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Methodological Approaches to Managing a Tourism Company's Strategic Development

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Abstract:

This paper is devoted to the development of approaches to managing a tourism company's strategic development. It is established that in present-day conditions the most crucial stage in strategic management in a tourism company is strategic analysis, which helps gather, evaluate, and systematize information that is needed to make strategic decisions. The availability of internal resources and external potential in a tourism company is the subject of strategic management, aimed at transforming them into real factors for success. The authors establish that a tourism company's focus on resolving issues of long-term planning and sustainable development may require employing a set of methods, methodologies, models, and tools for strategic management and utilizing the market- and resource-based approaches. It is proven that the use of concepts which underpin these approaches could help make quality use of the tools for strategic management in present-day conditions.

Keywords: strategy; company; management; development; activity; needs; effectiveness.

JEL Classification: L25; L83; M21; Z31.

Introduction

Any company that is about to engage in strategic management, plans on achieving its objectives. Most medium-sized and large companies seek to make wide use of methods of strategic management in their activity. Companies within this category are armed with a decent suite of relevant tools. However, evidence from practice indicates that not all activities work out to be a success. A possible reason for this is that companies may have strategic

achievements but often fail to give them determinate and informed form. And that is the case with a great many companies.

At the same time, strategic management of development currently appears not to meet the needs of most companies in full. One of the reasons is that most of the actual methods of strategic management employed are imperfect and need more work from a standpoint of their practical use. As a consequence, some of the outcomes from employing them are unsatisfactory. Another reason is a lack of coordination across the methods and means employed in developing the strategic management process, which, in turn, may be ascribed to an insufficiently deep understanding of the significance of relevant interrelationships in the area under study.

Evidence from practice indicates that a tourism company's strategy is one of the key components of strategic management. The choice and implementation of strategy constitute the principal part of strategic management. With that said, strategic management may be seen as a way to manage the company that relies on human potential as the basis of the organization, orients service rendering activity toward the needs of consumers, and fosters flexible regulation and timely transformations at the company, with a focus on rising to the challenges in the external environment and achieving competitive advantage, which, collectively, may eventually help the company achieve its objectives in the long run.

Issues of management of a tourism company's strategic development have been explored by scholars E.A. Borgardt (2013), P.A. Bulochnikov (2014), A.V. Gollai (2017), A.A. Zimina (2014), A.A. Soldatov (Soldatov and Trifonov 2012), A.A. Tikhonov (2013), and others. A summarization and analysis of works on the subject available in the literature have helped draw the conclusion that issues related to the development of methodological support in relation to the management of a tourism company's strategic development need more work in terms of both research and practice.

1. Methods

The study's theoretical and methodological bases are grounded in the tenets of economic theory and research publications by domestic and foreign scholars. The authors have employed the following methods: summarization and semantic analysis (to explore the major theoretical foundations of strategic management of a tourism company's development and clear up the nomenclature; analysis and synthesis (to classify relevant strategies for and analyze the current state of and prospects for a tourism company's development); statistical research and technical-economic analysis (to determine the current state and dynamics of a tourism company's development); formalization (to structurally substantiate the major components of the internal and external environment and the process of development of strategies for a tourism company's development); taxonomic analysis and expert assessments (to determine the level of development of the major components of a tourism company's strategic potential); matrix analysis (to select a strategic area for development); analysis of hierarchies (to substantiate a model of a tourism company's activities on the strategy adopted).

The study's information basis is grounded in relevant government statutes and regulations (related to issues of management of a tourism company's strategic development and regulation of the formation and distribution of its financial outcomes) and statistical reports from particular companies. Its theoretical basis is research publications by domestic and foreign scholars related to issues of strategic management at the level of particular companies (Konovalova, Yudina, Bushueva, Ukhina, and Lebedev 2018; Nikolskaya, Kovaleva, Uspenskaya, Makshakova, Lysoivanenko, and Lebedev 2018; Zavalko, Kozhina, Kovaleva, Kolupaev, and Lebedeva 2018).

The study's key focus was on developing a set of approaches to the management of a tourism company's strategic development in present-day conditions and substantiating a set of methodological approaches to the strategic analysis of its operation. In addition, the authors undertook to substantiate a set of tenets related to the assessment of factors in a tourism company's strategic development and identify and formulate a set of key areas for enhancement of the effectiveness of the use of a tourism company's resources in the long run.

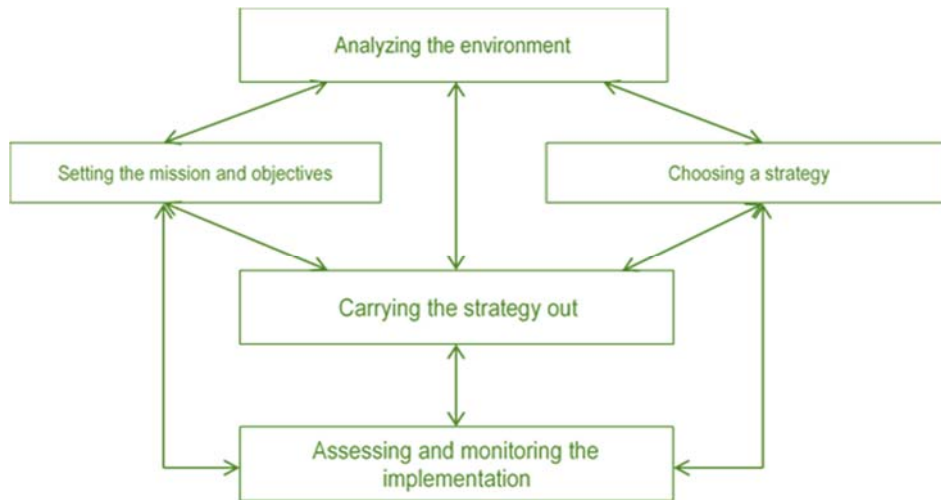
2. Results

Strategic management may be viewed as a dynamic composite of five interrelated managerial processes. These processes follow from each other logically. However, there is a firm reverse relationship among the processes, with each process influencing the rest of the processes and the entire composite thereof. This is a crucial characteristic of the structure of strategic management (Figure 1).

Therefore, before proceeding to the process of putting together a strategy for the company's behavior in the market, one needs to do some work on assessing the external environment wherein it conducts its business activity, as well as establish its mission and its objectives. Then, based on information obtained as a result of an analysis

of the company's external environment, goals, and strategic potential, one has to select the best of all possible alternative strategies, which is followed by monitoring its implementation and assessing its effectiveness.

Figure1. The structure of strategic management in a tourism company



Research indicates that the first stage in the strategic management process is strategic analysis, which involves gathering and processing relevant information. The uncertainty inherent to the external environment, the latter's constant proneness to change, and its unpredictability, as well as the special nature of the company's internal environment, may provide significant grounds for strategic analysis as a stage in strategic management for domestic companies. In addition, to be able to employ special instrumentation in developing the company's strategy, it, above all, may help to resolve the issue of information support and of the choice of methods for analytical processing of information.

Information is of the utmost significance in making strategic decisions regarding internal and external factors that influence the company's performance. Normally, information on the company's internal activity is available to persons who make strategic decisions, whilst the amount of information on the external environment is, for the most part, highly limited. The backwardness of the market's information infrastructure may be the cause of many problems for the company. For instance, a lack of timely information on prices for tourism services may lead to considerable price fluctuations in different regions across the country.

In addition, the unpreparedness of executives for economic changes may be the cause of many internal problems in companies. Having gone a long way in the process of market-institutional transformation and adaptation to new conditions, most companies increasingly realize the need for quality information support.

As a rule, external factors are divided into factors of macroeconomic influence and factors of influence from the immediate environs. Furthermore, there is a classification of external factors which influence the company: factors of the macro environment (international, political, economic, socio-demographic, legal, and environmental); factors of the regions' infrastructure (market infrastructure, level of monitoring of the environment, healthcare, and science); factors of the company's microenvironment (suppliers, consumers, competitors, and contact audiences).

Macroeconomic factors may be categorized into seven groups: economics, politics, market, technology, competition, international position, and social conditions. Thus, exploring the company's immediate environs implies investigating the key components of the external environment with which it interacts as part of its business activity. Of significance in this context is that the company can have a significant effect on the nature and subject matter of this interaction, prevent the emergence of threats, and create certain advantages. The immediate environment includes consumers of the company's tourism services; its suppliers; its competitors, and the market for labor. Considerable influence across the company's macro- and microenvironment is also exerted by the institutional environment.

Analysis of the external environment is normally seen as the initial process, as it ensures the basis for the establishment of the company's mission and objectives and development of a strategy for its behavior in the market, which should help it achieve its objectives. Given the complexities inherent to operation in a climate of continual quick changes in the environment, the company and its business units must rely on as diverse information as possible in order to be able to make effective decisions. This makes the decision-making process more difficult.

Consequently, it may help to focus on the analysis of the company's external environment, which may be broken down into several stages:

- Selecting the sphere of activity. It is necessary to establish one's market niche. This requires studying sales volumes and demand satisfaction levels, determining the market's capacity, and the potential for the tourism product to push out the other products;
- Assessing the actions of competitors. One needs to determine the potential for competitors to occupy that particular niche. This may require studying the activity of similar companies in the area of technology, R&D, quality of service rendering control;
- Analyzing the entrepreneurship scheme. One needs to identify the resources the company may need and the potential for getting them in the market. It helps to study the characteristics of relevant service rendering methods and all possible ways to provide the company with workspaces, and personnel;
- Analyzing the external conditions. One needs to determine the significance for the company of a set of general external factors. In this context, one gets to assess the current state of affairs across all components of the external conditions, identify the latest trends of change in those components, and determine the nature of the latest changes and what to expect as a result thereof;
- Assessing the company's potential and capabilities. One analyzes the effectiveness of work done by the company, the nature of changes in its performance, its sales trends, its spending, and its performance in the competition arena.

To ensure the successful operation of a tourism company, it may help to investigate the influence of the external environment on its activity and put together a proper analytical apparatus that will help get an idea of, analyze, and factor in a large number of factors. It is this that one of the key duties of a modern executive consists in. At the same time, the need to get the company adapted within the external environment may require developing an efficient system of strategic management that will ensure its effective operation in the unstable and constantly changing conditions of the external environment. A system of this kind must be aimed at developing a set of global and local strategies for the company's development and tactics for its behavior in those conditions.

As there forms in the market the demand for tourism services, there come into being companies that are capable of meeting consumer needs while having the opportunity to pursue their own economic objectives as well. The external environment, wherein a tourism company operates, provides companies with extensive opportunities but may also impose on them substantial restrictions, which should be taken into account in putting together a strategy. To make sure proper consideration is given to and proper use is made of relevant external environmental factors, they must be systematized and assessed. There are several ways to assess them.

In exploring the company's internal structure, it will help to identify the strengths and weaknesses in its performance. To be able to take advantage of the external potential, the company needs to have a certain amount of internal potential. With that said, the company's internal potential incorporates the following components: its human resources, R&D activities, inventions, information resources, technical and technological potential, spatial resources, financial resources or assets, and resources associated with the organizational structure of its system of management. The influence of these on the company's strategic stance is really significant, as it is these factors that its strategic behavior in the market, ultimately, depends on.

Analysis of the company's internal potential helps identify the internal capabilities which it can count on in competing with its rivals and working to achieve its objectives. Analysis of its resource-related strategic potential makes it possible to better define its objectives and articulate its mission more accurately. At the same time, it may help to analyze the company's internal potential across the following areas: its workforce (their potential, qualifications, and interests); organization of its management system; its system of service rendering, which incorporates its organizational, operational, and technical-technological characteristics and R&D; its finances; its marketing activities; its company's organizational culture.

Evidence from practice indicates that certain companies depend on the features of the service rendering activities. When it is impossible to provide the required volume of supplies, many companies may have lots of difficulties. Therefore, the proper operation of the supply system requires close interaction between the manufacturer and interrelated suppliers. The company may be faced with the issue of having to look for suppliers or maintain a considerable volume of reserves. However, reserves require spending, with funds getting spent reservation – not on other crucial needs.

To ensure its development, a tourism company needs not just services 'suppliers but capital as well. There may be several potential investors: banks, financial organizations offering various loan programs, stakeholders, and private persons. As a rule, the more sustainable the company's operation is, the greater is its potential to achieve favorable terms for itself when negotiating with the other party and bring in the required volume of what it needs.

3. Discussion

The reliability of the above methodological approaches to managing strategic development is substantiated by the fact that, in a climate of the formation of new mechanisms for doing business, a tourism company may be faced with the need to work in new ways, in keeping with the laws and needs of the market, and with a focus on adopting a new type of economic behavior and adapting all aspects of its service rendering activity to the changing situation in the market (Cherkasov, Seredina, Mishurova, Adashova, and Lebedeva 2017; Markova, Kozhina, Novak, Shpilkina, and Lebedev 2018; Shakhmametev, Strelets, and Lebedev 2018). Evidence from practice indicates that to assess a tourism company's internal strengths and weaknesses, one may need to give individual consideration to the following aspects of its activity: financial, investment, organizational-technical, innovation, and human. This interpretation is based on the service-based approach and helps define the company's potential as its strategic capabilities.

At the same time, a tourism company's integration with the external environment can take place when it enters the market. If the market accepts its product, the internal and external environments will interpenetrate. As a consequence, the company will be able to actualize its potential. In the authors' view, this kind of approach adds to the substantive part of the strategic management process an ability to influence the entire system of the company's development.

In addition, the process of a tourism company's formation and making in the market is characterized by a focus on setting goals. Every company is created with certain goals in mind, as these objectives relate to a desired state of affairs in the future. The rhetorical question arises as to whether it is necessary, in working out a strategy for the company's behavior in the market, to give a considerable amount of thought to what its use will be, what place it will occupy in the economy and society, what parameters its product will have, and what group of potential customers it will cater to. The simple answer goes without saying: Yes – it will help to give those considerations a sufficient amount of thought and have them pinned down and clearly articulated. It is this set of issues on the new company's use and place in society that may be thought of as its mission.

The company's mission must be worked out thoroughly, as it has to be a key factor for attracting clients, whose needs the company will undertake to meet most effectively. Otherwise, the company may be doomed to bankruptcy. The company's mission predetermines its service profile, *i.e.* the qualitative characteristics and structure of resources the company has at its disposal to engage in its professional service rendering activity and service the various segments of the market.

Conclusion

To sum up, in present-day conditions the most crucial stage in strategic management in a tourism company is strategic analysis, which helps gather, evaluate, and systematize information that is needed to make strategic decisions. The availability of potential internal resources and external potential in a tourism company is the subject of strategic management, aimed at transforming them into real factors for success.

The unpredictable and unstable nature of today's conditions of doing business, the dynamic nature of changes in those conditions, as well as an insufficiently deep understanding on the part of a tourism company's senior management of its internal problems and reserves, may require assessing the major factors influencing the external and internal environment in which the company operates, as a stage in strategic management, and inducing certain strategic behavior in today's conditions of the development of market relations.

A tourism company's focus on resolving issues of long-term planning and sustainable development may require employing a set of methods, methodologies, models, and tools for strategic management and utilizing the market- and resource-based approaches. The use of concepts which underpin these approaches could help make quality use of the tools for strategic management in present-day conditions. Thus, a tourism company may be viewed as a multifunctional open system that is capable of actualizing its market functions. The development of this system may be represented as a nonlinear process involving the transformation of qualitative and quantitative changes in its potential, which help shift it into a new state – as a result, one may witness boosts in that potential.

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