

*Aims & Scope (Economics)*

*Article*

## **IMPLEMENTATION OF THE STRATEGY FOR THE SUSTAINABLE ECONOMIC DEVELOPMENT MANAGEMENT OF TOURIST BUSINESS ENTERPRISES**

**Iryna Yanenkova,**

Doctor of Economics, Associate Professor,  
State organization “Institute for Economy and Forecasting of National academy of Ukraine”,  
<https://orcid.org/0000-0002-7007-4481>

**Valentyna Shevchenko,**

Candidat of Science (Public Administration), Associate Professor,  
Alfred Nobel University, Ukraine  
<https://orcid.org/0000-0003-0614-0648>

**Iryna Kyrchata,**

Ph.D. in Economics, Associate Professor,  
Kharkiv National Automobile and Highway University, Ukraine  
<https://orcid.org/0000-0002-0270-1586>

*Received: 17 December 2022; Accepted: 20 December 2022; Published: 22 December 2022*

**Abstract.** The scientific and methodological approach to assessing the strategy for the current development management of tourism enterprises has been improved, which consists in determining the overall indicator by criteria such as enterprise performance and resistance to financial and commercial risks, which allows diagnosing the level of the current development strategy and developing management measures for its adjustment. As a result of the study, tourism enterprises have been divided into three groups: enterprises with a high level of development strategy assessment, enterprises with a medium level of development strategy assessment, and enterprises with a low level of development strategy assessment. The organizational basis for the implementation of the strategy of the integrated development of tourism enterprises has been developed, providing for the implementation of this strategy for each of the functional components such as economic security strategy, financial strategy, investment strategy, innovative strategy, and information strategy. It has been established that the basis of the integrated development strategy is such a combination of enterprises, due to which there is an interaction of enterprises and redistribution of efforts to counter various environmental risks. The criterion for the formulation of alternative development strategies is the types of enterprises that unite.

**Keywords:** development management strategies, tourism sector, economic security, tourism clusters, economic conditions.

**Citation:** Iryna Yanenkova; Valentyna Shevchenko; Iryna Kyrchata. (2022). IMPLEMENTATION OF THE STRATEGY FOR THE SUSTAINABLE ECONOMIC DEVELOPMENT MANAGEMENT OF TOURIST BUSINESS ENTERPRISES. *Conferencii*, (4) 2. [http://doi.org/10.51586/Conferencii\\_4\\_2\\_2022](http://doi.org/10.51586/Conferencii_4_2_2022)

### **Introduction**

The development of the tourism sector will contribute to the growth of the country's authority on the world market of tourism services, the country's economy strengthening, the state budget replenishment, the increase in the welfare of citizens, the historical and cultural heritage preservation, and increase in the spiritual potential of society.

Among the enterprises of the tourism sector, small businesses dominate, which, in an unstable economy, are the most financially insecure and are exposed to destructive changes. Thus,

the development of tourism enterprises is hindered by the following factors: chronic lack of financial resources, hypersensitivity to fluctuations in the economic situation and political situation, a large degree of dependence on the support system for small businesses, significant dependence on individual large customers, weak segmentation of their own market share and insufficiently strong positions on it, and a high risk and a tendency to bankruptcy.

The negative impact of these factors can be prevented by applying an appropriate strategy for ensuring sustainable economic development. This will allow tourism enterprises not only to resist risks but also to ensure sustainable growth in economic performance. The formation of an effective strategy for the sustainable economic development of an enterprise is possible only under the condition of a comprehensive analysis of its existing development in modern conditions under the influence of environmental factors. The purpose of this analysis is to identify the strengths and weaknesses of the enterprise, which will affect the definition of the mission, goals, and objectives of the strategy for sustainable economic development. Such a strategy will allow the enterprise achieving significant competitive advantages and strengthening its market position in conditions of unstable development of the national economy.

The goal of the article is to improve theoretical and scientific-practical provisions, the development of scientific and methodological foundations and practical recommendations on the formation of a strategy for ensuring sustainable economic development of tourism enterprises.

### **Literature Review**

In recent years, the applied aspect of development research has intensified significantly. It is represented in two directions. Within the framework of the first one, the development of the enterprise is addressed in individual industries: in the field of cellular communications, in the food, coal, light, furniture industries (Barros, et al., 2021; Egresi, 2018).

In the second direction, the development of the enterprise is considered in relation to specific conditions: the transformation of ownership, transformational economy, in the context of macroeconomic transformations (Hong, et al., 2018). Recently, a research direction for yet another type of enterprise development has been formed – social one, although the issues of social development, in particular, enterprise personnel, cannot be recognized as new.

There is also a significant list of scientific papers on the innovative development of the enterprise. On the one hand, a large number of publications on innovative development allegedly ensures its legitimacy (Bogodistov & Wohlgemuth, 2017; Waseema, 2017). On the other hand, almost no publication provides its own interpretation of innovative development, including enterprise; most often its interpretation does not differ from the definition of the concept of development (Rahimi, et al., 2017; Spalding, 2020; Varelas & Apostolopoulos, 2020).

All types of activities of the enterprise are interconnected and to one degree or another form the final result, therefore, the management, planning to achieve a certain result in the long term, should pay considerable attention to the study of directions for all aspects of economic development: production, marketing, innovation, financial, investment and information and communication (Archer-Brown & Kietzmann, 2018; Romagosa, 2020).

Types of economic development of the enterprise must be supplemented with such a type as motivational development.

The main factors determining the economic development of the enterprise include not only quality products, effective strategy, resource potential, optimal pricing and marketing policies, advanced technologies (Kakoudakis, et al., 2017; Kiper, 2013; Luekveerawattana, 2018). In modern conditions, one of the main factors is the optimization of the personnel motivation system of the enterprise.

### **Methods**

The theoretical and methodological basis of the work is the scientific works of leading scientists on the formation of a strategy for ensuring sustainable economic development, the functioning and development of small business, the need to ensure the economic security of the enterprise, and the characteristics of the activities of tourism enterprises.

The following general scientific and special methods and approaches were used in the work: morphological analysis (when specifying the conceptual-categorical apparatus of the study); system-structural approach (when studying theoretical and methodological aspects of the formation of the strategy provided a systematic-structural approach (when studying the theoretical and methodological aspects of the formation of a strategy for ensuring sustainable economic development of tourism enterprises); diagnostic approach (for analyzing the current development strategy of tourism enterprises); logical-comparative method (for substantiating the conceptual and categorical apparatus of the methodology of forming a strategy for ensuring sustainable economic development of tourism enterprises; methods of grouping and classification (to systematize the types of risks and environmental factors influencing the development of enterprises).

**Results**

The current stage of economic development is characterized by the negative consequences of the global economic crisis, a high rate of change, increased competition in the market, political instability, and other destabilizing factors. A consequence of the above factors is the emergence of various environmental risks that pose a significant threat to the activities of domestic enterprises. The ability of enterprises to adapt is the basic condition not only for survival in crisis situations but also the main reason for its sustainable development. The influence of external risks can change, and the risks themselves can be transformed. That is why each enterprise should take into account and predict changes in the environment in a timely manner with a view to the effective functioning and further economic development.

<b>Table 1</b> <b>Functional constituents of the strategy for the integrated development of tourism enterprises</b> (author's research)	
Name	Characteristics
Economic security strategy	protection of legal rights and interests of the enterprise; monitoring of the state of the environment; identification of possible threats to the enterprise and development of preventive measures to prevent or reduce risks; protection of the confidential information of the enterprise concerning all parties of its activity.
Financial strategy	effective financial planning; regulation of movement of financial resources; determination of sources of financing of activity of the enterprise; coordination of financial units.
Investment strategy	ensuring the optimal structure of investment resources; ensuring minimization of costs of formation of investment resources; ensuring the high utilization of investment resources.
Innovative strategy	improvement of customer service; improvement of the quality and effectiveness of product advertising; the use of innovative pricing methods to attract new customers; growth in production of innovative products; introduction of training and qualification system for employees.
Information strategy	creation of a system for collecting, processing, systematizing and organizing information; formation of a complex information system; monitoring of information risks.

Another important factor in the effective functioning and successful economic development of enterprises under changing business conditions is the presence of competitive potential.

To ensure competitive potential, the enterprise is obliged to qualitatively develop material and technical, structural and functional, socially labor and other elements of potential. Thus, in

conditions of turbulence, the most important task of a modern enterprise is to ensure its survival and continuous economic development. An effective solution to this problem is to provide competitive advantages that can be achieved using an effective strategy for ensuring the economic development of the enterprise.

Considering the above, it is possible to single out priority ways to increase the sustainability of the development of tourism enterprises, these include the following: increase in the level of economic security; improvement of information support; improvement of financial security; increase in the effectiveness of innovation policy; improvement of the effectiveness of investment policies.

Given that the functional strategies of the enterprise determine the main directions of development of the enterprise and reflect the ways to achieve its goals, we consider the components of the integrated development strategy (Table 1).

The basis of the integrated development strategy is such an association of the enterprise, due to which the interaction of enterprises and the redistribution of efforts to counter various environmental risks occur.

Thus, it is advisable to formulate alternative development strategies depending on the nature of the integration that underlies the integrated development strategy.

According to the author, the criterion for formulating alternative development strategies is the types of enterprises that combine.

<b>Table 2</b>	
<b>Characteristics of alternative strategy (author's research)</b>	
Advantages	Disadvantages
Small businesses have access to the resources they need and are able to use them effectively; long-term orders are received by small businesses.	Possibility of loss of independence by small enterprises; the interests of small businesses are not fully taken into account, the large enterprise is dominant; possibility of takeover of small enterprises by large one; large enterprises may not be a conscientious partner in the settlement with small enterprises.

As a result of the conducted research on the specifics of the activity of small businesses and features of tourism development, it is advisable to identify two alternative strategies of integrated development of tourism enterprises, namely: merger of small businesses with a large enterprise leader; merger of small businesses with each other.

Considering that the strategy of integrated development of tourism enterprises is based on reconciling the interests of small businesses and uniting efforts to ensure their sustainable economic development, it is from this point of view that we must choose the most optimal development strategy from the existing alternative ones.

The alternative strategy #1 “Merger of small businesses with a large enterprise leader” (Table 2) has been analyzed. The alternative strategy #2 “Merger of small businesses with each other” (Table 3) has been analyzed.

<b>Table 3</b>	
<b>Characteristics of alternative strategy # 2 (author's research)</b>	
Advantages	Disadvantages
Small businesses are equal partners; consistency of interests of small enterprises in joint activity; the independence and flexibility of small businesses; effective cooperation of small businesses as a result of the same mutual interest.	Limited resources of small businesses; the complexity of selecting homogeneous small businesses.

The basis of the integrated development strategy is such an association of the enterprise, due to which the interaction of enterprises and the redistribution of efforts to counter various environmental risks occur.

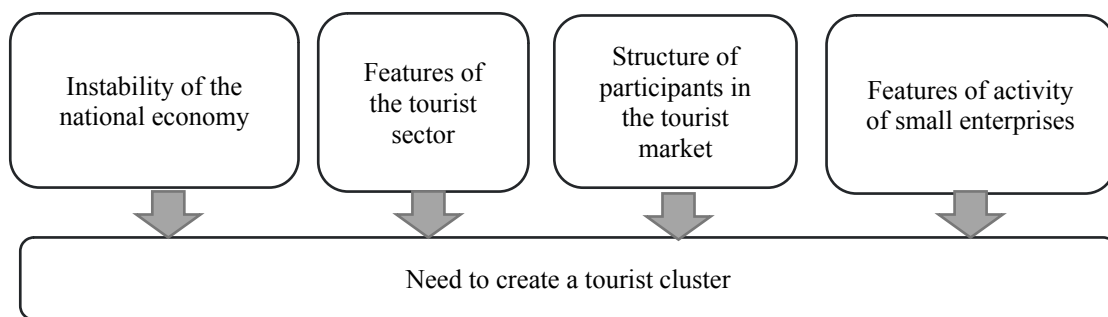
Thus, it is advisable to formulate alternative development strategies depending on the nature of the integration that underlies the integrated development strategy.

According to the author, the criterion for formulating alternative development strategies is the types of enterprises that combine.

As a result of the conducted research on the specifics of the activity of small businesses and features of tourism development, it is advisable to identify two alternative strategies of integrated development of tourism enterprises, namely: merger of small businesses with a large enterprise leader; merger of small businesses with each other.

Considering that the strategy of integrated development of tourism enterprises is based on reconciling the interests of small businesses and uniting efforts to ensure their sustainable economic development, it is from this point of view that we must choose the most optimal development strategy from the existing alternative ones.

The alternative strategy #1 “Merger of small businesses with a large enterprise leader” (Figure 1) has been analyzed.



**Figure 1. Prerequisites for creating a tourist cluster (author's research)**

In the process of developing and implementing a tourism product, enterprises of various sectors of the economy realizing their own interests participate. Given this fact, it is necessary to balance the interests of enterprises with the interests of entities of the external environment. The interests of enterprises are very diverse, each of them is characterized by a set of interests inherent only to it, which in a certain way relate to each other, have a different status, and belong to different entities.

The actual problem of the interaction of the tourism market participants is the lack of balance of their interests and coordination of activities in the conditions of unstable development of the national economy. The solution to this problem will allow all participants in the tourism market not only determining the prospects for further development but also anticipating and neutralizing the influence of negative environmental factors and their consequences. Thus, the participants of the tourism market should establish partnerships for the effective coordination of their activities aimed at providing comprehensive tourism services, which will help turn them into competitive world-class tourist centers.

Features of the activities of small enterprises. In the tourism sector, a large number of tourism enterprises are dominated by small business entities. As it's known, in the face of environmental variability, there are a significant number of shortcomings in the activities of small enterprises. The main ones include low financial support for the enterprise, sensitivity to the negative impact of environmental factors, insignificant market share in terms of sales, fierce competition from large enterprises in the industry.

As a result, only a few are involved in tour operator activities in the classical sense of the word. Others act mainly as intermediaries of foreign operators, adding a part of their services to their tourism product. This situation can be overcome only thanks to the emergence of large

companies with significant working capital in the domestic tourism sector, as well as associations of tourism enterprises.

Integration is aimed not only at the economic rapprochement of entities for solving important socio-economic problems but also at the creation of economically dependent associations, which is distinguished by stable relations of participants. So, integration structures are a form of coordination of interests of participants within an economic association as well as the protection of their interests in cooperation with the external environment.

The prospects for the development of tourism enterprises depend on a comprehensive assessment of the main aspects of their strategy for ensuring sustainable economic development, given the functioning of such enterprises in conditions of instability and environmental variability.

The main goal of the integrated development strategy for tourism enterprises is to ensure the sustainable economic development of tourism enterprises. The objective of assessing the implementation of the integrated development strategy is to predict the level of sustainability of the economic development of enterprises.

The sustainability of the economic development of the enterprise mainly depends on the ability to prevent economic risks that affect the ability to improve the economic performance of the enterprise.

Thus, the level of sustainability of economic development depends on the ability to effectively prevent the economic risks of the external environment, which negatively and continuously affect the development of the enterprise as a whole.

### **Discussion**

The consistency of the economic interests of cluster members is the average value of mutual motivation for cooperation between two or more enterprises in order to ensure sustainable economic development. Mutual motivation is considered as a level of motivation on one and the other side.

In order to determine the mutual motivation of tourism enterprises to cooperate in a cluster, it is advisable to consider the components of motivation for cooperation. The components of motivation are the characteristics of the activity of an enterprise in the tourism sector such as the availability and sufficiency of information about the enterprise; history of enterprise development; company image; duration of functioning in the market; availability of highly qualified personnel; pricing policy of the enterprise; customer service level.

The above confirms the need and feasibility of creating a cluster of tourism enterprises in the face of the constant negative impact of environmental threats on the activities of tourism companies. The creation of a cluster is particularly relevant for tourism enterprises of small businesses, which are the most vulnerable to the effects of destructive external factors. Acting as participants in the cluster of tourism enterprises, small enterprises receive significant advantages in their activities, for example, such as redistribution of various types of resources between cluster members; joint execution of large promising orders; experience exchange by cluster participants; pooling efforts with other cluster members in order to effectively counter economic risks; mutual opportunity to increase the level of personnel potential; combining efforts of cluster members in countering the main competitors - large enterprises in the industry; joint increase in the share of the tourist market, etc.

### **Conclusion**

Priority ways to increase the sustainability of the development of tourism enterprises have been identified, namely: increase in the level of economic security; improvement of information support; improvement of financial security; increase in the effectiveness of innovation policy; increase in the effectiveness of investment policies.

The components of the strategy for the integrated development of tourism enterprises have been considered, which include a strategy for ensuring economic security; financial strategy; investment strategy; innovation strategy; information strategy.

As a result of the study of the specifics of the activities of small business enterprises and the features of the development of the tourism sector, it is advisable to identify two alternative

strategies for the integrated development of tourism enterprises, namely: merger of small businesses with a large enterprise leader; merger of small businesses with each other.

The factors that necessitate the creation of tourism clusters in order to ensure sustainable development of tourism enterprises have been identified, namely: instability of the national economy; features of the tourism industry; structure of the tourism market participants; features of the activities of small enterprises.

Thus, the formation and implementation of the integrated development strategy allow tourism small businesses increasing the level of economic security and ensuring the sustainability of economic development in order to strengthen market positions in modern unstable economic conditions.

**Funding: Please:** This research received no external funding.

**Conflicts of Interest:** The authors declare no conflict of interest.

## References

- Archer-Brown, C., & Kietzmann, J. (2018). Strategic knowledge management and enterprise social media. *Journal of knowledge management*, 22(6), 1288-1309.
- Barros, M. V., Salvador, R., do Prado, G.F., de Francisco, A.C., Piekarski, C.M. (2021). Circular economy as a driver to sustainable businesses. *Cleaner Environmental Systems*. Volume 2, 100006. <https://doi.org/10.1016/j.cesys.2020.100006>
- Bogodistov, Y., & Wohlgemuth, V. (2017). Enterprise risk management: a capability-based perspective. *The Journal of Risk Finance*, 18(3), 234-251.
- Egresi, I. O. (2018). Residents' attitudes to tourists visiting their mosques: a case study from Istanbul, Turkey. *Journal of Tourism and Cultural Change*, 16(1), 1–21. 10.1080/14766825.2016.1192182.
- Hong, J., Zhang, Y., & Ding, M. (2018). Sustainable supply chain management practices, supply chain dynamic capabilities, and enterprise performance. *Journal of Cleaner Production*, 172, 3508-3519.
- Kakoudakis, K. I., McCabe, S., & Story, V. (2017). Social tourism and self-efficacy: Exploring links between tourism participation, job-seeking and unemployment. *Annals of Tourism Research*, 65, 108–121.
- Kiper, T. (2013). Role of Ecotourism in Sustainable Development. <https://doi.org/10.5772/55749>
- Luekveerawattana, R. (2018). Key factors affecting of tourists' decisions to stay at environmental friendly hotels. *Polish Journal of Management Studies*, 17(2), 148–157.
- Rahimi, F., Gotze, J., & Moller, C. (2017). Enterprise architecture management: Toward a taxonomy of applications. *Communications of the Association for Information Systems*, 40(1), 120-166.
- Romagosa, F. (2020). The COVID-19 crisis: Opportunities for sustainable and proximity tourism. *Tourism Geographies*, 22, 690–694. 10.1080/14616688.2020.1763447
- Spalding, M., Burke, L., & Fyall, A. (2020). Covid-19: Implications for nature and tourism. *Anatolia*. 10.1080/13032917.2020.1791524
- Varelas, S., Apostolopoulos, N. (2020). The Implementation of Strategic Management in Greek Hospitality Businesses in Times of Crisis. *Sustainability* 2020, 12(17), 7211; <https://doi.org/10.3390/su12177211>
- Waseema, M. (2017). Enhancing destination competitiveness for a sustainable tourism industry: The case of Maldives. *OIDA International Journal of Sustainable Development*, 10(02), 11–24.



© 2022 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC-BY) license (<http://creativecommons.org/licenses/by/4.0/>).