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# STRATEGIC MANAGEMENT WITHIN THE TOURISM AND THE WORLD GLOBALIZATION

Zanina Kirovska<sup>1</sup>

## **Abstract:**

Within the world of tourism development, it is indisputable for strategic planning of tourism, especially for defining and existence of a development strategy for tourism. The implementation of the development strategy for tourism is determined by the functioning of strategic management in tourism.

Strategic management is a proactive process of achieving long-term compatibility of the corresponding field in planned tourism environment. This management is a profitable way for implementation of priority development goals in tourism, set by the national economy, which is affected by tourism development. Strategic management basically has all the necessary features that promise efficiency and effectiveness in achieving development goals in tourism.

With increasing competition and globalization trends, dynamics and development of tourism is increasingly intensified, and strategic management to ensure efficient and effective business operations (resource management, management information systems, maintaining and developing relations with tourists, expanding and development of the tourism business, managing to new and innovative tourism projects). Therefore the importance of strategic and operational management without successful parts of operations, threaten the development of the tourism component.

*Key words:* Strategic planning of tourism, long-term compatibility, efficiency and development effectiveness in tourism, stable environment, innovation in tourism.

## **1. INTRODUCTION**

In the frame of global tourism development, it is indisputable need for strategic planning of tourism, i.e. the definition and existence of a development strategy for tourism, it is logical that its implementation is conditional on the functioning of strategic management in tourism.

Strategic management is a proactive process of achieving long-term compatibility of the corresponding area in planned tourism. This management represents most profitable way for implementation of priority development goals in tourism, defined by the national economy which is affected by development of tourism.

Why I support the idea of developing a strategic management in every national economy if the country wants effectively to organize its developing strategy in

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tourism? Basically, because strategic management has all the necessary features that promise efficiency and effectiveness in achieving development goals in tourism.

Namely, as one of the characteristics of strategic management, is that it promotes organizational efficiency in all entities involved in tourism. This means that the management imposes control through which it is perceived how successful one operation is running. Mainly the efficiency confirms whether the entities responsible for tourism development “perform things properly”, because efficiency is determined by the relationships among all participants in tourism development.

Furthermore, the support for strategic management and looking at the fact that it is always a long-term oriented. Generally, as in tourism development strategy refers to achieving the goals that extend for a period longer than one year, strategic operational management has the task to move all operations from the current position to the desired, future position. This means that the time horizon may be related to many years, decades, etc., in accordance with the strategy and process of world globalization.

It should be also emphasized, that the solely strategic operational management, speaks for the fact that itself is based on decisions taken at the highest level, so-called strategic decisions. Such weight of decisions ensures authority in their implementation. Finally, as another important aspect of strategic management, which should be applied if we want to achieve a dynamic development of the strategy in tourism, is that it could relate to different organizational levels, analogous to the definition and elaboration of development strategies in tourism: national level, regional level, local level, etc.

If we define strategic management as the engine of tourism activity, there are several practical experiences in its implementation, regardless of the subjects that are affected by the development of tourism: domestic tourism entities or foreign investors who provide funds for tourism development.

From the people’s experience, whose job is to find suitable management personnel, for the necessities in the area, specifically within the tourism industry, often there is a problem finding experienced managers for operational functions.

With the surge of foreign investments, which are expected to be even larger in the coming years, the trend and the need for operational managers will be even more pronounced. The problem will be simplified, if the foreign investors in the visiting country bear the full managerial and organizational structure, as it has previous extensive experience in relevant field. Establishment of good managerial personnel in tourism means a team that knows well the mentality and habits of the local population, geographic and spatial capacities, tourism demand, competition etc. Only good operational management can conduct the strategic and operational objectives set in tourism development. With increasing competition and globalization, dynamics and development of tourism is increasingly intensified, while strategic management, should ensure efficient and effective business operations (resource management, management information systems, maintaining and developing relations with tourists, expanding and developing the tourism business, constant managing to new and innovative tourism projects). Therefore the importance of strategic and operational management is important, because without successful operations parts, the development of the tourism component is threatened.

## **2. THE CURRENT EFFECTS OF THE STRATEGIC INVESTMENT POLICY IN DOMESTIC ECONOMIES AND TOURISM POLICY**

Tourism and travel is expected this year (2011) to make 6.5 billion denars or € 105 million, as a direct contribution to the country's economy. This amount is only 1.4 percent of total gross domestic product (GDP), according to the report of the World Council for travel and tourism<sup>2</sup>. World Council for Tourism is a forum of business leaders from the tourism and transport industry in which executives of 100 largest global companies from these industries are directly involved. The Council monitors the data in terms of tourism for 20 years as one of the world's largest industries, which on average contributes 9.2 percent to world GDP and employs 260 million people worldwide.

According to these data, Macedonia is on the 168th place in the world, according to how much tourism contributes to the country's GDP. All our neighbor countries are before Macedonia. In Bosnia tourism contributes 2.31 percent to GDP, in Bulgaria 4 per cent, 8 per cent in Montenegro, and while in Croatia even 11.64 percent. World average, in terms of how much is the direct contribution of tourism to the GDP of countries in the world, is 5.12 percent and we are far below this average.

The situation is similar when it comes to tourism contribution to the total employment in the country, as well as investment in tourism. While in Croatia tourism directly employs 12.7 percent of total labor, 8 percent in Greece, Montenegro 6.9 percent, Bulgaria, 3.9 per cent and 2.1 per cent in Bosnia, in Macedonia only 1.3 per cent of the total number of employees are directly involved in tourism.

In terms of investment, the country is on the 156th place in the world where we are again last in the region. World Council Travel and Tourism predicts that this year in Macedonia will be invested only \$ 50 million, versus \$140 million in Bosnia, \$270 million in Montenegro, \$620 million in Bulgaria, Croatia \$1.41 billion and 7.41 billion dollars even in Greece and even greater amounts in Turkey and Italy, which are incomparable with our country.

The Council has somewhat better forecasts regarding the development of Macedonian tourism in the next ten year period till 2021. The contribution of tourism to national GDP is considered that it will grow in the next 10 years from 1.4 percent to 4.9 percent and that would bring revenue in the amount of 10.5 billion according to today's prices. The Council also considers that investment in tourism will rise to the level of 4.7 billion and would amount to 2.8 percent of total investment, compared to 2.3 percent today. On the other hand, it is not expected a significant increase in persons employed in tourism with their number expected to rise to 10,000, compared to 8,000 people, who are employed today.

For our country can be said that: "Republic of Macedonia is still relatively on a low level in attracting and using foreign direct investment, compared to other countries in the region. To increase the influx is necessary to create a stable economic environment and strengthening the private sector."

Therefore Macedonia should provide input to foreign direct investment, because it ensures intensification of economic development, job creation and poverty reduction.

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<sup>2</sup> World Council of Travel and Tourism

### 3. MANAGEMENT IN MACEDONIAN TOURISM ECONOMY

According to mentioned considerations and plans for tourism development in our country at all levels, constantly are mentioned requirements for investment in various tourism regions and cities. It certainly is good to realize, because every new building, modern and contemporary built, would be welcomed in the global tourism offer.

The Republic of Macedonia currently does not need new buildings for accommodation, or hotels, especially in tourism regions. Of course, any foreign investment is welcome, but in times of bad economic power of the Macedonian economy, there are many other priorities, necessary for the functioning of the state and its citizens, i.e. other major problems during the so-called transition.

What more affects the Macedonian tourism economy right now is something else - complete reorganization of its operations, or a new concept of carrying out the tourism activity, with the existing facilities. This means that existing facilities which have been already started to be rebuilt and modernized, should comprehend the tourism to another way; hence, the role of strategic management in the transformation of Macedonian tourism. Namely, strategic management needs to change organizational culture in the tourism field. How to achieve it?

Certainly, the way that already exists in the world of tourism, a way that is proven to be successful in many countries, which take the tourism seriously and develop it very quickly. How do countries such as Turkey, Morocco, Algeria and Tunisia, Austria, Hungary and others? And what they do what kind of strategies and targets they use to promote tourism activity and provide comparative advantages in tourism?

For starters, they began to organize the stay of the guests in the existing buildings, like tourism superpowers - Spain, France, Italy and others. They started to think the way how the client thinks or the so-called tourism way, which means the application of new communication culture and behavior with a high degree of helpfulness and efficiency.

It requires strategic thinking in terms of implementation of continuous training of tourism personnel - from the most demanding training of management teams to basic training for serving, behavior toward the guest and his animation. Seemingly, we would say a usual work that still hides inside great persistence and work.

Strategic thinking must be in another direction - the use of financial instruments of the EU, available to Republic of Macedonia, that they treat the strategic approach to tourism. These Instruments of Pre-accession Assistance (IPA), provides support for multiple components such as<sup>3</sup>:

- Help in the period of transition and institutional building;
- Cross-border cooperation;
- Regional Development;
- Development of human resources and
- Rural Development

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<sup>3</sup> “With European money to development of alternative tourism”, Soros Open Society Institute, Macedonia

IPARD is the fifth component of the IPA funds intended for rural development. The most important thing is that with these funds and programs rural and alternative tourism are supported, while the measures of the same should be our strategic commitment to the projections for tourism development. Extracted from the IPARD program supports:

- Reconstruction of houses on farms for tourism activities, including recreational facilities;
- Restoration and adaptation of houses on farms for accommodation;
- Establishment of catering services, shops and tasting;
- Establishment of rural museums;
- Adaptations of wineries with annual production of wine is a minimum of 20 to 400 hl;
- If the building is located in a protected cultural area or is located in a protected zone, the applicant must comply with relevant national standards;
- Investment in recreational facilities must be accompanied by accommodation facilities;
- Diversification and development of rural economic activities;
- Investments aimed at establishing micro enterprises and reconstruction of buildings in and outside the agricultural economy for the purposes of rural tourism, which should contribute to increasing competitiveness and improving the quality of living and creating employment opportunities, while appreciating the natural advantages and traditional for the rural communities.

Hence the need to use all ways to attract these strategic investments for the Republic of Macedonia, which are aimed at creating and developing micro enterprises development of handicrafts, alternative and rural tourism, promoting entrepreneurship and developing the economic structure.

The opportunities that IPARD program offered must not be neglected, and are directed towards the following priority sectors<sup>4</sup>:

- Promote the activities of country tourism;
- Investments in reconstruction of objects of agricultural economy with the purpose of rural tourism, supplemented with recreational facilities;
- Investments in building restaurants, outdoor accommodation (camps) and facilities for recreation.

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<sup>4</sup> “With European money to development of alternative tourism”, Soros Open Society Institute, Macedonia

#### **4. OPERATION OF THE MANAGEMENT IN THE BENEFIT OF TOURISM ENTERPRISE**

In the current complex situation of the economy in our country, and tourism is related to its lack of organization and function. Hard-earned tourism penny by catering and tourism workers, hardly used for themselves or for upgrading of their services and expanding their work in the non-use of promotional activities, both domestically and abroad. The approved money for propaganda and development of tourism is difficult to realize, for the simple reason that tourism in our country is not sufficiently organized, left to itself. It is not learnt from the experiences of countries in which tourism is taken seriously, and the state accomplishes a good influx of foreign currency.

With frequent changes in management structures in Macedonian economy, tourism is increasingly losing its value as an economic branch; which is probably the unique in using only domestic raw materials.

Hence the main strategic activities in tourism; the whole process of working to use domestic employees, homemade food, including an increasing number of hotel-and-catering organizations, small private businesses such as catering and other entertainment facilities, a large number of sales and manufacturing firms for production and sale of souvenirs and local handicrafts. Strategic management in tourism must also include the additional activities, which means a development of tourism such as transport, postal services, and other services and manufacturing facilities.

Republic of Macedonia has many possibilities to offer a hotel accommodation for transit tourisms from central and southern Europe, as Skopje and Macedonia are the most convenient places to rest after having spent thousands kilometers. For this purpose, with good strategic management, a separate tourism brochure should be made for transit tourism in Macedonia, which should be promoted to our presence abroad - at fairs, congresses, tourism events, etc.

The geographical position of Macedonia can be used as a significant competitive advantage for all these motorized tourisms, too. The territory of Macedonia is the most suitable place for the rest of the way to Greece, but little is invested and managed all. Macedonia as a state, although is extended on a small piece of land, has many natural and cultural treasures waiting for someone to evaluate, to put them in position to become tourism attraction and profit from their visit.

#### **CONCLUSION**

If tourism represents a part of the overall socio-economic system in each national economy, it means that it is a part of the future prospects of that system. Namely, no doubt we can confirm that we live in a paradoxical time, rich and at the same time worrying poor. And in the new century there is a large gap between material wealth and poverty on our planet. However, scientific thought is with great optimism in the positive changes in global sense and that transformation will the humanity experience, above all on the spiritual level. This primarily refers to the fact that man will become more aware of himself, and spiritual values and achievements of cultural and artistic plan will become available for the majority of the population. That means subsequent transformation and the plan of tourism behavior of people, the majority of people. The right to rest should become a universal right of all who work, regardless of the still

large differences in content and ways in which the holiday is used. Therefore, the use of leisure time should be arranged in a certain way, with travel, especially leisure travel, to bring the development of the tourism phenomenon to unforeseen limits.

Regarding the current globalization and development incurred in place of existing conditions, which remains the art of scientific thought, to provide general, global environmental conditions, which in the future, would place tourism. What all authors, who on one or another way deal with tourism, agree with, is the claim that the future of this phenomenon depends on development of the structure of the population, but most of the economic potential, not only the population in emissive but in receptive countries.

The theoretical thought believes that tourism in the future will be developed for current major technical changes with such character and intensity, which will simply act on the roots to change in today's tourism.

Tourism in the future or rather the development of tourism will depend on the development of business activities and their promotion of knowledge about the manner and content of activities, from the application of new technological achievements (communication and computer technology) in the business. Increased efficiency of business activities produces, in the future will produce even more response than larger potential mass of tourisms. In this context it will provide greater protection for consumers and increased quality control of the tourism product, which in turn should positively influence the overall increase in tourism communication.

Finally, the investors and management, depending on the incentives of the country may be interested in investing in tourism, if we provide enough valid arguments to encourage this industry, to ensure them a profit.

To increase the inflow of FDI, once again has to be emphasized that it is necessary, creating a stable economic environment and strengthening the private sector. Republic of Macedonia must ensure the entry of foreign direct investment, because it guarantees the intensification of economic development, job creation and poverty reduction.

Frequently for the shown interest in investment in domestic national economy, investors looking for profitable alternatives developed tourism products: sun and water; content beyond the summer months; creativity of mountain and rural tourism; content of sport tourism and so on.

Tourism in the future will increasingly develop a form of domestic tourism market. It is hard to otherwise imagine balanced growth of international tourism in countries where domestic tourism is a marginal phenomenon, but otherwise have all the prerequisites for more intensive development of international tourism.



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