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Improvement of Strategic Management of a Tourism Enterprise in the International Market

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Abstract:

The article is concerned with the development of approaches to improving a tourism enterprise's strategy management in the international market. It was established that the strategic choice in the foreign market should be carried out in line with definite goals and results of environment analysis. It was proved that while setting a tourism enterprise's international market strategy the enterprise should shift its focus to marketing and, at the same time, to focus on the analysis of rivals. It was determined that instability and risks prevent executives from developing corporate development strategies for the international market simultaneously with the transformation of its corporate structure. A portfolio of strategic options, which a tourism enterprise has chosen, should include not only the elaboration of strategies but also ways of their execution, required resources and risk assessment. It was proved that the implementation of strategic management requires permanent control over this process.

Keywords: strategy; management; tourism enterprise; foreign market; resources; portfolio; risks.

JEL Classification: G32; L83; L10.

Introduction

Foreign economic activities will be successful only if the entry of tourism enterprises to the international market is not only well-thought-out and thoroughly justified but stems from long-term goals. This means that foreign economic activities are closely connected with a tourism enterprise's strategic management. Strategy has long entered the management vocabulary. From the viewpoint of modern ideas about management, a strategy is not an abstract phenomenon, but a serious business concept coupled with real actions that can promote this business concept to the generation of a real competitive advantage capable of existing for a long time.

Strategic approaches to the solution of problems related to foreign economic activities are important for a tourism enterprise, but at the same time, many issues arise. Does a tourism enterprise need a special foreign economic strategy? Is it possible to plan international operations as a component of the general strategy? Is the term "strategic management" attributable to the management of foreign economic activities? Does it make sense to immediately elaborate a corporate international strategy? Is it necessary, firstly, to determine a tourism enterprise's foreign economic strategic profile? Is it reasonable to have an export and import tourism services strategy when developing strategic issues related to foreign economic activities?

There is no single universal correct answer to these and other questions. However, it is logical to look for the right answers for each occasion and company. Above all, they relate to the role and the scope of foreign economic activities for a specific enterprise. If foreign economic activities account for a marginal part of total results, then it is hardly reasonable to spare much effort to develop a special international strategy.

The study of problems related to corporate strategic management in the international market was reflected in the papers compiled by P.I. Vagner (2011), A.S. Veselova (2015), S.S. Popov (2016), A.S. Semenova (2016), I.A. Tronina (2012), A.M. Chuikin (2010) and others. While scientists pay much attention to the issues related to corporate strategic management in the international market, there are few papers on research conducted to find out what role corporate strategic prospects play in the global market conditions.

1. Methods

The study's methodological basis included the system approach, methods of scientific abstraction, analysis and synthesis, the dialectical method of studying economic phenomena and strategic management regulations. To solve individual tasks, the authors use the following methods: methods of theoretic generalization, logical, scientific abstraction, associations and analogies to study and generalize methodological basics for corporate strategic management in the international market; methods of system analysis, generalization, comparison to study methodological approaches and methods to verify efficiency of corporate strategic management in the international markets.

The study's information base consisted of legislative, statutory and legal acts, statistical materials from public authorities and local self-government bodies, papers published by Russian and foreign scientists regarding the problems related to corporate strategic management in the international market in the competitive environment (Anasenko *et al.* 2018, Markova *et al.* 2018, Zavalko *et al.* 2018).

In the course of the study, the authors plan to develop approaches to corporate strategic management in the international market, to justify technical approaches to corporate strategic analysis in the international market. Furthermore, a task will be set to justify approaches to the assessment of corporate strategic management factors, to determine and formulate main areas for improving the efficiency of strategic management in the conditions of globalization.

2. Results

The practice shows that when expanding the scope of foreign economic activities, and amid toughening competition in the international markets it makes sense not only to have special strategies but also to create an international strategic management system. The system comprises not only the development of a strategy, *i.e.* strategic planning, but also the execution of the strategy, and strategic control. In this case, it is reasonable to talk about a tourism enterprise's global strategy that is shown in Figure 1.

In this case, the X-axis shows the impact of planning, while the Y-axis shows the influence of a controlling factor. The higher the number goes up vertically and the more the scope of international operations expands, the bigger the role a tourism enterprise's head office plays in determining a foreign economic strategy. The lower the number goes down vertically, the more each division is able to independently develop a strategy for foreign economic development. The centralized setting of tough marketing limits for profits and the size of budgets can be classified to be of controlling impact. In this case, clear short-term tasks are set, their execution is under thorough control and executives should give reports.

Having reviewed this approach, the authors can determine the primary ways of managing corporate foreign economic activities. In case of strategic planning, a head office takes part in the elaboration of a development strategy for each division engaged in foreign economic activities. This way of managing foreign economic activities has some advantages. Specifically, this way allows the head office to incorporate a system of control and interrelation into the elaboration of a strategy by a specific division; it contributes to integrating strategies at various divisions into a unified corporate foreign economic strategy; this offers incentives for the development of a long-term development strategy capable of providing a tourism enterprise with competitive advantages in international markets.

Figure 1. Peculiarities of a tourism enterprise's strategic planning



At the same time, this approach has some drawbacks. Namely, in the course of strategy development, it can take a long time to hold consultations with executives and, as a consequence, the strategy itself becomes outdated. Psychologically, this can mean that corporate executives will feel less responsible for the execution of the plan because they did not participate properly in its elaboration; a head office can have partial information about what happens in a specific market, which this division targets; the more time strategic decision-making takes, the higher the possibility of the division's less efficient performance.

Financial control is a total contradiction to strategic planning. In this case, division executives themselves should develop a development strategy so that they meet a certain budget. Advantages offered by this method are as follows:

- a division leader's keener interest in the efforts to improve a short-term foreign economic strategy (as the leader personally develops the strategy, if a problem arises, he/she will seek solutions directly in the strategy that he/she developed);
- encouragement for professional growth of executives themselves who in this case are directly responsible for a division's foreign currency revenues. This method of corporate management is the most efficient at major diversified companies, in which the head office does not have comprehensive information about what happens in a specific foreign market.

In the case of strategic control, companies that stick to this approach should gain advantages offered by the first two approaches proposed but excluding their disadvantages. For this reason, there is no surprise that this approach is the most difficult to apply. Planning is carried out at divisions, but already developed foreign economic strategies are thoroughly reviewed by the head office, financial indicators are set on a centralized basis, so this can result in the plan and the budget mismatch. For example, mid- and long-term investment programs will contradict to financial indicators scheduled for a short-term period. The weak point of this approach is that strategic and financial foreign economic goals and objectives of long- and short-term development can create uncertainty. Often it will be difficult for division leaders to determine which of the plans is the most important (an aggressive long-term growth plan or a short-term plan for the achievement of specific results).

In the conditions when a holding company plays a leading role, the head office is minor with regard to the management of divisions. Often companies whose operations started from this approach began to apply one of the three previous approaches. A head office, which sets key foreign economic goals for each division, can encourage those that attained good results. And, on the contrary, if relations among divisions are weak, there is no competition among them. However, in a n enterprise whose head office is poorly informed about what happens in divisions, it is difficult to define how goals, which are set for executives, influence their interest in what they do. If they face unrealistic goals, this will most likely discourage them from solving existing problems. If executives pay close attention to what goes on in divisions, they will be able to help remedy problems if any arise in one of the divisions.

The more accurate goal is determined for a division, the easier and faster it will be to identify arisen problems. If too hard goals are set for a division, with a focus on the achievement of quantitative indicators rather than on their compliance with the current situation, if the head office does not always appropriately interfere with a division's operations, this can lead to the adoption of an incorrect strategy and discourage its executives. If a tourism enterprise does not use a special strategic management system to manage foreign economic activities, then components of international strategies are an integral part of a tourism enterprise's general strategy.

Research showed that it is necessary for companies to use the following regulations when developing strategies. It is essential to start restructuring with the development of a general strategic goal or the so-called "mission" and a strategic concept of a company. It is necessary to develop a strategy that goes in line with the company's general strategic concept. Prior to the setting of a company's strategy, it is necessary to develop a strategy for each division, and the degree of interdependency between a company's key and other divisions should be determined.

The practice showed that strategic management is an important component of a company's international operations in the modern conditions and is based on general concepts and regulations in the industry policy, although it stands out by some specific features when separate strategies are implemented. Some components mutually supplement the process of strategic management structurally. It is evident that corporate external conditions have lately become more complicated, changes in parameters have accelerated and uncertainty has increased temporarily. In the aggregate, these factors complicated strategic management at tourism enterprises.

The primary purpose of corporate infrastructure is that it connects those subjects, which are its components, with those that interact with it from the outside. This predetermines intelligent and forward-looking actions taken by subjects, urges them to better understand and view its actions, and their causes and consequences. Alongside the mission, it is necessary to set long- and short-term corporate goals for tasks that make up a "goal tree". The set of goals determines initial points of corporate planning and the content of organizational relations, creates system-based employee incentives against the backdrop of the monitoring and assessment of the results achieved.

These goals should be realistic, concrete, achievable, exact, focused on high results, scientifically justified, coordinated, measurable, accurate, unambiguous, flexible and acceptable. Furthermore, when setting a company's goal in the foreign market it becomes necessary to analyze the sector in which it operates. It is therefore important in the external environment to analyze groups of factors that set long-term prospects and which a company cannot influence or its influence is limited. For this reason, it is necessary, above all, to examine in detail economic, legal, political, social, technological and regional areas.

3. Discussion

The reliability of the presented approaches for improving corporate strategic management in the international market is confirmed by the fact that the economic area implies calculation and assessment of some indicators (gross domestic product, inflation, unemployment, interest rates, labor productivity, taxes and balance of payments). These procedures should be carried out comprehensively and aim to determine risks, competition and business activity.

At the same time, it is not possible to get the most of the resource potential on the foreign market without introducing comprehensive resource management. Social interests are protected by introducing minimum social standards (Cherkasov *et al.* 2017, Konovalova *et al.* 2018, Saadulaeva *et al.* 2018). For this reason, national and regional products can become competitive by meeting statutory requirements for primary quality indicators of tourism services, which consumers value the most. On top of this, a state can influence economic and social factors by reorganizing the management system and amending management mechanisms at national and local levels, introducing strategic planning, providing proper statutory legal, regulatory, institutional, scientific and methodical, and financial support.

With the scope of strategic management expanding, favorable prerequisites arise to consolidate available organizational and financial, material and technical, and other resources to solve the most acute problems faced in the foreign market, to protect economic interests of companies against real and potential threats in domestic and international markets. Studying a company's external environment in order to optimize strategic management in the international market it is necessary, first and foremost, to take account of those trends which directly or indirectly set further promising areas of a company's business, namely (1) the transnational nature of the market that is accompanied by the formation of transnational companies, (2) the offering of package products, *i.e.* in the aggregate, (3) expenses reduced by market participants and the maximum use of the economy of scale due to the influence of the global economic crisis, including a reduction in expenses incurred to use contracts to enter foreign markets.

Conclusions

In conclusion, it can be pointed out that the strategic choice on the foreign market should be carried out in line with goals set and results of environment analysis on the basis of the following criteria: the process of strategy development is not terminated by instant specific actions but sets a general direction, and its implementation solidifies a tourism enterprise's positions in the foreign market; the strategy is used to develop important projects by means of search, and consequently makes it possible to focus on the enterprise's definite actions and capabilities and to give up other incompatible capabilities; the strategy is based on a definite reference point – a goal that the enterprise should achieve; the strategy and reference points are always interconnected. Although they do not bring any direct benefits, it costs a lot to develop the strategy and it allows the enterprise to pursue the policy of expanding into foreign markets.

When setting corporate foreign market strategies, businesses should shift their focus to marketing while paying attention to the analysis of their rivals. This is so because specific features of the external environment require special priority. Instability and risks prevent executives from developing corporate development strategies for foreign markets while transforming the corporate structure depending on changes in the external conditions.

A portfolio of strategic options, which a tourism enterprise has chosen, should, therefore, include not only the development of strategies but also ways of their execution, resources required and risk assessment. For this reason, the course of strategic management requires permanent control.

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