hotels in five regions of the country. Additionally, foreign visitors constitute a research object.

The methodological framework includes a mixed-method approach, combining both quantitative and qualitative methods. The primary analysis is based on the assessment of financial data and regression analysis. The financial statements of selected hotel enterprises are examined dynamically to calculate the EVA coefficient, which serves as a quantitative indicator of economic value creation. Statistical modeling is also applied to determine the impact of foreign tourist inflows on hotel enterprises' revenues. This approach enables the investigation of how closely tourist inflows are connected with the financial performance of hotels. To comprehensively assess the hotel sector's financial viability and appeal to potential investors, this study addresses two

central research questions that focus on the economic value creation within hotel enterprises and the influence of foreign tourist inflows on revenue performance.

Research Questions:

1. Does the hotel business create economic value, and is it attractive for investment?
2. What impact does the influx of foreign tourists have on the revenue generation of hotel enterprises?

To address these research questions, the study tests two primary hypotheses, examining whether the hotel sector generates substantial economic value and assessing the impact of foreign tourism on revenue generation within prominent Georgian hotel enterprises. The expected results of the research include identifying EVA patterns in the Georgian hotel sector, recognizing best practices that contribute to economic value creation, and assessing the industry's investment attractiveness for potential investors.

To test the first hypothesis – whether the hotel business creates economic value and whether the sector is attractive for investments – it was deemed appropriate to examine the financial performance of the five most successful hotels in various regions of Georgia.

For investors, evaluating an industry's viability and reviewing a company's financial data are crucial factors when making investment decisions. The calculation and analysis of financial coefficients help interested parties obtain information about a company's financial characteristics. This prompted the selection of five prominent hotels from different regions for evaluation using the EVA model, as a positive EVA indicates that a company is increasing its value from the funds invested in it (Chen, J., 2022).

Focusing on five prominent hotels across different Georgian regions, the forthcoming analysis explores the correlation between tourist inflows and financial performance, providing a quantitative basis to assess the investment potential of Georgia's hotel industry. The companies selected for the study are as follows:

1. **LLC Dabi Group Georgia** – Established in 2007, the hotel has operated under the "Biltmore Tbilisi" brand since 2016.
2. **LLC Paragraph Shekvetili** – On April 1, 2019, LLC Paragraph Shekvetili began operating the Paragraph Resort & Spa Shekvetili, a 220-room hotel in the Marriott Autograph Collection.
3. **LLC Tourinvest** – Operating since May 20, 2015, the five-star Hilton Batumi hotel has 247 rooms.

4. **LLC Lopota** – Lopota Hotel, a Georgian brand, has been serving guests since 2008, although operations were managed by another legal entity until 2016.
5. **LLC Gudauri Ski Resort** – Founded on November 26, 2009, the company owns two hotels in Gudauri: Hotel "Gudauri Marco Polo" and Hotel "Alpina."

Initially, based on the table presented below, the revenue generated from room rentals was calculated for each hotel in different regions of the country.

Table 1. Revenue from Room Rentals by Hotels in Different Regions (Million GEL)¹

	2022	2021	2020	2019	2018
LLC Dabi Group Georgia - Biltmore	19.07	15.13	5.9	26.7	22.25
LLC Paragraph Shekvetili	21.64	20.41	7.5	14.53	
LLC Tourinvest – Hotel Hilton	25.72	21.35	5.06	22.37	19.5
LLC Lopota	20.50	1.61	5.8	13.76	13.6
LLC Gudauri Ski Resort	8.8	4.2	5.1	12.02	11.16

For investors, one of the primary goals is increasing a company's value while reducing costs. Value growth in hotel management indicates the proper utilization of existing resources. For investors, this translates to rising share prices and the desire for reinvestment, while for the government, it means increased tax revenues and improved economic indicators. For the public, it leads to more job opportunities, and for financial institutions, it signifies a growing sector.

In 2022, all five hotels achieved their desired outcomes, generating net profits. Over the five-year period, LLC Gudauri Ski Resort ranked first in terms of net profit, reaching 17,107,633 GEL. Hilton's net profit amounted to 12,788,000 GEL, while Lopota's profit was 5,623,044 GEL. The years 2021-2022 were particularly fruitful for Paragraph Shekvetili (see Table 2).

Table 2. Net Profit/Loss of 5 Hotels by Regions (Million GEL)

Name/Year	2022	2021	2020	2019	2018
LLC Dabi Group Georgia - Biltmore	41.05	-12.39	-58.72	-11.21	-9.14
LLC Paragraph Shekvetili	1.06	1.8	-8.21	0.6	
LLC Tourinvest – Hotel Hilton	42.35	103.01	-68.85	-13.40	-50.33
LLC Lopota	14.36	9.11	-15.57	-2.8	0.5
LLC Gudauri Ski Resort	9.7	-1	-3.18	10.63	1

The management of a company's available assets plays a significant role in the growth of the company's value. In terms of asset volume, Biltmore

¹ The data presented in Tables 1, 2, and 6 is based on the first 14 sources listed in the references. Tables 1-7 are compiled by the authors based on data obtained from the financial reporting portal - Reportal.ge.

Hotel ranks first in 2022, followed by Hilton Hotel in the second place, Lopota in the third, Paragraph Resort & Spa Shekvetili in the fourth, and Gudauri Ski Resort in the fifth place. The numerical data is presented in the form of a table.

Table 3. Amount of Hotel Assets by Regions

Name					
LLC Dabi Group Georgia - Biltmore	227.94	249.88	250.52	262.88	217.65
LLC Paragraph Shekvetili	120.09	143.58	124.17	117.63	146.13
LLC Tourinvest – Hotel Hilton	91.14	84.71	74.05	70.47	65.55
LLC Lopota	18.37	17.87	21.26	28.34	0.00 ₾
LLC Gudauri Ski Resort	51.18	39.05	52.62	51.37	34.74

It should also be noted that the dynamics of financial ratios of companies provide significant information for investors regarding capital investment. With the help of these ratios, a general overview of the company's financial characteristics is initially created. This has led us to analyze three key ratios for assessing the financial efficiency of the company's operations in our research:

- 1. Liquidity Ratio** - Evaluates the company's ability to cover short-term obligations using current assets.

Table 4. Dynamics of Liquidity Ratios for the Selected Hotels

Name	Name Current Ratio					Quick Ratio					Cash Ratio			
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021
LLC Dabi Group Georgia – Biltmore	22%	19%	5%	6%	37%	19%	16%	4%	4%	28%	13%	8%	1%	4%
LLC Paragraph Shekvetili		283%	173%	153%	273%		220%	106%	71%	172%	195%	105%	48%	154%
LLC Tourinvest – Hotel Hilton	202%	166%	143%	115%	111%	24%	26%	6%	13%	23%	8%	9%	3%	7%
LLC Lopota	25%	25%	17%	38%	37%	11%	11%	3%	14%	11%	2%	5%	1%	4%
LLC Gudauri Ski Resort	49%	132%	150%	431%	502%	32%	118%	132%	396%	477%	10%	6%	2%	32%

- 2. Efficiency Ratios** - Assesses whether the company is effectively utilizing its assets in the process of conducting its operations.

Table 5. Dynamics of Efficiency Ratios for the Selected Hotels

Name	Receivables Turnover					Total Active Turnover					Fixed asset turnover				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
LLC Dabi Group Georgia – Biltmore	18.24	21.36	62.75	12.57	12.50	16%	16%	4%	9%	12%	17%	16%	4%	9%	13%
LLC Paragraph Shekvetili	29.82	2293.83	38.65	53.62	29.82		262%	264%	577%	362%		126%	86%	297%	473%
LLC Tourinvest – Hotel Hilton	7.27	14.31	31.60	19.50	30.48	22%	43%	11%	21%	40%	22%	35%	61%	15%	27%
LLC Lopota	38.00	44.37	43.58	32.63	56.68	26%	31%	12%	30%	35%	27%	32%	13%	31%	37%
LLC Gudauri Ski Resort	6.78	0.91	0.43	0.35	0.50	33%	25%	12%	12%	19%	37%	37%	17%	21%	34%

3. Profitability Ratios - Evaluates the level of profit generated by the company.

Table 6. Dynamics of Profitability Ratios for the Selected Hotels

Name	Operating profit margin					Net profit margin					Return on Assets				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
LLC Dabi Group Georgia – Biltmore	36%	45%	-202%	-36%	95%	42%	-99%	126%	30%	-123%	-4%	-4%	-23%	-5%	18%
LLC Paragraph Shekvetili		7%	-44%	11%	8%		2%	-60%	5%	3%		16%	-1164%	-52%	-45%
LLC Tourinvest – Hotel Hilton	32%	34%	-7%	66%	45%	-156%	-27%	-487%	326%	88%	-34%	-11%	-55%	69%	35%
LLC Lopota	19%	13%	-33%	24%	23%	1%	-13%	-170%	36%	44%	0%	-4%	-21%	11%	16%
LLC Gudauri Ski Resort	9%	83%	-53%	-21%	98%	23%	71%	-27%	-7%	41%	3%	21%	-6%	-3%	19%

Based on financial ratios, all five companies have the ability to cover their short-term obligations. Additionally, the existing resources are being effectively utilized to generate sustainable income. However, the situation concerning profitability ratios is not particularly favorable, largely due to the well-known reasons associated with the pandemic period of 2020-2021.

The effectiveness of a company's financial performance measurement, as evidenced by the practices of the last decade, is the use of Economic Value Added (EVA). This concept traditionally posits that all companies should strive to enhance shareholder wealth, calculated using the following formula (Subedi & Farazmand, 2020):

$$EVA = (\text{Operating Profit After Taxes}) - (\text{Invested Capital} \times \text{Weighted Average Cost of Capital})$$

Operating profit after taxes (NOPAT) and the invested capital figures are calculated based on the provided financial statements (balance sheet, income statement, and statement of other comprehensive income).

Moreover, the Weighted Average Cost of Capital (WACC) is calculated using the following formula:

$$\text{WACC} = ((E/V)) \times Re + ((D/V) \times Rd \times (1 - Tc))$$

Table 7. Calculation of Economic Value Added (EVA) for the studied hotels

EVA	2018	2019	2020	2021	2022
LLC Dabi Group Georgia	0.73	0.13	-30.89	-20.65	15.12
LLC Paragraph Shekvetili		-0.8	-4.3	2.44	1.65
LLC Tourinvest	13.37	21.88	10.6	58.89	20.78
LLC Lopota	-2.25	-51.68	10.47	7.5	11.47
LLC Gudauri Ski Resort	1.14	0.94	-1.64	1.23	0.92
Total:	12.99	16.98	-15.76	49.39	49.93

Considering these data, all five hotels generate positive Economic Value Added (EVA) over the years (with the exception of 2020), which will help the industry develop further in terms of increasing investment potential. Thus, it can be confidently stated that the examined hotels do indeed create Economic Value Added, making the hotel industry attractive for investment.

To test the second hypothesis-regarding the impact of the influx of foreign tourists on hotel enterprises' revenue-the correlation formula was used to establish the relationship between the two variables.

It is known that correlation in statistics is a predictive relationship between two variables and gives an idea of the degree of association between them. To determine the dependence between two or more variables, it is necessary to collect and process the relevant data and, based on this data, carry out statistical modeling. The correlation coefficient ranges from -1.0 to 1.0 (Kumar, C., & Gautam, A. (2020)). The aim of the research is to determine the extent to which the influx of foreign tourists influences the growth of the hotel industry. Since data expressed in numerical form is needed, the correlation formula will be used to determine the precise relationship between the two variables.

In the study, the variables used will be the amount of money spent by non-resident visitors to Georgia on accommodation and the number of visitors, with data obtained from recent research on Georgia's tourism industry (Isakadze & Mekhrishvili, 2022), reports by TBC Capital (Katiya, Kvakhadze, & Tsintsabadze, n.d.), and the Economic Review of Tourism by the Ministry of Economy and Sustainable Development of Georgia. Additionally, a

Diagram 1 and Table 8 below present the correlation between the above-mentioned variables².

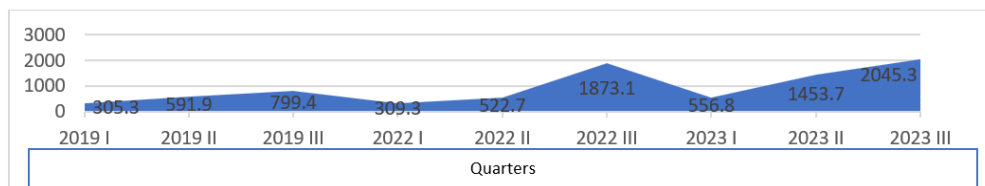


Diagram 1. Amount Spent by Non-Resident Visitors (in Million GEL)

Table 8. Calculation of the Relationship Between the Number of Tourists and the Amount Spent on Hotels

Date	Number of tourists - million people (x)	Money spent in hotels - million GEL (y)	(xy)	((x-x(m))	(x-x(m)) ²	(Y-Y(m))	(Y-Y(m)) ²	(x) ²
QI. 2019	1.6	0.3053	0.48848	-0.25844	0.066794	-0.63442	0.402492	2.56
QII. 2019	2.2	0.5919	1.30218	0.341556	0.11666	-0.34782	0.12098	4.84
QIII. 2019	3.4	0.7994	2.71796	1.541556	2.376394	-0.14032	0.01969	11.56
QI. 2022	0.576	0.3093	0.178157	-1.28244	1.644664	-0.63042	0.397432	0.332
QII. 2022	1.05	0.5227	0.548835	-0.80844	0.653582	-0.41702	0.173908	1.103
QIII. 2022	2.3	1.8731	4.30813	0.441556	0.194971	0.933378	0.871194	5.29
QI. 2023	1.2	0.5568	0.66816	-0.65844	0.433549	-0.38292	0.146629	1.44
QII. 2023	1.7	1.4537	2.47129	-0.15844	0.025105	0.513978	0.264173	2.89
QIII. 2023	2.7	2.0453	5.52231	0.841556	0.708216	1.105578	1.222302	7.29
Total:	16.726	8.4575	18.2055		6.219934		3.618801	37.3

In the quarterly breakdown, expenditures by foreign tourists in the hotel industry have increased. However, based on data from the first six months of 2023, the average hotel occupancy rate has decreased by 2% compared to 2019, now standing at 53%. Consequently, it can be assumed that the increased revenue in the third quarter of 2023 was driven by price changes.

Since the graph is linear and shows a growth trend over the years, the linear correlation formula can be applied:

$$Y=a_0+a_1x$$

Where Y represents the dependent variable (expenditure), x is the independent variable (time or number of tourists), and a_0 and a_1 are the intercept and slope coefficients respectively.

- Mean $x_0 = \Sigma x/n = 16.726/9 = 1.858444444$.
- Variance $x = \Sigma (x-x(m))^2 / n = 6.219934/9 = 0.691103802$

² The data presented in Diagram and Table 8 is based on the sources 15-21 listed in the references. Diagram 1 and Table 8 are compiled by the authors based on data obtained from the National Statistics Office of Georgia.

- Mean $y = \Sigma y/n = 8.4575/9 = 0.939722222$
- Variance $y = \Sigma (Y - Y(m))^2/n = 3.618801/9 = 0.402088975$
- Mean $xy = \Sigma xy/n = 18.2055/9 = 2.022833533$
- St. Deviation $x = \sqrt{\text{variance } x} = \sqrt{0.69110308} = 0.83132$
- St. Deviation $y = \sqrt{\text{variance } y} = \sqrt{0.402088975} = 0.6341$

$$\text{Correlation} = (\Sigma xy/n - (\Sigma x/n * \Sigma y/n)) / (\sqrt{\text{variance } x} * \sqrt{\text{variance } y}) = 2.022833533 - (1.858444444 * 0.939722222) / (0.83132 * 0.6341) = 0.524362$$

The correlation coefficient is 0.52, indicating a moderate relationship between X and Y. According to the linear correlation formula:

$$a_1 = (\Sigma xy/n - (\Sigma x/n * \Sigma y/n)) / ((\Sigma x)^2/n - (\Sigma x/n)^2) = (2.022833533 - (1.858444444 * 0.939722222)) / (4.14492 - 3.453816) = 0.399957$$

$$a_0 = \Sigma y/n - a_1 * \Sigma x/n = 0.939722222 - 0.399957 * 1.858444444 = 0.196424$$

$$y = 0.1964 + 0.4x$$

Based on the calculations, it is evident that there is a moderate relationship between the number of foreign tourists and the expenditures made in the hotel industry, with a correlation coefficient of 0.52. The linear regression analysis using the formula shows $Y = a_0 + a_1x$ that if the influx of foreign tourists increases by 1 million, hotel revenues will rise by 400 million GEL.

Challenges encountered during the study include the temporary suspension of statistical surveys of foreign visitors by the National Statistics Office of Georgia, resulting in the unavailability of data for 2020-2021. Additionally, financial data for LLC Paragraph Shekviteli for 2018 is not publicly accessible on the reporting portal. It is intriguing to consider what data trends might have been observed without the pandemic and how the tourism sector in Georgia would have evolved.

Evaluating the economic efficiency of the hotel business and analyzing its investment potential is crucial for Georgia. This research holds particular significance due to the strategic importance of tourism to the country's economy. The tourism sector is one of Georgia's key economic industries, and the increasing number of tourists significantly impacts GDP growth, particularly in the regions. Studying the financial performance and economic added value (EVA) of the hotel business will facilitate the development of sustainable strategies for the sector, which is critical for Georgia's economic advancement.

Moreover, understanding the factors affecting EVA in the hotel business can guide investors in assessing the sector's profitability and reducing risks. This research provides valuable insights to support investment growth in tourism and related sectors in Georgia.

The analysis of EVA, a relatively underutilized method in Georgia, introduces a novel approach to business financial analysis, further enhancing the study's importance. Additionally, the influence of foreign tourism on the local economy is a significant topic for the tourism sector, especially if the number of tourists directly affects the financial success of hotels. Determining these relationships will be beneficial for developing economic policies to stimulate tourism and provide incentives for attracting more tourists. The results of the EVA analysis reveal crucial patterns in the hotel sector's economic contributions and underscore the influence of foreign tourism on hotel revenues. These findings, derived from an examination of selected hotels across Georgia, reflect the sector's resilience and growth, even in light of global challenges such as the COVID-19 pandemic. The data further solidify the hotel industry's role as a rapidly expanding contributor to Georgia's economy and present a moderate yet significant correlation between foreign tourist influx and hotel profitability.

Key Findings

The EVA analysis reveals that Georgia's hotel sector holds significant economic potential, supported by a moderate correlation between foreign tourism influx and hotel profitability. This correlation underscores the sector's capacity for growth, even in the face of challenges like the COVID-19 pandemic. Noteworthy findings include:

1. A moderate correlation exists between foreign tourist numbers and accommodation spending, highlighting the hotel sector's rapid growth and its contribution to economic development.
2. Higher foreign visitor numbers correlate with increased hotel revenues, pointing to the sector's attractiveness for potential investors.
3. The COVID-19 pandemic impacted the sector's financial metrics negatively, reducing net profits and adversely affecting EVA.
4. Limited access to financial data for Georgian hotels hinders investment transparency, with some hotels yet to submit their 2022 financial reports.

These findings suggest that enhanced data transparency, targeted technological innovations, and coordinated government and private sector efforts are vital for sustaining growth in Georgia's hotel sector.

Recommendations

In light of these key findings, several strategic recommendations emerge to foster further growth in Georgia's hotel sector. Implementing technological innovations, improving transparency in financial reporting, and enhancing targeted marketing to attract high-spending tourists are vital steps. Such measures not only increase investor confidence but also support sustainable economic development across the tourism and hotel sectors. Moreover, collaborative efforts between the government and private sector are crucial for creating an environment conducive to tourism-driven economic growth. To achieve these objectives, the following specific measures are recommended:

- Implementing technological innovations, such as creating a website where investors can easily access financial data for any hotel and make straightforward comparisons, will simplify information gathering for investors. This initiative could drive more investment in the hotel industry, increase company values, and further develop the sector.
- The introduction of this innovation would make it possible to observe whether the financial indicators of the hotel industry have improved and whether it has generated economic benefits.
- A more in-depth analysis is needed to determine whether the tourism sector is developing in Georgia and how important other industries' growth is for tourism and the country's economy.
- Identifying barriers and necessary innovations for business development is essential.
- The government and private sector should jointly develop a plan to attract high-paying tourists to the regions of Georgia.
- Future research should focus on understanding the types of services high-spending foreign visitors wish to receive in Georgia, enabling hotels to offer various tourist services based on this information to ensure the sustainable economic development of the country.

Conclusively, the comprehensive evaluation of EVA within the hotel sector establishes a foundation for developing sustainable growth strategies that are essential for Georgia's broader economic advancement. By providing an understanding of the investment potential within the hotel industry and identifying profitability factors, this study equips investors with insights to make informed decisions. Furthermore, the research advocates for policy initiatives to attract high-value tourists and leverage the economic benefits of a thriving hotel industry, thereby supporting Georgia's sustainable tourism objectives and economic stability.

Conclusion

The study of the financial efficiency and added economic value (EVA) of the hotel industry will support the development of sustainable growth strategies for this sector, which is critically important for Georgia's economic advancement. Investment potential: examining the EVA of the hotel industry and identifying factors influencing this measure will help investors better understand the sector's profitability and reduce associated risks. This research provides essential insights to encourage investments in tourism and related sectors in Georgia.

Advanced financial analysis methods: applying the EVA method, still relatively underused in Georgia, enhances the significance of this study by introducing new approaches to financial analysis within business practice. The impact of foreign tourism on the local economy: the influence of an increasing number of foreign visitors on hotel revenues is a key topic for the tourism sector, especially when visitor flow directly affects the financial success of hotels. Identifying these connections will be especially valuable for shaping economic policy to create incentives and support mechanisms for attracting tourists.

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