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## Strategic management in tourism

Every year the tourist industry of the Republic of Kazakhstan increasingly involves into the global market. However, this process is constrained by a number of factors, including the state policy deficiencies in the field of tourism, the industry backlog from its foreign counterparts. In order to the successful survive in the long term, the organization must be able to forecast the difficulties that may arise in its path in the future, and what new opportunities may open for it. Therefore, strategic management, studying the external environment, focuses on finding out what the opportunities and threats it carries. In tourism the main factors of successful strategic management of the company are the systematic analysis of both internal and external environment of the company, competent management staff and flexible motivation of the sales managers.

*Key words:* strategic management, accommodation services, tourist industry, companies, organizations, institutions, transportation services, tourist product, cultural and historical values, sightseeing tours.

Every year the tourist industry of the Republic of Kazakhstan (RK) increasingly involves into the global market. However, this process is constrained by a number of factors, including the state policy deficiencies in the field of tourism, the industry backlog from its foreign counterparts and etc.

This was keenly said by RK President N.Nazarbayev in his Address to the nation in 2012: "One of the major issues of the current development is the diversification of the direct foreign investments to the economic of Kazakhstan. They should be sent to the promising industries, such as tourism. In the developed countries the share of tourism cluster accounts for up to 10 percent of GDP. We have less than 1 percent. It is necessary to make common exploration of the tourism growth points inside the country; there are a lot of them. In this connection, this important project should become the development of world-class ski resort near Almaty. The experts believe that a tourist that visits ski resort spends 6 times more than during a trip to the sea. I instruct the Government to develop a systematic plan of this unique area development, as well as Burabay resort in the Akmola region" [1].

While aggravation of competition, cost increases, productivity falling, more service organizations begin to show heightened interest to the strategic management. Especially the works of the strategic management classics (I.Ansoff [2], A.Thompson [3], etc.) are mainly related to the production of material goods. As for the service sector, the more tourism business, these publications are very few, and they either do not reflect the specifics of the object, or do not fully reveal the essence of the proper strategic management.

Relying on theoretical and methodical provisions set out in the famous textbook, we have attempted to analyze the current state of the tourism sector in Kazakhstan [4]. The study revealed the following:

The country system of the tourism industry include such specialized companies, organizations, institutions, as the companies that provide accommodation services, the firms engaged in transportation services, the advertising and information institutions, the enterprises in the field of tourism leisure, tourism authorities, the travel agencies to develop and implement the tourist product, etc.

The development of the tourist industry in Kazakhstan depends on a number of factors: demographic and social factors, the availability of tourist and recreational resources, the degree of the infrastructure development of individual regions, state support for tourism, risk factors, national traditions, etc.

In the tourism of RK combines the economic, the social, and the aesthetic aspects. Especially the tourism services in the country have a specific socially-therapeutic nature (for example, Burabay resort zone, the area of Lake Balkhash, ski resorts near Almaty), i.e. recreation, personal development opportunity, exercise, learning of cultural and historical values, participation in cultural events.

In the Republic the tourists are the consumers primary, secondary and related services. Basic services include accommodation, transportation, meals, and excursions. Secondary services include: sports and health and medical services, cultural, entertainment and gaming activities, optional excursions, not included to the list of essential services. The related services include special types of communication services, trade, monetary-credit, providing souvenirs (usually with tourist symbols), information, congress and other services.

By this time in Kazakhstan formed the following types of the tourist companies (travel agencies) by the type and form of provided services:

- Companies with a limited set of services that offer customers 10-15 routes;
- Full service Companies the criterion of which is the motto: "Anywhere, anytime";
- Company of exotic routes and services, offering customers extraordinary travels and tours.

6. Among the organizations and companies operating in the field of travel industry, there are tour operators and travel agencies, travel and guided tours agencies, the fulfillment bureaus of the tourist and sightseeing tours.

7. A significant impact on the effectiveness of the tourism industry have travel agencies, i.e. facilitating agency engaged in the sale of tourist and sightseeing tours, as well as providing other intermediary services on the organization of tourist and sightseeing activities (e.g., information, advertising, marketing, etc.).

In terms of market relations, the above-mentioned organizations and companies operate in different legal forms.

In order to the successful survive in the long term, the organization must be able to forecast the difficulties that may arise in its path in the future, and what new opportunities may open for it. Therefore, strategic management, studying the external environment, focuses on finding out what the opportunities and threats it carries.

At the same time, regardless of the organization scale (a large travel company, the company tour operator, travel agency); taking strategic decisions on the development, it is needed along with the study of the external environment and competition to analyze its own strength and assess the current state.

The internal environment means the totality of all the internal factors of the organization that determine the processes of its life. Strategic management in the analysis of the internal environment is interested in identification of merits and flaws of the individual components of the organization and the travel company (company, travel agency) in general.

In summary, it can be stated that the environmental analysis, as it is carried out in strategic management, aims to identify the threats and opportunities that may arise in the external environment of the organization and also the merits and flaws (strength, weakness), which it has. Just to solve this problem, developed some techniques of environmental analysis used in the strategic management [5].

The detailed view received as the result of study of the organization internal and external systems can be summarized with a useful tool of the analysis-SWOT [6].

Used for environmental analysis method SWOT (the abbreviation composed of the first letters of the words: strength, weakness, opportunities and threats) is fairly widely accepted. SWOT - is the analysis of the strengths, weaknesses, opportunities and threats of the organization. This simple design technique allows, without conducting extensive and expensive marketing research and collecting detailed information about the organization, to get an idea of the influence of external and internal organizational environment during the strategic plan implementation. It provides an opportunity to focus on the combination of factual information and subjective expectations of the design manager. SWOT matrix presented below reflects the basic principles of the analysis (Table 1).

Table 1

SWOT analysis matrix

Criterion	Opportunities	Risks (threats)
Strength	Will the data strengths allow making a profit using this opportunity?	Will the data strengths allow avoiding this danger?
Weakness	Does this weakness data prevent the usage of this opportunity?	Does this weakness data prevent to avoid this danger (risks)?

Information located in the upper left and lower right squares, is of greatest interest to the manager carrying out the analysis of SWOT. In the upper left square are two factors that should determine the further successful development of the company in the future. The factors that fall in the lower right square of the table should also become the object of managers' attention. They are the source of the most likely problems and difficulties in the process of further development.

The behavior strategy of tourism on the basis of the SWOT-analysis might look as follows (Table 2).

**The behavior strategy of tourism on the basis of the SWOT-analysis**

Strength (merits)	Weakness (flaws)
Strategy of the strengths usage	Strategy — turn weaknesses into strengths
opportunities	Risks (threats)
Strategy — to harness the potential opportunities and adapt to them	Strategy - the ability to turn the risks into opportunities

It must be remembered that the strengths and weaknesses should be recognized by the consumer and the opportunities and threats exist in the environment.

When all four categories have already been filled, and each of them has taken its place in the "table of ranks" in accordance with its value, you can begin to develop a strategy of behavior that would fit this category. We must now focus on the fact that is critical. It makes no sense to develop a strategy for using the strengths, if there is no way to use these strengths. At the same time, it makes no sense to develop a strategy on the possibilities for the use of which the organization has no strengths.

Development of a strategy on the treatment of weaknesses and threats into strengths and opportunities is a difficult task. Sometimes you can find a straightforward solution. The weakness of the sales network can be eliminated by hiring more salespeople. The danger coming from competitors can be neutralized by an advertising campaign or to find a resistance, joining an alliance with another company. In some cases it is impossible to develop a strategy that would counter the weaknesses and dangers. Then they become the factors limiting business activity and often require a review of the strategic plans.

The study of tourist companies in Central Kazakhstan using the SWOT-analysis allowed us to identify the following:

1. The strengths of the existing travel agencies should be considered:

- Availability of adequate financial resources;
- The ability to compete professionally;
- The recognized leader;
- Full use of the production and marketing scale effects and development;
- Availability of its own technologies;
- A relatively low cost;
- Effective advertising;
- Skills of product innovation;
- A reliable, professional management;
- The efficient production facilities, etc.

2. Typically, the weaknesses of the operating travel agencies are:

- The lack of a clear strategy;
- Old fashioned production capacity;
- Low profitability;
- The lack of the required skills and professionalism;
- Existence of operation management problems;
- The backlog of product updating (e.g., the development of new routes);
- Product line is too narrow;
- Poor or underdeveloped image;
- Weak sales channels;
- Unit cost is high in relation to competitors, etc.

3. Operating travel agencies include the next opportunities:

It features working travel agencies include:

- Maintenance of additional groups of consumers;
- Access to a new market or segment;
- Expanding the product line to meet the needs of a larger number of clients;
- Related diversification;
- Vertical integration;
- The decline of trade barriers that prevent access to attractive international markets;

- Complacency and complacency of competitors;
- Increase in the market growth rate, etc.

The threats should be considered:

- The entry into the market of a powerful competitor;
- Substitute products sales growth;
- Reduction in the growth rate of the market;
- Foreign exchange rates adverse changes;
- The economy decline;
- Protectionist measures taken by foreign governments to protect own manufacturers;
- Consumers tastes and preferences changes;
- The unfavorable demographic changes, etc.

As our survey have shown; it is necessary to avoid claims with a hidden meaning during the SWOT-analysis, and therefore not relevant to the development of the strategic plan. Examples of such statements are presented in Table. 3 the strengths analysis of the organization.

Table 3

**The hidden meaning of the SWOT matrix statements:**

Strength (merits)	Hidden meaning
Consumers appreciate our product (tourist service provided)	Our products are expensive, but we can sell something (to provide service)
We are the standard for the industry.	We do not think that we have competitors
We provide the perfect travel service	We know more than consumers
Our company has long been involved in the market	We must be doing something right, so we still have our being

In the process of table filling SWOT managers must show all their discernment and to reflect the current company (travel agency) situation as fully as possible.

The companies providing services to the public is usually with a big staff. Therefore the great importance is attached to the staff operation in the range of common orientation to the customer.

An analysis of travel agencies of the Central Kazakhstan we have attempted to illustrate the methods of personnel management. The company hires new sales managers. The first year they do their best, trying to prove that they are not hired in vain. Young manager is not scared of long working hours, he is enthusiastically looking for prospective customers, visits the training with glad, trying to improve his skills, etc. But over time, the situation is changing. Managers, have established the base of regular customers, started to receive dividends from their previous efforts. They do not want to work hard to win new customers for the company. They are satisfied with those they own. Sales Manager does not tense anymore: he is late for work and play patience, waiting for a call from some old client. At the same time, he can maintain high sales volumes and, consequently, to get enough money doing nothing.

Of course, the company is interested in the intensive work of managers as a year or two before and managers moving forward, hiring assistants. But this does not happen. Skilled sellers or "sit" on the old bonds, or leave their positions for another company. If the manager is ambitious enough, he opens his business. So what remains to do for the executives so to increase managers' professional skills and not to allow them to leave for other companies after they have become professionals?

The flexible motivate system and adequate scheme organizing the activities of sellers will help to achieve the desired results. At each stage of the sales the leadership must create an environment in which the employees will constantly work for development.

The first level

At the first stage, when the young manager is just starting his career in the travel agency, the optimal solution is to assign a high enough salary and pay a small percentage of the deals volume. The use of such a scheme at this stage is effective for two reasons: first, the employee feels confident (a steady income provided), and secondly, there is the opportunity to grow and earn more. That would be a mistake to offer only percentage; there are few contracts while studies (trainings) and the person need money to live on.

#### The second level

It takes about a year. Sales Manager gains confidence in his abilities and sufficient experience to ensure higher sales. At this stage, you should give up the salary and pay only the interest rate but higher than at the first level. Such a scheme would be a good incentive for the next search of new profitable trades. Manager will create his own customer base.

#### The third level

When the seller has found a sufficient number of regular customers, he is immediately tempted to relax. "If I serve only the old customers, I get \$ 1,000 per month, and if I'm still looking for new ones that will be \$ 1,200. So am I to strain for \$200?»

To increase the motivation, change the payment scheme. It's time to low the interest that was paid for the service of old customers, for the new contracts should pay more. Now, in front of manager there is another alternative. "If I serve only old customers, I get \$ 700, but if I continue to search for new ones, I can earn twice as many." The alternative is clear.

However, as the motivation is not only financial interest of the employees. Another very effective method is providing of independence. Free schedule can improve the productivity of the concerned employee. In addition, an experienced manager should be able to attract mates. Many problems will eventually become routine. It is better to give them to the subordinate, and focus mostly on more important issues. One should not think that this approach is the laziness indulgence. Just ineffective use of highly skilled workers, where can cope even a rookie.

#### The fourth level

The manager has become a high class professional. He knows his industry, has a base of constant customers and an experience of assistants management.

It is logical that the employee has a thought about his own business. The question is posed as follows: "For what I give a part of my profit?" So you need a different scheme. If you want your own business - fine. You do not necessarily leave the company to have it. We'll give you the necessary resources for a stake in your business.

It should be understood that even creating the best conditions for the employees, the company is not insured against their leaving. If the skilled manager leaves the company with experience of business and established customer base, it's not just a big loss — it is almost certainly a new player in the market. The competitors growing is unprofitable to anyone, but also impede (slow down) the development of the employees is not the best strategy. Of course, the sacrifice of the development for the sake of security is not necessary. The company may be protected with the other methods. For example, to build a dialogue with key customers on the principle of multiple connections when with large customers work not only sales managers, but also other divisions. If your marketing department actively collaborates with the client marketing department and the company accountants are constantly conversing, you are not to be scared that the left manager would draw away the key customer.

What is the use of a competent motivation system? Managers will be interested in the constant development and effective work for the benefit of the company. They don't go away, when they become professionals. Earning more and more, they will bring more money for the company.

Thus as we have shown above, in tourism the main factors of successful strategic management of the company are the systematic analysis of both internal and external environment of the company, competent management staff and flexible motivation of the sales managers.

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### **Туристік қызметтегі стратегиялық басқару**

Қазақстан Республикасының туристік индустриясы жылдан жылға әлемдік нарыққа қарқынды енуде. Бірақ бұл процесс бірнеше факторлармен: туризм саласындағы мемлекеттік саясаттың кемшілігімен, шетелдік салалардан артта қалуымен тежеледі. Ұзақ мерзімді болашақта сәтті даму үшін кез келген ұйым өзінің болашақтағы даму жолында қандай қиыншылықтар кездесу мүмкіндігін болжай білуі керек, сондай-ақ қандай мүмкіндіктер ашылатынын байқауы тиіс. Сол себепті сыртқы ортаны зерттей отырып, стратегиялық басқару ұйымның алдында қандай мүмкіндіктер барын және қауіптер туындайтындығын айқындап алуға көңіл аудару керектігі пайымдалған. Туризмде стратегиялық сәтті басқарудың негізгі факторлары ретінде компанияның ішкі және сыртқы ортасын жүйелі талдау, қызметкерлерді білікті басқару және сату бойынша менеджерлерді икемді талаптандыру екендігі жайлы айтылған.

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### **Стратегическое управление в туристской деятельности**

В статье отмечено, что с каждым годом туристская индустрия Республики Казахстан все активнее включается в мировой рынок, однако этот процесс сдерживается рядом факторов, в том числе недостатками государственной политики в области туризма, отставанием отрасли от зарубежных аналогов. Для успешного выживания в долгосрочной перспективе предложено: организация должна уметь прогнозировать то, какие трудности могут возникнуть на ее пути в будущем, и то, какие новые возможности могут для нее открыться. Поэтому авторами выделено, что стратегическое управление, изучая внешнюю среду, концентрирует внимание на выяснении того, какие угрозы и какие возможности таит она в себе. Определено, что в туризме основными факторами успешного стратегического управления компанией являются системный анализ как внутренней, так и внешней среды компании, грамотное управление персоналом и гибкая мотивация менеджеров по продажам.