

SUSTAINABLE DEVELOPMENT OF WORLD TOURISM BASED ON THE STRATEGIC MANAGEMENT

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ABSTRACT

The article deals with the issues of ensuring the dynamic sustainable development of the world tourism industry based on strategic management approaches. The modern strategic models of development of the world tourism industry are set aside and analytically substantiated. An algorithmic model of selecting the best strategy for travel companies has been created, taking into account the factor of strengthening international strategic positions.

The methodological structure of the study will be based on empirical studies showing that political and socio-economic instability ambiguously influences the trends of world tourism development. In the current conditions of informatization, globalization of economy, hypercompetition it becomes obvious that an important factor of operation of tourism system is its provision with adequate model of development. We define strategic management as one of the leading approaches to management in the context of universal dynamism, unpredictability and volatility of the business environment.

The application of the concept of strategic management in the sphere of world tourism should only take into account the specific activity of the tourist company, interests of consumers of tourist services, existing conditions of competition and principles of sustainable development. The concept of sustainable world tourism can solve two problems: 1) the need for balanced development of the tourism industry; 2) considers limitations on existing natural resources and their conservation and multiplication for future generations.

Keywords: Strategic Management, Strategic Positions, World Tourism, Travel Company, World Tourism Industry Development Model.

JEL Classifications: M21

INTRODUCTION

In the current conditions of world economy development strategic management is a necessary component of the activity of all enterprises, regardless of their sphere or type of activity. Strategic management of the tourism industry is based on the general concepts and regulations, which are in place in other sectors of the economy, but at the same time, differs in a number of features in the implementation of individual strategies that are specific to the tourism

industry as a whole. It is the system of strategic management of tourism development in the region that enables tourism enterprises to combine the overall development strategy with the availability of real and potential opportunities for its realization, taking into account the threats that may arise in the market.

LITERATURE REVIEW

Studies of tourism development through the lens of strategic management have been reflected in the works of (Grönroos, 1990; Pearce et al., 2000). Actual problems of sustainable tourism development and directions of development of the world tourism industry are discussed in the works of (Budeanu et al., 2016; Faulkner, 2001; Spenceley, 2008). The analysis of scientific literature indicates that the problems of strategic management of tourism development in the context of the implementation of the sustainable development strategy remain poorly studied (Drobyazko et al., 2019 a & b).

METHODOLOGY

The methodological structure of the study will be based on empirical studies showing that political and socio-economic instability ambiguously influences the trends of world tourism development. In the current conditions of informatization, globalization of economy, hypercompetition it becomes obvious that an important factor of operation of tourism system is its provision with adequate model of development. We define strategic management as one of the leading approaches to management in the context of universal dynamism, unpredictability and volatility of the business environment.

FINDINGS AND DISCUSSIONS

Ensuring sustainable development necessitates filling the ideology of strategic management with new content. In this regard, in accordance with the concept of sustainable development, we define the basic theoretical principles of strategic management: generation of a strategy in interaction with the environment by the principles of sustainable development and setting targets for the world tourism industry (Glaesser, 2006). To more fully and effectively achieve the goals of strategic development management; let us define the leading models of development of the world tourism industry (Table 1).

The first model assumes that there is no special state authority at the level of central government. All issues related to the development of tourism are addressed at the regional level or independently by business entities based on operational regulation and market economy principles. For this model, the prerequisites for effective functioning are high attractiveness for foreign tourists and no need to advertise their tourist income (Durmanov et al., 2019). This approach is effective in developed market economies dominated by private travel companies of different sizes and specializations that can do without government intervention. At the same time, the developed infrastructure, the system of ensuring the safety of tourists, the high level of provision of medical, banking and insurance services are important.

The second model of tourism development involves the presence of a special, authoritative and independent state central body (for example, a ministry) that controls the

activities of the entire tourism industry. Such body has considerable authority in the areas of investment, marketing research, development strategies, training, advertising, etc. This model of tourism industry management is inherent in those countries for which tourism is one of the main sources of foreign exchange budgetary revenues, as well as countries with developed tourism that seek to maintain their positive tourism image (Egypt, Israel, India, Mexico, etc.) (Mundial, 2017).

Table 1 CHARACTERISTICS OF STRATEGIC MODELS OF DEVELOPMENT OF THE WORLD TOURISM INDUSTRY					
Model 1 “American” (Market)		Model 2 “Tourism is the main source of budgetary revenue”		Model 3 “European”	
Operational regulation, meso and microeconomic levels		State regulation, macro, meso and microeconomic level			
Developed market economies		Developing countries, transition countries, countries with developed tourism		Economically developed European countries	
Absence of centralized state administration on tourism, all problems are solved locally		There are special state authorities, with a ministry being the central one		Special department of a multidisciplinary, multi-sectoral body (ministry) or subordinate to the government of a country	
USA		Israel, Egypt, India, Cuba, Malta, Morocco, Mexico, New Zealand, Malaysia, Kenya, Oman, Cambodia, South Africa, Dominican Republic, Croatia		Switzerland, Germany, France, Austria, Great Britain, Italy, Spain, Sweden, Singapore, Czech Republic, Hungary, Georgia, China	
Model 4 “Combined”					
State regulation, macro, meso and microeconomic level		Countries with receptive tourism markets	Combined ministry (tourism + related or complementary areas of socio-economic policy). Clear division of powers between central and regional authorities		Turkey, Greece, Poland, Tunisia, Indonesia, Bulgaria, Jordan

The third (European) model of state participation in the development of the tourism industry is prevalent in developed European countries (Austria, France, Italy, Spain, etc.). According to this model, the issues of tourism development are addressed at the level of a specialized sectoral unit that operates within multi-sectoral ministries or is directly subordinate to the government and has the status of a relatively independent administrative body.

The fourth (combined) model of tourism development involves the creation of a combined ministry, which, in addition to tourism, also deals with other related areas of socio-economic policy. Countries using this model recognize tourism as a priority for economic development and establish a clear division of responsibilities and powers between central and local tourism management bodies (Tang, 2015). It is widely used in those countries that intend to position themselves as receptive tourism markets: Turkey, Greece, Jordan, Indonesia, etc.

By analyzing the needs, ways and methods of applying strategic tourism industry management at the mesoeconomic level (tourism center levels), it can be reduced to three alternative approaches.

The first approach is that regional policies in some sectors of the economy, including tourism, are often not individually developed but integrated into the policies of other sectors.

This situation can be explained by the need to address the problems of tourism development in the context of the general socio-economic development of the region, which is due to a number of reasons:

- 1) Travel companies are an integral part of the economic and social system of a territorial entity, and the development of tourism in the region is significantly influenced by the state of the monetary system, the level of development of the sphere of services as a whole;
- 2) The development of the tourism industry requires the concentration of significant financial resources and in many cases involves the presence of a large number of participants both at the stage of investment portfolio formation, construction, reconstruction and at the stage of enterprise operation (Peeters & Dubois, 2010).

The second approach is based on the fact that territories characterized by significant tourism potential, including developed infrastructure, are developing independent tourism development strategies. This approach is appropriate if it is justified that the development of tourism will contribute to the dynamic and balanced development of the administrative-territorial units.

The third approach takes into account that a special feature of tourism is that often attractive tourist sites are located within more than one administrative unit. Therefore, their cooperation is needed (Ritchie, 2004). Such cooperation may involve common technical infrastructure (water supply and sewage, roads, telecommunications, etc.).

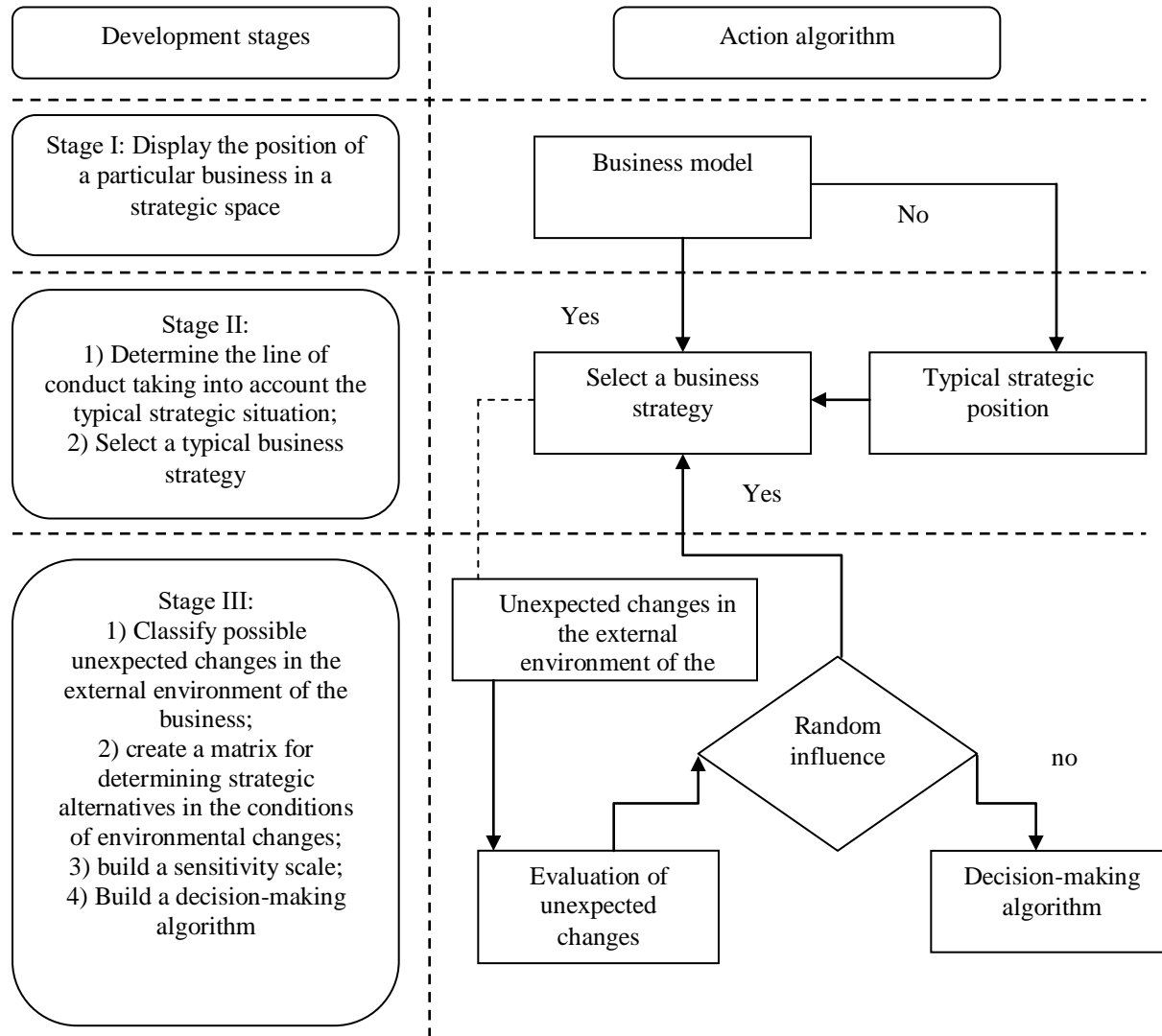


FIGURE 1
A MODEL OF STRATEGY SELECTION FOR TRAVEL BUSINESS ENTITIES IN THE
TURBULENT CONDITIONS OF THE EXTERNAL INDUSTRY ENVIRONMENT

Given the current conditions of travel companies operating within the defined models, we consider it appropriate to create such a model of strategy selection, which could take into account possible strategic positions and unexpected strategic changes of the environment (Figure 1).

The model is based on a strategic business model, a well-known system for selecting a strategy and classifying unexpected strategic changes in the external business environment. Previously analyzed strategic positioning models may not always be applicable to travel business for the following reasons:

- 1) Modern travel business is increasingly turning into a commodity services business – tourists want the services they buy to be provided as quickly as possible and to be of highest quality;

- 2) Ambition to retain the clientele of its tourist services makes it possible to constantly increase the speed of business response to customer demands resulting in their service in real time for 24 hours a day, regardless of the location of the client;
- 3) Economic globalization and increased competition make it almost impossible to solve the task of identifying all competitors of the tourist organization, which is necessary for strategic positioning of its business.

RECOMMENDATIONS

The application of the concept of strategic management in the sphere of world tourism should only take into account the specific activity of the tourist company, interests of consumers of tourist services, existing conditions of competition and principles of sustainable development. The concept of sustainable world tourism can solve two problems: 1) the need for balanced development of the tourism industry; 2) considers limitations on existing natural resources and their conservation and multiplication for future generations.

CONCLUSION

It has been found that four models of tourism development are used in international practice: the first model is the absence of a central state tourist administration; all issues are resolved locally; the second model is the presence of a strong ministry that controls the activity of the entire industry; the third model is when the issues of tourism development are solved at the level of a multi-sectoral ministry; the fourth model is the creation of a combined ministry which, in addition to tourism, deals with related or complementary areas of socio-economic policy. It has been proved that it is not the feasible for tourist industry to apply complex management systems to respond to unexpected strategic changes. Thereupon a model of neutralization of unexpected strategic changes has been created taking into account the strategic position of a travel company.

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