

THE ROLE OF ENTREPRENEURSHIP IN STRATEGIC MANAGEMENT OF THE TOURISM INDUSTRY

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ABSTRACT

The strategic alternatives to the development of tourism business are considered: "risk minimization", "benefit strengthening", "leadership protection", "marginal performance", "selective expansion", "selective growth", "cost minimization", "conservative expansion", "market penetration". The list of strategic positions and model strategies based on content analysis are formed. The model of strategy selection is developed in the context of unexpected changes in the external industry environment, which, in contrast to the existing ones, will allow the tourist destination and travel business companies to reasonably choose their own development strategy, taking into account variable environmental factors.

Keywords: Sustainable Tourism Development, Destination, Diversification, Risk, Strategies.

JEL Classifications: I2, F6

INTRODUCTION

In modern conditions of informatization, globalization of the economy, hyper competition, it becomes obvious that an important factor in the functioning of any economic system is its provision of an adequate management system. One of the advanced approaches to management in the conditions of general dynamism, unpredictability and variability of the business environment is strategic management.

Today, there are many examples in the world when the uncontrolled growth of tourism in individual states and in certain territories has already led to the appearance of certain problems in the field of ecology, culture and social development. This forced humanity to pay attention to the preservation of natural, historical and cultural values, to carefully plan the development of tourism infrastructure and the development of destinations.

REVIEW OF PREVIOUS STUDIES

Sigala (2017) considers the key elements of the concept of sustainable tourism development to be methods and instruments of government regulation that should be harmonized with indicators of sustainable tourism. She considers sustainable promotion of the tourism product, sustainable lifestyle of local communities and sustainable consumption as a platform for development. And according to Li et al. (2017), this concept must take into account all the strategic priorities and goals for the development of the tourism industry, important directions and means of certain goals. The concept should fully reflect the position of the region regarding

the long-term development strategy of the tourism industry and include specific measures for its implementation (Lin et al., 2017; Kvilinskyi & Kravchenko, 2016; Kwilinski, 2017:2018a:2018b:2018c:2018d).

According to Mathew & Sreejesh (2017), the essence of the concept of sustainable tourism development includes two key interrelated positions. Firstly-the need to meet the needs of all segments of the population, in particular, the poor and socially vulnerable, as a rule, through social forms of tourism. And in tourism, the economic and social needs of a person are almost equivalent (Hall, 2017). Secondly, limited resources determine the limited ability of the environment to meet current and future needs of society. The main component of the limitations in the sustainable tourism development is the natural environment, as well as economic, social and cultural limitations, which are caused by the organization of society, the state of technology, the level of education and culture of the population (dos Santos et al., 2017).

Almost all scientists agree that in order to ensure sustainable tourism development, it is necessary to increase the use of resource potential, to train constantly personnel in the tourism industry, to develop and use adequate mechanisms and measures of state regulation of this industry, to develop and improve transport infrastructure, to reduce seasonality and spatial unevenness distribution of tourists, to pay considerable attention to the relationship between environmental activities and sustainable tourism, etc.

Today, the strategic management of the development of tourist centers is increasingly used in practice (Mendola & Volo, 2017). However, there are many unsolved theoretical, methodological, legal, organizational issues and practical problems of using the methods of strategic management.

METHODOLOGY

The following research methods are used in the paper: game theory and matrix modelling when determining the management strategies. When solving economic problems, it is often necessary to analyze situations in which the interests of two or more competing parties with different goals collide; such situation is especially typical in a market economy (Hilorme et al., 2018; Lakhno et al., 2018). This kind of situation is called conflict. The mathematical theory of conflict situations is game theory. In the game, the interests of two (pair game) or several (multiple game) opponents may collide; there are games with an infinite number of players. If in a multiple game, players form coalitions, then the game is called coalition; if there are two such coalitions, then the game becomes to be a pair.

The development of a marketing strategy is a complex process, one of the methods of formalization of which is modelling, which allows to choose the optimal variant of a strategic solution and avoid the dissipation of forces and resources. Marketing strategic matrix is a model of a company's choice of a particular strategy depending on the specific market situation and its own capabilities or other factors. The matrix shall be formed based on two signs (factors) using the system of horizontal and vertical coordinates of the economic space, which express quantitative or qualitative characteristics of the corresponding market parameters. Their intersection forms fields (quadrants, strategic sectors), reflecting the position of the firm in the market. Matrixes, as a rule, have a double name. On the content and on the surname of the developer (company name).

RESULTS AND DISCUSSION

Bulgaria is a country that uses the model of tourism development, which defines tourism as a priority for the development of the economy and establishes a clear distribution of responsibilities and powers between the central and local authorities on the management of tourism activities. The main objectives of such a state tourism policy is to ensure balance in the development of tourism and other sectors of the economy, as well as the promotion of the national tourism product abroad. Today, this country is positioned on the world market as a receptive tourism market. And travel companies play not the last role. The organization positioning in the market is currently an extremely important question, without an answer to which it is impossible to build the company's strategy and determine the expected position of the company for the future.

Taking into account the modern conditions for the functioning of travel companies, we consider it expedient to create such a model for selection a strategy that could take into account possible strategic positions of the company and unexpected strategic changes in the external business environment that may arise along its path. The model is based on a strategic business model, a well-known system of strategy selection and classification of unexpected strategic changes in the external business environment, and its construction is carried out in appropriate stages.

Depending on the positions occupied in the strategic space, the travel company chooses a certain style of behavior, that is, a specific target for the development of its business, namely:

1. *"Risk minimization"* (A)–minimization of risk and increase in the rate of profit due to a reasonable reduction in the market segment.
2. *"Benefit strengthening"* (B)–increase in profit margin by increasing productivity and developing the ability to resist competition, while avoiding large investments.
3. *"Leadership protection"* (C)–necessary profit structure maintaining through additional investment, as well as concentrating efforts on maintaining positions.
4. *"Marginal performance"* (D)–focusing on marginal performance and reducing fixed costs.
5. *"Selective expansion"* (E)–business expansion mainly with minimum risk and maximum profit, as well as concentration of investments.
6. *"Selective growth"* (F)–competitive advantages of the company in certain segments of the market are selected and concentration of forces is concentrated on their basis.
7. *"Cost minimization"* (G)–foresees, first of all, reduction of fixed costs, refusal of investments, and provided that the company's losses continue, the mission can be viewed.
8. *"Conservative expansion"* (H)–provides for the expansion of risk-free methods.
9. *"Market penetration"* (K)–with this style of behavior, it is possible to introduce test investments in promising segments; in case when growth rates fall or are completely absent, investments stop.

Such an analysis of the company's targets can be rationally used in the process of strategic management at the regional or national levels (Farsani et al., 2018; Pająk et al., 2017). If we consider a tourist destination, then for its effective positioning and seizure of its market niche, it is also necessary to develop a certain uniform line of strategic behavior, which all participants of the destination will adhere to. The choice of targets may be entrusted to local executive authorities on tourism and recreation, or carried out on the initiative of the companies themselves and organizations operating within a particular tourist destination (for example, at periodic meetings of participants playing key roles in the development of tourism in the area)

that, in our opinion, is a more efficient way. Knowing their strategic position, organizations and other companies that are part of a tourist destination can select a typical strategy for their future activities.

Economic science has already developed a set of model strategies (Tetiana et al., 2018a:2018b), which are used by companies that are in a certain strategic position. Based on the content analysis, strategic positions and typical company strategies were built (Table 1).

Strategic Position	Strategy	Strategic Position Selection
Direct integration-1	Risk minimization	3, 4, 5, 11, 12
Reverse integration-2	Benefit strengthening	1, 2, 4, 7, 8, 10, 11
Horizontal integration-3	Leadership protection	2, 3, 5, 7
Market seizure-4	Marginal performance	8, 11, 12, 13
Market development-5	Selective expansion	1, 3, 4, 7, 10
Product development-6	Selective growth	1, 2, 6, 10
Concentric diversification-7	Cost minimization	3, 8, 10, 11, 12
Conglomerate diversification-8	Conservative expansion	7, 8, 9, 11, 12
Horizontal diversification-9		
Joint venture-10		
Reduction -11	Market penetration	1, 2, 3, 7, 8
Rejection-12		
Liquidation-13		

Based on this, for companies in the “*risk minimization*” (A) style behavioral, a market seizure and horizontal integration strategy should be used, this will provide an opportunity to control competitors of strong enterprises entering mature markets; otherwise it is advisable to develop a market development strategy; reduction and rejection are needed in areas in the final phases of the life cycle.

The “*benefit strengthening*” (B) line of behavior provides companies with enough opportunities to apply market seizure strategies, direct and reverse integration. With some weakening of the internal potential, a partial reduction strategy can be used with simultaneous conglomerative diversification of activities.

The “*leadership protection*” (C) strategic position uses such strategic targets, which allow keeping positional advantages on the market - reverse integration strategies with suppliers, horizontal integration with competitors. The strategy of concentric diversification is necessary to create the necessary prerequisites for this.

Companies with the “*marginal performance*” (D) strategic position have the necessary strategies of rejection or even partial liquidation in order to maintain sustainability and concentration of efforts in promising areas of activity. You can also use partial reduction strategies with simultaneous conglomerative diversification of activities.

For companies with a “*selective expansion*” (E) position, it is advisable to apply strategies of concentric diversification, which strengthens the position of the company. This allows you to increase market share without much investment through the creation of joint ventures; it is also possible to seize markets with this position.

For companies in the “*selective growth*” (F) quadrant, direct and reverse integration strategies match better, as they are means of quick capitalization on competitive advantages that are associated with its position in the industry and in the market; this is advisable provided that the company does not set objectives to take a place in the group of leaders. In the case when the

company faces such a task, its solution will be connected with the use of product development strategies and the formation of joint ventures, which in future will increase the range and improve product quality.

For companies that adhere to the “*loss minimization*” (G) line of behavior, the use of strategy of horizontal and conglomerate diversification is appropriate in order to retain customers who have remained due to the service, in particular, the diversity of goods and services offered. If this company has a real prospect of increasing its competitive position in the industry, then for this purpose it is advisable to decide to reduce redundant and inefficient divisions with the aim of concentration, capital outflow to more promising areas, as well as its focus on creating joint ventures.

For companies that have chosen the “*conservative expansion*” (H) line of behavior, strategies of reduction or rejection are appropriate, which as a result should save them from its least effective divisions and links. As a result of such strategies, the effectiveness and potential of the company should increase. If low efficiency is associated with fierce competition, and not, for example, with poor organization, then the most likely solution is to use a diversification strategy.

Those companies that fall into the “*market penetration*” (K) quadrant should use strategies of concentric and conglomerative diversification. However, in the initial stages, their use may lead to a certain weakening of competitive positions, since the company may become dependent on new suppliers and buyers. However, the successful implementation of such strategies is a weighty prerequisite for the development of the internal potential of a company, and acquired positions in a new industry can allow it to approach a potential group of leaders.

The matrix for determining strategic alternatives in the context of unexpected strategic changes is presented in Table 2.

Unexpected Strategic Changes		Strategic Alternatives												
		Direct integration	Reverse Integration	Horizontal Integration	Market Seizure	Market Development	Product Development	Concentric Diversification	Conglomerate Diversification	Horizontal Diversification	Joint Venture	Reduction	Rejection	Liquidation
Natural and Climatic	Natural disasters											✓		
	Condition of ecology											✓	✓	✓
	Epidemics and diseases											✓		
	Seasonality					✓	✓	✓	✓					
Social and Cultural	State image					✓	✓		✓					
	Income and welfare				✓				✓	✓				
	Duration of holidays									✓				
	Lifestyle and fashion				✓	✓	✓	✓	✓	✓				

	Education of the population					✓	✓							
Political and Legal	Military actions					✓			✓			✓	✓	✓
	Terrorism					✓			✓			✓		
	Strikes					✓			✓			✓		
	Tourist formalities					✓	✓		✓			✓		
Economic	Inflation rate		✓									✓		
	Demand level				✓	✓	✓	✓	✓			✓	✓	
	Price level		✓		✓		✓		✓			✓	✓	
	Globalization of markets	✓		✓					✓		✓	✓	✓	
	Investment level											✓	✓	
	Tourist infrastructure	✓				✓	✓	✓						
Scientific and Technological Progress	Innovations and new technologies	✓	✓	✓								✓		✓
	Internet	✓		✓							✓	✓		✓
Demographic	Aging of population					✓	✓			✓				
	Family structure					✓	✓			✓				
	Urbanization					✓	✓			✓				

The unexpected strategic changes in the business environment force the company to change its strategy. It should be noted that not all changes can effect the activities of the compant. Catastrophic in consequences for one company, they can become favorable, even saving, for another, and for a third they may turn out to be neutral.

That is why for a more practical implementation of the strategy selection scheme, it is necessary to use a scale that will allows to determine the feasibility of using this scheme in the context of unexpected strategic changes with forecasting the strategic positions of a travel company.

The results of our study are confirmed by the following studies. According to Mathew & Sreejesh (2017), the essence of the concept of sustainable tourism development includes two key interrelated positions. Firstly-the need to meet the needs of all segments of the population, in particular, the poor and socially vulnerable, as a rule, through social forms of tourism. And in tourism, the economic and social needs of a person are almost equivalent (Hall, 2017; Karpenko et al., 2018). Secondly, limited resources determine the limited ability of the environment to meet current and future needs of society. The main component of the limitations in the sustainable tourism development is the natural environment, as well as economic, social and cultural limitations, which are caused by the organization of society, the state of technology, the level of education and culture of the population (dos Santos et al., 2017).

CONCLUSION

Each company participating in a tourist destination must select for itself a specific target, according to which the strategic position and the strategy itself will be produced (risk minimization, leadership protection, benefit strengthening, loss minimization, market penetration, etc.). Based on the analysis of the strategic positions of all participants in the destination, we can make conclusion about the strategy selection for the entire tourist destination. This approach is effective for organizing the strategic management of tourism development at the regional level.

RECOMMENDATIONS

Based on the results of our study we recommend the following actions with regard to the improvement of the strategic management of the tourist industry development. If we consider a tourist destination, then for its effective positioning and seizure of its market niche, it is also necessary to develop a certain uniform line of strategic behavior, which all participants of the destination will adhere to. The choice of targets may be entrusted to local executive authorities on tourism and recreation, or carried out on the initiative of the companies themselves and organizations operating within a particular tourist destination (for example, at periodic meetings of participants playing key roles in the development of tourism in the area) that, in our opinion, is a more efficient way. Knowing their strategic position, organizations and other companies that are part of a tourist destination can select a typical strategy for their future activities.

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