METHODS OF STRATEGIC MANAGEMENT OF THE TRAVEL COMPANY RESOURCES WHEN INTRODUCING INNOVATIONS

Abstract. The article deals with the methods of strategic management of resources of enterprises of the tourism industry in the realization of the directions of innovation activity. The features of the resource provision of strategic development based on the innovative approach in tourism in the present conditions are determined. Attention is focused on methods of strategic management using highly intelligent human capital, information and modern technologies, as well as providing financial and financial resources and investments.

Keywords: tourist enterprise, management methods, strategic development, enterprise resources, innovations

Introduction. Travel industry has a significant impact on the economy of the country and regional development, promotes economic growth and job creation, since it is associated with key sectors such as transport, hotels and restaurants, trade, construction, production of consumer goods etc.

The sophisticated inter-industry complex, which the travel is, uses and combines modern economic and technological capabilities with the cultural and natural heritage, as well as traditions and contemporary culture, creating innovative types of travel products and services, changing the organization of production and consumption of traditional products by applying new approaches to marketing and management.

The travel complex effectiveness is determined by the reasonable use of its resource potential, namely employment, organizational, financial, investment, logistics, information, space, infrastructure etc. It should be noted that upon construction of competitive tourist industry, when introducing innovations, a leading role is played by the highly intellectual human capital, information and modern technologies, as well as provision of credit financial resources and investment.

The issues of the industry company’s strategic management are highly relevant, since it is important how the paradigm of strategic management can increase the chances of business to survive, its commercial success, and ensure sustainable development. Business requires simplification and unification of management methods and models designed to address the key strategic development objectives in terms of ongoing transformations.

In practice of the real travel business management, most managers work successfully in certain situations using an intuitive approach to building strategies, which substitute’s formal strategic management because of its complexity and unsuitability to the
conditions of the travel market, and sometimes misunderstanding of the conventional methods of its implementation. However, expansion of the travel market boundaries, increase of the size of travel companies, expansion of the administrative staff and change of environmental requirements increasingly impede the activities focused on efficient company operation. Today, the strategic management of the industry companies is not possible using the conventional methods and intuitive approaches, making such activities more risky, not adapted to the modern needs of innovative development and, consequently, fail to deliver the desired result. Therefore, it is required to carry out research of the methods of strategic management of the travel company resources when introducing innovations.

**Literature review and the problem statement.** Many management scholars (O. S. Vikhanskyi, P. Drucker, W. Kinsey, F. Kotler, M. Porter, G. Evans, I. Ansoff, H. Mintzberg et al.) share the opinion that strategic management is one of the most important tools to ensure the preservation and development of enterprises through the use of their strengths and advantages in terms of the increasingly sophisticated factors of the management environment and increased competition. Exploring the travel industry development in recent years of the post-crisis economic development and worsening of socio-economic challenges in Ukraine, the authors (I. Burnashov, A. Glebova, G. Mykhaylichenko, K. Zhurayeva, L. Chorna, Y. Makovey et al.) stress the role of crisis and strategic management in terms where innovation is the core component of the development strategy and the key competitive advantage [Burnashov; Glebova 2012].

The purpose of this publication is the study of the company management peculiarities in the travel sector in terms of selection and implementation of innovation and justification of methods of innovation resources strategic management.

**Research results.** According to the latest World Travel Barometer, during the period from January to August 2017, there was a steady increase in international tourist arrivals in many directions globally, coupled with the resumption of travel to the countries suffering from security challenges in recent years, which accounted for a total of 7%, far exceeding the growth rate of previous years.

The increase in the number of foreign tourists (visitors per day) in the European region (+8%) in Southern and Central Europe (+12%) and Western Europe (+7%) was recorded, recovering after a weak demand for international travel in 2016. The number of international tourist arrivals during the period from January to August 2017 increased by 6% in Northern Europe and by 4% in Central and Eastern Europe.

“Tourism is a major generator of economic engines and employment, contributing to the improvement of life of millions of people around the world,” said the UNWTO Secretary-General Taleb Rifai [The official website of the United Nations World Travel Organization (UNWTO) 2017].

The effectiveness of travel companies in Ukraine, even subject to their independent successful operation, is affected by the development of the industry in general by attracting investment, both directly in the travel industry and in related industries, allowing to expand the offer of the travel services, ensuring their quality and diversity.

Unfortunately, the volume of investments in the national economy indicates a significant need, which remains underfunded because of the issues and risks with respect to transparent and secure business in the country, which is still pending the
reforming of economic and social development principles in the context of a continued military campaign.

Thus, the volume of direct foreign investments in economics of Ukraine as of December 31, 2016 amounted to 37.7 billion USD and decreased by 11.2%; in 2015, the fall amounted to 24.2%. We estimate that no more than 0.2% of the total was invested in travel and related business [State Statistics Service of Ukraine].

The capital investment index in the economy as a whole in 2016 vs the previous year for the first time in four years increased by 18%, but the travel industry shows a volatile dynamics and index falling in 2016 by more than 22%. This situation characterizes a low levels of state financial support and its instability as a deterrent of the travel business development in Ukraine, which was felt particularly clearly during the economic crisis.

Despite the circumstances associated with the difficult economic situation of the country and the presence of a war zone on its territory, the global travel development trends are also reflected in the Ukrainian travel industry.

An increase in the total number of travel entities over the past two years, both legal entities and individuals, the number of people employed in the industry, as well as revenues from travel services are presented in Table 1.

Table 1 - Key performance indicators of the tourist business in Ukraine

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal entities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of travel entities, pcs.</td>
<td>1785</td>
<td>1838</td>
</tr>
<tr>
<td>Average number of full-time employees, persons</td>
<td>8086</td>
<td>8545</td>
</tr>
<tr>
<td>Including those with higher or vocational education in travel</td>
<td>3735</td>
<td>3723</td>
</tr>
<tr>
<td>Income from travel services (without VAT, excise taxes and similar payments), thousand UAH</td>
<td>4797731.6</td>
<td>11522520.4</td>
</tr>
<tr>
<td><strong>Individual entrepreneurs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of travel entities, pcs.</td>
<td>1397</td>
<td>1668</td>
</tr>
<tr>
<td>Average number of full-time employees, persons</td>
<td>1502</td>
<td>1867</td>
</tr>
<tr>
<td>Including those with higher or vocational education in travel</td>
<td>694</td>
<td>763</td>
</tr>
<tr>
<td>Income from travel services (without VAT, excise taxes and similar payments), thousand UAH</td>
<td>217617.6</td>
<td>413161.3</td>
</tr>
</tbody>
</table>

Source: [State Statistics Service of Ukraine].

The most complete tourist complex operation efficiency is possible subject to reasonable use of its resource potential. This economic function is associated with financial, logistical, labor, information and other resources used by the travel entities.

The leading role in the travel business is played by labor and information resources, which are indispensable for the development of services meeting the intellectual society demands.

Some scholars believe that to build a competitive business, the knowledge and creativity of employees in all areas is required. In the developed countries, the share of skilled employees is, for example, 72% in Japan, % in Korea, 56% in Germany, and 43% in USA) [Diadechko].
In the field of travel in Ukraine, as of 2016, 43.6% employees are skilled. Therefore, as regards intellectual travel resources, a special focus is placed on innovative products and the entrepreneurial skills of employees.

The system of resource support of the travel business, aimed at obtaining economic yield, is given in Figure 1.

<table>
<thead>
<tr>
<th>Cash</th>
<th>Staff</th>
<th>Tangible assets (TA)</th>
<th>Intangible assets (applications, patents, inventions) (IA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment for cash</td>
<td>Payment for staff</td>
<td>Cash for TA</td>
<td>Cash for IA</td>
</tr>
<tr>
<td>Cash</td>
<td>Staff</td>
<td>TA</td>
<td>IA</td>
</tr>
</tbody>
</table>

**Figure 1** - Resource support pattern to ensure the formation and sale of the travel product

Source: [Diadechko].

The human resources management means a certain concept based on making success by a travel company in the market environment due to the staff motivation and incentives. Staff is an important component of a successful development of the company or organization. Its creative thinking and collective work allows achieving the targets set by a travel company.

Travel company human resources management means to exploit the potential of each employee. Human potential means a set of abilities, motivation, and creativity found in humans and, therefore, in an organization where they work.

The effective operation of any business is primarily determined by the degree of its staff professional development. One of the most important factors in ensuring the business competitiveness in the market is the need to upgrade the professional skills of its employees continuously. Current staff should be highly knowledgeable, possessing a general culture, strategic thinking, and expertise. The organization of professional development has become one of the key functions of the staff management. However, managers sometimes underestimate the importance of the personnel management methods in travel industry, inherent in modern management, which is actively used in the West. Such underestimation is a major obstacle to effective management.

In the rapidly changing economic situations, it is appropriate to improve the forms and methods of personnel management continuous using the following groups of methods:

1) economic (designed to generate economic interests of the people to work effectively);
2) administrative (designed to ensure the operation of the units, adjust the flows of information, and organize the vertical and horizontal process control);

3) socio-psychological (ensure a healthy psychological climate in the team, the relationship between formal and informal groups, and formation of personality and features of a citizen of Ukraine).

It should be noted that no economic method can not exist without the organizational and administrative impact providing the clarity, discipline and order in the team. Administrative management methods help implementing one of the most important management functions, namely a function of the organization. The task of organizational and administrative activity is to coordinate the subordinates. Therefore, it is important to determine the optimal combination, a reasonable ratio of organizational, administrative and economic methods.

Social and psychological management methods imply the ability to consider the psychological factors in achievement of labor results. These methods help forming a team with common goals and objectives. Opinion polls show that the success of business leaders is dependent on its professional knowledge by 15%, and on the ability to work with people by 85% [Kabushkin].

The management practice usually simultaneously uses different techniques and combinations thereof.

An excessive pursuit of profit through exploitation of travel resources requires the travel business manageability, a special role in the provision of which is played by information resources. The business entity management system within companies requires improvement of the efficient use of resources, which should subsequently lead to increased competitiveness.

Possession of information determines the ability of the travel companies to foresee the development prospects, and converts information into a resource ensuring the competitiveness. Information resource serves as an incentive and driving force for the formation, reproduction and use of the travel company potential, the catalyst of social, economic, and social processes of the knowledge economy.

Recently, some aspects of the value of information and intellectual resources to ensure the competitiveness of the companies, the place and role of information technologies in the company management, the ways of information resource management and implementation of strategic decisions on the basis of, and using the information technology to ensure the successful company development have been researched and studied actively [Budia 2008; Information support for strategic management and planning; Barmakov 2007].

Today, information acquires the status of an important strategic resource ensuring the travel enterprise competitiveness at various management stages, as reflected in Table 2. Development itself is based on strategic management principles using external and internal indicators of the state and dynamics of the company competitive advantages forming the strategic information.

The analysis of the information needs of modern travel businesses and consumers of travel services shows the updating of information support and its substantial development towards a new humanistic understanding of recreation and travel, designed to meet the spiritual, emotional, cultural and educational needs of people.
<table>
<thead>
<tr>
<th>Phase</th>
<th>Stage</th>
<th>Information used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic planning</td>
<td>Mission and goal determination</td>
<td>General information about the environment, potential markets</td>
</tr>
<tr>
<td></td>
<td>Environment analysis</td>
<td>Information about opportunities and threats, strengths and weaknesses of the company potential</td>
</tr>
<tr>
<td></td>
<td>Analysis of the company strategic position in the market</td>
<td>Assessment of the industry appeal, development dynamics, market share, lifecycle, and competitiveness analysis</td>
</tr>
<tr>
<td></td>
<td>Strategy selection</td>
<td>Recommendations on strategic analysis, accounting for the staff competence</td>
</tr>
<tr>
<td></td>
<td>Assessment of the selected strategy option</td>
<td>Information on conformity of the chosen strategy to the situational features at different time intervals</td>
</tr>
<tr>
<td></td>
<td>Strategy implementation</td>
<td>Information on the progress and implementation measures</td>
</tr>
<tr>
<td></td>
<td>Monitoring</td>
<td>Information on the company progress in the market, which was the result of the strategy implementation</td>
</tr>
<tr>
<td></td>
<td>Management by selection of strategic positions</td>
<td>Strategic analysis data, information on the company resource potential</td>
</tr>
<tr>
<td>Strategic management in real time</td>
<td>Strategic objective ranking</td>
<td>Determination of priority activities based on a sound strategy, considering the most significant changes in the environment</td>
</tr>
<tr>
<td></td>
<td>Management based on weak signals</td>
<td>Information about weak signals, estimated degree of influence of the existing threats on the business potential</td>
</tr>
<tr>
<td></td>
<td>Management in terms of strategic emergences</td>
<td>Environment monitoring for the opportunities and threats in the course of the management</td>
</tr>
</tbody>
</table>

Source: [Honchar 2013].

Therefore, among the advanced forms of information in the system of modern social communications, an ordered and organized information, freely available on computer networks, is gaining weight.

The factors ensuring the competitiveness of travel businesses through the use of information resources include:

1) reassessment of the value, role and place of information resources in the company strategic asset system;
2) a set of technical solutions to create an effective and efficient information systems of integrated nature;
3) feasibility of organic integration of software for administrative and other decisions in domestic travel companies to build an integrated balanced system of resource potential management to achieve the company strategic goals.

The company financial resources also significantly influence the choice of the strategy. Any change in the behavior of firms, such as entering new markets, development of new products and transition to a new industry require large financial costs. Therefore, the firms having large financial resources or easy access to them when choosing a behavioral strategy are in a much better position and have an opportunity to choose from more development options than the firms with very limited financial resources.

The company commitments under previous strategies create a lag in development. It is impossible to completely abandon all previous commitments in connection with transition to new strategies. Therefore, when choosing a new direction, one should take into account the fact that the commitment of the previous periods will still remain in effect, restraining or adjusting the feasibility of new strategies. These issues require further research.

**Conclusions.** A more efficient use of the resource potential of travel companies using the methods of strategic management should improve their competitiveness.

The analysis shows that travel companies competing successfully in this field are guided by the following strategic methods, used individually or in combination:

- development of production of an the existing travel product by the formed directions;
- expansion of the travel geography, development and sale of services due to new regions of tourist destinations;
- involvement of the opposing spheres of the travel business, including through the creation of new businesses.

When developing the methods to manage the human and information resources, it is advisable to pay more attention to the development of intellectual and innovative component of travel businesses.

**References**


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