

Management & Marketing of Tourism



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MANAGEMENT & MARKETING OF TOURISM

Tutorial

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This tutorial includes questions of the organisation and management and marketing of tourist activity, problems of economic activities of the tourist organisations and the way of their decision. Functions, principles and methods of management and marketing in tourism, concepts and characteristics of styles of management of the tourist firm are clarified on the basis of world and national experience, the role of the manager in the strategy of management and administrative decisions making in the tourism is analysed, the basic lines of increase of tourism management and marketing efficiency are clarified.

The tutorial is intended for the students, studying the theory and the practice of tourism management and marketing, and specialists and heads of the tourist organisations and enterprises.

Reviewers:

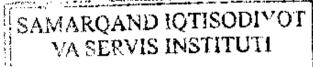
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FOREWORD



Firstly, I would like to hail the timely nature of this book. The management and marketing of tourism have never been more relevant and nations are looking at new ways to grow an industry that has evolved from support to mainstay. Developed countries recognise tourism as an offset to contracting economies, nations like Maldives heavily depend on it and countries like Malaysia and Uzbekistan are working hard to realise the sector's potential in an unprecedented era of global connectivity.

The statistics tell their own story as far as Malaysia is concerned. For starters, the tourism industry employs around 14% of Malaysia's workforce. In 2012, the industry recorded more than 25mil tourist arrivals and \$20.2bil in tourist receipts – an encouraging increase from 2011 that brought in 24.7mil tourists and \$19.4bil in receipts. Based on the 2011 World Tourism Rankings compiled by the United Nations World Tourism Organisation (UNWTO), Malaysia is the 9th most preferred destination based on tourism arrivals and industry has recorded an annual growth of 12% from 2004 to 2009. The industry added RM36.9 billion to gross national income (GNI) in 2009, making it the fifth largest industry in the country after oil, gas and energy, financial services, wholesale and retail and palm oil. Tourism is also the third largest source of income from foreign exchange and much work is being done to grow this industry.

Like Malaysia, Uzbekistan recognises the importance of tourism. The Uzbek government is making plans to grow this industry in myriad ways and this much was made clear when I visited the Plekhanov Russian Economic University in Tashkent in 2011. Enhancing the two-way flow of Uzbek-Malaysian tourism was a particular area of concern and it was rather apt as both nations were celebrating 20 years of close bilateral ties. During this period, much progress has been made in the areas of trade, energy, education and culture. However, there could be better parity as far as tourism is concerned. Around 3,500 Malaysian tourists visited Uzbekistan in 2011, compared to 9,252 tourists in the opposite direction.

Striking a better balance has to be a priority and the Ambassador Extraordinary and Plenipotentiary of Malaysia in Uzbekistan, Abdul Aziz bin Kharun, highlighted this to the Uzbek media in November 2012. Enhanced cooperation was the subject of the day and the Ambassador raised possibilities on sizeable Malaysian investment in Uzbekistan's tourism industry. In his view, Malaysian travel companies would do good by investing in Uzbekistan's tourist and hotel business with their know-how, new tourist products and services.

After experiencing Uzbek hospitality for myself, I must say that the prospects of such a tie-up are interesting indeed. The win-win nature of the deal is clear: Both sides stand to gain financially and the exposure to new ideas and best practices could be the game-changing catalyst for Uzbekistan's tourism industry. The economic conditions for such collaboration are right and I'm sure a number of prominent Malaysian companies would be keen if the right incentives are offered. The UCSI Group is also active in the hotel industry and I'm sure some interesting developments will take place in the future.

I take heart that the Uzbek government's willingness to explore new options has many similar undertones to the Malaysia's effort to revamp the tourism and hospitality industry. While UNWTO data suggests that Malaysia is doing rather well, grand plans have been set in motion and much needs to be done if the targets of the Economic Transformation Programme (ETP) - a national initiative to turn Malaysia into a high income economy - are to be met. And the ETP targets are a staggering 36mil tourists and \$60bil in tourist receipts by 2020.

Managing the future

While the tourist arrival target is certainly achievable if Malaysia's tourism industry maintains an annual growth rate of 12% or more, much work needs to be done to boost tourism revenue. Numerous studies have been conducted and a number of weak points have been identified. One of the most obvious shortcomings is Malaysia's lack of attraction in the high-yield, medium-haul tourist segment. A number of factors have been identified such as low flight frequency, the tendency for low-haul tourists to complete high-frequency trips and the use of Malaysia as a transit point. In 2009, only 15% of tourist arrivals accounted for the medium-haul portion of the market - far lower than Singapore's 43% and Thailand's 36%. Presently, short-haul and long-haul tourists account for 78% and 7% respectively.

Human capital is another burning issue Malaysia grapples with. To be the preferred tourist destination, the tourism and hospitality industry must be staffed by the best people for the job. In Malaysia, this is easier said than done. While the warmth of the local populace is second to none, the quality of service from professional staff could be improved further. Part of the problem stems from the social stigma that equates a career in the industry as a last chance saloon for the less academically inclined, causing good talent to shy away. The cash nexus is another issue. The average income for a Malaysian working in hostels and restaurants averages out to RM1,084 per month, compared to RM2,114 in the financial sector and RM2,621 in oil and gas.

Recognising this, the Malaysian government is looking to revamp the tourism and hospitality industry through education. Various public-private partnerships were forged and I'm proud to say that UCSI University is entrusted by the government to champion the initiative under Entry Point Project 10 (EPP10) of the ETP. An Independent Management Team involving Malaysia's leading private education providers, industry players and tourism bodies was set up to oversee this project. This led to the inception of the Malaysian Centre of Tourism and Hospitality Education, better known as MyCenTHE, a body that oversees the implementation of the initiative and addresses industry needs.

MyCenTHE's obvious objective is to supply the human capital needed to match the industry's projected growth. Approximately 500,000 with the industry's expansion and MyCenTHE hopes to graduate around 50,000 skilled personnel each year by 2020. To command respect, these graduates must have academic qualifications and the long term target is to equip at least 50% of the industry's workforce with the minimum of a diploma. Partnering with leading international and local hotel chains, MyCenTHE members are aiming to achieve a full nationwide rollout - each state in Malaysia must have a tourism education cluster - and students will be well-exposed to the prospects in the industry.

To ensure MyCenTHE graduates make an instant impact, UCSI and its partners came up with a unique work-based learning curriculum. Developed jointly with industrial partners, the curriculum has relevance as its hallmark and students will gain unparalleled industrial exposure throughout the course of their studies. Numerous work placement opportunities are provided by MyCenTHE industrial partners and students literally earn as they learn from and alongside - the best in the industry. Industry partners reserve first option when it comes to hiring graduates and such a setting provides much assurance to students and parents alike.

With a deep understanding of the fundamental practices in the industry and the underlying forces that make them work, MyCenTHE graduates are poised to be the change the industry needs. A qualified workforce that evidently improves the service side of the industry will improve wages across the board. MyCenTHE hopes to raise the average wage in the industry to around RM4,000 and this, in turn, will improve societal perception of the industry, making it a preferred career option for talented individuals.

Tough competition

While Malaysia has done well to identify - and act on - teething problems, macro-level promotions must also be intensified. The *Malaysia*, *Truly Asia* brand has gained much traction over the years but more must be done in the face of intensifying competition from countries like Singapore. The island republic

constantly reinvents its value proposition, at times, even going against erstwhile-held policies. The move to legalise gambling is one such example as Singapore sought to emulate Macau's success in projecting itself as a premium entertainment destination.

Despite its conservative stance that long associated gambling with crime, Singapore launched two opulent casinos in 2010 – one operated by a Malaysian conglomerate – and the move has yielded great dividends. According to Citibank, Singapore's two casinos generated gaming revenues of \$5.9bil in 2011, just behind the \$6.1bil earned by all Las Vegas casinos. The move also attracted a large number of high-rolling Chinese tourists and Singapore successfully replaced its prosaic, top-down image with a promise of fun, surprise and adventure.

Studies from the Singaporean Tourism Board (STB) show that the casinos were largely responsible for the 8% increase in tourism arrivals for the second quarter of 2012. This translates to almost 3.5mil tourists – around two-thirds of Singapore's population – that generated around \$5.5bil in tourist receipts. The tourism draw also worked wonders for the local economy. Taxes levied on gambling amounted to 2.2% of total government operating revenue and the two casinos employ around 22,400 staff, with thousands more in supporting industries.

Another point to note is Singapore's capacity to innovate. After Malaysia beat it to the chequered flag by securing a calendar spot on the FIA Formula One World Championship, Singapore went to the drawing board to devise the inaugural F1 night race and the first street circuit in Asia. By pursuing value innovation, Singapore successfully differentiated itself from the rest of the competition. Today, it is seeking to project itself as a gastronomic capital of Asia. World-renowned chefs like Joël Robuchon, Wolfgang Puck and Guy Savoy have been courted to establish fine dining restaurants there and Singapore is set to obtain its own Michelin guide – widely regarded as the authority on fine dining – in the near future.

Singapore's continuous rise as tourism mecca is largely driven by efforts led by the STB, showing the extent of what effective management can do in the tourism and hospitality industry. A similar role – albeit slightly less grandiose – is played by the Tourism Authority of Thailand that successfully positioned the kingdom as a luxury holiday destination. Thanks in part to the famed resorts of Phuket and Koh Samui, the tourists kept coming in droves despite Thailand's political upheaval from 2008 to 2010, as well as severe flooding in 2011.

This gives Malaysia much food for thought. If instability and natural disasters - not forgetting the disastrous tsunami in 2004 - do not dent Thailand's

tourism sector, there is much to learn indeed. And while the argument that Singapore caters more to upper class tourists may be correct, this really isn't a problem at all. UNWTO statistics show that both Singapore and Thailand recorded fewer tourist arrivals than Malaysia. However, both nations perform better in terms of tourist receipts - the area Malaysia needs to improve the most.

What management brings

To be more competitive, Malaysia is working harder on its value proposition. People must know more about Malaysia apart from its favourable geographical situation, natural beauty, cultural diversity, shopping options and gastronomic delights. Banking solely on these factors are not good enough anymore. Thailand leads when it comes to cultural celebrations and natural beauty while Singapore edges the competition as far as modern attractions - and shopping - are concerned. Being caught in the middle of two market leaders is never a good position and it is heartening to note that the policy makers are recognising this.

Greater efforts are being made to reposition the nation and the rise of Islamic tourism is one encouraging development. Malaysia is seen by many as a progressive moderate Islamic nation and this is a strong attraction for tourists from Gulf Cooperation Council (GCC) nations. The influx of Muslim tourists over the years has inspired new ideas and Malaysia has devised different packages to serve the various needs of this market. The rise of Halal tourism, edutourism, ecotourism and retail tourism exemplify this and Malaysia has successfully grown other sectors vis-a-vis tourism.

Of course, such growth and innovation can only take place if preconditions are in place. Malaysia's rise as a regional education hub - the nation is ranked by Unesco as the world's 11th most preferred study destination with more than 90,000 international students - enabled edutourism while conservation efforts in the rainforests of Sabah and the gazetting of land to establish national parks cater to ecotourism. With that in mind, the management and marketing of the tourism industry essentially passes as a sophisticated grid that is greater than the sum of its parts.

It must be noted that sustainable and responsible development is key to grow the tourism industry. Malaysia has always been committed to this and the nation's tourism policies mirror the recommendations set by the Asia-Pacific-Economic Cooperation (Apec) and the Pacific Asia Travel Association (Pata). The great urge to develop must go hand-in-hand with the preservation and the ecology, biodiversity, heritage and culture. To this end, national, state and local laws have been developed to protect the interests of indigenous communities and conserve sites of antiquity.

I take heart that Uzbekistan is looking at these areas with keen interest. As a UNWTO member, the Uzbektourism National Company has done well as a regulatory body. Its participation in the Khivan declaration on tourism and cultural heritage preservation supports international tourism policies while the constant promotion of culture and spirituality serves as a strong tourism draw by itself. Responsible development over the past few decades have preserved more than 4,000 historical monuments and sites and I'm happy to note that restoration efforts have not slowed down.

While the successful accounts of Malaysia and its Asian neighbours make good talking points, wholesale adaptation may not be the best option. The prerequisite tourism, economic and social conditions must be in place and it is best if Uzbekistan devises its own winning formula. Best practices can always be shared and employed but the soul of a nation must always be authentic. With effective management and marketing, I have no doubt that Uzbekistan's tourism industry will grow from strength to strength and in the nation will, in time, write its own success stories.

Closing remarks

I'm delighted to note that the authors of this book have taken a monumental step towards this goal by analysing the management and marketing of tourism. A number of pertinent issues are discussed and I'm sure it will be of great help to students and practitioners alike for theoretical or practical purposes. The book also promotes the notion of mutually advantageous cooperation and this will do well for Uzbekistan's tourism policy with other international organisations.

The first chapter of the book analyses the logic behind the development of tourism, its categorical essence and modern classifications of tourist products and activities. The author defines the place and role of tourism from an Uzbek context, introducing readers to the normative-legal and organisational potential of the industry that has grown since Uzbekistan's independence. The detailed analyses of data is impressive and much can be learned in regards to potential growth areas and Uzbekistan's attractiveness to foreign tourists.

The book takes a different direction in the second chapter by analysing tourism as an object of management. Uzbek legislation is brought into the picture as the authors study forms and conditions in tourism businesses, acceptable systems of management, as well as features of management and planning activity in the industry. The chapter is rather apt for investors who intend to get a clearer picture of Uzbekistan's tourism industry before committing to any investment.

By looking at the functions and principles of management in tourism, the authors provide readers with an appreciation of system analysis. With intra-firm management as a basis, readers are prompted to think of the industry's propensity for investment and innovation. The subject of management efficiency is also discussed and readers will understand the essence of the concept and existing systems of measurement that are in place in Uzbekistan.

With the right tourism plans in place, I'm confident that Uzbekistan's tourism industry will grow from strength to strength. Heritage is certainly on its side. The cities of Samarkand, Bukhara, Khiva, Shakhrisabz and Tashkent have glorious histories dating back some 2,500 years and this is an attraction by itself. Listed as Unesco World Heritage Sites, these cities have drawn acclaim since antiquity for their central positions on the Silk Road. As the bridge between China and the West, these cities flourished as centres of trade, scholarship and culture. The spread of Islam in the region saw these cities becoming intellectual centres and this should be a strong draw for tourists from Organisation of the Islamic Conference (OIC) member nations.

Y. Bhg. Dato' (Dr) Peter Ng Tong Se Founder, UCSI University Chairman, UCSI Group

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FOREWORD MESSAGE



Within the last few years after independence, due to constant attention from the country's authorities, the tourism industry of Uzbekistan has become one of the most dynamically developing sectors of the country's economy

The fact that in the course of the 19th Session of the UNWTO General Assembly held in South Korean city of Gyeongju on October 9th, 2011 Uzbekistan has been elected the member of UNWTO Executive Council from the

European Regional Group with a term of membership until 2015, is a vivid illustration of worldwide recognition of the efficiency of the country's integrated activities aimed at the tourism industry growth.

Uzbekistan possesses huge potential for development of international tourism and has rich traditions of trade, economic and cultural cooperation with many countries of the world. These traditions root deep into the past, when in the 2nd millennium BCE trade developed on the ancient caravan trails known in history as the Great Silk Road. Alongside with initiating the trade between East and West, this transcontinental arterial road promoted the development and interpenetration of traditions, customs, cultures, craftsmanship and religions.

Uzbekistan today boasts more than 4000 historical and architectural monuments and is the country where the invaluable material and spiritual heritage bequeathed to us by our great ancestors is carefully preserved: unique historical and architectural monuments, wealth and diversity of wildlife, century-old craftsmanship traditions, wise traditions and joyful festivities of Uzbek people. All this is the heritage of both Uzbekistan and the whole mankind. By now there have been included into the UNESCO World Heritage List such historical sites as Ichan-Kala urban complex in Khiva, historical centres of Bukhara and Shakhrisabz, historical monuments of ancient Samarkand. These sites are under the protection of world community.

Uzbekistan is not only a land of unique ancient architectural monuments, scenic nature, and rich cultural traditions of its people, but also the country with well-developed tourism infrastructure represented by modern hotels, hospitality service of international standard, a constantly extending range of tourist services.

Tourism is one of those few spheres whose growth rate depends much on the country's foreign-policy activity. Being aware of this absolute truth, Uzbekistan actively develops cooperation with leading tourism organizations and countries, participates in various international forums, and initiates regularly the measures aimed at intensification of cooperation in this challenging direction. In the context of strengthening of the mutually beneficial partnership with foreign organizations and countries, special importance gives to the high level of relations with UNWTO and tourism developed countries, such as Malaysia.

What makes Uzbekistan an object of desire of modern travelers?

Egypt and Greece, Mexico and Australia, India and Japan and many other exotic destinations lure travelers from all over the world. Among such destinations Uzbekistan holds a special place and has all the rights to claim the title of "tourist Mecca".

It is the heart of the Great Silk Road – an ancient highway that was connecting East and West for two thousand years (2nd century BCE – 16th century CE).

Uzbekistan is centuries-old history imprinted in beautiful creations of ancient architects, in shrines of bygone civilizations.

It is unique nature where boundless sandy deserts abut on multicolor Alpine meadows, snowy mountaintops and fertile valleys gladdening the eye with plentiful fruit gardens and vineyards.

Tourism resources of Uzbekistan allow for development of all types of tourism and for playing host to tourists year round.

National Air Carrier "Uzbekistan Airways", National Company "Uzbektourism" and our travel agencies provide travelers with the opportunity of visiting these places and touching the pulse of history.

It is obvious that there is very good experience in tourism sector between Uzbekistan and Malaysia relations. Year by year cooperation in sphere of tourism is successfully developing on basis of mutual encouraging and supporting. Publishing of this book is one of the symbols of strengthening bilateral tourism relations between two countries.

H. E. Dr. Shukur Sabitov Ambassador Extraordinary and Plenipotentiary of the Republic of Uzbekistan to Malaysia

CHAPTER I. PLACE AND ROLE OF TOURISM IN ECONOMICS

1.1. Stages of tourism development

Since the ancient times, the great number of people travelled for the purpose of world cognition. It is well-known, that the term "tourism" has the French root («tourisme», from «tour» - "walk", "trip"). It is considered to be, that the word "tourism" has become current from the expression «Great tour» («Grand Tour»), and originally it meant the fact-finding trip of young prosperous people in XVII-XVIII century.

However, certainly, tourism has centuries-old history. Even in antique times people went to other countries; trade, education, pilgrimage, medical treatment were the basic motives of their travel. Reliable and detailed data about the countries, their population and customs were required for development of exchange and commercial relations. Phoenicians went in the high seas on the big and strong ships. They went beyond the limits of Mediterranean Sea, sailed along the western coast of Europe and Africa at blazing the new trails to unknown countries.

Ancient Greek scientists (Herodotus - V century B.C.) and researchers of other countries (Pythios - IV century B.C.) have made long voyages for studying of new territories. Travels of Herodotus, Pythagorus, Democritus, Platon, Aristotle have led to intensive exchange of scientific knowledge. Substantially thanking their travels, the works, which have created the basis of history, geography, ethnography, anthropology, have been written.

Sports trips have been arisen in the Ancient Greece: thousand sportsmen, fans of sports and admirers of arts not only from Hellas, but also from other countries of the Mediterranean came on Olympic Games every year.

The great mobility has been characteristic for the population of Ancient Rome. Often, the trip to Greece for the Roman from a rich family has been connected with the necessity to improve education. In the period of prosperity of Roman Empire, travel to Greece became the entertaining character. The spa places with warm mineral springs were visited especially willingly. Travel of rich travellers demanded the corresponding organisation of their leisure.

Even in the first century B.C., there were the state victualling-houses in Roman Empire that were on the distance of one day of riding by horse from each other. They have been placed in the cities and on the main roads, which the couriers and civil servants used for trip from Rome to Asia Minor and Gallia.

In the Orient, they travelled with caravans on camels, spent the night in the tents or in caravanserais in ancient times. On the evidence of the eyewitnesses, the degree of service was much better, than in Europe because of more active trade.

Since those far-off days, tourism influenced the economy development. Therefore, diplomatic "tours" of Chinese traveller Zhang Qian promoted creation of the Great Silk Road (II century B.C.), that has radically affected development of intercontinental trade, having created the Eurasian economic space.

The concept of the "Great Silk Road" is connected with precious at that time the goods - the silk, which has acquainted two different worlds: the West and the East. This term has been used for the first time in 1877 by German scientist Ferdinand Ricthofen in his classical scientific work "China". Therefore, he has named the system of the roads, connecting different parts of spacious Eurasian continent.

The Silk Road has made huge impact on formation of the political, economic, cultural systems of the countries, through which it has passed. Large and small trading cities and settlements appeared along all its routes, and the Central Asia was especially spotted with the caravan roads. This region has been crossed by tens trading routes. Here there were the major ethnic processes, active interaction of cultures; scale-trading operations were carried out, diplomatic treaties and military unions were entered into.

The Great Silk Road had its beginning in the Rome and, through the Mediterranean sea, came to the Syrian city of Hierapolis, and wherefrom, through Mesopotamia, Northern Iran, Central Asia, lead in the oases of the East Turkistan and further - to China. The Central Asian section had its beginning in Herat, further - the road turned to the north and went to Merv, wherefrom - to the southwest - to Bactria, and then went in two directions - to the north and to the east.

Northern road crossed Oks (Amu Darya) near by Termez and further it forked in two directions: from Termez and through the valley - to the Iron Gates, located in Western Hissar Mountains. The main and, in essence, single way of the trading caravans, coming from the central areas of Asia to Bactria, Tokharistan and India and, on vice versa, from India - to Bactria, Sogd, Bukhara and Chach passed through the mountain passages, through passés and valleys.

Other direction of road through the Surkhandarya valley reached the Stone Tower (Alay valley), after which it went outside the Central Asia to the East Turkestan. Other Central Asian branch of this road had other direction: from ancient Merv it went through the Kara-Kum sand, crossed Oks, and then

came to Bukhara, there from in Maragand, Chach, and Fergana and further - to the oases of East Turkestan,

The third line of the Great Silk Road passed to the north from the Central Asia. It began in the cities of Northern Black Sea, further - through the large antique city of Tanais, located in lower reaches of Don, crossed the Lower Volga region, Aral Sea area, and then, through southern Kazakhstan, came to Altai and East Turkestan, where it connected to the main line of the Great Silk Road. One of branches of this road from Northern Aral Sea area, through Khoresm, went to Sogdiana and further - to the south.

In the Middle Ages, the religious factor has become stronger in travelling - huge mass of people directed to relics. The mass movement of people in Europe has been connected with crusades, which were undertaken by the European knights and merchants, following them with a view of capture of another's riches and territories. Priests and pilgrims followed them to the East.

Only the Renaissance epoch has weakened religious motives, has strengthened individual character and educational orientation of trips. The European society had a rest on the resorts of Switzerland, Germany, Austria, Greece, and Italy. Young well provided people quite often travelled in original "grand-tour" across the Europe prior to begin their work in professional or political activity spheres. In England, for example, the route of such travel began in London, went to France with long stay in Paris, then to Italy: Genoa, Milan, Florence, Rome. The way back lay through Switzerland, Germany, and Netherlands. In XVIII - beginning of XIX centuries, similar educational tours were undertaken more often.

However, despite the various purposes of travel, all of them objectively expanded geographical and scientific knowledge of the people. Preconditions for great geographical discoveries of the end of XV century - second half of XVII centuries were created. Detailed descriptions of the rivers, the seas, the continents and the countries have been made by outstanding travellers Athanasius Nikitin, Março Polo, Vasco da Gama, Christopher Columbus.

Approaches to the description of the history of tourism are various. So, J. Walker in the book "Introduction in hospitality" allocates "five epoch of tourism":

- the preindustrial period (till 1840);
- the century of railways;
- the century of motor vehicles;
- the century of jet aircrafts;
 the century of cruises on sea liners.

Thus, he connects evolution of relations in tourism sphere, first, with development of transport facilities.

The close point of view concerning the tourism history is stated by Polish researcher I. Endzheychik, presenting the classification, according to which following phases are allocated in the tourist movement:

- the early-historical phase till 1850;
- the initial phase from 1850 till 1914;
- the development phase from 1914 till 1945;
- the mass tourism phase after 1945.1

At present, it is accepted to recognize four stages in the history of development of tourism (fig. 1.1):

- 1. Prior to the beginning of XIX century tourism prehistory. As it has been noted above, such factors, as trade, economic contacts, thirst of knowledge, discoveries, education, religion more often became the motives of travel at this stage. Travels were destiny of aristocracy and wanderers during this period;
- 2. The beginning of XIX century the beginning of the XX century. This period usually is called the stage of elite tourism. The following is characteristic for it:
- development of information infrastructure and, especially, postal service;
- development of transport infrastructure and application of such new transport vehicles, as the railway and the steamship, increase in speed of moving and decrease of cost of trips;
- growth of well-being owing to industrialisation and the first social gains in the field of the free time, especially, the possibility to use holidays.

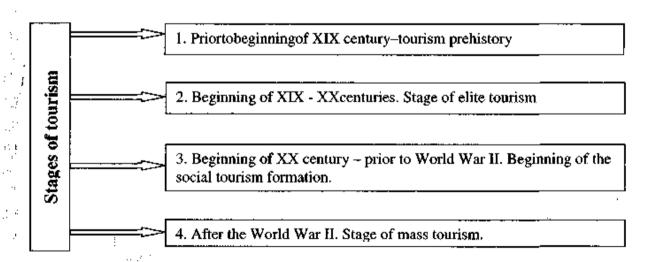


Fig. 1.1. Stages of tourism development

¹Sokolova M. V., History of tourism: Tutorial. — M.: Masterstvo, 2002. — 352 p.

Revolutionary changes in transport development have played the major role in tourism development at this stage: invention of the steamship by Fulton in 1807, the steam locomotive - by Stephens in 1814, perfection of postal service, accompanied by extension of the roads network in Europe.

These factors have caused more reliability and speed of movement at decrease of travel expenses. Owing to mass flow of immigrants from Europe to America, the sea transport quick development, the large sea transportation companies have been established in the middle of XIX century.

Improvement of quality and reliability of transportations at their reduction in price, and gradual reduction of working hours have caused essential increase of streams of travellers. The first enterprises, specialising on service of time visitors, have been established accordingly. The first hotels have changed the modest boards and "rooms for visitors" in the houses of clerics, in monasteries and religious missions. The hotel "Rigi-Klesteli" in the central Switzerland has been put in service in 1812, the hotel in the city of Faulhorn - in 1832. The first class hotel "Badishe Hof" has been opened in Baden-Baden in Germany in 1801, the "Grand Hotel Shvaitserhoft" - in the city of Interlaken in Switzerland - in 1856. First resorts of mineral waters were established in Germany at the turn of XVIII - XIX centuries - in Hayligendammen, Nordenee, and Travemunde.

Swiss professor K. Kaspar has mentioned: "During this period of formation of tourism, first of all, magnificent hotels, which served the representatives of aristocratic circles, "higher officers" have been built. Seasonally, the elite either stay in the French or the Italian Riviera, or rest on the thermal resorts in Switzerland and Germany, or undertake long travel to the North Africa, Egypt, and Greece.

The leisure industry expands the sphere of production in the second half of the XIX century: the first travelling agencies, which objectives were organisation and realisation of tourist trips to the consumers, have been added to the hotel enterprises. The axiomatic period of the first package tour - the complex of tourist services that is sold on uniform price - is the leisure group tour, organised by Englishman Thomas Cook in 1841. The complex of services included twenty-mile trip by rail, tea and rolls in the train, brass band. The whole trip, in which 570 people have taken part, costs 1 shilling to each of them. The hotels were reserved for the tourists, various discounts were granted, new routes, including pilgrim (to Palestine), and exotic (for example, to the Crimea and to the Caucasus) were developed.

Since 1841, from the mass trip "for the purpose of walk", in which 600 people have taken part, we can start to count the era of modern tourism. T. Cook words: "We should have the railway for millions". In three years, the enterprising chairman of the Quakers Temperance society and preacher T.

Cook enters into the agreement with the railway company "Midland Railway Company" on wholesale discounts for tickets for the tourist groups. Since 1847, his office distributes special tickets both for group and for individual excursions in the cities of England and then the Europe.

The travel company «Thomas Cook» has essentially expanded the field of activity, becoming large financial institutions. It began to issue traveller's cheques for travellers. It was, in essence, the invention of the century - safe money. More than 1 million of Englishmen and Americans became the clients of the travel company «Thomas Cook» in 1870. Cook has made the basis of tours to Egypt and cruises on Nile, has built two hotels with sports ground in Luxor and Aswan.

It is interesting that Th. Cook pursued thus more likely social, than commercial objectives. Being the chairman of the local union of non-drinkers, he aspired to draw attention by this action to possibilities of expedient use of the free time and to find new supporters of the union, managed by him. Anyhow, the idea has accustomed, and there has been established the great number of new travelling agencies in England the next 20 years. First catalogues of tourist trips were published since 1862 that testifies the fact of the process of increase in tourist demand.

Today the «Thomas Cook» company has 12000 travel agencies in all countries all over the world and renders the services for more than 20,0 mln. tourists².

Business on travel began to bring high incomes, and the travel agencies were established in many countries. The first travel agency in Germany - "Risebureau Shtangen" - has been established in Breslau in 1863. The firm had close relations with the overseas transport companies and actively advertised and sold the sea cruise pleasure trips in the beginning of the XX century³.

3. The beginning of XX century - until the World War II. This stage is characterised by the beginning of formation of social tourism. The World War II, economic depression of 30th of the XX century and the World War II have made negative impact on tourism development. At the same time, during the period between two world wars, there were beginnings of the mass tourism, which boom falls on the post-war decades. Tourist trips, both in the country and abroad, gradually get qualitatively other character. They pursue not only entertaining, but also the informative purposes. Historical places, culture monuments are included in the routes more often. The overwhelming part of the international tourist movement during this period has been made in Europe.

²Birzhakov M. B., Thomas Cook and his role in tourism formation. Reference book. - Ed. 20. - SPt.; NevskyFund, 2000. - p. 125.

³Kruchkov A. A., History of international and domestic tourism. - М.: ВШТГ, НОУ «ЛУЧ», 1999. - 102 р.

At the third stage, tourism of singles gradually gave the way to group tourism of broad masses of population. For example, establishment and activity of the "Hotelplan" firm in Switzerland is interesting in this relation, which is now one of the largest tourist services providers in this country. There were the ideas, at the heart of the firm formation in 1935, of its founder G. Duttvayler that involving of "little people" in tourism would render the invaluable assistance to the hotel business, suffering from crisis. "It is necessary to address to the public that has not been familiarized with the tourism and does not use to travel till now", - noted G. Duttvayler. Popular cheap tours become the basic product of the firm. "National tourism" succeeded: the firm realised 52 648 tourist trips during the first financial year.

They have began in Germany also to pay the great attention to the organisation of mass holidays of people and to involving in tourism new strata of the population, thus, expanding its social base. The German state gave support to the organisation of group trips on holidays - cruises, railway tours, walking tours. Reasonable prices promoted the first "tourist boom" in Germany (fig. 1.2).

At this time the character of travel has been changed also - people were looking for not only entertaining, but the informative purposes also. The tourist organisations began to include historical places, culture monuments in the routes more often⁴.

4. After the World War II. This stage is the stage of mass tourism. During this period, tourism gets mass character; it becomes not the luxury, but need of the majority of the population of the developed industrial countries. In the West European countries of 50-60th of the XX century - the period of active development of travel companies, mass building of hotels, motels, pleasure institutions of various sorts. The European tourism of 50th has been focused mainly on reception of the American tourists and it was the source of dollar incomes for the host country. Fast extensive growth of both incoming and outgoing tourism, and increase in number of the tourist enterprises and volumes of their production is observed in 60th and until the middle 70th.

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Kvartalnov V.A., Romanov A.A., International tourism: strategy of development: Tutorial. - M.: Soviet Sport, 1998.-142 p.

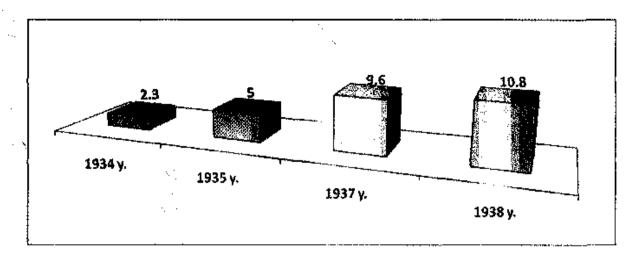


Fig. 1.2. Growth of number of tourists in Germany before the World War II (mln. people)

The major indicator of completion of the process of formation of mass tourism is the intensity of tourism in this or that country. Intensity of tourism shows, what part of the population makes at least one tourist trip (net-intensity) annually, and it is calculated as percentage to all population of the country or to that its part, which is over 14 years old. When intensity of tourism exceeds 50,0 %, we can say about the formed mass tourism, in which the most part of population takes part.

After the World War II, there were basic changes in supply and demand in the tourism market; mass conveyor tourism has been transformed to the mass differentiated one. Conveyor tourism assumes relative primitiveness and monotony of needs and motivation of tourists and, accordingly, depersonalized-conveyor character of the services rendered.

The differentiated tourism is notable for various paradigm of needs and motivation of tourists, great number of highly specialised segments in the tourist demand, various offered services and pronounced specialisation of the tourist offer. The rather deep than wide assortment of services is characteristic for the differentiated tourism. In other words, the travel company offers not the great number of kinds of the tourist product, and the limited number of its kinds, each of which has the great number of options. Transition from conveyor to the differentiated tourism was made simultaneously with transition from the market of manufacturers to the market of consumers.

At the turn of 60-70th of the XX century, the motivation of tourist demand is complicated: the growing value is got by educational, communicative and investment aspects of tourism along with recreational. The tendency to specialisation and diversification strengthened in the

simultaneously with differentiation of the tourist demand, and the diversification is expressed in diversification of the services rendered within the limits of the firm specialisation, and in penetration of travel companies into other segments of the sphere of services.

Mass demand for tourism services has generated mass tourist production: the tourist product has been standardised, and production of services and goods is put "on the conveyor". There were various enterprises and public institutes, producing various components and kinds of the tourist product and making the industry of tourism in aggregate. At present, the powerful industry of tourism with the institutes, product, production cycle, production organisation and management methods are formed.

Tourism development promoted creation of the international tourist organisation. The International congress of official tourist associations has been created in 1925. It has been renamed into the International union of the official tourist organisations after the World War II, which included 109 national tourist organisations and 88 associated members. International union has been transformed to the World organisation on tourism in 1974.

The leading international organisation in the tourism sphere - the World Tourism Organization has received the status of specialised institution of the United Nations Organization (UNWTO) in 2003. Today the UNWTO includes 155 countries and about 300 associated members, representing the enterprises of private sector, educational institutions, tourist associations and local tourist administrations.

Charter of the UNWTO has been accepted on September 27th, 1975. This date is celebrated as the World day of tourism since 1980. The following main objectives of the UNWTO are defined in it:

- to accelerate and expand tourism (international and domestic) assistance to the peace, mutual understanding, health and prosperity of people all over the world:
 - to help people in access to education and culture during travel;
- to improve the standards of accommodation and stay in less developed regions of the world by means of assistance in provision of necessary material and technical resources for the foreign tourism and development of the transport ways, connecting with these regions;
- to expand capabilities of the countries, hosting tourists, and to make contribution to their economy by that;
- to act in the role of the international agency on coordination and cooperation between the countries;
- to render services to the members of the most significant for the council of the national organisations in the field of tourism;

- to define the themes of plenums and sessions, and to co-ordinate the tourist interests of the countries-participants, including both the national tourist organisations and professional sectors and the organisations, representing interests of the travellers:
- to establish constant interrelation between various associations of the tour operators;
 - to realise all aforesaid in the most effective way.

Activity of the UNWTO is focused on informative advancement of tourism, expansion of its importance and advantages, hazards, and creation of new material and technical resources. The organisation makesefforts to put in order the actions of different nations in tourism by development and introduction of certain principles in the field of the international tourism. Besides, UNWTO develops the international documents (Acts) and watches over their execution and realisation of already existing regulations, encouraging the settlement of the international tourist disagreements.

Other aspects of activity of the World tourist organisation include the assistance to development of the countries, organisation and stimulation of cooperation between them in the issues, influencing tourism. It is realised through acceptance of certain standards on the equipment, concepts, languages, symbols (for example, a first aid designation) to facilitate dialogue (mutual understanding) and stay of foreign tourists abroad.

The UNWTO also represents itself as the organisation on information interexchange and encourages application of new products and knowledge in the field of development of tourism and marketing realisation. One of the major goals of the organisation is the researches, which include the international tourism statistics, invention of new methods of measurement, forecasting, development and marketing - all of this can be used by the national tourist organisations in their activity. Research activity leads to increase in methods of statistics. The UNWTO represents the regular report on the state of world tourism, in which achievements of and obstacles for the further development of the tourist industry.

The role of the World Council on travel and tourism is considerable among the international organisations in tourism sphere. It unites chairpersons of boards and general directors of 43 leading companies of the world, providing services in tourism sphere.

One more international tourist organisation - World federation of associations of travel agencies (WFATA), which unites 80 national tourist associations and organisations as the full members, and about 1400 tourist agencies, hotels, transport agencies, educational institutions, representing more than 80 countries of the world, as the associated members.

The regional organisation - Pacific Asia Travel Association (PATA), established in 1951, represents 34 countries of Asian-Pacific region, which have united for achievement of the single objective: to achieve success in development of tourism and travel in this region. The work, carried out by this organisation, is directed on advancement of tourism by means of programs on researches, development, education and marketing. PATA has earned the reputation of the best executor among the similar international organisations.

There are about 2 thousand members in the Association. The Association became the important source of exact and timely information for the members in the field of marketing, researches, products, education and other kinds of activity, connected with tourism, from the date of foundation.

The central state tourist administration in the developed European countries works in close cooperation with local authorities and private business. Such scheme of work has appeared rather productive from the point of view of finding of forms of constructive cooperation and interaction of the administrative bodies of various levels of state and regional government, and for attraction of financial funds of the private sector to the decision of actual problems of development of national economy. The result of such policy was occurrence of the institutes with mixed form of property (state-private) in the field of regulation of tourist activity.

For example, questions of regulation of tourism in France are within the competence of the Ministry of transport and public works, in which structure the State secretary on tourism and the Administration on tourism are provided. These bodies supervise the questions of management and regulation of the branch, investment and international relations in the tourism sphere.

Besides, there is a number of the bodies, participating in tourism management «with the deliberative vote right»: Council on tourism under the Ministry of transport and public works, French agency of tourist engineering and National supervisory council on tourism (marketing researches and statistics in tourism), National agency on holiday trips (social tourism), National committee on prosperity of France (problems of ecology and planting of cities). The representatives of the central executive power, solving the questions of development of tourist sphere and subordinated directly to prefects operate on the regional level. Activity of these representatives is directed on coordination of local and national initiatives because the powers of local authorities in the field of tourism are great enough.

The association «Maison de la France», established in 1987, as a result of the partnership agreement between local administrations, travel companies, hotels, administrations of the objects of excursions, is engaged in advancement of the image of France as the tourist centre in the international market. Now there are about 800 members in the association in total. More than 200 employees work in the association «Maison de la France», its 33 representative offices operate in 26 countries of the world.

The State secretary on trade, tourism and small-scale business, subordinated to the Ministry of Economics is in charge of tourism questions in Spain. The following bodies are subordinated to the Ministry except the State secretary: the Central directorate on tourism (administrative questions and development of general directions of the state policy in the tourism sphere); the hotel network «Paradores» (83 hotels, placed in the buildings of historical value); two exhibition-congress centres (in Madrid and Malaga) and the Spanish institute of tourism «Turespaca».

Powers of the Ministry of Economics are insignificant. Such important functions as licensing, certification of services, development of strategy of development of the tourist industry are the prerogative of local authorities. The council on tourism development, which staff includes representatives of the state authorities of all levels and representatives of private business, is created for the purpose of coordination of their activity in the country. Thus, the Council's decisions are of recommendatory character.

The Spanish institute of tourism «Turespaca» is engaged in attraction of foreign tourists, carrying out advertising and advancement of the Spanish resorts abroad. The organisation has the wide network of information offices in Spain and 29 representative offices in 21 country of the world.

The tourism sphere in the Great Britain is led by the Ministry of culture, shows and sports, to which the body that directly supervises tourism is subordinated, - the «British Tourist Authority» (BTA). BTA is engaged in attraction of foreign tourists to the Great Britain and development of domestic tourism, and advises the government and other official bodies on the tourism questions. Being private enterprise institute on the organizational-legal form, the BTA, along with traditional activity in the foreign markets (distribution of the information of tourist contents, advertising, participation in exhibitions), renders paid consulting and marketing services, organises exhibitions and seminars, realises various projects with participation of the foreign capital, publishes and realizes guidebooks, video films and other advertising-informational production. There are about 300 persons in the organisation's staff; about one third of it works in London, and the others - abroad in 26 countries of the world.

The Department on tourism in Italy is the part of the Ministry of industrial activity. The basic functions of the Department come to coordination of activity of regional tourist administrations, development of standard-legal branch documents of national character, researches and processing of

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statistical data, and the international activity (intergovernmental agreements, relationships with the international organisations and the European Union).

Powers of local tourist administrations in Italy are extended considerably. They are in charge of all questions on licensing of the tourist activity in the territory, carry out classification of hotels, have the right to promote and advertise the region in the country and abroad (publicity, participation in exhibitions, etc.).

However, the leading role in representation of Italy in the international tourist market belongs to National administration on tourism (ENIT), which main functions are advertising-informational work, marketing researches, coordination of foreign activity of local tourist administrations. There are 200 people in the staff of the ENIT, including employees of 20 representative offices in 16 countries.

The national associations of tourist agencies are created at the level of the separate countries also. The largest national associations of the tourist agencies are: American society of travel agencies (ACT), Association of British travel agencies Association of the British travel agencies (ABTA), National syndicate of travel agencies of France, Union of Canadian tourist associations (UCTA), National Spanish association, Union of German travel bureaus (UGTB), Australian federation of travel agencies (AFTA), Japan association of travel agencies (JATA).

The World tourist organisation had made in 1992 in Rio de Janeiro the Program of actions on tourism for the XXI century, which 182 states have joined. The basic role in realisation of this program is assigned to the state bodies on tourism. The Program of actions on tourism provides the following primary goals:

- reduction of regulating economic and other structures;
- evaluation of influence of development of tourism on economy, social and cultural life of society, environment;
 - education and training of the tourist personnel;
 - long-term planning of sustainable development of tourism;
- information interexchange between the developed and developing countries;
 - participation of all strata of society in the tourism development;
 - concept of new tourist product;
 - · evaluation of results of the realised measures;
 - establishment of the partnership in the international activity.

Within the limits of decision of global problems of tourism, the state bodies of various countries develop the long-term programs of development of the national tourist industry, which are actively realised with use of mechanisms of the state influence on this sphere of economic activities. The economics science did not pay sufficient attention to systematic studying of tourism for a long enough time. Only in the beginning of the XX century, there has arisen the necessity of carrying out of deep scientific researches because of growth of economic value of tourism; formation of the information base has begun and the scientific studies have been published.

Various aspects of development of tourism are presented in the modern scientific literature in the scientific studies of such well-known foreign researchers as: V.I.Azar, G.Archdale, M.B.Birzhakov, J.Bouen, I.Bennet, I.Braun, N.I.Voloshin, D.Davidson, P.Gamble, N.I.Kabushkin, M.Kasavana, V.Kaster, V.A.Kvartalnov, F.Kotler, J.Makense, R.Mayer, M.Operman, V.Richard, S.J.Tumanov, R.Schmidt and others. Fundamentals of the theoretical approach to the problem and many concrete and practical aspects are defined in the studies of these authors.

Problems of development of national tourism are considered in the studies of domestic scientists: S.Agzamov, M.M.Irmatov, F.K.Kamilova, D.M.Li, G.G.Nazarova, A.F.Saidov, A.A.Eshtaev, N.T.Tukhliyeva, B.H.Turaev, K.A.Khasandzhanov, N.M.Abdusalomova, Ch.K.Husanov, N.T.Fayzibayeva, A.N.Norchayev, O.H.Khamidov, S.R.Safayeva, S.S.Ruziyev, Z.J.Adilova and others.

The powerful stream of the economic information, connected with the complexity and integration of tourism, has called the imperative need of its scientific processing, and has led to that the various international organisations had to solve the problem of working out of corresponding terminology and definition of the base concepts. First, it has concerned definitions of the concept "tourist".

The contents of the concept "tourist" was considered at meetings of the International congress of the official tourist organisations in Dublin (1950) and London (1957), the Commission on statistics of the United Nations (1953), in the Convention of the United Nations on simplification of customs formalities in tourism (1954). The great attention has been paid to this question at the first General conference of the United Nations on tourism and travel, taken place in Rome in 1963. Modern interpretation of the term "tourist" has been developed as a result.

The international tourist organisations and the majority of the countries of the world use in many respects the terminology, developed by the Roman conference of the United Nations in 1963, until now.

Proceeding from the variety of forms of tourism, at present, the following categories of visitors are recognised as the tourists (the term "tourist" - i.e. the person, who makes a trip for the sake of own pleasure or for expansion of the mental outlook - has appeared much earlier - in the beginning of XIX century), according to classification of the World tourist organisation:

- the persons, carrying out a trip of entertaining character or travelling on family circumstances, for health reasons;
- the persons, going on meetings or in business trips, whatever sort they are (scientific, sports, administrative, diplomatic, religious). The employees of the international organisations, going to any country in business trip of limited duration, not exceeding, as a rule, one year are included;
 - the persons making business trips;
- the students and the youth, living abroad, and moving at the period of vacations and executing seasonal job;
- the passengers-participants of sea cruises, and even in that case, when duration of their stay could be more or less than 24 hours;
- the transit passengers, crossing the country, if duration of their stay is not limited;
- the members of crews of the foreign ships and aircrafts, being on repair or stopping in any country;
 - the artists, going on tour in any country⁵.

Proceeding from the universally recognized approaches to definition of the concept "tourist", it is fixed in the Law of the Republic of Uzbekistan "About tourism" that "the tourist is the physical person, travelling (traveller) in the territory of the Republic of Uzbekistan or to other country".

Thus, the attention of experts is attracted by the problem of interpretation of the term "international tourist". This question was discussed at interparliamentary conference on tourism in the Hague (1989), at the international conference on statistics of tourism in Ottawa (1991). It is standard, that "the foreign tourist" is "temporary visitor", that is any person, visiting other country, having left the country, where he usually constantly resides, for any purpose, except realisation of the professional activity, paid in the visited country.

Concerning the definition of the concept "tourism", we would like to note, despite continuation of studying of this phenomenon, the standard understanding of this term as a whole is available already. By the definition, accepted by the United Nations in 1954, "tourism is the adventure holiday, influencing health improvement, physical development of the person, connected with movement outside the place of constant residence". The following definition is made in materials of the World conference on tourism, has been held by the WTO in Madrid in 1981: "tourism is one of the kinds of adventure holiday, representing the travels, made for the purpose of

⁵ Yearbook of Tourism Statistics, vol. 1, 43 edition. - Madrid: WTO, 1981. - P. 31-32

⁶Law of the Republic of Uzbekistan "About tourism" //Bulletin of the Oliy Mazhlis of the Republic of Uzbekistan, 1999, No. 6.Ct.

knowledge of those or other regions, new countries and combined with the sports elements in the number of countries".

The Statistics committee of the United Nations has accepted wider definition in 1993: "tourism is the activity of people, travelling and staying in the places that are outside of their usual environment, during the period, does not exceeding one year running, for the purpose of leisure, business and other purposes"⁷.

There are different approaches for classification of tourist (recreational) activity. Proceeding from the purpose and main motives of travel, the American scientific V. Smith defines six categories of tourism:

- the ethnic;
- the cultural;
- * the historical;
 - the ecological;
- the recreational;
 - the business.

Ukrainian scientist H. P. Krachil has offered a little bit other classification of six categories of tourism:

- · the resort-medical;
- the cultural-entertaining (tourist travel, realisedfor the purpose of acquaintance with historical and cultural, archaeological and architectural places of interest; visiting of museums, picture galleries, theatres, festivals, sports competitions and other objects of culture);
 - the sports;
- the informative-business:
 - the religious;
 - the trade.

Russian scientist N.S. Mironenko subdivides the recreational activity on the main motive into following three principal categories:

- the medical:
 - the health improving and sports;
 - the informative (natural, cultural-historical).

In addition, other Russian scientist V.A. Kvartalnov, considering behaviour of the human being as the buyer of the tourist product, suggests to classify the recreational activity as follows:

- the rest, leisure, entertainment;
- the knowledge;
- the sports and its accompanying;
- the pilgrimage;

⁷PapiryanG. A., Inernational economic relations: marketing in tourism. — M.: Finance and statistics, 2000.

- the business purposes;
- the guest purposes.

Chinese scientist Van Tsinshei considers that classification of the recreational activity should be multilevel and should be based on the theory of the levels of needs of Abraham Maslou:

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- the needs of the first, basic level are presented by the landscape tourism, satisfying the needs of tourists in knowledge of the nature and the culture:
- the tourist needs of the second, raised level are directed on satisfaction of the needs of entertainments;
- the third, special level of tourist needs includes admiring of culture monuments, resort-medical activity, leisure, participation in conferences, pilgrimage, scientific expeditions, etc. Thus, "the historical and cultural factor is the unique constant of attractiveness in all three levels of tourist needs⁸.

Generalising the qualifications of the categories of tourism, set forth above, it is possible to define that tourism can be active or passive, domestic and international. On the different reasons, tourism can be subdivided into different categories:

- on the trip purpose on recreational, informative, scientific, business;
- on character of organisation and intensity of service on planned, unorganized (amateur);
 - on number of travelling people on individual, family, group;
 - on duration of tour on short-term or long-term;
 - on age of tourists on children, youth, adult;
- on a way of movement (type of transport) on touring by car, caravan, sea and river tourism, etc.;
 - on a way of accommodation on stationary and mobile (cruises, tours);
- on intensity of tourist activity on constant (all-the-year-round) and seasonal (connected with the certain season):
- by the form of use of natural resources on entertaining, ecological, mountain, water, Olympic, walking;
 - on the financing form on commercial and social. (see fig. 1.3),

On other bases, tourism could be subdivided into other categories. Classification of categories of tourism is necessary for development of the target and regional programs, having the elements of national cultures, differentiation of economic standards for the different regions of the country, considering features of the ecosystems of different territories, cultural-aesthetic and natural-climatic conditions of the given region.

⁸See: Encyclopedia of tourism / Under the editorship of V. A. Kvartalnov, I. V. Zorin. - M.: Finance and statistics, 2001.

Two subsystems lay at the heart of tourism: the subject of tourism and the object of tourism. The participant of tourist action or the tourist, who searches for opportunities of satisfaction of the needs by reception of specific tourist services is understood as the subject of tourism. The named services are rendered by the object of tourism.

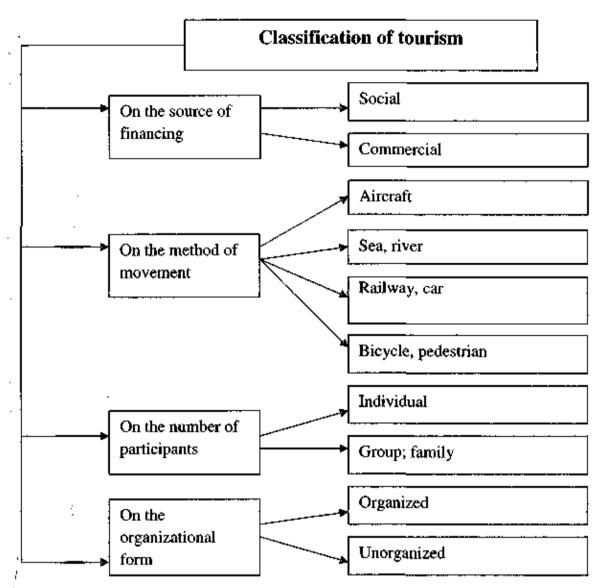


Fig. 1.3. Classification of tourism

Everything that can be the subject of travel purpose for tourism (tourist) is understood as the object of tourism. The object of tourism (tourist industry) includes three basic components: the tourist region (location), the tourist organisation and the tourist enterprise (fig.1.4).

It is necessary to understand the geographical territory as the tourist region (location, region), which the visitor or the tourist segment chooses for the purpose of travel. Such territory contains all facilities necessary for stay, accommodation, catering and organisation of leisure of tourists. Thus, the region is the single tourist product and competitive unitOAND IQTISODIYOT

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The domestic (local) and international tourism are distinguished. So, if the international tourism is, first of all, the whole set of export and import of the tourist services, and it includes both departure of citizens abroad, and hosting of foreign visitors, the domestic (local) tourism is understood as a trip in the country of the citizens (residents) and the foreign citizens (nonresidents).

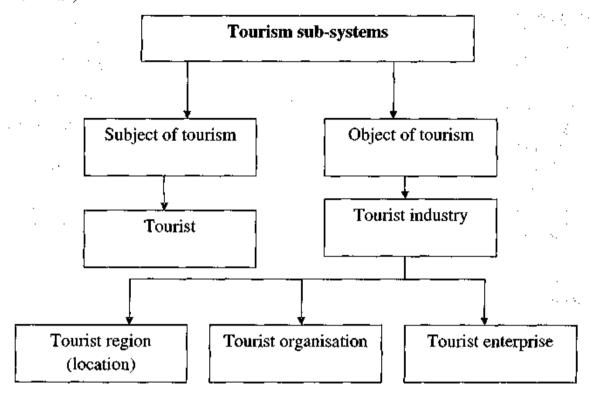


Fig. 1.4. Tourism sub-system

By definition of the United Nations Conference on trade and development, the tourist industry is the whole set of production and non-production kinds of activity, participating in creation of the goods and the services for travellers⁹. Thus, the tourist industry is considered from the economic activities position.

The same approach to this term is in the Law "About tourism" of the Republic of Uzbekistan, where the tourist industry is defined as the "whole set of various subjects of tourist activity (hotels, tourist complexes, camping, motels, boarding houses, public catering enterprises, transport, culture institutions, sports and others), providing services for the tourists". It is mentioned in the same place that the subjects of tourist activity are "the enterprises, establishments, organisations, registered in the established order and having the licence for realisation of activity, connected with the tourist services rendering".

⁹Zhukova M. A., Managementin the tourist business: Tutorial. – M.: KNORUS, – 2005. – p. 10.

The organisations, different on their functional purpose, operate in the tourist industry. Therefore, one of them renders clients the tourist services exclusively, and tourism is one of directions of their commercial activity for others. Accordingly, the enterprises, the firms and the organisations, existing at the expense of tourism only, are called by them the tourist organisations of the sphere of primary services.

However, there is considerable number of the enterprises, the firms and the organisations, which collect revenues not only from tourist activity. They satisfy just some part of such specific demand; they are the tourist organisations of the sphere of secondary services, because tourism for them is one of many sources of existence (fig. 1.5).

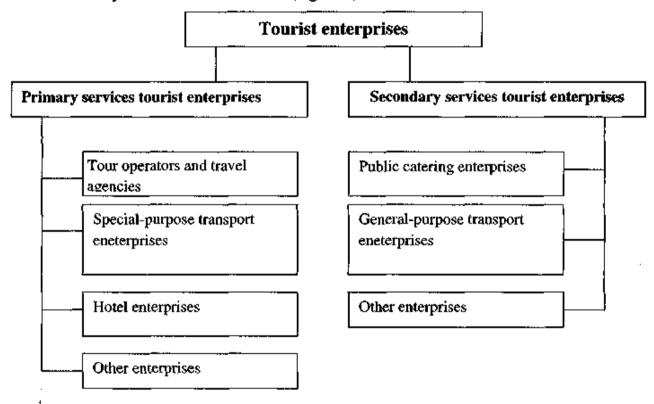


Fig. 1.5. Classification of tourist enterprises

Considering all of this, we can speak about wide understanding of concept "tourist industry", in which it is used for definition of all enterprises satisfying tourist needs expressly or by implication.

Use of the term "tourism industry" assumes in narrow sense that only those enterprises and organisations, which are focused on the given kind of activity, concern the tourism industry, i.e. for designation of "purely tourist enterprises". Such approach covers the hotel and restaurant enterprises, tourist firms, the enterprises for manufacture and realisation of the goods of tourist demand, restaurants, cafes, shops of the tourist goods, parks for leisure, clubs, and other spheres, connected with tourism and leisure.

The tour operator is the tourist firm (organisation), which is engaged in the tours arrangement under the contracts with the service providers and according to demands of tourists. The tour operator is a manufacturer of a tourist package. He is engaged in development of tourist routes and arrangement of tours, provides their functioning, organises advertising, calculates the prices for tours on these routes, sells tours directly to tourists or through intermediary of tourist agencies.

The tour operator provides tourists with variety of options of tourist services and simultaneously simplifies the service ordering in other cities and regions, undertaking these functions. Tour operators play special role in the tourist industry, purchase tourist products (seats in aircrafts, rooms in hotels), form the packages of tourist services and sell them to various users (tourists) expressly or by implication.

Tourist agency is the widespread enough kind of business in tourism. The competition forced the tourist firms to search their niche in the tourist industry by adaptation to real demand, with the account of distinctions between separate groups of consumers. The considerable part of the tourist firms operates as retail tourist agencies, working with clients directly. The tourist agent sells the tourist product (and separate services, for example, air tickets, rooms in hotels) on the real prices of tour operators or services providers.

There is also a concept in tourism about the tourist product. The tourist product is the whole set of the goods and the services, necessary for satisfaction of needs of the tourist in its tourist travel. The tourist product is the complex of services on accommodation, transportation, catering, excursion services, and services of guides-translators and other services rendered to the tourists, depending on the purposes of travel.

This term is designated as the "tourist services" in the Law "About tourism" of the Republic of Uzbekistan. Tourist services - "this is the services of the subjects of tourist activity on accommodation, catering, transport, information-advertising service, and other services for satisfaction of needs of the tourist".

The tourist product includes following components:

- the tour complex of various services (on accommodation, transportation, catering, excursion services, etc.), united based on the overall objective of travel and rendered on the definite route and in definite terms;
- the services, rendered by the organisations and the enterprises of social-cultural sphere, for example: services of theatres, entertaining centres, musical shows, parks for leisure, circus, museums, exhibition halls, etc.;
- the goods that are the specific part of the tourist product (cards, booklets, souvenirs, etc.), and the nonspecific goods for the tourist industry

(which are scarce in places of constant residing of tourists or they are cheaper).

1.2. Tourism in the Uzbekistan

Tourist industry is one of most dynamically developing branches in the Uzbekistan. For the years of independence, necessary measures have been taken in the Republic for the priority and accelerated development of the sphere of hospitality. The strong standard-legal base of development of tourism is created in the country. Its basis is the Law "About tourism" of the Republic of Uzbekistan from 1999.

The basic directions of the state policy in tourism sphere are defined in this document, namely:

- · development of tourism and tourist industry;
- ensuring of the rights of citizens on rest, freedom of movement and other rights at travelling;
 - rational use and preservation of tourist resources;
 - perfection of the standard base in the tourism sphere;
- creation of conditions for tourism (excursions) of children, youth, disabled persons and low-bracket category of the population;
 - attraction of investments for development of the tourist industry;
- creation of equal opportunities in the market of tourist services for the subjects of enterprise activity;
- ensuring the safety of tourists, protection of their rights, legitimate interests and property;
- organisation and development of scientific support of the sphere of tourism;
 - training, retraining and further training of personnel;
- development of cooperation with foreign countries and international organisations.

Jobs of realisation of the state policy and formation of national model of development of tourism are entrusted to the National company "Uzbektourism" (fig.1.6). The National company co-ordinates activity of the tourist organisations of the Republic, stimulates development of all kinds of tourism, promotes inflow of investments for creation of material and technical basis and infrastructure of the industry, co-ordinates professional training in the tourism sphere.

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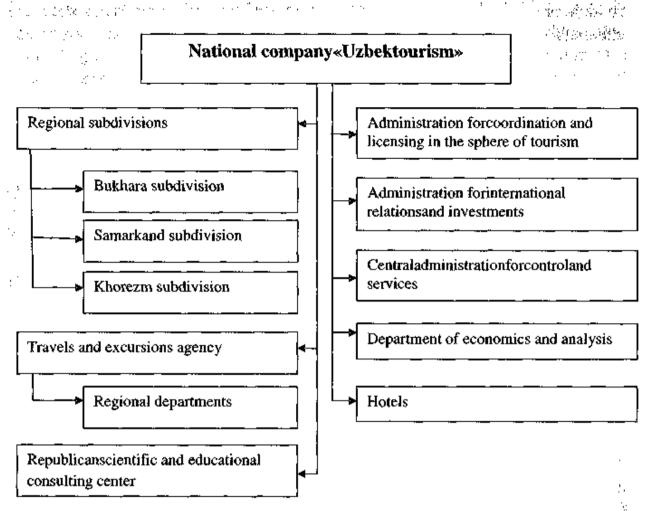


Fig. 1.6. Structure of the National company "Uzbektourism"

The following and the primary goals are defined by the decision of the Cabinet of Ministries of the Republic of Uzbekistan No. 360 from July 28th, 2004 "About further perfection of activity of the National company "Uzbektourism":

- ensuring of carrying out of the uniform state policy in the tourism sphere;
 - realisation of government programs of development of tourism;
 - inter-sectoral and inter-regional coordination of tourist activity;
 - assistance in formation of the infrastructure of tourist services;
 - · attraction of investments in the tourism sphere;
 - realisation of advertising-information policy in the tourism sphere;
- realisation of the complex of measures on training, retraining and further training of the personnel for the tourism sphere, assistance to development of the branch tourist science.

In Uzbekistan, located in the centre of the Great Silk Road, more than 4 thousand historic-architectural monuments are located. Here the invaluable material and spiritual heritage is preserved with care. Ancient monuments of

the key tourist centres of the country - Samarkand, Bukhara, Khiva, Shakrisabz are included in the List of the World heritage of UNESCO.

The Republic of Uzbekistan is not only the land of plenty with unique architectural ancient monuments, picturesque nature, rich culture of the people, living here, but also the country with highly developed tourism infrastructure - modern botels, hotel service that meets the international standards, expanding range of the tourist services.

Reconstruction and updating of existing hotel fund for the purpose to be in line with the universally recognized world standards is carried out. The number of new comfortable hotel complexes increases. Seventeen large and medium hotels have been brought into service during last five years, and 20 small private hotels, reconstruction of three hotels in Shakrisabz, Urgench and Tashkent is carried out. Today, 163 hotels in the country are capable to accommodate 28 thousand visitors simultaneously.

The services are improved drastically; development of new tourist routes, reconstruction and creation of new transport communications is carried out. Opening of high-speed traffic on the route Tashkent-Samarkand by the modern trains "Afrosiyeb" also is directed on increase of the stream of tourists to the country.

At present, 828 tourist organisations operate in the Republic, 510 from which are engaged in the tourist-operator activity, 318 are the hotel enterprises.

Overwhelming number of the tourist organisations are private firms and agencies. If in 1993, the share of official bodies was 96,7 %, and the share of private business was 3,3 % of the tourist product, and this index for the state tourist companies has made 2,7 % only, and for the private business - 97,3 % in 2011.

The Association of the private tourist organisations has been established in the Republic in 1998, which is urged to promote business development in the sphere of tourism, to assist and protect businesspersons, and to carry out monitoring of the tourist market.

Citizens of many countries, especially of the CIS and the European Union, South Korea, Japan, the Arabian countries are interesting in historical monuments, original culture and life of the Uzbek people. Natural-climatic conditions are favourable for practically all-the-year-round reception of visitors, stable situation in the country, peace and consent in the society play important role also.

The stream of the foreign tourists, visiting the Uzbekistan grows, and hard currency incomes accordingly. Therefore, the amount of currency incomes from the international tourism has increased on 270,0 % during 2000-2011,

and the second

and the number of people, had visited Uzbekistan, have been increased from 278,0 thousand to 431,0 thousand people in 2011 (fig.1.7)¹⁰.

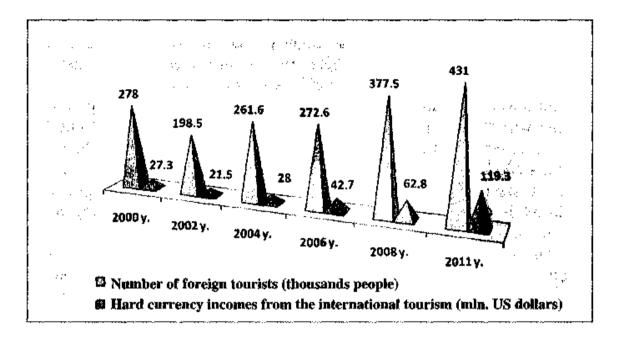


Fig. 1.7. Dynamic of growth of the number of foreign tourists and hard currency incomes from the international tourism in the Uzbekistan¹¹

The «Uzbektourism» National Company actively increases cooperation with the leading tourist organisations of the world, takes part in various international forums, regularly comes with the initiatives on cooperation deepening in this perspective direction. In the context of strengthening of mutually advantageous connections with foreign partners, high level of the relationships, which have developed between the Uzbekistan and the World tourist organisation of the United Nations, deserves special attention.

The Uzbekistan is the member of the UNWTO since 1993. The Republic became the place of important events in the frameworks and under the sponsorship of this international organisation.

The World tourist organisation jointly with the UNESCO had been offered the concept of revival of the Great Silk Road. The first session of the World Tourist Organization (WTO) on the Great Silk Road tourism development has been held in October 1994 in the capital of Uzbekistan - the City of Tashkent. Representatives of 19 countries of the Great Silk Road

Abdurakhmanov O.M., Role of tourism in economic modernization of Uzbekistan: achievements and perspective directions // Actual problems of tourism – 2011 (Annual collection of treatises). – T.2011. – p.70-71.
 Data of the "Uzbektourism National Company// http://www.uzbektourism.uz

haveadopted at this session the historical "Samarkand Declaration on the Great Silk Road".

The Declaration, which had been made under the joint initiative of the WTO and the UNESCO, and in which the beginning of transition all over the world from the culture of wars to the culture of the peace has been proclaimed, has been adopted an the 155th session of the Executive Board of UNESCO on Culture of peace in Tashkent on November 6th, 1998.

In the ancient city of Khiva, the "Khiva declaration - "Tourism and cultural heritage preservation", supported realisation of the international program "Culture, spirituality and tourism for the sake of the Culture of Peace" and called all states, members of the WTO and UNESCO, and other international organisations and institutions to take active part in the cause of preservation of the world cultural heritage of mankind for the future generations, has been adopted at joint conference of the WTO and the UNESCO on tourism and culture on April 21st, 1999.

On October 28th, 2002 in Bukhara, where the Fourth international session of the World tourist organisation on "Tourism Development on the Silk Road" has been held, the "Bukhara declaration on tourism development on the Silk Road" has been adopted.

Opening of regional office of the UNWTO in 2004 in Samarkand, which urged to co-ordinate the activity of the national tourist organisations of the countries of the Great Silk Road, became the important event. The uniform information base, which has collected the valuable data on noteworthy places and historical monuments of these states is created in it.

The next session of the World Tourist Organization of the United Nations, which has taken place in Samarkand on October 8-9th, 2010, has made a new essential push in promotion of the brand "Silk Road" on the world tourist market. The tourist administration of Uzbekistan jointly with the UNWTO have developed the "Plan of actions on the Silk Road", adopted on session of the UNWTO "Development of tourism on the Silk Road". This Plan of actions covers the basic questions, connected with the tourism on the Silk Road and defines strategic kinds of activity in such key areas, as marketing and promotion of the brand the "Silk Road", escalating of tourist potential and management of the tourist centres on the Silk Road, simplification of travel on the Silk Road.

The World tourist organisation of the United Nations highly appreciates the leading role of Uzbekistan in strengthening of the international cooperation on development of the tourist infrastructure on the Great Silk Road, work on studying and wide distribution of rich spiritual and cultural heritage, restoration and preservation of ancient monuments and architectural complexes, carried out in the Republic.

Graphic evidence of wide international recognition of efficiency of the complex of measures on development of tourist industry, realised in the Republic, was election of the Uzbekistan in the members of the Executive Board of the World tourist organisation of the United Nations from the European regional group for 2011-2015 within the frameworks of 19th session of the General Assembly of the UNWTO, on October, 9th, 2011.

The large value is given in Uzbekistan to the actions, devoted to development and perfection of the sphere of tourism. The fair "Tourism on the Silk Road", organised since 1995, is a large international forum not only in Uzbekistan, but in all Central Asia also.

Programs of address actions for development of tourism and increase of export potential of tourist services in all regions of the country are developed in Uzbekistan for 2011-2015. The central and local authorities, representatives of the interested ministries and departments of Uzbekistan, the "Uzbektourism" National Company and its regional branches, expert community and tourist industry participated in preparation of these programs - uniform, complex, concrete and detailed plan of actions of tourist development of all regions of the country on near-term outlook.

This original plan of action is the complex and volume list of interconnected and subordinated to the single purpose actions with definite terms, executors, volumes and financing sources. It could be attributed to the features of this plan that it combines the programs of all regions of the country - the basic tourist centres and relatively developed tourist regions, and depressive regions of Uzbekistan, from the point of view of tourism.

The programs, combining the different actions, connected with basis kinds and directions of tourist activity, they are, in particular, inventory of historic-architectural and other places of interest of the region, development of hotel services and tourist infrastructure, development of offers on new and perspective kinds of tourist services, measures on increase of export of the tourist services, and training of qualified personnel in the tourism sphere also.

In the Andizhan region, for example, reconstruction of the street of handicraftsmen has been made; modern workshops in national style for creation of favourable working conditions for handicraftsmen and sale of their production have been built.

In Khoresm, for the first time, the measures on local tour operators entry the foreign markets of tourism, by opening of representative offices in a number of the countries are planned at the level of regional plans for development of tourism. In particular, the local tour operator - the company "Bek" - plans in the nearest future to promote the regional tourist product through its representative offices in such cities as Bonn, Germany and the Lyons, France.

Creation of the eco-tourist infrastructure for the lovers of the eco-tourism in the area of "Akcha Kul" of Ellikkalinsky district, the tourist complex and ethnographic park in the area of Ustyurt of Kungrad district, and development of the new routes, which include visiting of popular tourist object - the former port of Aral sea in the city of Muynak are planned in Karakalpakstan.

It is planned to construct the centre for rest of tourists with fishing opportunity, the program "Camel Safari" - fascinating travel on camels is organised in the Bukhara region, round the lake Devkhona in Karaulbazaar. Comfortable conditions for tourists will be organised in territory of the ecological centre "Dzheiran", where tourists can see rare species of animals.

1.3. Tourism as the economic activity

The tourism economics is the scientific discipline, which studies the industry aspects of economic relations in this field of activity, and also the processes and the phenomena, occurring in production, formation, exchange and consumption of tourist products and services both in domestic, and in foreign markets.

The tourism economics has two levels also:

- the tourism economics as the inter-sectoral complex of the social infrastructure:
 - the economics of the business entity (tourist enterprise, firm).

The tourism organisation as the branch economic system is understood as the combination of the structure and ways of functioning of its elements and subsystems. The tourism structure is characterised by structure of its elements and way of their interaction.

The organizational structure is the way of association of structural units of elementary level (tour operators, tour agencies, etc.), as result of in which the hierarchy of tourism as the branch economic system is formed.

Social and economic, material-tangible, technological and information aspects could be distinguishes in the organizational structure of the branch of tourism.

The social and economic aspect of organizational structure is connected with formation of property rights on means of production, which are used for the tourism functioning realisation.

The material-tangible aspect of the structure of tourism as the branch is the set of tours, services and goods produced and realised by it. This aspect is characterised by the volumes of realisation of the tourist product.

The technological aspect of the branch of tourism is the set of the concrete technological processes, connected with production, realisation and consumption of the tourist product.

The following aspect of the organizational structure of tourism - informational. The rational organisation of the data flow is necessary to manage such difficult system as the tourism.

At present, the concept "branch of industry" is gradually blurred. Not so much development of the isolated branches, as functioning of diversified inter-branch complexes is characteristic for the market economy. It is possible to draw a conclusion that tourism is diversified inter-branch complex of social infrastructure, which has production and non-production functions and represents the tourist industry, as consumer goods and services are produced in the tourism. It is the complex of hotels and other accommodation facilities, transport, public catering enterprises, entertainment facilities, objects for informative, business, health-improving and other purposes, the organisations, carrying out tourist operator and travel agency activity, and the establishments, rendering excursion services. The economic process, proceeding in the branch of tourism, is production-serving process.

Tourism in the modern world:

- has the industrial form:
- acts in kind of services, which cannot be accumulated and transported;
- is characterised by high level of efficiency and fast payback of investments;
 - is the pioneer of economic development of new regions;
 - acts as effective remedy of the wildlife and cultural heritage protection;
- is compatible practically with all branches of economy and kinds of activity of the people.

According to the World Council on Travel and Tourism data, if the income of the tourist industry has made 5,2 % of the world income in 1990, the share of tourism and travel industry has made 12,0 % of world export of goods and services by 2010. Thus, tourism has left behind the volumes of the international trade of foodstuffs, textiles and chemicals. Tourists spend 10,2 % of all means, which are spent by the world consumers.

Export incomes from the international tourism have made 919,0 milliards US dollars in 2010 (fig.1.8).

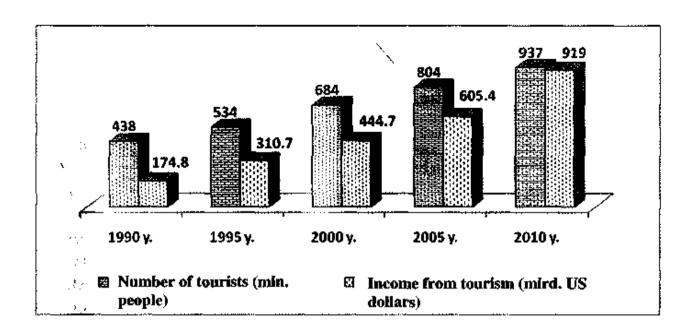


Fig. 1.8. Dynamic of growth of the number of tourists and income from tourism in the world¹²

Today the tourist sector brings 5,0 % of the world gross national product, 6,0 % of the export total amount, creates one from twelve workplaces both in developed and developing countries.

According to the UNWTO data, growth of the number of the international tourist arrivals in 2012 has exceeded 1,0 milliard persons on 3,0 - 4,0 % (the number of the international tourists has made 980,0 million persons in 2011).

It is known, that the income from foreign tourism in the developed countries exceeds in two times the income from the international trade of non-ferrous and ferrous metals.

At present, tourism became one of effective remedies of reception of hard currency, and the currency incomes from the international tourism in the countries with the developed tourist industry often are much more, than from export of goods. By estimations of some economists, 100 tourists, being within 1 hour in the city with the developed tourist service, spend at least 175,0 dollars. That is to say, stay of one tourist within one hour brings the income of about 1,75 dollars. For collection of the income, equivalent to the volume, which is brought to the country by one tourist, it is necessary to bring in the world market about 15,0 tons of oil or 2,0 tons of high-grade wheat.

Thus, tourism in many countries has become the major branch of national economy, bringing huge benefits, already to the end of the XX

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¹²Data of the UNWTO //http://www.unwto.org.

century. Experts of the UNWTO consider that the volume of the profit, gained from tourism competes in some countries to such branches, as oil and gas extraction and manufacture of motor vehicles. In France, for example, Tourism has left behind the motor-vehicle industry on the volume of the collected revenues.

The share of the tourist activity in the total national income makes 15,0-35,0 % in Greece, Italy, USA, France, Spain, Egypt and some other countries. Spain, for example, receives from tourism about 60,0 mlrd., Italy -35,0 mlrd., and Egypt-17,0 mlrd. US dollars a year.

The international tourism became one of the main elements of the services international exchange. Under present-day conditions, also the domestic tourism, i.e. travel of citizens in the territory of the country, started to play significant role. For example, more than 70,0 % of all tourists in the USA are the local residents, who prefer to have a rest in the country.

As a whole, both international and domestic tourism becomes one of the important factors of development of national economy, and one of highly remunerative branches of economy of many countries. At present, about 125 states consider tourism the one of the important branches of the economy.

Tourist activity and the tourist industry are developed dynamically all over the world. On the forecast to data, despite the continuing world financial and economic crisis, such tendency will remain in the future also (tab. 1.1).

Table 1.1. Dynamics of number of tourist visits and their ratio in the section of regions of the world 13

World regions	Number of visits (mln. persons)			Share in the market, %	
	1950	2010	2020	1950	2020
Africa	20	47	77	3,6	6,0
America	110	190	282	19,3	18,1
East Asia and Pacific region	81	195	397	14,4	25,4
Europe	336	527	717	59,8	45,9
Middle East	14	26	69	2,2	4,4
Southern Asia	4	11	19	0,7	1,2
Total in the world	565	1006	1561	100	100

The countries of the world, most visited by tourists, - France, Spain, USA, Italy, Great Britain and China. The greatest number from the total number of the tourists, who have visited them, is the share of France (29 %), Spain (19 %) and

¹³Data of the UNWTO //http://www.unwto.org.

USA (18%). In total - these are the two thirds of visits all over the world. As a whole, the statistics on tourism has shown that almost two thirds of tourists are the natives of Europe, and the world leaders in the field of tourism are France, USA, Spain, Italy and China (fig.1.9).

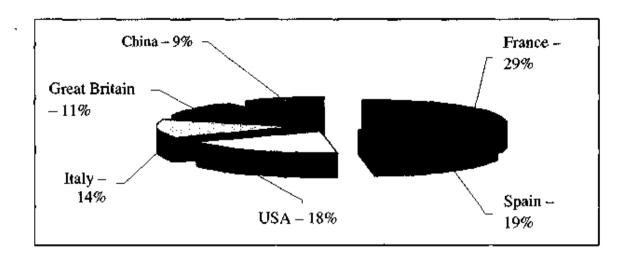


Fig. 1.9. Comparative indices of the countries in the world that are mostly visited by the tourists (in % form the total number of the international tourists)¹⁴

According to opinion of the Secretary General of the UNWTO Taleb Rifai, the one-seventh part of the population of the world will cross the international borders during one year by the end of 2012. More four milliards will make domestic trips in territory of their countries, and this figure will be increased to 1,8 milliard of international and 5,0 milliards of domestic tourists a year by 2030.

Incomes from tourism are formed as a result of tourist expenses, which are defined as the total sum of the consumer expenses, made by the visitor during its trip and stay in the destination. Tourist expenses include the payments for:

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- complex trips;
- rest and tours service package;
- accommodations;
- meals and drinks;
- transport;
- recreational, cultural and athletic kinds of activity;
- consumer goods, which are the integral element of travel;
- medical services, etc.

¹⁴ Data of the UNWTO//http://www.unwto.org.

The listed tourist expenses make direct impact on economy that is the tourism economic activities bring the contribution to creation of the national income.

Spheres of influence of tourism on the national economy and the society as a whole are:

- business sphere. Establishment of the tourist enterprise brings benefit as it renders the products and services to clients, wages and other kinds of payments to the labours and employees, profit to the shareholders (the owners), taxes and dues to the state (the region);
- consumer and profitable spheres. Tourism creates the new form of the consumer demand. Demand of tourists for the various goods and services promotes development of the domestic industry. Thanks to it, manufacture of consumer goods develops and the standard of life of the population rises.

Due to tourism, the domestic enterprises develop, including:

- cultural and entertaining (museums, exhibitions, memorial complexes and monuments, show business, film industry), which, in turn, benefit the region and local population through the taxation;
- transport agencies and firms (the public transport, rent-a-car companies, use of buses for excursions, domestic airlines are focused on incomes from tourism appreciably);
- enterprises, manufacturing souvenirs, special tourist equipment and the handicraft industry (production of these enterprises is substantially focused on tourists all over the world).

Tourism promotes inflow of considerable sums of foreign currency. And foreign currency income is not only in the form of payment for the tourist package (tour), but also in the form of money exchange in exchange offices of the tourist centre for the daily expenditures of tourists, payment of additional services, etc.

Tourism creates the structure of recreation, which can be used not only for tourists, but also for local population. Occurrence of new tourist centres is accompanied by occurrence of the service, trading and entertaining enterprises, and construction of roads, beaches that have positive effect on the surrounding infrastructure, and the consumer market and other spheres of business activity. The developed tourist infrastructure in this or that region serves as the indicator of the standard of life of local population. The money, spent by tourists in the destination of stay, simultaneously creates incomes for the country (region) of stay.

Tourism directly participates in creation of the national income of the country. The cumulative contribution of tourism to national economy includes both direct and indirect contribution.

Direct influence of tourism on national (regional) economy is a result of expenses of the tourist on purchase of services and the goods for tourism. The money, spent by tourists in the destination of stay, creates the income, which leads to the chain reaction: expenses - incomes - expenses - incomes and so on. Every soum, earned on the first turn of means and received as the income, again leaves from the enterprise account. Thus, there are new incomes as a result of the primary incomes, received owing to the tourist expenses, but of the third parties, if these parties act as the suppliers of any goods for the tourist enterprise.

The indirect contribution of tourism to a national economy is shown in the effect of repetition of expenses of tourists on purchase of the services and the goods in certain time and in certain place. This effect is called the "effect of multiplication" or "multiplicator".

Concept "multiplicator" (from Lat. "multiplicator" - "multiplier", "multiplying") has been introduced as an economic category for the first time by the English economist R. Kan in 1931. In the frameworks of Keynesian analysis¹⁵, the term "doctrine of the multiplicator" in modern economy is understood as the strengthened impact of investments on the income. The multiplicator is the ratio of departure from the balanced net national product (total national product after deductions on the using-up of capital) and initial change in expenses on the investments, which have called this change of the real net national product.

Dynamics of the turnover of the tourist expenses within the limits of the multiplicator is shown in the fig. 1.10.

eday Marcola Carlos San

¹⁵Keynes D.M. General theory of employment, percent and money. – M.: Progress, 1978.

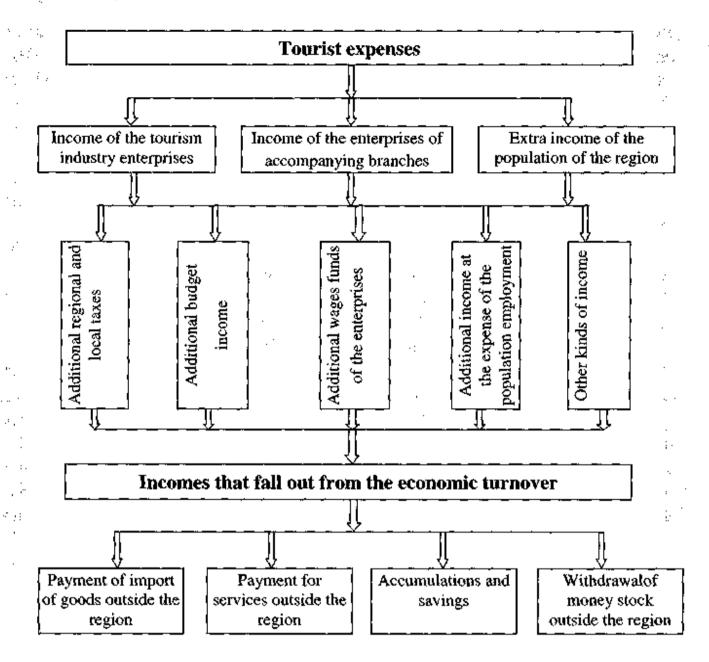


Fig. 1.10. Dynamic of turnover of the tourist expenses in the limits of multiplicator

At estimation of the value of the tourist multiplicator taking into account recommendations of the UNWTO, it is expedient to consider following items of tourist expenses:

- · accommodation;
- · meals:
- · transport service;
- entertainment:
- recreational, cultural and athletic actions;
- purchases;
- business trips, etc.

By definition of American scientist H. Klement, the multiplicator is the annual turnover of 1,0 US dollar of the expenses of the tourists, generating

the economic activities of the region. Proceeding from it, value of such multiplicator for the above stated expenses items, at their total sum of 1000,0 US dollars, are represented in the table 1.2.

Table 1.2. Calculation of the value of the tourist multiplicator 16

Kind of tourist		Number of expenses turnover				Amount of	Value of tourist
expenses	1	2	3	4	5	expenses, doll.	multiplicator
Accommodation	250	250	178	112	64,5	854,5	3,42
Meals	320	320	211	137	63,5	1051,5	3,38
Transport services	50	50	29	16,5	7,5	153,0	3,06
Entertainment	100	100	70,5	41,0	25,0	336,5	3,36
Other	30	30	16,5	9,0	4,5	90,0	3,00
Total	1000	1000	654	405	213	3270,5	3,27

Action of multiplicator of incomes from tourism could be shown on the following conditional example. The group of foreign tourists spends the certain sum in one of the regions of the country for services of the tourist firm and for purchase of the goods and services at other enterprises. Money of tourists starts to work in full on the region economy when the tourist firm purchases the domestic (regional) goods and services. Sellers of these goods and services, having received money from tourists, pay from them wages to the employees, who, in turn, spend them for purchase of goods and payments for services, etc.

According to experts, multiplicator of the income from rendering of services of tourism is essentially differentiated depending on the country or the region and makes from 1,2 to 4,0. For example, if multiplicator for this or that region is equal to 2,5, and the initial investment into the tourist industry - 40,0 million soums, then the gain of the net national product from the tourist service in the region will make 100,0 million soums.

Export of tourism from the country means active tourism for the economy of this country, and tourism import - passive tourism. The ratio of the cost of the tourist product, realised to foreign tourists in the hosting country, and the cost of the tourist product, realised by the citizens of this country abroad, represents the tourist balance of this country.

Complex sphere is the process of formation of the tourist product and its subsequent realisation in the tourist market. Each separate tourist service (accommodation, meals, excursions, transportation, cultural events, etc.) cannot satisfy all needs of the tourist by itself. In these conditions, there is the

¹⁶Klement H., Future of the tourism on the Pacific Ocean and Far East. - M., 1961.

objective necessity of cooperation of various tourist services in the single complex that is creation of the tourist product, which is the result of efforts of many enterprises and tourist associations. Such necessity has predetermined the special role in the tourism economy of the tourist organizers in the tourist market - tour operators and travel agencies through which the function of the organisation of bringing of the tourist product to the consumer is carried out. The final link of the economic system of tourism is consumption of the tourist product. This process has some features.

The result of manufacture (goods), in usual production of goods, moves from the place of manufacture to the place of consumption. The consumer (tourist) should be delivered in the place of manufacture of the tourist product for consumption of the tourist product in whole or separate services unlike the commodity and financial markets. This feature of tourist consumption calls the derivative effect - necessity of the industrial base at the places of consumption of the tourist product (transport services, accommodation, kitchens, and hospitality system), creations of necessary conditions for medical treatment, entertainment, satisfaction of need of new impressions, and ecologically healthy environment, security, etc.

Other feature of consumption of the tourist product is limitation in time of the term of stay of the tourist at the place. This feature of the tourist consumption gives rise to intensification of actions of the tourist that in turn objectively causes of the necessity of highest organisation of production of tourist services, work and management in the tourism sphere.

Some kinds of tourist services are of intangible, non-material character. The consumer of the tourist product has no possibility to familiarise with the quality of tours and services offered it preliminary. For example, the story of the guide can have deep emotional effect, which could not be expressed financially on tourists, expected and experienced in advance. Other services of tourism are of material character: delivery to the destination, accommodation, medical treatment, recreation, etc. - have been well organised. However, specificity of the tourist services in both cases is that they do not exist before their rendering. In other words, there is the continuous connection of production and consumption of services in tourism.

Travel companies can be represented by various on their form and organisation enterprises, but the tour operators, which develop and carry out wholesale of tours, concern the principal, and the travel agencies, which realise these tours to concrete consumers. Tour operators carry out the functions of organizers and originators of the complex tourist product for the group tourism. The tour operator is responsible for rendering of the services, included in the tourist package, but the cases when it can render these services

by itself, being the owner of hotels, restaurants or receiving these services from the counteragent.

Tourist agencies are the firms, purchasing the tours, developed by the tour operator, issuing the tourist vouchers on these tours and selling them to the consumer. The tourist agency adds the cost of travel of tourists from the place of formation of group to the first accommodation on the route to the cost of the tour, and from the last accommodation on the route back.

National associations of tourist agencies are established at the level of the separate countries. The largest national associations of tourist agencies are: the American society of tourist agents, Association of the British tourist agents, National syndicate of tourist agents of France, the Union of the Canadian tourist associations, National Spanish association, the Union of German travel agencies, the Australian federation of tourist agents, the Japanese association of tourist agents.

The economy of the tourist firm is a set of factors of production, turnover funds and intangible assets, incomes (profit) that have been drawn as a result of realisation of the tourist product and rendering of various other services (executed works).

The cost estimation of the assets and incomes of the tourist firm characterises the level and the scales of its development. The last depends on ability to find an optimum parity between the used resources, quantity and quality of the realised tourist product, on the one hand, and the volume of sales of the tourist product and profit from its sale, on the other hand.

Indicators of financial and economic activity of the tourist firm include:

- volume of sales of tourist services or services of tourism sales proceeds;
- indicators of use of a labour (labour productivity, level of expenses on remuneration of labour, etc.);
- indicators of use of production assets (returns on assets, turnover of capital, etc.);
 - cost price of services of tourism, profit, profitability;
- indicators of the financial condition of the tourist firm (solvency, liquidity, financial stability, currency self-repayment, etc.).

The indicators, characterising condition and development of the international tourism, are allocated separately. They are the following:

- number of the tourists, who have visited foreign countries (it is defined on the number of crossings of the state border);
 - quantity tour-days on the foreign tourists;
 - total monetary expenses, made by tourists during foreign trips.

At present, many countries of the world build their own economic policy on tourism development. They create for this purpose especially favourable conditions, reducing taxes, creating free economic zones, simplifying visa formalities, realising large national and international projects, i.e., using the methods of financial stimulation of development of tourism counting on the future incomes. Because tourism is among the most effective industrial complexes, which cannot be neglected, especially at the decision of the problem of the accelerated growth of economy at the expense of its structural reorganisation.

1.4. Tourism international market was a proceeding Auto-

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The tourist market represents the system of world economy relations, in which the process of transformation of the tourist-excursion services in money and back transformation is performed. Completion of this exchange means completeness of the UCTA commodity-money relations, realisation of the cost, contained in the tourist product, and social recognition of its consumer cost. The normal course of public reproduction is provided; money resources for the tourist industry development are arisen and collected as a result (fig. 1.11).

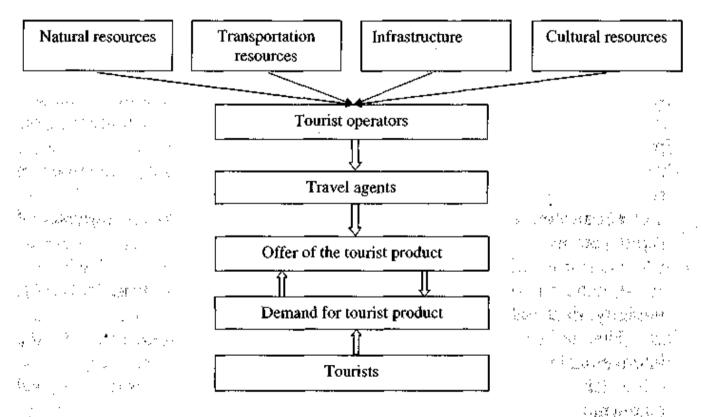


Fig. 1.11. Functioning of the tourist market

The following could be allocated as the basic functions of the tourist market:

- realisation of cost and consumer cost, contained in the tourist product;
- organisation of the process of bringing of the tourist product to the consumer (tourist);
 - · economic support of material stimulus to work.

There is a movement of cost, which is reflected by means of exchange, in the course of performance of the first function by the tourist market: money - tourist product. Completion of this exchange means completeness of the UCTA commodity-money relations, realisation of the cost, contained in the tourist product, and social recognition of its consumer cost. The normal course of public reproduction is provided; money resources for development of the tourist industry are arisen and collected as a result.

Function of the organisation of the process of bringing of the tourist product to the consumer is carried out through creation of the network of travel agents and tour operators on its realisation.

Function of economic support of material stimulus to work consists that distribution, as the necessary phase of reproduction, appears in its completed form in the course of exchange "money - tourist product" in the tourist market. Material stimulus to improvement of quality and increase in quantity of the tourist product, its production according to requirements of consumers are created at the employees of the tourist firm, receiving the monetary remuneration for the work.

Formation of the market of tourist services, commercialisation of tourist activity have led to the necessities of introduction of the principles of marketing in the activity of the tourist organisations. The logic of development of market relations in the tourism industry leads to statement and decision of such problems, as studying and segmentation of the tourist market, quantity and quality estimation of the solvent demand for the tourist services, positioning, use of means of communications and sale stimulation.

However, the sphere of tourist services, as opposed to production, did not hasten in practical use of marketing. In spite of the fact that the sector of services began to prevail in 1940th in the economy of some countries, considerable time has been required for the experts in marketing to begin discussion and research of the sector of services and the marketing nature in this field. Researchers in the tourism sphere mark the following stages of formation of marketing (tab. 1.3.).

The tourist market is characterised by capacity, level of balance of supply and demand, condition of realisation of the tourist product. The capacity depends on the volumes of solvent demand of the population, price level of the sizes of the tourist offer. The demand and the tourist product, which is made by the tourist, and the offer of the tourist product, which is rendered by the tourist firm, face in the tourist market.

As a whole, the market of tourist services can be represented as two rather independent fields from the point of view of marketing: supply and demand.

Periods	Concept name	Characteristic of the tourist market	
1950 th	Production	The market is ready to uptake offered production, sale	
	orientation	does not meet any special problems, demand exceed	
		the offer	
	Orientation on	Mass production and sale formation. The capital and	
an anth	financing and	corresponding organizational structures are necessary	
1960 th	organizational	for "conveyor" production of the tourist product. There	
,	restructuring	are first tourist concerns. Marketing plays insignificant role	
		Transition from the market of manufacturers to the	
		market of consumers. Offer exceeds. The beginning of	
Beginning-		orientation of the tourist organisations on the market -	
middle of	Market orientation	activization of the importance of marketing.	
1970 th		Strengthening of competition between tour operators,	
,		airlines. Market orientation is turned into the tools, stimulating sale (advertising and actions for sale). The	
		market concept "sell the goods that you produce"	
Middle of		Orientation to the market begins from the moment of	
1970 th		creation of new tourist product as recognition of desires	
beginning of	Market orientation	of the consumer and their realisation in products and	
1980 th		services is critical for success in the market	
·		The organisation should be completely adapted for	
Λ	, ·	requirements of the market and should be managed by it.	
. 18		It is only satisfaction of desires and needs of the	
	.**	consumer, but also exerting active and purposeful impact	
		on it. Marketing is the function of the tourist organisation,	
Madama aras s	Non-desk a signification	strategy and tactics of its actions in the market. This	
Modern stage	Market orientation	forward planning and forecasting, relying on the	
, 2 7		researches of the market, the product, buyers, use of	
		complex methods of formation of demand and sale	
	7 1 4 1 2 2	stimulation, orientation to the goods of "market novelty",	
r jis		meeting the requirements of society and environment	
* (1)		mooning the requirements of society and environment	

In practice, both markets are closely connected with each other, and interact in the resonance mode, stimulating, generating, and defining the structure and the contents of the tourist industry and the consumer demand.

¹⁷Zhukova M. A., Management in the tourist business: tutorial. - M.: KNORUS, 2005.

It is possible, proceeding from this, to draw a conclusion, that the tourist market of services, as well as any another, has no identical positions. It is possible to allocate both the markets of small, and large scale in its structure. That is why there are many classifications of the tourist market in marketing of tourist services.

Marketing in tourism means the complex approach to production, realisation and organisation of consumption of the tourist product management, focused on the account of the requirements of the tourist market and active influence on demand for the purpose of increase of volume of sale of the tourist product.

The following markets are allocated on contents and features of marketing activity:

 target, where the travel agency is going to realise or realised the purposes already;

• fruitless - such market has no prospects in realisation of services of tourism;

 additional, where the subsidiary enterprise renders the majority of services;

• growing - this is the market, which has real opportunity for growth of sales of tourist vouchers;

• interlaying - the market, where there is frequent commercial instability, but there are development prospects for it. However, there is the risk to become the fruitless market in the second variant.

The analysis of the world tourist market allows to reveal following steady tendencies (tab. 1.4):

• the share of Europe in number of receiving tourists and in the incomes, brought by tourism is reduced slowly, but continuously;

• the same process occurs in America, thus, the reduction of incomes is going especially fast, i.e. rest in the USA becomes cheaper than rest in Europe, and it reflects the purposeful policy of the American tour operators, trying to take over the initiative in the tourist market at the expense of play on decrease in profitability of own tourist business;

• tourism develops double-quick in the countries of East Asia and Oceania. This "point of growth" of the world tourist market is characterised not only by unique recreational resources and exotics, but also by the service level highest in the world. Moreover, all of this is on the background of lower level of expenses in comparison with Europe and America;

• Africa gradually is transformed from the country of highly remunerative elite tourism to the country of the cheapest tourism in the world. The stream of tourists to Africa will sharply increase, if the quality of services will rise;

• Middle East and Southern Asia belong to the regions with poorly developed tourist infrastructure. However, probably because of the protectionist policy of the government of Turkey on development of the Mediterranean tourism, fast development of tourism in this potentially rich tourist region should be expected. The proximity of Europe - the basic supplier of tourists, the main religious relics of the basic confession of the world, clean Mediterranean sea, duration of the tourist season - all of this creates good preconditions for more active tourist development of this region.

Table 1.4. Share of regions in the world tourist market (in % of world market total volume)¹⁸

World regions	1985	1990	2000	2005	2010
Africa	3,0	3,3	3,6	41	4,7
America	19,7	20,3	19,3	19,5	18,9
East Asia-Pacific region	9,5	9	14,4	13,9	19,4
Europe	64,8	61,8	59,8	58,9	52,4
Middle East	2,3	2,0	2,2	2,7	3,6
Southern Asia	0,8	0,7	0,7	0,8	1,1

Functioning of the tourist firms in the market environment objectively requires studying of laws and features of the tourist market. It means that the modern economy of tourism should cover such aspect as the comprehensive analysis of supply and demand in the tourist market. As the tourist product is shown in the form of service, it is necessary to define understanding of the tourist services.

As well-known American expert F. Kotler states, the experts who are engaged in marketing in sphere of services, notes, attention first should be paid to four characteristic properties of the product: intangibility, inseparability, instability of parameters and nonconservation. He has allocated four properties of the product in the sphere of services ¹⁹ (fig.1. 12).

Specificity of marketing in the tourist industry, as the kind of the sphere of services, is defined by characteristics of the services and features of the market of services, its difference from the commodity market, which consists in the following:

- service does not exist prior to its rendering, i.e. the product is created in the course of service rendering that does impossible comparison of the tourist services of two rival firms even there the products are looking identical;
- rendering of services demands special knowledge and skill, which it is difficult to be estimated and understood by the buyer. High degree of

¹⁸ Data of the UNWTO//http://www.unwto.org.

¹⁹Kotler Ph., Bowen J., Makens J.; Marketing, hospitality, Tourism: Textbook for universities transl. from English. – 4 ed., revised and added – M.: YUNITY-DANA, 2007. – p.46.

uncertainty at services rendering puts the client in the extremely unfavourable position, can call it feeling of vigilance and suspicion. Possible ways of increase of tangibility of services, decrease of consumer risk and uncertainty are licences, certificates, recommendations.

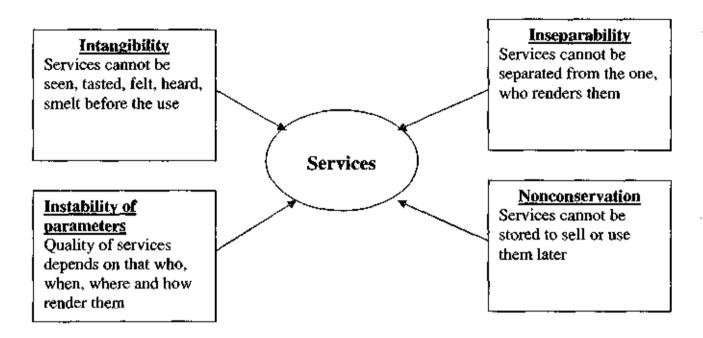


Fig.1.12. The basic properties of the product in the sphere of services

Definition of marketing strategy of the tourist enterprise essentially depends on concrete situation, in which it is. Therefore, first, carrying out of the deep analysis of current activity of the tourist enterprise and the situation analysis is required.

The situation analysis is based on the results of marketing researches. They allow to reveal the market capabilities of the tourist enterprise, revealing of its competitive advantages.

Competitive advantages are those material and non-material assets and fields of activity, which are strategically important for the tourist enterprise and allow it to win competitive struggle.

Material (tangible) assets are physical and financial resources of the enterprise (fixed assets, monetary funds, etc.).

Non-material (intangible) assets are, as a rule, the qualitative characteristics of the enterprise: prestige, image of the enterprise, qualification of the personnel, etc.

Non-material competitive advantages of the tourist enterprise can be:

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known name;

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- high quality of the services rendered;
- individual contact to clients;
- · orientation to the consumer, its requirements and wishes;

- steady clientele;
 - effective advertising;
 - favourable conditions for the services sale;
 - qualification of the personnel, competent management; operational experience, etc.

The situation analysis gives the chance to estimate internal resources of the enterprise, to define tendencies of change of environment and degree of its adaptation to these changes.

Pricing, with orientation to the competition level, is characteristic enough for the enterprises, operating in the sphere of tourism. Thus, the prices are set below the market prices, at the market level or above the market level, depending on exactingness of the clients, service rendered, image of products, real or expected response of competitors. Distinctive feature of the firms, using this method of pricing, is that they do not aspire to save constant dependence between the prices and expenses.

In aggregate, the price of concrete tourist product is defined by interaction of three groups of factors: individual production and sale costs, condition of demand and competition level in the market.

The tourist enterprise should use these three methods in interaction at development of the price strategy, as orientation on only one of them does not promote conducting of flexible price strategy and even leads to direct or indirect losses.

Pricing based on expenses (hang-the-expense approach) is based on accounting of production, service costs, overhead costs, and desirable profit. It is used often by those enterprises, which aspire to receive profit on investments first. Thus, the lower limit of the price, below which it should not fall is found out.

The specified method of pricing does not take into consideration number of the important factors:

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- level of demand on the tourist product;
- sensitivity of clients to the level of the prices set;
- price level of competitors.

The hang-the-expense approach has also a number of advantages.

First, products pricing is simplified considerably, if the tourist enterprise is able to define the structure of the expenses exactly enough.

Secondly, application of this approach by the basic competitors of the firm creates conditions for reduction of the price competition.

In addition, at last, thirdly, the enterprises have the opportunity to give much less attention to fluctuations of demand for products (of course, if its level is high enough as it is). Pricing with orientation to demand is directed on studying of desires of consumers and setting the prices, acceptable for the target market. This approach is applied in the event that the price is the determinative in acquisition of the tourist product by clients. Thus, the ceiling of the prices - the maximum sum, which the consumer will be ready to pay for the given service, is elicited.

Use of the specified above methods allows todefine the initial price on the tourist product. However, the finalised price can essentially differ from the offered in advance. It is caused by the choice by firm of this or that price strategy.

Firms are recommended to concentrate on the definite circle of consumers of the tourist product and to build the policy, to satisfy all requirements of this narrow segment of travellers in full, for successful conducting tourist activity. That why the segmentation of the tourist market is made. The aspiration of firms to take the monopoly position in the whole market or on that its part, which is most preferable from the point of view of its production, financial capabilities and sale, lays at the heart of segmentation.

There is the tendency in tourism of allocation of relatively homogeneous segments on the age of consumers. Segmentation has huge value for the tour agencies as it allows:

- to raise competitiveness of the tourist product and its manufacturer, efficiency of economic activities;
- to better satisfy the needs and requirements of tourists in a way of more conformity of the tourist products to their desires and preferences;
- to carry out the marketing policy more accurate and purposefully. Work on the market segmentation should be carried out continuously and constantly in connection with the changes in the competitive environment, in tastes, desires and preferences of the consumer-tourist.

For successful segmentation of the tourist market, it is necessary for the tourist firm to undertake certain steps on use of those criteria, which would allow the firm to find most advantageous position in the market. Proceeding from these reasons, the following criteria, which the tourists agencies can use in the course of segmentation at own discretion, are offered:

• quantitative limits - are defined, first of all, by the segment capacity, i.e. what tourist product and on what price can be realised in it, what number of real and potential consumers is available, on what area they live, etc. Proceeding from these data, the tourist agency should define, what capacities should be focused on this segment, what the size of the sales network should be;

- availability of the segment for the tourist agency, i.e.possibilities for the tourist agency to obtain the tourist products distribution and sales channels in this segment of the market. Having collected the information, the management of the tourist agency makes decision on possibility to begin promotion of the tourist products in the chosen segment of the market or it still should take care of formation of the sales network, image of the tourist products, fence-mending with intermediaries;
- importance of the segment, i.e. definition how much real this or that group of consumers-tourists is, how much steady it is on the basic uniting features, whether it will break up or not, otherwise it is possible to get to a segment, where the competitors have strong positions, or to offer the tourist product with indistinct address features, which will not be recognised by consumers. In this case, the tour agency management should find out, whether it is necessary to focus the capacities on this segment or, vice versa, it is necessary to provide their reorientation to other market;
- profitableness of the segment. By means of this criterion it is defined, how much profitable for the tourist agency will be operation in the allocated segment of the market. Estimation, as a rule, is made by means of known indicators: rate of return, incomes on the invested capital, etc. Sometimes, the large tourist agency is guided by prestigiousness of this segment;
- protectability of the chosen segment against competition it is important to estimate correctly the possibilities in struggle against competitors in this segment of the market. It is important to define, who can become the competitor in the chosen segment, what its strengths and weaknesses are, what own advantages in competitive struggle are, etc. Having received answers to all put questions, having estimated possibilities concerning whole tourist agency by all criteria, it is possible to make the decision whether this segment is suitable for the tourist agency or not.

For example, three segments are recognised on the age categories, to which the different offer of the tourist product should correspond:

- youth travel;
- middle age tourism;
- tourism of the third age.

Youth travel (under 30 years old) - cheaper travel with use of less comfortable accommodation and transport facilities, cheerful night leisure (bars, disco, debatable clubs, meetings on interests, lotteries, competitions, etc.). High tourist activity, owing to aspiration of young people to dialogue, knowledge and presence of free time (for example, vacations), is characteristic for this segment.

For the second segment - tourism of average age (30-50 years old) - prevalence of family tourism is characteristic. It is necessary in this

connection to provide the possibility of use of children's playgrounds for games, children's swimming pools, etc. It is especially important at creation of tourist complexes in the resort area.

Tourists of middle age make increased demands to comfort and conveniences, excursion programs rich in content, which include acquaintance with the objects according to their professional interests.

It is necessary, at development of the tourist services for this segment, to proceed from that the persons of middle age are the economically active population. Their desire to make tourist travel is called by the need for the rest, connected with change of scene.

It is expedient for the tourist firms to make use of the accumulated experience in this direction at the organisation of the marketing. Therefore, experience of the national tourist centre "Mezon de la France" in organisation of marketing activity on attraction of tourists to France deserves consideration.

The budget of this centre is formed at the expense of incomes from the Ministry of tourism and many French and foreign tourist and not tourist companies, working on promotion of the French tourist product abroad and taking care of positive image of the country. In particular, including airlines "Air France" and "Air Inter", the city hall of Paris, "American Express", "Champagne de Venauge", trade union of the wine industry, "Lancôme", companies "Renault", "Citroen" and others. The national centre has the representative offices in 27 countries. Feature is that the "Mezon de la France" prefers not to expand the network of representative offices, but to diversify their marketing activity. There is no risk, expenses are the minimum, and the profit is the maximum at such approach.

Principal directions of activity of the centre are:

- business partnership with the representative offices of national tourist organisations of other countries;
- full freedom of activity of its representative offices abroad, which operate taking into account features of the market of the country of location. Marketing of the "Mezon de la France" considers all new tendencies and changes in the tourist markets, provides aggressive competitive struggle and active strategy, offering tourist products that second to non of the main competitors: Spain and Italy. The advertising campaigns are carried out in the different countries for the purpose of formation of demand and sale stimulation. The Centre takes part in various commercial actions, international fairs, salons, seminars, stock exchanges.

Besides, each representative office independently organises the commercial actions. The "Mezon de la France" influences alsothe tourist operators, inducing them to sell the tourist products on moderate, reasonable

prices, taking into consideration the fact that consumers react to the ration "quality-price" more and more sensitively.

Experts of the UNWTO forecast the dynamics of development of the world tourist market as follows:

- the indicator of services gain will be 3,7 % per year in average;
- growth will be reached basically at the expense of the exit market of Asia, Middle East, Central and South America and Europe;
- optimum conditions of reception of tourists will develop in Asia, though, all other regions have average perspective of growth;
 - the domestic tourism will continue to develop with higher rates;
- the long-term international tourism will grow with higher rates than the short-term tourism:
- influence of external factors on tourism will become stronger: of economic situation, political conditions, level of travel security.

The tourism will be considerably influenced by:

- the system of computer reservation, technological development, perfection of air transportation, electronic information, communication systems;
- the social-demographic dynamics will become the important factor of development of tourism worldwide;
- the role of the marketing researches, regulating the tourist policy, will be increased.

The data of the prognostic research of the countries-leaders in exit and entrance tourism in 2020, presented in the tables 1.5 and 1.6, are of the certain interest.

Table 1.5. The countries - prognostic leaders in exit tourism in 2020 20

Country-tourists' supplier	Prognostic number of international trips, mln.	Prognostic market share, %	
Germany	163,5	10,2	
Japan	141,5	8,8	
USA	123,5	7,7	
China	100,0	6,2	
Great Britain	96,1	6,0	
France	37,6	2,3	
Netherlands	35,4	2,2	
Canada	31,3	2,0	
Russia	30,5	1,9	
Italy	29,7	1,9	

²⁰Data of the UNWTO//http://www.unwto.org.

Table 1.6. Countries – prognostic leaders of entrance tourism in 2020.²¹

Country	Prognostic number of arrivals, mln.	Prognostic market share, %
China	137,1	8,6
USA	102,4	6,4
France	93,3	5,8
Spain	71,0	4,4
Hong Kong	58,3	3,7
Italy	52,9	3,3
Great Britain	52,8	3,3
Mexico	48,9	3,1
Russia	47,1	2,9
Czech Republic	44,0	2,7

Apparently from the stated data, Germany, which 163,5 million citizens will leave abroad annually for the tourist purposes, will be the leader of exit tourism by 2020. Accordingly, this indicator for Japan will make 141,5 million persons, and for USA - 123,5 million persons. It is necessary to notice especially that China gets to the number of the countries-leaders of exit tourism - 100,0 million persons also.

At the same time, China will receive the greatest number of foreign tourists among other countries of the world - 137,1 million persons. Moreover, if to consider that Siangan (Hong Kong), which is special territory of China, will be visited by 58,3 million persons under their forecast, the total number of foreign tourists will make 195,4 million persons.

The number of the tourists, visiting USA - up to 102,4 million persons, and also France and Spain - 93,3 and 71,0 million persons accordingly, will increase also. It is characteristic also that considerable growth of foreign tourism will be observed in such countries, as Mexico - 48,0 million persons, Russia - 47,1 million persons and Czechia - 44,0 million persons. At the same time, such countries as Italy and Great Britain, preserving high indicators of reception of foreign tourists (52,9 and 52,8 million persons accordingly), will not occupy the lead positions any more in general that testify to change of orientation of streams of foreign tourists in various regions.

Growth of reception of foreign tourists has great economic value for the host countries. At present, tourism is one of the five basic sources of the income for 83,0 % of the countries of the world, and tourism is the main source of income for 38,0 % of the countries.

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²¹ Data of the UNWTO//http://www.unwto.org.

The analysis, has been carried out by the European Commission, has revealed that the culture is the basic subject, that tourists are interesting in travels, for 60,0 % of tourists. Quite naturally, that 12th session of General Assembly of UNWTO has made the decision about "Preservation of the world heritage for the new millennium". Its participants have expressed belief that the international tourism, representing unique opportunity for mutually advantageous enrichment and distribution of cultural values, is the powerful factor of assistance to the dialogue of civilisations.

Today, hundreds routes on all continents are developed and operated. However, one of the most attractive and the longest in the world route, which is stretched for 12 800 km, - the Great Silk Road.

Unique cultural heritage, various kinds of arts and traditional crafts, mentality of the people, its folklore, food and many other things are the competitive advantages of the Uzbekistan in the tourist market. The republic occupies the lead position, among other states of the region, in the market of trips for the cultural-informative purposes, expressly or by implication connected with the brand of the Great Silk Road.

To this day, Bukhara, the city kernel of Khiva - Ichang-Kala, Temurid's masterpieces of Samarkand and Shakhrisabs, preserving its charm, are rather precious heritage, attracting tourists of all over the world. Considering it, the UNESCO, the organisation of the United Nations on the problems of education, science and culture, has included the number of unique objects of the Central Asia in the list of the World heritage, including the Khivan complex Ichang-Kala, the historical centres of Bukhara, Samarkand and Shakhrisabs. Now, they are under protection of the international community, which assists in their restoration and preservation for the future generations. For example, UNESCO has granted 90,0 thousand US dollars for preservation of the Chor-Minor in Bukhara and Tillya-Kari in Samarkand historical monuments.

At present, the share of Bukhara, Samarkand, and Khorezm regions makes 70,0 % of all foreign tourists, visiting the Uzbekistan.

At the same time, the Uzbekistan has great potential of development of the international and domestic tourism in other regions also. Therefore, creation of material base of tourism in the Republic of Karakalpakstan, in the mountain areas of Navoi, Kattakurgan, Karmany, Gizhduvan, and Vabkent is planned now.

The second direction is formation of Karshi-Termez region as the centre of historical-archaeological tourism in combination with the resort-sanatoria kinds of recreation. According to the forecasts, 5,0-10,0 % of tourists, arriving to the Republic, will wish to visit this region.

The further development of Dzhizak and Fergana tourist regions as the basic sports-health and specialised (hunting, fishery, mountain, pedestrian, landscape, informative and other kinds) tourism centres is the third direction. These regions, by estimations of experts, can cover 15,0-20,0 % of the total stream of tourists.

One more perspective direction is active realisation of the tourist potential of Tashkent region as business, commercial and entertaining centre of hospitality. 10,0 % of all tourists visiting are expected here²².

Attraction of necessary investments, strengthening of attention to this sphere, development and perfection of the infrastructure will promote that the Uzbekistan will turn into the most attractive and called-for international tourist route.

Questions for self-testing:

1. List the main stages of tourism development in the world.

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- 2. What does the "Program of actions on tourism for the XXI century accepted by the UNWTO, provide?
 - 3. How is the "tourist industry" treated in wide and narrow sense?
- 4. What do the basic directions of the state policy of the Uzbekistan include in tourism sphere?
- 5. What does the "Plan of action on the Silk Road" accepted by the UNWTO, provide?
- 6. Characterise the tourism economy as inter-branch complex of the social infrastructure.
 - 7. How does the world tourist market function?

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8. Tell about perspective directions of development of tourism in the Uzbekistan.

²²Jalilov O. Main directions of tourism development in the Republic of Uzbekistan // Actual problems of tourism – 2010 (Annual collection of scientific works). – T., 2010. – P.149-150.

CHAPTER II. TOURISM AS THE OBJECT OF MANAGEMENT

2.1. Basic tourism management categories

Tourism as the object of management has the number of its own distinctive features²³ (fig. 2.1).

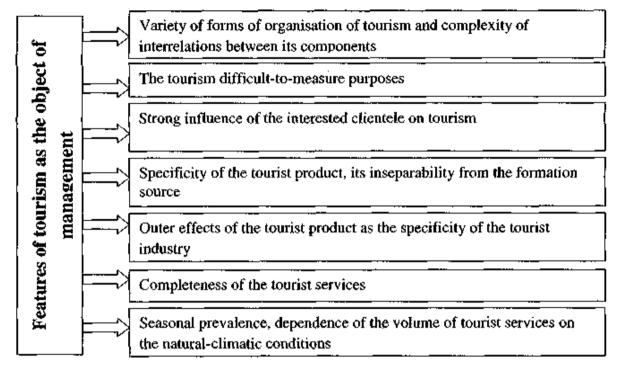


Fig.2.1. Features of tourism as the object of management

Firstly, this is the variety of forms of the organisation of tourism and complexity of interrelations between its components. The most part of the tourist enterprises in the Uzbekistan are of small-scale. At the same time, there are also the state administrations in the tourist industry, along with the tourist enterprises, which should be entered in the uniform system of management.

The tourist administration executes the function of the co-ordinating body in the programs of development of tourism in the region, the country and bears responsibility for the results of the tourist activity. In such conditions, development of strategy for not only the region, but also for the tourist enterprises is required.

Secondly, the tourism purposes are difficult-to-measure. If the tourist enterprises in the activity are guided by the profit earning, but the tourist administrations have other purposes. They cannot be guided by profit

²²Kukushkin N. I., Tourism management. Tutorial. – Mn.: Novoye Znaniye, 2002. – P.42-54/

earning. As well as any non-commercial organisation, administration should estimate itself on that, how much effectively and taking into account needs of tourists it is succeeded in involving of the various enterprises and businesspersons in the tourist activity. At the same time, the tourist administration can render services by itself also, for example, on development of investment programs, representation of the interests, marketing, etc.

Thirdly, there is strong influence of the interested clientele on tourism. Each tourist enterprise carries out the activity in the environment of various interested parties and clients. Besides, there are separate interests in the separate interested groups. For example, if large hotels, more often, are less interested in the offer of the resort service, the small hotels (guest houses), existing at the expense of arriving tourists, aspire to that the tourist organisations improve the resort offer and carry out corresponding actions.

Fourthly, the major feature of the tourism, as the object of management, is specificity of the tourist product, its inseparability from the formation source. If the goods in material form (car, clothes, food, etc.) exist irrespective of the manufacturer, the tourist service (i.e., the goods) is inseparable from its source of creation. Therefore, the immeasurably great attention should be given to the personnel and regulation of interpersonal relations in the tourism management.

Fifthly, it is possible to represent the outer effects of the tourist product also as the specificity of the tourist industry. Specificity of the tourist product is connected with the specificity of the tourist demand. Demand for the tourist product is not homogeneous for the following reasons:

- the tourist service is intangible, it cannot be seen at the contract conclusion;
- the variety of consumers of the tourist services, i.e., certain type of the tourist market corresponds to each type of tourists;
- the income the major factor, influencing the tourist demand. Only that person can travel, who has funds for this purpose.

Demand of the tourist product is influenced also by the family structure, age, education, trade, public factors (economic situation, ecology of the tourist region, life condition, etc.).

Sixthly, feature of tourism, as the object of management is completeness of the tourist services also. The tourist receives services in the complex during its holidays. The tourist offer of the place, region, country is considered as the "collective product".

Seventhly, it is necessary to allocate, as the feature of tourism, its seasonal prevalence, i.e., dependence of the volume of the tourist services on natural-climatic conditions.

Elements of management the production-serving process in the tourist firm are the employee, tools, subject of work and the technology used. All its elements should be co-ordinated for realisation of the production-serving process.

Thus, management of the tourist activity represents the system of the measures, directed on rational combination of work, facilities and technology in the single production-serving process of the tourist firm. The primary goal of management of the tourist activity is achievement of the purposes, which have been set to the travel company at the best (effective) use of available labour, material, monetary and information resources.

Managerial process assumes presence of the operated object and the subject (governing body). It means that any tourist organisation represents the unity of two subsystems of management: operated and governed. In both cases, relations between the operated and governed subsystems are mutual relations of people.

Thus, it is necessary to understand the separate structure of the tourist organisation or the organisation in whole as the object of management, on which the governing action is directed. The subject of management is the entity or the person, carrying out the governing action.

In this connection, the same structure of the tourist organisation can be both the object and the subject of management. For example, the governing subsystem in the hotel complex is the administrative personnel, led by the director, and the operated - departments. In turn, the administrative personnel in department, led by the head of department, will be the governing subsystem, and workers of the hotel complex - operated subsystem. At the same time, the administration (director) is transformed from the governing subsystem in the operated one, when it executes the orders (instructions, directions, decisions) of management, incoming from the higher administrative bodies (the "Uzbektourism" National Company or its regional branches).

The enterprise, firm, establishment, department and other business formations should be understood as the object of management - the tourist organisation. It is possible to allocate the following concepts from all variety of definitions of the organisation, including tourist:

- organisation as the process, by means of which the structure of the operated or governing system is created and preserved;
- organisation, as the set (system) of mutual relations, rights, duties, purposes, roles, kinds of activity, which take place in the course of joint work;
 - organisation, as the group of people with overall aims.

To be considered as the organisation, the business formation should meet following obligatory requirements:

- presence of, at least, two persons, who consider themselves as the part of this group;
- presence of, at least, one socially useful purpose (i.e., desirable final condition or result), which is accepted as the overall one by all the members of the given group;
- presence of members of group, which intentionally work together to achieve the purpose significant for all.

The tourist organisations could be qualified as (fig.2.2):

- various commercial and non-commercial establishments (firms, bureaus, agencies, etc.), providing preparation and carrying out of the tourist travel:
- associations, unions and other associations, promoting development of tourism at national and international levels:
- the government agencies, defining the state policy in the field of tourism.

Three basic groups of the tourist organisations, serving tourists, are recognized:

- having own or rented facilities for the tourist service (hotels, restaurants, transport and so forth), and offering the complex of services to consumers (so-called tour operators);
- intermediary offering services of other tourist and not tourist (for example, transport) organisations, that is completing separate services (so-called travel agents);
- clubs and other associations of the lovers of tourism, that is the association of consumers of the tourist services (as a rule, the public non-commercial organisations, existing on the member's contribution, assignments from the public funds, donations of private persons, sometimes on means from own commercial actions).

The tourist organisations could be recognized on the number of signs also.

Organisation are subdivided on the form of property to state, municipal, joint-stock, joint, private and others.

The state and municipal unitary enterprises are recognized depending on that fact, who is the proprietor. They operate on the basis of the charter, approved by the proprietor. He appoints the director of the enterprise. The words "state" or "municipal" to be included in the name of the unitary enterprise.

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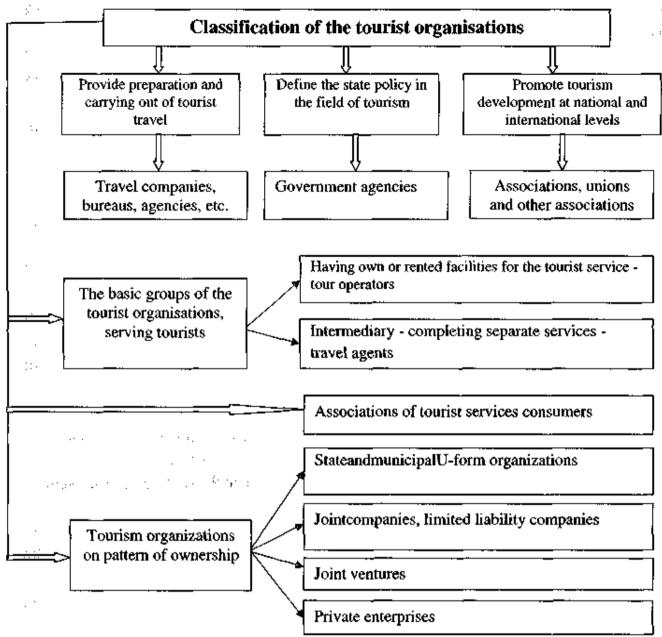


Fig. 2.2. Classification of the tourist organisations

The limited liability partnerships (LLP) function in the tourism sphere in the Uzbekistan. They are established on the basis of the foundation agreement and the charter. Founders (it can be even one person) contribute in the authorised capital of company and define the shares. As it follows from the name, liabilities of the members of the company are limited, its value - the share in the authorised capital. The management supreme body is general meeting of the members of company, however, the voting is carried out already by the principle "One share - one vote". The meeting is held at least once a year, it distributes the gained profit, creates the company management system, if necessary - makes changes to the charter. The sole (director, general director) or the collective managing body (directorate, board of directors).

The LLP version is the double liability partnership. Its difference is only that it undertakes additional obligations (as a rule, to bear responsibility in two-or triple size of the share of the participant, etc.).

The tourist organisations are established in the form of the joint-stock companies (JSC) also. They also operate according to the charter, and the authorised capital is created on the basis of distribution of the securities, called actions and granting the right to the part of the property of the organisation to their owner. Besides, the owner (shareholder) receives the part of the profit of company, so-called dividend. Shares have their initial cost (face value), and two kinds of shares are recognized: ordinary and privileged shares. The dividend on the privileged share is fixed, it is established in percentage to its initial cost and, naturally, it a little depends on success of activity of the company, as its owner receives the income in any case. The dividend of the ordinary action varies, depending on the profit of the organisation. Shareholders bear responsibility within the cost of the shares.

The supreme form of management of joint-stock company is the meeting of share holders, decisions are made by the principle "one share - one vote". As a rule, the meeting elects the collective management body - board of directors, and the director (general director) is engaged in daily management.

Joint ventures are established on the basis of capital investments of domestic and foreign partners, which carry out the economic activities, management of the organisation and profit distribution jointly. Foundation of joint ventures is directed on attraction of the investments, new technologies, and administrative experience to the sphere of tourism, decision of the problems of competitiveness in the market.

Organizational structure is one of the basic elements of management of the tourist organisation. It is characterised by distribution of the management purposes and goals between subdivisions and employees of the organisation. Actually, the management structure is the organizational form of division of labour on making and realisation of the administrative decisions.

The set of the administrative links, arranged in strict subordination and providing interrelation between the governing and operated systems should be understood as the organizational structure of management. Internal expression of the organizational structure of management is the structure, ratio, arrangement and interrelation of separate subsystems of the tourist organisation. It is directed on establishment of accurate interrelations between separate subdivisions of the organisation, distribution of the rights and responsibility between them first.

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Links (organisations), levels (stages) of management and communications - horizontal and vertical - are distinguished in the structure of tourism management.

Departments, organisations and enterprises, and their heads, carrying out corresponding functions of management or their part, concern the links of tourism management. Performance of management of certain functions by the organisation lays at the heart of the management link in tourist branch creation. Communications, established between these organisations, can have horizontal and vertical character.

The set of the management links, occupying certain stage in the management system of the tourist branch. Management degrees are in vertical subordination and subordinate each other on hierarchy: the decisions, made at the supreme level, are concretised and realised by the subordinated link.

Management of the tourist branch is realised within the frameworks of the organizational structure, which includes three levels:

- macroeconomic is the supreme level of the executive power, which is engaged in the industry of tourism in the Republic of Uzbekistan.
- microeconomic level is represented by regional branches of the "Uzbektourism" National company.
- microeconomic level is the organisations of the tourist complex: services providers, and the organisations intermediaries in services rendering and tourist branch supporting.

The hierarchy of management is a tool for realisation of the purposes of the tourist activity and the guarantee of preservation of the management system. The higher hierarchical level, the bigger the volume and complexity of carried out functions, responsibility, share of strategic decisions and access to the information. At the same time, both requirements to qualification and personal freedom in management grow. The more low the level - the more simplicity of decisions, share of operative kinds of activity.

From here, the pyramidal structure of management of the organisation has been originated (fig. 2.3).

Proprietors of the enterprises or shareholders (meeting of shareholders), boards of directors (supervisory boards from among the owners) in the person of its chairperson are the top level of management of the tourist organisation in the market economy environment. This level of management provides interests and needs of owners of the tourist enterprises, develops the policy of activity of the organisation and promotes its practical realisation. Flexibility, prediction, business, innovation, adaptation to changes are characteristic for the top management.

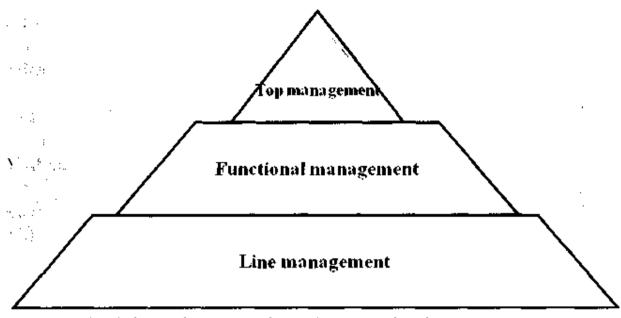


Fig. 2.3. Basic levels of tourist organization management

Managers of middle level of management (middle echelon management) provide realisation of the policy, developed by the top management, and they are responsible for its performance. The experts that are the part of this group have, as a rule, a wide range of duties and possess big freedom of decision-making. Managers of this level should know scientific methods of decision-making, social psychology, be able to use tools (methodology, information technologies, etc.), be able to motivate the personnel.

The lowest level of management in the tourist organisations is more often the junior managers, responsible for bringing the concrete tasks to the direct executors. They are usually the heads of small groups, or the managers of line management (supervisors).

To organise - it means to create the management structure of the tourist enterprise and to provide it with necessary resources for normal operation (funds, personnel, materials and so forth). There are a number of principles, by which it is necessary to be guided in the course of performance of the organizational function:

- definition and detailed elaboration of the objectives of the tourist firm, which have been revealed during planning;
- definition of kinds of activity, necessary for achievement of these purposes;
- giving of various tasks to the personnel (division and specialisation of work) and their association in manageable working groups or subdivisions;
- coordination of different kinds of activity, charged to each group, by means of establishment of working mutual relations, including accurate definition of that, who exercises the leadership;

- unity of the objective each member of the organisation works for the public good;
- control or management frameworks each manager is responsible for number of employees, managed by it.

Realisation of these principles is carried out through three basic organizational processes:

- departmentalization division of the organisations into subdivisions according to the purposes and strategy;
- delegation of powers that means transfer of tasks and powers to the person, who undertakes responsibility for their performance. Responsibility is the obligation to carry out existing tasks and to be responsible for their satisfactory resolution. Powers are the limited right to use the resources of the organisation and to direct efforts of some of its employees to performance of certain tasks;
- development of the concept of the culture of the organisation (corporate culture).

Formation of organizational (corporate) culture in the organisation is also important function of the organisation and it is characterised by creation of the uniform approach to the values and the objectives of the organisation, high sensitivity to changes of the market and requirements of consumers, introduction of achievements of scientific and technical progress.

The organizational culture is the set of intra-organizational principles and rules of mutual relations of workers, system of values and belief, accepted by all people voluntary or in the course of education of the personnel. The organizational culture sets the limits, in which confident decision-making on each of hierarchical levels is possible, the possibilities of use of resources of the organisation as a whole, responsibility, lays the development direction, regulates administrative activity, promotes identification of members with the organisation.

The line, functional, line-functional and matrix organizational structures are widespread in the administrative practice of the tourist branch.

Management organizational structures in many modern tourist companies have been constructed according to the principles of management, formulated in the beginning of the XX century. The fullest formulation of these principles has been made by German sociologist Max Weber (the concept of the hierarchical structure), which include:

- the principle of hierarchy of levels of management, at which each the subordinate level is supervised by the higher and is subordinated to it;
- the principle of conformity of powers and responsibility of managers to the place in the hierarchy;

- the principle of division of labour on separate functions and specialisations of employees on the functions carried out;
- the principle of formalisation and standardization of the activity, providing uniformity of performance of the duties by the employees and coordination of various tasks:
- the principle of impersonality of performance of the functions by the employees;
- the principle of qualifying selection, according to which hiring and dismissal is made in strict conformity with qualifying requirements.

The widespread type of such organisational structure is the line organizational structure.

The line organizational structure of management in the organisation reflects movement of the administrative decisions and the information, coming from the so-called line manager, i.e. the person, who is fully responsible for activity, as a rule, of the small-scale organisation or structural subdivisions of the tourist company. It is one of the elementary organizational structures of management. It is characterised by the presence of the manager at the head of each structural subdivision, who has been delegated the authority, carrying out sole management of the employees, subordinated to it, and concentrating with it all functions of management (fig. 2.4) "top-down", and the head of the lower management link is subordinated to the manager of higher level. It is formed some kind of hierarchy of heads of the given definite organisation. The essence of such management is that subordinates execute orders of only one manager. The superior administrative body has no right to order to any of executors over their supervisor head.

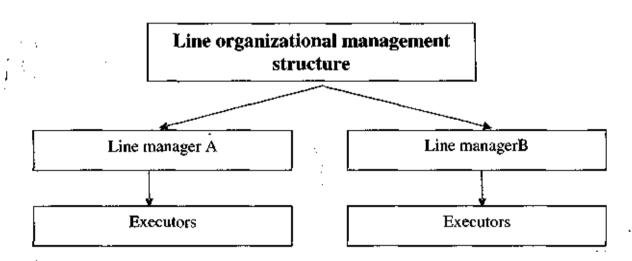


Fig. 2.4. Line organizational management structure.

Decisions in the management line structure are transferred by the chain "Management line structure is logically more orderly and formally determined, but at the same time less flexible (table 2.1).

Table 2.1.

Advantages and shortcomings of the management line structure

Advantages	Shortcomings	
 unity and clearness of management; coordination of actions of executors; simplicity of management accurately expressed responsibility; efficiency in decision-making; personal responsibility of the manager for the end results of activity of the subdivision; high requirements to the manager, who should be educated comprehensively to provide effective management on all functions 	 absence of links on planning and preparation of decisions; overload with the information, great number of contacts to the subordinated employees, higher and replaceable structures; inconvenient communications between instances; concentration of the power with the ruling top 	

Functional organizational structure of management is carried out in the area of movement of the information and administrative decisions strictly on the management functions. It means, that functional management is carried out by some set of subdivisions, specialised on performance of definite kinds of the works, necessary for decision-making in the line management system.

Thus, performance of separate functions on concrete questions is assigned to the specialists, i.e. each administration body (or the executor) specialises on performance of separate kinds of activity. Specialists of one profile unite in the organisation, as a rule, in specialised structural subdivisions (departments) - for example, marketing, planning, organisation, motivation, control, etc. department. Thus, the general objective of management of the organisation, beginning from the middle level, is shared by functional criterion. The name is followed from this - functional structure of management (fig. 2.5).

Functional management exists along with the line that creates the double subordination for the executors.

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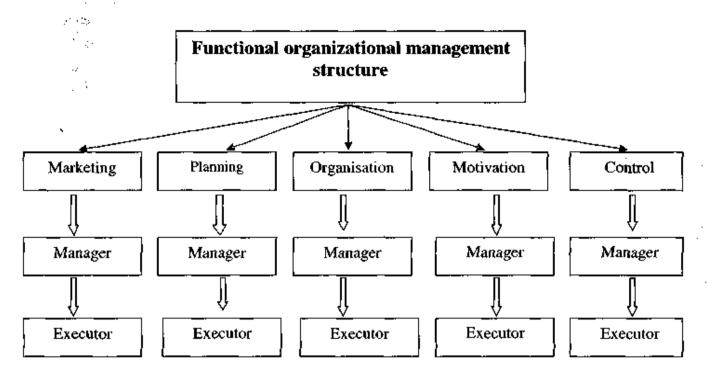


Fig. 2.5. Functional organizational structure of management

Apparently from the fig. 2.5, there is the staff of the specialists, who have the high competence in the field and are responsible for certain direction (for example, planning and prognostication, control, etc.), instead of universal managers, who should understand and carry out all functions of management. Such functional specialisation of management personnel considerably raises efficiency of activity of the organisation.

As well as the line, the functional structure has the advantages and the shortcomings (table 2.2).

Table 2.2. Advantages and shortcomings of the functional structure of management

Advantages	Shortcomings
 high competence of the specialists, responsible for realisation of concrete functions; acquittance of linear managers of the decision of some special questions; standardization, formalisation and programming of phenomena and processes; exception of duplication and parallelism in performance of administrative functions; reduction of demand for broad specialists 	 excessive interest in realisation of the goals and tasks of "their own" subdivisions; difficulties in maintenance of constant interrelations between different functional services; occurrence of tendencies of excessive centralisation; long procedure of decision-making; relatively frozen organizational form, hardly reacting to changes

Shortcomingsof both line and functional structures of management are eliminated to a considerable degree by the line-functional organizational structures (fig. 2.6).

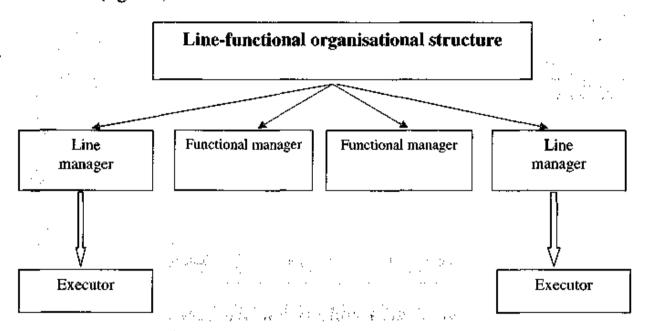


Fig. 2.6. Line-functional organisational structure

The essence of combinations of line and functional connections in the organisation of the given type is that each employee is subordinated only to one head in the area of the general management. The right of the direct decision of the questions, included to their competence exclusively, is given to the functional managers. In this connection, full authority is undertaken, at such structure of management, by the line manager, heading certain team. At the same time and at such organisational structure - there are some separate shortcomings also (table 2.3).

Table 2.3.
Advantages and short comings of the line-functional organisational management structure

Advantages	Short comings
 more thorough preparation of decisions and plans, connected with the specialisation of employees; acquittance of the chief line manager from the deep analysis of problems; possibility of engagement of advisers and experts 	 absence of close interrelations at the horizontal level between production branches; insufficiently accurate responsibility, as the person, who prepares the decision, as a rule, does not participate in its realisation; excessively developed system of interaction on vertical, namely subordination on the hierarchy of management, i.e. there is the tendency to undue centralisation

Matrix organisational management structure is applied in the field of tourism, which is created by combination of structures of two types: line and program-target. At the program-target structure functioning, the managing influence is directed on performance of definite target problem, in which decision all links of the organisation participate.

Whole set of works on realisation of the set ultimate goal is considered in the given structure not from positions of existing hierarchy of subordination, but from positions of achievement of the goal, provided by the program. Thus, the basic attention is focused not so much on perfection of separate subdivisions, but on integration of all kinds of activity, creation of the conditions that are favourable for effective performance of the target program. Thus, the program managers bear responsibility both for its realisation as a whole, and for coordination and quality performance of functions of management.

Management on separate fields of activity of the tourist organisation is built according to the line structure (on a vertical): marketing, planning, organisation, motivation, control (fig. 2.7).

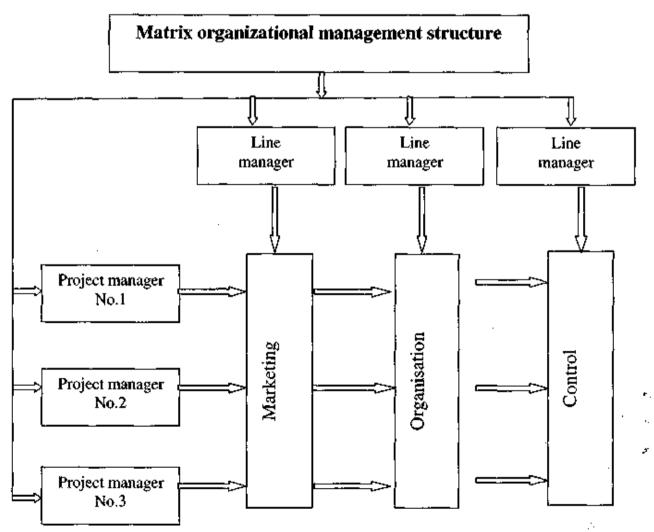


Fig. 2.7. Matrix organisational management structure 🐰 🐁

Management of programs (projects) is organised within the frameworks of the program-target structure (horizontal).

Thus, special bodies (persons or group of persons) are entered (temporarily or constantly) into the established line-functional structure, which co-ordinate existing horizontal connections on performance of the concrete program (project), thus, preserving the vertical relations, peculiar to given structure. It appears that the basic part of the employees, engaged in realisation of the program, is in subordination to at least two managers, but on different questions.

In case of the matrix organisational management structure, the manager of the program (project) works not with the specialists, who are subordinated not directly to it, but to line managers, and basically defines, what and when should be made under the concrete program. Line managers make decisions, who and how will perform this or that work.

In addition, matrix organisational management structure has both advantages, and shortcomings (table 2.4).

Table 2.4.
Advantages and shortcomings of matrix organisational management structure

Marie Berlin German

Advantages	Shortcomings	
• possibility of integration of various kinds of	<u> </u>	
activity of the company within the frameworks	training of employees is necessary for practical	
of the realised projects;	realisation of the matrix structure;	
• good interrelation between managers and	• structure is difficult for understanding, bulky,	
employees of the administrative staff	with the difficult form of organisation and	
machinery within the frameworks of the	expensive both in introduction, and in	
formed design teams, possibility of their active	operation;	
interaction with different functional	• system of not sole subordination, which is	
subdivisions;	provided by the matrix structure, undermines	
 accelerated perfection of the tourist product, 	principles of management, roles of executors	
technology of services;	and managers are not fixed properly that often	
• uniform loading on managers of all levels of	leads to conflicts;	
administration by delegation of powers from	upkeep of larger quantity of managers	
the higher echelon to middle, with preservation	requires extra expenditures of the fund of	
of unity of coordination and control of key	remuneration of labour;	
decisions at the top-level;	• partial duplication of functions is observed;	
• personal responsibility of each manager both	delays of the decisions occur because of	
for the project as a whole, and for its separate	group acceptance of administrative decisions	
elements;		
higher flexibility and faster reaction to		
environment changes		

Management of programs is carried out by specially appointed managers, who bear responsibility for coordination of all connections under the program and timely achievement of its goals. Thus, the supreme level managers are released from the necessity to make the decisions on current questions. Efficiency of management and responsibility for quality performance of concrete operations and procedures raises at middle and lower levels because of this, i.e. the role of managers of specialised subdivisions in the organisation of works under accurately determined program rises considerably.

Matrix organisational management structure, as a rule, is applied in the large tourist companies, hotel complexes, at the decision of difficult organizational problems.

Organizational models of management are the principles of formation of subdivisions in the sphere of tourism, delegation authority and vest responsibility. Actually, the organizational model of management shows the way to form the subdivision of the tourist firm. Creation of the matrix organisational management structure of the tourist firm is considered expedient in case there is the necessity of introduction of technological innovations on a tight timetable and fast reaction to changes in the tourist market.

Matrix management structure, added the line-functional organizational structure, have opened quality new direction in development of the most flexible and active program-target structures of management. They are aimed at intensification of the creative initiative of the managers and specialists and revealing of possibilities of substantial increase of efficiency of the tourist organisation.

Scale and importance of tourism testify to its belonging to strategic branches of economy that requires direct state regulation for the purpose of maintenance of proportionality of development of territorial and branch complexes, substantiation of the policy of employment, maintenance of growth of the budget receipts and management of the state of the balance of payments. The World tourist organisation notices in its recommendations that the state plays the role of paramount importance, if not a unique role, at the present stage of development of tourism.

Management of market model with the elements of state regulation of development of tourism at national and regional levels, in the conditions of the economy modernisation, is carried out through two basic mechanisms:

- firstly, through the market self-regulation by achievement of balance of supply and demand;
- secondly, through introduction of certain mechanisms of the state administration and coordination.

Moreover, in the second case, it is a question of both state regulation, and self-organising of the managing entities through establishment of tourist associations.

State regulation of development of tourism is the influence of the state on activity of the managing entities and market situation to provide normal conditions of functioning of the market mechanism, realisation of the state social and economic priorities and development of the uniform concept of development of the tourist sphere. It is the difficult process that includes procedure of development of the state policy of regulation of development of tourism, substantiation of its objective, tasks, basic directions, selection of tools and methods of its carrying out.

Based on the general analysis of the role of the state in development of the tourist industry in different countries, it is possible to allocate three models of the state regulation of tourist activity (table 2.5).

Table 2.5. The basic modern models of management of the tourism industry 24

First model	There is no central state tourist administration; all questions are resolved on sites based on the principles of market "self-organising".
Second model	Strong and authorised central body - the ministry, supervising activity of all enterprises of the branch in the country, - is provided.
Third model	Questions of development of tourist activity are resolved in any diversified ministry at the level of corresponding branch subdivision.

The first model of management of the tourism industry is accepted in the USA after the state structure, managing tourism, has been liquidated in 1997. The country leaders have decided to do this for some reasons:

- necessity of reduction cost-based items of the federal budget;
- presence of strong positions of the USA in the international market of tourism:
- attractiveness of the country to the foreign tourists, not demanding additional advertising;
 - presence of the strong private companies in the industry of tourism.

The second model of the organisation of management of the tourist industry is accepted in the countries, for which tourism is one of the basic sources of currency receipts in the budget. The number of the states of the Middle East and the Mediterranean Sea region can serve as an example of

²⁴Management of the tourism industry: tutorial. – M.: KNORUS, 2005. – P. 89.

such countries. Considerable investments into the tourist infrastructure, into advertising and marketing activity are required for practical realisation of this model.

The third model of the organisation of management of the tourist industry is characteristic for the developed European countries. Here, all issues of development of the tourist activity are resolved in any diversified economic ministry at the level of corresponding branch subdivision. It is called often as the model of selective participation of the state in development of the industry of tourism or as the European model.

There are the organisations in these states, subordinated, as a rule, to the ministries, which are engaged in development of national programs of tourism development. They include representative offices on tourism in other countries, they develop the programs, attracting tourists, and provide the tourist information flow. The government programs of stimulation of exit tourism, which provide privileges in taxation, simplification of boundary-custom regime, creation of favourable conditions for investments, increase in budgetary appropriations for the infrastructure development, advertising in the foreign markets, professional training are developed with their assistance in some countries. The model of selective participation of the state in development of the industry of tourism is the most reasonable for the Uzbekistan; therefore, the degree of participation of some state bodies of the European countries in management of tourist activity is stated in the table 2.6.

The central state tourist administration actively cooperates with the local authorities and the private business within the limits of this model. It yields the positive results from the point of view of finding of forms of constructive cooperation and interaction of administrative bodies of various levels of state and regional government, and in the decision of the problem of attraction of financial funds of the private sector. The mixed state-private enterprises and companies are organised as a result.

Support and development of domestic and entrance tourism, and social and amateur tourism are recognized as the priority directions of the state regulation.

State regulation of tourist activity is carried out by:

- creation of the standard and legal acts, directed on ordering and perfection of relations in the sphere of the tourist industry;
- assistance in promotion of the tourist product in the domestic and world tourist markets;
- licensing, standardization in the tourist industry, certification of the tourist product;
 - establishment of rules of entrance, departure and stay in the territory;

· direct budgetary appropriations on development and realisation of national programs of development of tourism;

Table 2.6. Participation of the state bodies of some European countries in management of the tourist activity²⁵

Countries	State bodies	
France	Questions of regulation of tourism are within the competence of the Ministry of transport and public works, in which structure the State	
	secretary on tourism and Administration of tourism are provided.	
$\frac{1}{t_{1,N}} = \frac{1}{t_{2,N}} = \frac{1}{t_{2,N}}$	The state bodies, participating in management of tourism "with the	
1. Va	deliberative vote right": the Council on tourism under the Ministry of	
	transport and public works, the French agency of tourist engineering	
	and the National supervisory board on tourism, National agency on	
	holiday trips, etc.	
Great Britain	The Ministry of culture, entertainment and sports, to which the body,	
	directly supervising tourism, the "British Tourist Authority" (BTA) is	
	subordinated, heads the tourism sphere.	
Spain .	Tourism questions are in the competence of the State secretary on	
	trade, tourism and small-scale business, subordinated to the Ministry	
	of Economics. Besides the State secretary: the Central directorate on	
Carlo Alaka Taran	tourism (administrative questions and development of the general	
1 to 10 to 1	directions of the state policy in tourism spheres); the hotel network	
1.00	"Paradores"; two exhibition-congress centres (in Madrid and Malaga)	
$\cdots \dot{\phi}^n$	and the Spanish institute of tourism "Turespaca" are subordinated to	
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	the Ministry.	
Italy	The Department on tourism is a part of the Ministry of industrial	
906	activity. The basic functions of the Department are coordination of	
	activity of regional tourist administrations, development of standard-	
F (legal branch documents of national character, researches and	
	processing of statistical data, and international activity.	

- protection of the rights and the interests of tourists, ensuring of their safety;
- creation of favourable conditions for investments, tax and customs regulation;
- assistance in peopleware for the tourist activity and development of scientific researches in the sphere of the tourist industry.

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²⁵ Management of the tourism industry: tutorial — M.: KNORUS, 2005. – p. 90-92.

2.2. Management system and organization structure

Tourism is not only the important branch of economy, but also the complex organizational system. Two subsystems lay at the heart of the tourism system:

- the subject of tourism it is the participant of the tourist action, the tourist, who looks for opportunity of satisfaction of the needs by reception of specific tourist services;
- the object of tourism these are those bodies, which render these services. As a whole, all that can become the travel purpose for the subject of tourism (tourist) is understood as the object of tourism. It is the tourist region with all its tourist structures (fig. 2.8).

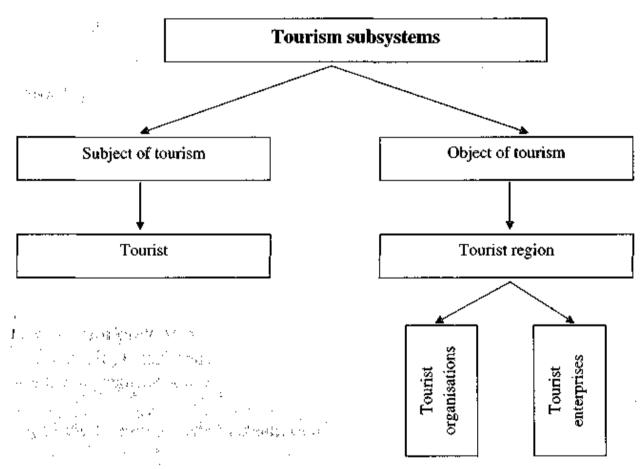


Fig. 2.8. Tourism subsystems

The tourism system exists in the social environment. The world, surrounding the system of tourism, is represented by policy, economy, technologies, ecology, social environment and others. They strongly influence the tourism (fig. 2.9).

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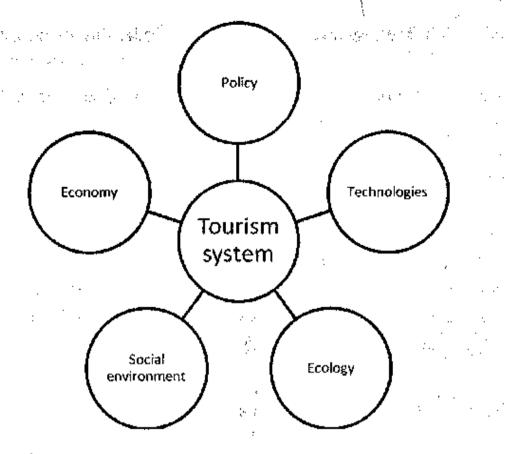


Fig. 2.9. Interrelation of the system of tourism with external world

Connection between policy and tourism is that the state regulates the tourism sphere, and the organisation of the tourist activity requires the standard-legal support of the state.

There are a number of the components of the state policy, influencing tourism. The basic directions of this state policy are given in the fig. 2.10, they are:

- the economic policy it is development of the transport infrastructure, service infrastructure, tax, customs privileges to the tourism, etc.;
- the social policy it is the legislative regulation of working hours and holidays, stimulation of development of social tourism (subsidising of recreation organisation for certain social groups youth, women, middle age people, disabled people and others);
- the regional policy it is the development of the regions, including the tourism infrastructures;
- the policy in the culture sphere it is strengthening of material and technical base of the sphere of culture (theatres, museums, galleries, libraries, parks, etc.), restoration of historical and architectural monuments, etc.
- the policy of leisure it is the organisation of free time of the population.

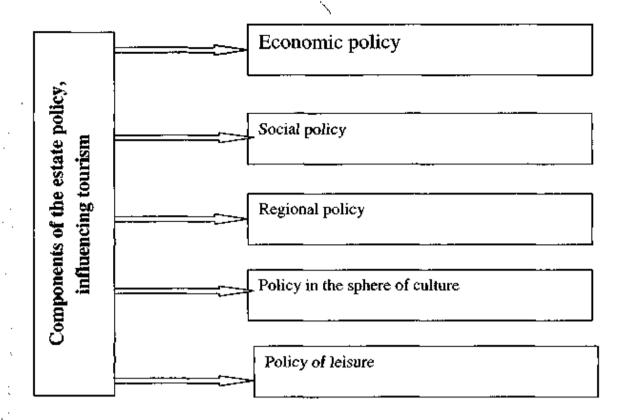


Fig. 2.10. Components of the state policy, influencing tourism

The economy and tourism closely co-operate with each other. Economy influence on tourism and tourism influence on economy, on the contrary, is recognised.

Business factors could influence tourism both positively, and negatively (table 2.7).

Table 2.7. Economy influence on tourism

Factors of positive influence:	Factors of negative influence:
• growth of the real income;	economic crisis phenomena;
 more uniform distribution of the income; 	 economy recession (unemployment growth,
stable situation with currency	salary reduction, temporary job);
,	astable situation with currency

The value of the real income influences demand of the tourist services. Thus, uniform distribution of incomes will make possible travels of the greater number of members of society. In addition, stability of currency will promote the predictability of the tourist market. Because the currency

exchange fluctuations lead to that, the difference in price on the same tourist services becomes rather considerable.

Tourism influence on economy finds the reflexion in the economic functions of tourism (fig. 2.11).

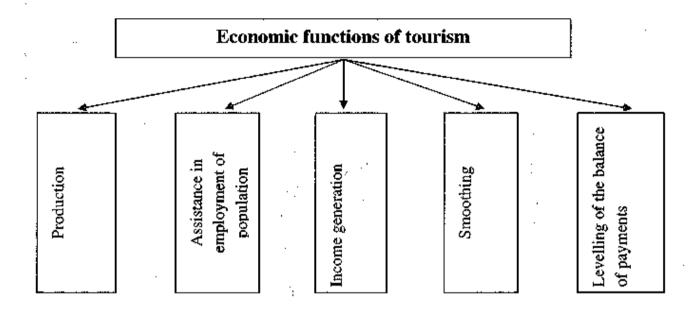


Fig. 2.11. Economic functions of tourism

Tourism production function is that the surplus value is generated at production of the tourist product. Such process is called as accumulation of values. Accumulation of values is the tourism production function also.

The personnel is necessary for production of the tourist product. Thus, tourism promotes creation of new workplaces and carries out the function of maintenance of employment.

The function of creation of the income is connected with the given function in the sphere of tourism. The economic activities in this sphere make the notable contribution to creation of the national income.

Tourism promotes also to economic development of the regions. This branch, first of all, is interested for the structurally insufficiently developed, but having primeval landscape and environment regions. Tourism development brings the additional income for local residents of such regions, that this sphere carries out the smoothing function.

One more economic function of tourism - the function of levelling of the balance of payments. The components of the balance of services are the travels in the country and the trip abroad. Expenses of local tourists in this balance correlate with the income, received as a result of consumption of the tourist product by foreign tourists.

There is close connection between the social sphere of the hosting country and the tourism system. The great value for tourism development in this or that country has public and economic order in it, on the one hand, and this phenomenon - tourism causes transformations in the public relations of the countries, opened up by tourists, on the other hand.

The ecology condition has the great influence on the tourism system, as the given sphere is depended on integrity of environment more than other economy branches. Modern tourism harms ecology to a certain extent.

So-called "visiting management" is applied for management of tourist streams for the purpose of ecological balance preservation. Visiting management supervises the duration of trips, kinds of visits, intensity of use of the tourist region.

The technologies, serving the tourist branch, are subdivided into three spheres: the transport vehicles, hotels and restaurants facilities, and the communications equipment.

It is impossible to imagine tourism development without perfection of the transport vehicles. The major criterion of efficiency of the technology in this branch is the indicator of increase of mobility.

The second constituent part of the technologies, affecting tourism, is thehotel and restaurant facilities. At present, they have been improved and simplified considerably.

The communication equipment, at the present stage, is conditional on development of the computer technologies. Information systems have improved functioning of the tourist market essentially and have facilitated making of the decisions, concerning the travel choice and organisation.

The ordered set of the interconnected elements, which are in steady relations between themselves, providing their functioning as single unit, is understood as the tourism management structure. In essence, it is a question of logic mutual relations of levels of management and functional services, which are built by means of management so that to reach strategic targets of the tourist branch (fig. 2.12).

To manage the tourist structure - it means to distribute the objectives, tasks and resources between structural subdivisions and employees of the organisation in the optimum way. Components of the organisational management structure are the structure, correlation, arrangement and interrelation of separate subsystems of the tourist organisation. Creation of such structure is directed, first of all, on distribution of the rights, responsibility and resources between separate subdivisions of the tourist organisation.

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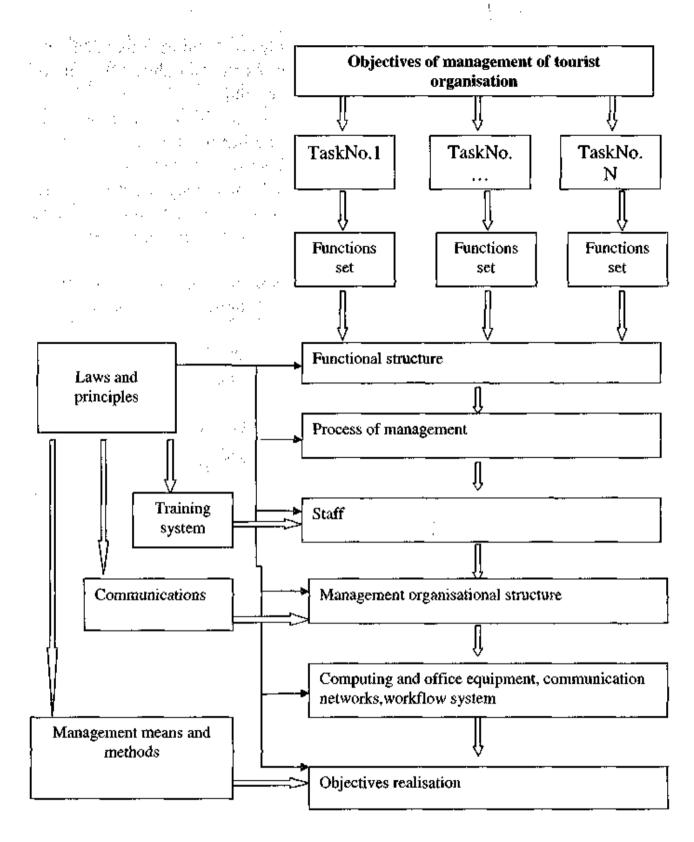


Fig. 2.12. Interrelation of structures of management of the tourist organisation

Horizontal and vertical connections are allocated in the structure of tourism management.

There is a partition of all administrative work to functional, branch and qualifying signs at horizontal division of labour.

Vertical connections are the subordination connections. Necessity for them arises at hierarchical management, i.e. if there are several levels of it. Vertical management, in the strengthened kind, is carried out in following directions (fig. 2.13):

- general management development and implementation of the main, perspective directions of activity of the tourist organisation;
- technological management development and introduction of progressive technologies;
- economic management strategic and tactical planning, economic activities analysis, provision of profitable operation of the tourist organisation;
- operational management personnel arrangement on workplaces, bringing the operative tasks to the executors' notice, organisation of the control of execution;
- management of the personnel selection, arrangement, motivation and development of employees of the tourist organisation.

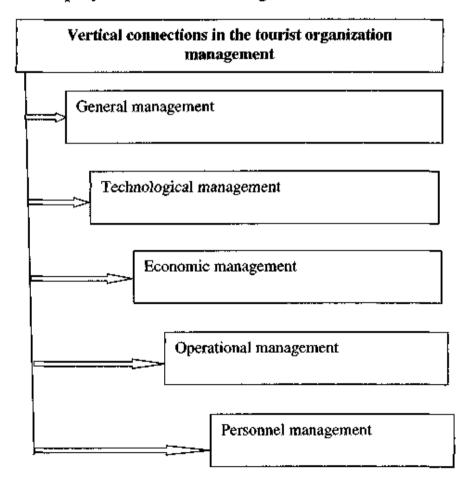


Fig. 2.13. Vertical connections in the tourist organization management.

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The tourist uses the complex of services, which are rendered in a certain place - tourist region. The World tourist organisation defines the tourist region, as the territory, which has the big network of special facilities and services, necessary for the organisation of recreation, educational process or health improvement (fig. 2.14).

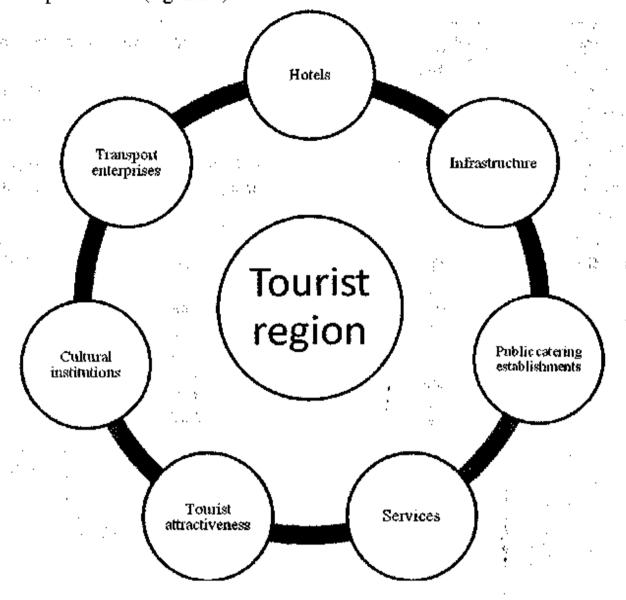


Fig. 2.14. Tourist region system

Attractiveness of the tourist region, as the manufacturer of the tourist services, is estimated how much this administrative unit is competitive in the tourist market. Competitiveness of the tourist region is the competitiveness of manufacturers of the tourist services: hotels, transport enterprises, public catering establishments, service, and cultural institutions.

The management system of the tourist region, as well as the tourism sphere as a whole, should be the set of the interconnected methods and means, regulated by the standard-legal and methodical documents, directed on maintenance of high level and quality of the tourist services rendered. Efficiency of the management of the tourist region depends on main principles of construction and functioning of the structure of management. Thus, the objects of management are the regional tourist enterprises and organisations. Existing organisational structure of regional branches of the "Uzbektourism" National Company is shown in the fig. 2.15.

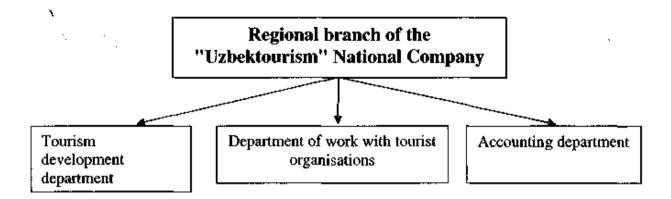


Fig. 2.15. Organisational structure of the regional branch of the "Uzbektourism" National Company

The analysis of the organisational structure of the regional branch of the "Uzbektourism" National Company shows that this organizational structure solves the following tasks in the tourist regions of the Uzbekistan:

- making of the forecast of development of tourist establishments that are under the authority of the regional body;
 - work with the tourist enterprises.

To manage - it means to forecast and plan, organise, lead the team, coordinate and supervise.

The general functions of management of the tourist organisation are allocated on the management stages. These functions of management of the tourist organisation are interconnected (fig.2.16).

Movement from the stage of planning of tourist activity to the execution control at this scheme is possible only by execution of the works, connected with the organisation of this process and motivation of the personnel. The function of coordination, providing the coordination and interaction of all other functions, is in the centre of this process.

Definite functions of management of the tourist organisation are allocated on the fields of activity and they include:

- · the perspective and routine planning;
- the organisation of services production and rendering;
- the accounting and the reporting;
- the economic analysis;
- the management of technology of works;

- the operational management;
- the methodological support; [air] [air]
- the technological control;
- the realisation of the tourist product;
- the organisation of work with the personnel;
- the work and wages organisation;
- the logistics;
- the capital construction;
- the financial activity.

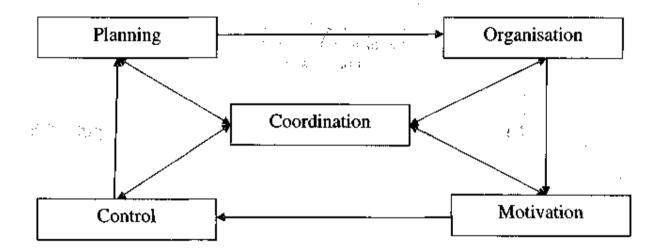


Fig. 2.16. Interconnection of general functions of tourist enterprise management

The general and concrete functions of management of the tourist organisation are interconnected also (fig. 2.17).

Management of the personnel of the tourist organisation is the mechanism of interaction in the course of realisation of joint activity of managers of various subdivisions with employees of all categories. In the conditions of market relations, management of the personnel in the tourist organisations became an independent field of activity of professional managers.

The new labour relations, arising in the course of rendering of tourist services, management of the personnel, became the social and economic system, characterised by the set of interacting elements and subsystems. Formation of system of management of the personnel of the tourist organisation consists of the following stages:

• definition of functions of management of the personnel for achievement of the goals of the tourist organisation;

- formation of the structure of subsystems (subdivisions of the organisation, officials, realising definite goal at performance of the functions of management);
 - establishment of communication between subsystems;
- definition of rights and responsibility of each subdivision, manager for realisation of goals;
- building of configuration of organisational personnel management structure of the tourist organisation.

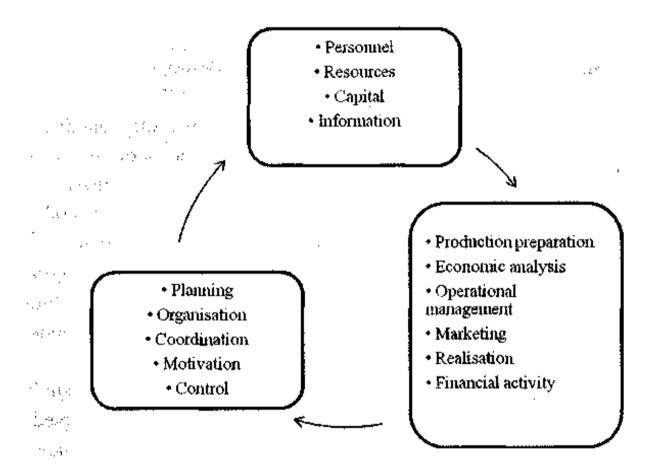


Fig. 2.17. The general and concrete functions of management of the tourist organisation

The following are the main objectives of management of the personnel in the tourist organisation:

- economic efficiency of the organisation;
- full employment, assuming provision with workplaces of all personnel according to qualification, vocational training and personal qualities of employees;
- optimum social climate in the collective, allowing employees to have high degree of independence and creativity for achievement of the objective on the workplace;

• fair distribution of incomes, providing worthy remuneration of all categories of the personnel, depending on the personal contribution to the cause²⁶.

New approaches to management of the personnel of the tourist organisation are directed not only on the successful decision of the current objectives of the tourist organisation, but also on effective formation of motivation of the personnel, directed on competitiveness increase in the tourist market, further increase of labour productivity.

2.3. Tourism planning

Planning of tourist activities is the most important function of management of this sphere. Planning, according to the concept of the German professor D. Khan, is the regular process of decision-making focused in the future. D. Khan considers in the book "Planning and control: the concept" the decisions in the field of planning as a kind of administrative decisions.

Activities planning in tourism means regular, information processed process of qualitative, quantitative and time definition of the future objectives, means and methods of formation, management and development of tourist branch as a whole, and the tourist organisation in particular.

For the first time, necessity and importance of planning of tourism has been declared in the well-known Hague Declaration on tourism, adopted in 1989. The necessity of taking of effective measures for "assistance to complex planning of tourist development on the basis of the sustainable development concept" has been noted in this declaration. Tourism should be planned by the governments with the assistance of the tourist industry on the complex and consecutive basis, taking into account all aspects of this phenomenon.

The Hague Declaration has defined the necessity of taking of the measures, directed on that the tourism will be the part of complex plan of development of each country along with other priority sectors: industry, agriculture, public health services, social security, education, etc. Thus, tourism has been officially named as the branch, to which the states should pay the same attention, as to other kinds of social and economic activity.

²⁶Bukhalkov M. I., Personnel management: tutorial. – M.: INFRA – M, 2005. – P.47.

Importance of planning of tourism is confirmed by that fact that official basic priority of activity of the World tourist organisation is rendering of the practical assistance to the countries in the field of strategy of planning of tourism, tourist policy, development of tourism, taking into account specificity of the region, relations of the tourist branch with the national economy, estimation of prospects of tourism development.

Stages of the process of planning are universal. Usually, eight stages in planning are allocated (fig. 2.18)

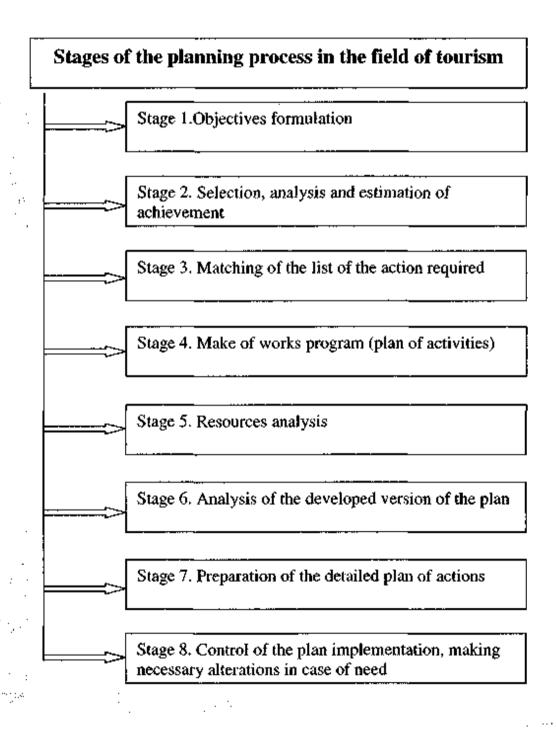


Fig. 2.18. Stages of the process of planning in the field of tourism

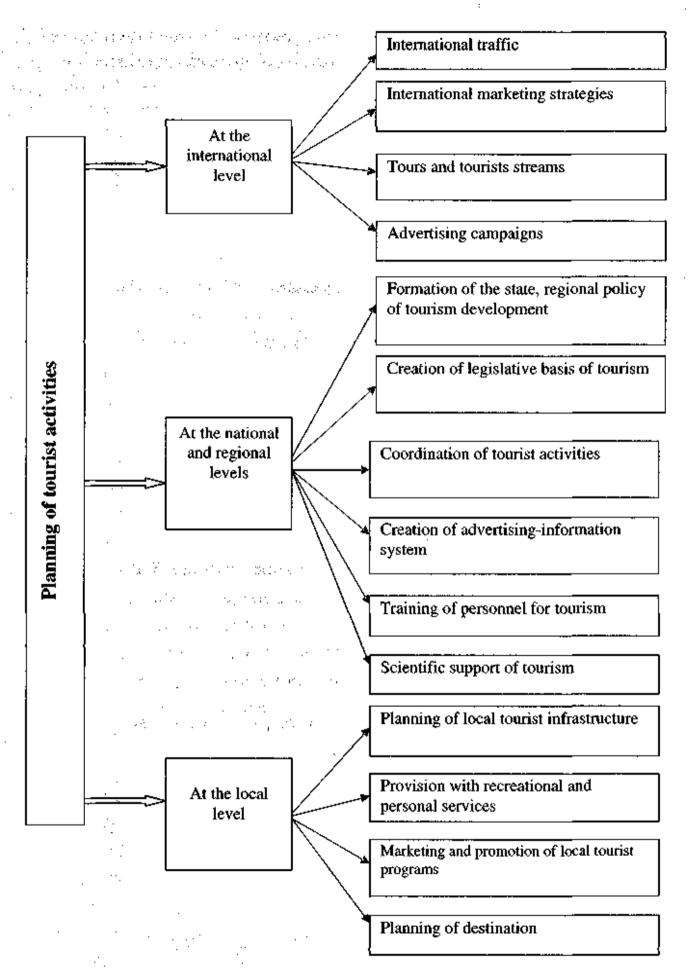


Fig. 2.19. Planning of tourist activities

Tourism is planned at the international, national, regional, local levels, and at "destinations" planning level, or "territories of tourist development" (fig. 2.19).

The services on international transportations, tours and streams of tourists to the different countries, the international marketing strategy and advertising campaigns are planned at the international level.

The national and regional levels (long-term and strategic levels of planning of tourism) assume formation of the state, regional policy of development of tourism, legislative basis of its development, coordination of tourist activity both at the domestic and the international level, and also consideration of other elements necessary for development and management of tourism at the strategic level. For example, creation of the advertising-information system, providing propagation of the image of the country or the region as favourable for tourism, creation of uniform bases of systems of education, vocational training and retraining of personnel for the tourism sphere, scientific support of tourist activity, etc.

Features of the strategic approach to planning of development of tourism allow to allocate the following components:

· aiming at the long-term perspective;

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- development of the integral and integrated planning, supervising process of changes through formation of long-term objectives of tourist development;
- orientation of the decision-making process to expansion of available tourist resources, which defines the course of the future development of tourism in many respects.

Paramount function of the strategic tourist planning is formation of the national tourist policy. It is caused by that this policy plays a key role in definition of direction of tourist development and adjust it in accordance with the requirements and interests of the population of the country. Creation of the system of management of the tourist policy is the major aspect of planning of tourism at the national level also.

Strategic planning of development of tourism is considered as the system of preparation, development and organisation of implementation of the complex of the strategic decisions, directed on maintenance of the balance of interests in the decision of problems of development of tourism, and increment and development of tourist potential and competitive advantages of the country, tourist region also (fig. 2.20).

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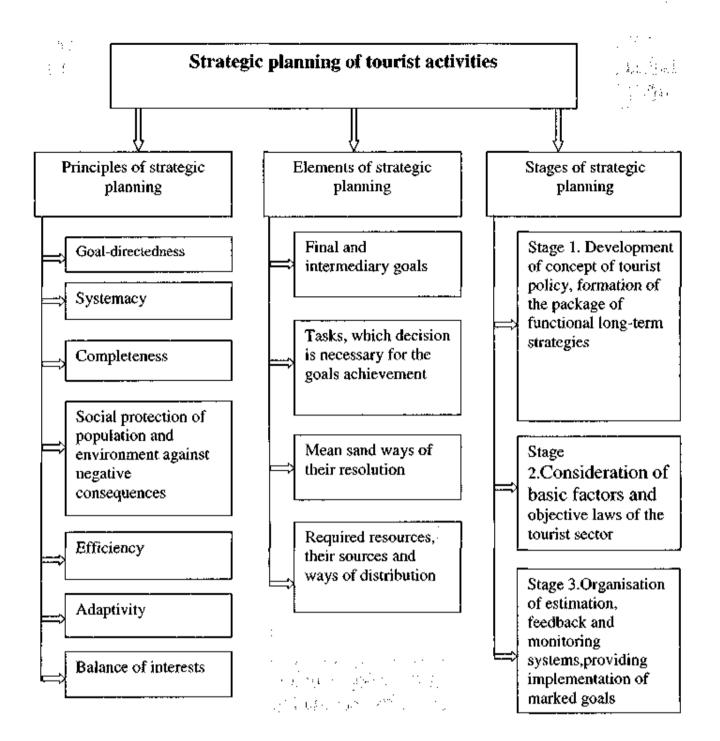


Fig. 2.20. Strategic planning of tourist activities

Advantages of the strategic approach to planning are shown in the following:

- the country, the tourist region are interested in economically effective utilisation of the potential, accumulated in the tourist enterprises, for the decision of problems of the complex development;
- joint work of the state, regional structures and business entities on development of joint initiatives in the field of the tourist development will allow to establish and assign accurately the part and responsibilities of each interested party;

• the strategic approach to planning assumes estimation of character of influence of the sphere of tourism on surrounding, economic and social environment.

Formation of the integral strategic plan of development of the sphere of tourism in the region is difficult enough process, in which basis observance of following basic principles should be put:

- goal-directedness;
- systemacy;
- · complexity;
- social protection of population and environment against negative consequences;
 - efficiency;
 - · adaptivity;
 - balance of interests.

It is recommended to carry out statement and decision of strategic problems stage by stage. Each stage can be characterised by certain order of tourist activity.

At the initial stage, strategic planning assumes development of the concept of the tourist policy, formation of the package of functional strategies for the long period. Thus, the situation analysis receives especial value, which includes collection and estimation of extensive information base, characterising the developed situation. The strategic analysis is the starting point of prognostic-analytical works on definition of perspectives of social and economic development of tourism.

The second stage is based on programming of influences. The target problem programs, focused on achievement of tasks in view, can have crucial importance at development of the actions, uniting economic, social, economic-organizational and other fields of activity. Consideration of major factors and laws, arising in the tourist sector and out of it, providing the steady tendency of its changes is necessary at this stage.

However, the knowledge of internal and external factors and tendencies is not a sufficient condition for strategy formation. It is recommended to combine this knowledge with the results of the analysis of existing condition of tourist potential, prognostic-analytical materials of the tourist enterprises. The information, received as a result of the analysis, defines the objectives, tasks and direction of process of planning. There is an association of the objectives and tasks with marketing activity, and with internal processes of functioning and development of tourism. Process of formation and realisation of strategy assumes development of definite actions and the mechanism of their realisation, division of roles and responsibility, and monitoring system development.

The third stage provides the organisation of estimation, feedback and monitoring systems, providing execution of the planned objectives. Major factor of success in strategy realisation are organizational procedures of the decision of strategic problems. There can be a necessity for change of the structure of local managing and personnel training bodies.

Strategic planning covers the period of 10-15 years, has the remote consequences, influences functioning of whole management system, and it is based on considerable resources.

Each strategic plan is necessarily supported with a complex of programs and plans-projects. Programs are in turn supported with concrete projects. Each project is unique in the sense that it has certain cost, the schedule of realisation and technical and economic parameters.

The important methodological feature of formation of the system of planning documents in the strategic planning - necessity of the mechanism of adaptation of plans of organisation to changing environment of development. Adaptive character of plans assumes that they should be flexible enough, easily adapted for unexpected changes of external factors. Hence, all kinds of plans, especially tactical, should provide actions in case of unforeseen circumstances to provide adaptive character of the strategic planning. These actions should be realised through known methodical procedure - situational planning.

Situational plans allow to answer the matter that has been put and to define, to what degree of the organisation it is necessary to change the objectives and the strategy of the behaviour in the future. The organisations, in which situational plans became a part of the general system of plans, gain the ability to react to the changes of environment quickly and effectively. This reaction is reflected in the whole system of plans and, first of all, in the plans of current activity. Thus, the adaptive strategic plan should represent the set of situational plans, each of which comes into effect at the certain situations, developing in the organisation environment.

Planning at national level includes such tasks, as strengthening of material and technical basis of tourism, definition of the main objects of tourist demonstration, regions of tourist development, professional training. Thus, it is necessary to note close interrelation between the different levels of the executive authorities, which are carrying out the planning of tourism. The more successfully national and regional programs of the tourist planning are realised, the more local municipal administrations are involved in them.

Local operative level of planning of tourism covers more detailed local programs of formation and development of the objects of tourist demonstration, resorts, and recreational territories. Unlike the long-term and strategic, the local level of planning is focused on revealing and resolution of

the urgent matters, connected with concrete territories, objects, services or institutional elements. Thus, it is necessary to remember that tourism development at the local level should be carried out taking into account regional and national development, and should not contradict it on contents.

The local level of planning differs by its detailed elaboration and uses the plans of land tenure with assignment of separate territories for hotels and other accommodation facilities, tourist places of interest, recreation areas, parks, transport systems and other elements of the tourism infrastructure.

Activity examples, usually associated with the tourism planning at the local level, are:

- the planning decision, landscape design, arrangement and principles of the architectural-planning organisations of separate objects;
- formation and observance of local normative-legal acts, assistance to participation of all interested in development of tourism people and organisations in the process of realisation;
- planning of the local tourist infrastructure, including definition of requirements in heat, electric power, and water supply;
 - · provision of availability of all tourist objects;
- provision of recreational and personal services both for tourists, and for local population;
- assistance in rendering of the services, connected with professional education, training and retraining of personnel for the local industry of tourism and other services;
 - financing of tourist development;
- marketing and promotion of local places of interest and tourist programs;
 - taxation questions.

Tactical plans, which also are named - the "plans of current activity", are developed in full conformity with the strategic plans, in their development. The principle is realised at their development: "that person should develop the plans, which should carry them out". In other words, if the strategic plans and decisions on them are made by the top management of the tourist organisation, the tactical plans are developed at the level of middle managers.

Tactical plans, as a rule, are designed for the shorter period, than the strategic plans; therefore, results of their realisation are shown rather quickly and operative measures on the revealed deviations can be undertaken.

The widespread term in modern tourist practice - "planning of destination" ("destination planning") - is used for planning definition in the limits of the geographical region, which possesses necessary services, places of interest, infrastructure and potential for attraction of tourists. Destination, entirely depending on the nature and the character of tourist development and

territorial aspects, can be regional on scale, covering number of recreational territories, or it can be local. The term - "territory of tourist development" - is used more often for designation of destination. For example, destination or territory of tourist development in the Uzbekistan is Samarkand, Bukhara, and Khiva.

Irrespective of the territorial area of destination, its key characteristic is that it represents the complex area, including enough of accommodation facilities and tourist places of interest, tourist infrastructure, and tourist public, capable to provide necessary employment of the population in the sphere of tourism and necessary transport communications in the destination.

Planning process for concrete tourist firm is the attempt to imagine the picture of future. This process, which assumes knowledge of the present state of affairs, and tendencies of development, which help to foresee the future, and mastering of the technique, allowing to simulate transition of the present position in the future predicted condition (fig. 2.21).

Planning includes definition of:

- the final and intermediate objectives;
- the tasks, which decision is necessary for achievement of the objectives;
 - the means and ways of their decision;
 - the demanded resources, their sources and way of distribution.

Three kinds of planning are recognized, depending on orientation and character of the solved problems: strategic or perspective, medium-term, tactical or current.

The plan basis, at its development, is:

- the analysis of the perspectives of development of firm, finding-out of the factors, influencing development of corresponding tendencies;
- the analysis of positions in the competitive struggle, which task consists in definition of competitiveness of firm in the tourist market and opportunities for increase of results of work in competitive directions at observance of optimum strategies in all kinds of activity;
- selection of strategy on the basis of the analysis of perspectives of the firm, definition of priorities on concrete kinds of activity from the point of view of its efficiency and procurement of resources;
- analysis of directions of diversification of the kinds of activity, search for new more effective kinds of activity and definition of the expected results.

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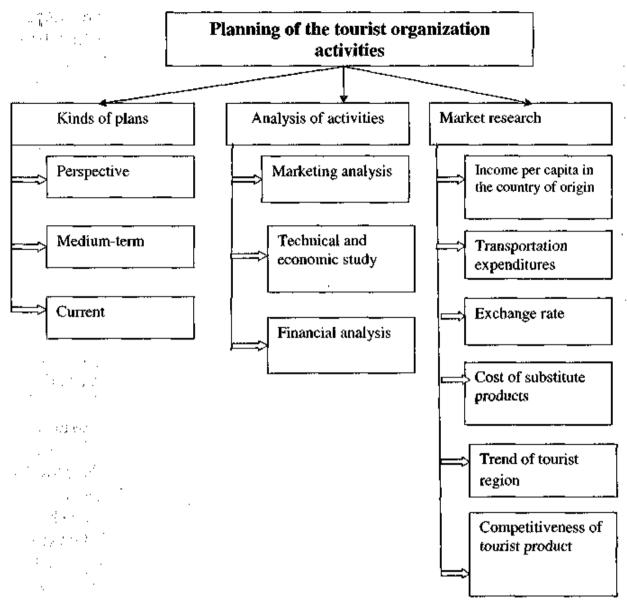


Fig. 2.21. Planning of the tourist organization activities

- ⁴ The planning degree of quality is defined by following major conditions:
 - competence of the firm management at all levels of management;
 - qualification of the specialists, working in functional subdivisions;
 - presence of information base.

Planning assumes:

- reasonable selection of the objectives;
- definition of the policy;
- development of measures and actions;
- methods of achievement of the objectives;
- ensuring of the basis for the subsequent long-term decisions making."

The system approach is the most preferable in the field of tourist planning. This approach is based on the concept of the tourist product (full complex of tourist service, which includes: accommodation, service, entertainment, transport, etc.). In respect of tourist planning, the concept of the tourist product is very convenient, as the process of its creation is the positive moment for two reasons:

- firstly, the tourist product should provide optimum use of existing resources to be attractive and competitive;
- secondly, cooperation of all interested in development of tourism parties (administration bodies, managers of hotels, tourist agencies and tour operators, transport companies, banks etc.) is the condition of generation of the tourist product.

Manager should provide, in the course of planning, creation of attractive and competitive tourist product for mass sale in the market.

Planning of activity of the tourist organisations is a definition and ordering of large tasks, which include:

- marketing analysis (the analysis of conformity of new kinds of activity to the market and competition requirements);
- technical and economic analysis (the analysis of conformity of new kinds of activity, specialisation of the enterprise, its organisation and technology);
- financial analysis (the analysis of economic efficiency of new kinds of activity).

Marketing planning is of especial value for the tourist firms. That is - the marketing planning is one of the major tools of management on development of new, more effective kinds of tourist-excursion services, their production and sale for the purpose of reception of profit based on improvement of quality of the tourist product and account of the processes, which proceed in the world tourist market.

Marketing planning in tourism assists in coordination of the trade policy, tactics of sales correct carry out and profit earning. The basic function of marketing is purposeful influence on formation of recreational requirements, demand, exclusive and free market prices, market segmentation, and on development of the assortment of the tourist-excursion services also.

Many tourist companies, using the marketing planning, avoid mistakes and unforeseen circumstances at enter the new tourist market. Due to planning, the companies manage to open the new markets for themselves, and, hence, to increase the stream of tourists. Therefore, it is quite clear, why many tourist companies have resort to marketing planning, which includes following stages:

- studying of demand for the tourist product, requirements of consumers to the quality of services, price level;
- drawing up of programs of the product marketing, taking into account production costs, publicity expenses;

- establishment of the top limit of the prices for products, services and profitability of their manufacture;
 - development of the assortment and the investment policy of the firm;
 - definition of the end result of activity of the firm incomes and profit.

It is well-known, that many tourist companies face periodically uncertainty of the future. Necessity of forecasting of demand for the tourist product increases in constantly changing competitive environment of the tourist market. The predictable forecast for demand of tourist services is required for this purpose.

As a rule, this forecast is carried out by means of two-level model. The first level, includes general forecast for the market, is the forecast of the scope of the market. The forecast of the share of the market, which is covered by the tourist company, is carried out at the second level.

Demand in tourism is expressed by number of the tourists, who have arrived from the country of origin in the destination country, or the expenditures, which are made in the host country.

The econometric approach of forecasting is based on the regression analysis for the estimation of the proportion between the predicted variables and those variables, which most likely influence these variables. The retrospective data are used for the estimation. Further, perspective values are defined by means of forecasting of influencing variables, and the proportion has been estimated already.

It is necessary to make an estimation of those variables, which influence demand of the international tourism for building of the model for forecasting of the scope of the tourist market. The following values are accepted as the variables in the model:

- income per capita in the country of origin (the personal income is used at private tourist trips usually, and other general indicators of the income at business trips, for example, the national income);
- cost, which includes expenses on transportation to the destination, expressed in the currency of the country of origin (expenses on transportation are defined by means of the flight tariffs for air transport or tariffs or cost of fuel at land transportation use), and the expenses, made in the destination (price of residence, etc.) and expressed in the currency of the host country;
- exchange rate. In practice, tourists can be more informed on exchange rates, than on the relative price of residence both in the country of origin, and in the host country;
- cost of substituting products. Potential tourists usually compare the expenses on holidays to the expenses at home and expenses, born during the previous holidays, spent in other places, at planning of the holidays in any tourist centre. Such comparative analysis can be the important determinant of

demand for the international tourism in the given destination from the definite place of origin. Hence, compared expenses can be included in the above-stated model in the form of the average values (expenses on transportation and residing), which should reflect the relative attractiveness of different tourist centres for the citizens of the generating countries; often they are based on the prior shares of the market;

- parameter, called the trend, can represent change of popularity of the tourist centre for the investigated period;
- indicator of intensity of promotion of the tourist product reflects the expenses on its promotion abroad. These expenses are made by the management of the tourist centre and they can play an essential role at definition of the level of demand of the international tourism. They are calculated in the currency of the country, where they are made, i.e. country of origin;
- variables, which confirm attachment to this or that area (if the holidays leave pleasant memoirs on the tourist centre at tourists, they will return there by all means, otherwise they can dissuade other potential tourists by their stories) and inflexibility of the offer (offer restriction, i.e. reduction of passenger seats in the transport or accommodation and impossibility of their fast increase).

In modern conditions, methods of planning of the tourist branch and the tourist organisations are improved constantly. One of the most widespread tools, used at planning, is the budgetary method. It is possible, at it application, to demonstrate visually the inflow and the outflow of cash, capital and other resources.

Other method in planning is the recoupment analysis. It is possible to calculate and correlate most precisely the expenses, incomes and volume of tourist services by means of analytical data on recoupment at this method application.

The method of operative researches is applied at planning also. Here is the question of use of modern models for the analysis of a problem and estimation of possible decisions based on the theory of games and simulation modelling²⁷.

Though the models, set forth above, are of quantitative character, they are successfully applied for the decision of qualitative matters of planning.

Application of this or that model in the course of planning depends on accumulation and analysis of the objective information. However, all methods of planning have an overall objective - to help the manager to

²⁷SkobkinS. S., Management in tourism: tutorial. – M.; Magister, 2011. – p.79-80.

forecast the future of the tourist organisation objectively, the directions for achievement of the put strategic targets.

2.4. The contents and features of managerial work in tourism

Work of the modern manager in the tourism industry has the number of essential features, which distinguish it from labour activity of direct executors. The managerial work is characterised by following signs, in comparison with other kinds of work (fig. 2.22):

- it is the brainwork, consisting of three kinds of activity: organizationaladministrative and educational, analytical and constructive, informationtechnical:
- it participates in creation of material benefits and rendering of services indirectly, through the work of other employees;
 - the information is the subject of work;
 - the work means are the office and computer equipment;
 - result of work is the administrative (managerial) decision.

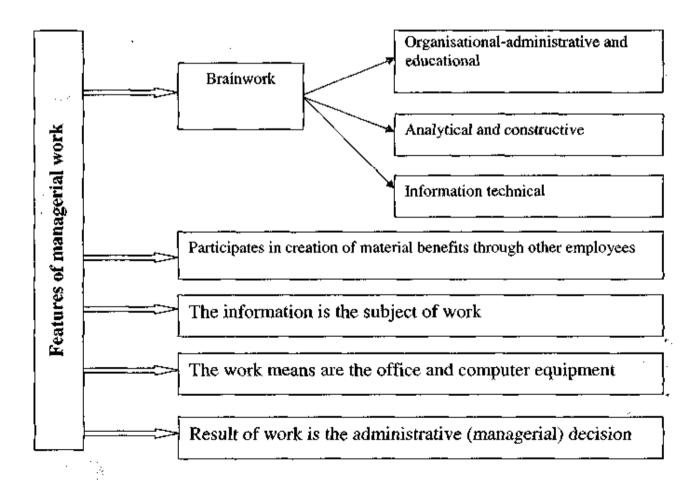


Fig. 2.22. Features of managerial work in tourism sphere

Managerial work has been allocated in special category of social labour and it is based on understanding of management as a kind of the professional work, inherent to any cooperative labour. If the group of persons participates in the general process of work, there will be the necessity of coordination of their labour efforts.

Managerial work in tourism is an integral part of combined labour of the personnel, and, in this respect, it acts as productive labour. The concept "managerial work", to a certain extent, is connected with the concept of management as the object or sphere of its application.

The primary goal of managerial work is maintenance of the purposeful, coordinated activity of both separate participants of cooperative labour process, and the personnel of the tourist organisation as a whole.

The main feature of this kind of labour activity is that the manager solves problems of development and perfection of the organisation in organizational aspect, influencing people, who should solve such problems. These circumstances demand from the person, who is engaged in this specific activity, the creative approach to it. Quality of the decisions, made by managers, depends not only on their knowledge and skills, but also from personal qualities, practical experience, intuition and common sense.

Special demands are made to the managers of all levels in the tourism sphere. Specificity of managerial work in this field is that it is required not only to organise optimum functioning of activity of the tourist firm, to manage the personnel, but also to communicate with tourists constantly.

Managers should have personal qualities to work with people, which strengthen trust and respect of the persons contacting with them. First, these are: intellect, vigour, persistence in achievement of the objectives, adherence to principles and resoluteness, honesty, justice, high exactingness to itself and others, respectful and careful altitude to people, irrespectively to their position in hierarchy, call of duty and responsibility. Especially, it is necessary to note such quality, as ability to work in the stressful situations.

Russian scientist A. Ya. Kibanov marks the following set of the business and personal qualities, having the special importance in the course of the business estimation of the manager:

- socially-civil maturity (ability to subordinate personal interests to public interests, ability to listen to criticism, to be self-critical, to participate actively in public work, high political literacy);
- attitude to work (sense of personal responsibility, sensitive and attentive attitude to people, diligence, personal discipline and insistence to observance of discipline by others);
- level of knowledge and experience (qualification, knowledge of the bases of management, management best practice);

- managerial abilities (ability to organise the system of management, ability to organise the work, ability to hold business meetings, ability to self-estimation of own abilities and own work, abilities and work of others);
- ability to work with people (subordinates, managers, ability to create the cohesive team, to select, arrange and fix the staff);
- ability to work with documents and information (ability to formulate the
 objectives, to state the business letters, orders, directives briefly and
 clearly, ability to formulate commissions, to task accurately, knowledge
 of performance capabilities of modern management technology and
 ability to use it in the work, ability to read documents);
- ability to make and implement decisions in due time, including ability to provide the control over execution of decisions, ability to orientate in difficult conditions quickly, to resolve conflict situations, to be selfcontrolled, to observe psycho hygiene;
- ability to see and support the progressive subjects, including ability to support the innovators, to neutralise the sceptics, conservatives, courage and ability to reasonable risk;
- moral-ethical character traits (honesty, conscientiousness, decency, adherence to principles, consistency, politeness, persistence, etc.)²⁸.
- M. Woodcock and D. Francis English experts in management offer the following list of requirements to personal qualities of managers:
- ability to command itself;
- reasonable personal values;
- accurate personal objectives;
- · emphasis on constant personal growth;
- · skill to solve problems;
- · ingenuity and ability to innovations;
- high ability to influence on people around;
- knowledge of modern managerial approaches;
- ability to manage, ability to train and develop subordinates, ability to form and develop working groups²⁹.

It is possible to formulate following general criteria from the requirements to managerial work as a whole and to personal qualities of the manager in particular, set forth above:

- · knowledge of the nature of managerial work and management processes;
- knowledge of official and functional duties, ways of achievement of the goals and increase of operating efficiency of the tourist organisation;

²⁹Woodcock M., Francis D. Liberated manager, M., 1991. - P.21

²⁸Management of the organization personnel / Under the editorship of A. Ya. Kibanov.- M., 2001. - p. 138.

- ability to use modern information technology and means of communication, necessary in the managerial process:
- · possession of skill of human resources management;
- · possession of art of establishment of good external relations;
- · ability to self-evaluation;
- ability to make correct conclusions and to advance in skill continuously (knowledge and skills).

This list of professional qualities can be divided into three subgroups (fig. 2.23):

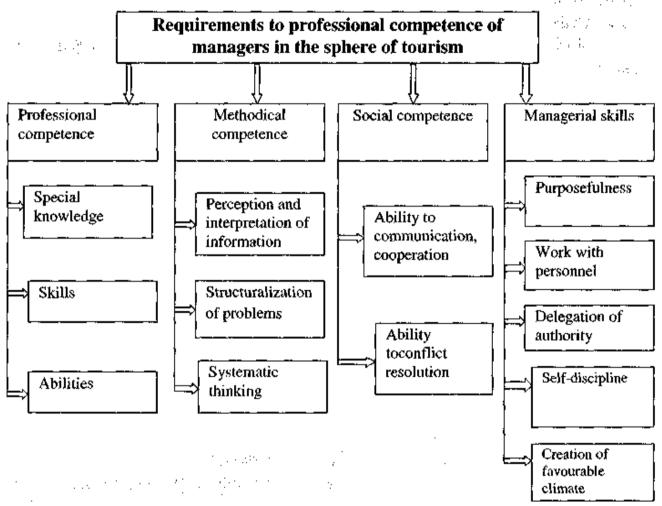


Fig. 2.23. Requirements to professional competence of managers in the sphere of tourism

- professional competence (special knowledge, skills, abilities);
- methodical competence (ability to perception and interpretation of information, structurization of problems, system thinking, etc.);
- social competence (ability to intercourse, cooperation, resolution of conflicts, etc.).
- managerial abilities (purposefulness, ability to select and effectively use employees, to define their tasks and functions, to delegate powers, following to

principles of unity of word and job, job carrying out to completion, selforganisation, ability to create a favourable socially-psychological climate, etc.).

Managerial work in the sphere of tourism demands division - it is the objective process of isolation of its separate kinds in independent spheres of labour activity of different groups of administrative employees that promotes improvement of quality of managing influence.

Managerial work can be divided into following kinds:

- functional division of labour (horizontal), assuming allocation of the functions objectively necessary for efficient management of organisation, and their fixing to separate employees and subdivisions of administrative personnel. As a result, managers, specialists play the functional role in the managerial process. All categories of employees contribute to development and realisation of managing influence;
- hierarchical (vertical) division of labour provides distribution of complexes of works on realisation of administrative functions on the levels of hierarchy of management, their fixing to separate administrative employees and formation of powers of the last on this basis. The vertical division of labour forms the management levels;
- technological division of labour it is a differentiation of managerial process on operations on collection, transfer, storage, analysis and transformation of information, which are carried out by certain categories of employees;
- professional division of labour assumes differentiation of managerial work and fixing to separate employees according to their professional skills;
- qualifying division of labour distribution of works according to professional training degree. For example, the skill level of specialists is characterised by category, grade or class;
- official division of labour assumes differentiation of managerial work according to the competence of employees (set of the rights, duties, responsibility).

The line and functional managers, governors are allocated based on division of labour.

Line managers - they are the persons, operating based on one-man management, responsible for condition and development of the organisation or its subdivisions. For example, line managers are: director, chief of department of domestic tourism, head of group, sector, etc.

Functional managers - they are the persons, responsible for certain functional field of activity in the management system, heading functional subdivisions. For example, marketing director, personnel director, etc.

Style of management - it is the steady system of ways, methods and forms of practical activities of the managers.

Style and method of management exist in certain unity. Style represents the form of realisation of methods of management, accepted by the given manager according to its personal subjective-psychological characteristics.

Well-defined management style is adequate to each of the developed methods of management. It means that each method requires the persons, possessing concrete qualities, for the realisation. Choice of style of management depends in many respects on the task, put by the manager to it:

- to manage manager gives exact instructions to subordinates and honesty supervises performance of its tasks;
- to direct manager manages and takes care of performance of tasks, but discusses decisions with employees, asks them to make offers and supports their initiative:
- to support manager assists employees at execution of tasks by them, shares responsibility for correct decision-making;
- to delegate powers manager passes the part of the powers to executors, makes them responsible for making of particular solutions and achievement of the enterprise objective.

Three basic styles of management are marked out: authoritative, liberal and democratic.

Authoritative style of management is characterised by hard centralisation, process of development of administrative decisions from one managing centre, pressure upon subordinates, use of manipulative strategies of influence on the personnel. Such style is selected by the management of strongly bureaucratized structures or organisations of small-scale business with considerable concentration of the power in the hands of one person - the businessperson.

Democratic style of management is characterised by high degree of participation of labour collective or managers of middle, lower administration links in making of strategically important decisions. In the first case, it is a question of collective decisions, and in the second - of group decisions. Democratic style is applied in the decentralised organisations, in which administration is exercised on the objectives, results. Flexible, adaptive structures, high motivation and competence of the personnel are characteristic for such organisations.

The manager, using mainly democratic style, tries to solve as much as possible questions jointly, to inform regularly subordinates on the state of affairs in collective, correctly reacts to criticism. He is extremely polite and benevolent in dialogue with subordinates, he is in constant contact with them, he delegates the part of administrative functions to other specialists, and he

trusts people. He is exacting, but fair. All members of collective, at such style of a management, take part in preparation for realisation of administrative decisions.

The manager-democrat avoids imposing of the will to subordinates. He does not show publicly the superiority over the members of collective, managed by him, tries to involve the subordinates in decisions development and making, supports the initiative and independence.

Liberal style of management is characterised by certain level of possibilities for participation of employees in making of administrative decisions. However, the situation in collective can develop differently, sometimes unpredictable. The manager, using liberal style, can dissociate himself from management.

The manager-liberal is afraid of conflicts, agrees with the opinion of subordinates. Softness in treatment of people prevents him to gain real authority, as some employees demand indulgences from him, which he does, being afraid to spoil relationship. In this case, the organisation is managed by the representatives of "elite main body", which acquire unlimited access to power and resources. Collisions between different groups, sharp growth of conflicts in collective are possible.

Styles of management make considerable impact on the process of development of the administrative decision: selected forms of control, management methods (table 2.8).

Processes of management and performance of works in the tourism sphere are realised in the frameworks of the organisational structure of concrete tourist firm. The structure in this case represents the organizational structure of firm, the way of functioning of production processes in it, and connections and relations between the employees of different subdivisions. Much in character of the general management depends on scales of activity of the tourist organisation, manpower strength, the organizational-legal form.

Table 2.8.

Influence of style of management on the process of administrative decisions making

Style of management	Types of administrative decisions	Organisationa I structure	Methods of decisions development	Supervision of decisions execution
The authoritative	The individual	Centralised	Situation analysis, modelling	Regular, hard control
The democratic	The collective, joint	Highly decentralised	Expert forecasting and modelling, open discussion of problems	Soft forms of control, trust to subordinates

The liberal	The joint	Middle	Method of business	Different forms of
		decentralised	meetings, forecasting	control (depending
			and problems solving	on the object of
	1	ŀ	in small group	control)

The top management in the large-scale joint-stock company, operating in the sphere of tourism, with the number of shareholders more than 50, is usually represented by the board of administration and the board of directors. The board of administration develops the general policy, the board of directors carries out its realisation, and the general manager (the chief executive officer, the director, executive) carries out the general management.

The management top echelon at the medium-scale tourist enterprise is represented by much smaller administrative forces. Therefore, the chief executive officer (the director or the executive), one or several assistants and the managers, heading the subdivisions of the enterprise (manager of the works or the manager of the process of tourists' service, the personnel inspector), make the administration group in it.

All functions of management in the tourist organisation, established as the small-scale enterprise, as a rule, are concentrated at one person.

If the top management of the tourist the organisation gives the basic attention to strategic tasks solving, middle management - to tactical questions, and the lower echelon - to operative tasks of the tourist activity (table 2.9).

Table 2.9. Structure of working hours of the managers of the tourist organisations (in % to total working hours)

Managers echelon	Solving of strategic tasks	Solving of tactical tasks	Solving of operative tasks
The top echelon managers	60,0	25,0	15,0
The middle echelon managers	25,0	50,0	25,0
The lower echelon managers	10,0	25,0	65,0

The duties of the top echelon management of the tourist organisation include the following major functions:

• development of the objectives, strategy of development and planning of activity of the organisation;

- estimation of market potential of the organisation and definition of criteria of efficiency of its activity as a whole;
- realisation of the general administrative-executive and organizational regulating actions;
- communicatively-coordinating function in the collective and of the collective with external environment;
- supervising function concerning the basic directions of activity and the personnel;
- functions of maintenance of the general security of work, organisation and safety of services;
- development of the general strategy of service of consumers and creation of positive image of the organisation in public opinion;
- development of connection of the company with the economic-social environment (partners, professional environment, public, authorities);
- collection, analysis and use of the business information, acquiring essentially great value in modern conditions, connected with requirements of business dynamisation in the information society.

The specified functions are divided into the number of particular lines of activity; therefore, the representatives of the top echelon of management real carry out much greater number of functions.

Feature of the managerial work in the tourist organisation can be demonstrated on the example of the tourist agencies. They can be of various forms:

- tourist agencies on sale of the tours, generated by the tour operators on condition of commission fee;
- transport-tourist agencies on the organisation of the transport tours. They can be established in the form of joint ventures with the transport organisations: aviation-transit enterprises, airlines, railways. One more of variants of interaction with the carriers are the agency agreements on transport tickets sales;
- tourist agencies (sales bureau) at the tour operator, selling own products basically, but selling the bought tours also.

From the point of view of specialisation, the tourist agency can be multisectoral, that is carrying out complex service of any kinds of clients, including the holidaymakers, business travellers and groups. There are also the specialised tourist agencies, most widespread of which are commercial, specialising on the organisation of business trips for the large companies, including congress services, and also the agencies, specialising in the organisation of recreational trips. The last, as a rule, offer the widest choice of tours, cruises and package trips on resorts, in popular recreation and entertainments centres.

It is possible to name, among the famous tourist agencies of the world, the "American Express", "Carlson" (USA); "Thomson tour-operation", "Owners abroad group", "Airtours", Cook (Great Britain); "Nouvel Frontiers", "Club Mediterranean", "Voyage" (France); "Spice", "Nordisk" (Scandinavia); "Interhome", "Kuoni" (Switzerland) and others.

Such tourist agencies as "Afsona Travel", "Orient Voyage", "Megatour", "Asiatour" successfully operate in the Republic of Uzbekistan.

The average ratio of the quantity of the tourist agencies to the quantity of citizens in the most developed tourist countries makes approximately 1:10 thousands. Therefore, this indicator in the Great Britain is equal to - 1:10 thousands, in the Netherlands - 1:13,5 thousand, in the USA - 1:14 thousands, in the Belgium - 1:10 thousands. At present, such indicator is recognised as optimum, because the wide enough network of tourist agencies makes the market of tourist sales the "market of consumers", on the one hand, and the severe enough competition, nevertheless, does not take too complicated forms, on the other hand,.

At present, it is characteristic for relatively small tourist agencies:

- low degree of division of labour (employees are overloaded quite often, because of combination of number of office functions);
 - manager directly participates in the service production;
- short, direct information communication channels between the employees prevail;
 - informal (personal) relations dominate between employees;
- coordination of work of different employees is established directly by themselves by direct coordination and arrangements.

All of this assumes presence of high degree of organisational flexibility (fig.2.24).

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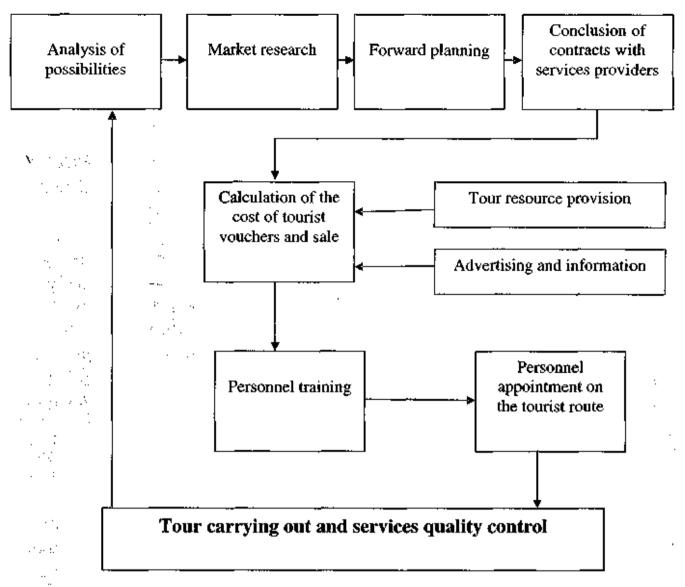


Fig. 2.24. Management of activities of the tourist agencies

Tourist agency is the major link in the chain of participants of process of sale of the tourist product, which, owing to the natural properties and character of the consumer, should be brought to the potential consumer (client). For this reason, there are many tourist agencies, and generally, they are not so large on the number of employees.

Administrative work in the tourist organisation carries out the double task. The administrative problems are solved and the objectives of the tourist organisation are achieved, on the one hand, and it serves the purposes of development of the tourist region, on the other hand. The management in tourism dual objectives follow from this feature too.

The first objective - to provide the sustainable development of the firm based on rationalisation of management of the work processes. The second objective - to assist in maintenance of competitiveness of the region in the market of tourist services. It is possible to execute this objective, having preserved competitiveness of the region.

The tourist firm could be represented as the target coalition of interested elements and links of the system. The state, suppliers, clients, shareholders and employees - all participate somehow in ensuring the success of the organisation and influence the labour processes. In this connection, labour relations in tourism should be considered, taking into account that:

- tourists wish to receive services on the favourable prices;
- population would like to have the possibility of employment and certain social services in the region, but, thus, to experience, as less as possible, the manifestations of outer effects of the tourist activity;
 - state calculates on the tax levy and workplaces;
 - suppliers are interested in favourable offers and steady solvency;
- employees of the tourist firm highly appreciate their reliable and favourable work, and are interested in good image of the organisation;
 - creditors expect payment of interest or dividends.

Needless to say, that there are the conflicts between these groups, caused by the differences of their objectives and interests. Management should satisfy interests of all groups to be successful and remained such during the long time.

The primary goal of the managerial work - maintenance of the urposeful, coordinated activity both separate participants of the joint labour process, and the personnel of the tourist organisation as a whole.

It is the systematic activity of the employees of the administrative and managerial personnel, directed on the organisation, regulation, motivation and control over the work of employees of the organisation. The contents of managerial work depends on its object and is defined by the structure of production processes, work methods, its technique, and the relationships, arising in the course of execution of administrative functions.

The main task in the management of activity of the tourist organisations - increase of interest of shareholders and employees in search of new, more effective ways of satisfaction of needs of tourists, as the satisfied clients are the basis of effective business. The enterprise is doomed to disappearance from the tourist market, if it does not manage to meet desires of the buyers in the conditions of emerging markets.

Manufacturers, whose production or services meet expectations of tourists or even ideally surpass them, receive the best opportunities for development and prosperity. Both the enterprise activity, and its effective and productive administrative work, providing creation of conditions for manufacture of the goods and the services, valuable for the tourist, should be directed on achievement of these purposes.

Questions for self-testing:

- 1. Name the inherent features of tourism as the object of management.
- 2. What are the basic groups of the tourist organisations?
- 3. What is included into the functions of the manager of middle echelon of management in the tourism sphere?
- 4. What is the difference between the line, functional and matrix management organizational structures?
- 5. How does economy influence the tourism and, on the contrary, how does the tourism influence the economy?
 - 6. Tell about horizontal and vertical division of managerial work.
- 7. What does the general and concrete functions of management of the tourist organisation mean?
 - 8. What stages are included in the planning process in tourism sphere?
- 9. What is the essence of the strategic approach to planning of tourism development?
 - 10. What does marketing planning in tourism mean?

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- 11. What is inherent to managerial work in the tourism sphere?
- 12. What demands are made to professional competence of managers in the sphere of tourism?

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CHAPTER III. FUNCTIONS AND PRINCIPLES OF MANAGEMENT IN TOURISM

3.1. Essence and characteristic of basic functions of management

Production management at any levelis a complex integrated system. Beyond the company the manager should always struggle for the market share, foresee customer's requirements, provide accurate delivery time, manufacture products of higher and higher quality, and set the prices according to the conditions of competition, in every possible way look after the company's reputation among the consumers. Inside the company, he has to seek the labour productivity growth through the better planning, more efficient production processes organization.

At the same time he or she should keep competitive position in the market, provided ividends to share holder sat proper level without losing their confidence, and leave to the company sufficient retained profits to ensure the growth. An important task for the management is to combine and integrate all parts and aspects of the activity of the organization and its sections, their particular goals for the achievement of the common goalof the system.

This is all the management tasks.

Management means the development (modeling), the creation, the most effective use(management) and control of socio-economic systems.

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Managementis used in three main areas:

- business;
- state structures;
- non-profit organizations.

Three main functions of the management are: business management to improve the effectiveness, managers' control, employees and work management specified by the integrated nature of the business. Specificity of the profession of manageris to perform three functions simultaneously. In accordance with the main goals and objectives of the company business management functionis central, unifyingall the functions.

The beginning of the modern stage of the management development falls on the end of the XIX -beginning of the XX century. To management, primarily to governance. The emergence of the factory as the primary type of production and the need of work for large groups of people meant that individual owners were no longer able to supervise the activity of all employees. For these purposes the best employees were trained in order to allow them to represent the interests of the owner in the workplace. These were the first managers. Management was recognized as an independent field of activity only in the twentieth century.

The first phaseof management development began in the early twentieth century and was associated with the doctrine of F.Teylor (1856 - 1915), who became interested in the efficiency of the organization activity, and that was the beginning of the development of the school of scientific management.

Through the development of the concept of the scientific management, it was recognized as an independent field of research. In his works, "Cycle Management" (1903) and "The Principles of Scientific Management" (1911) F. Teylor developed a number of methods of the scientific management of labour based on the study of movements of the employee with timing, standardization of methods and work tools. He stated functions, elements, and principles of Scientific Management (Fig. 3.1).

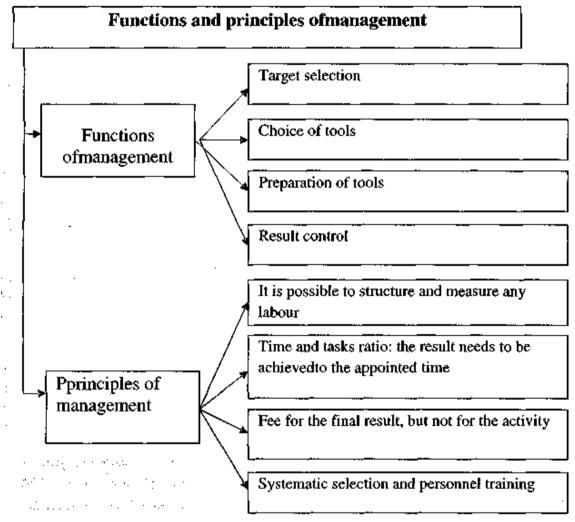


Fig 3.1. Functions and principles of management by F.Teylor

The main merit of F.Teyloris in the fact that he, as founder of the school of scientific management, developed a methodological bases of the work quota setting, standardized the working operations, implemented the practice of scientific approaches selection, placing of personnel and labour of workers stimulation. He proposed rigorous scientific system of knowledge of the laws

of rational organization of labour, the component elements of which are the mathematical method for calculating cost price, differentiated pay system, the method for the study of time and motion, and many other things, that were later included into a so-called mechanism of scientific management.

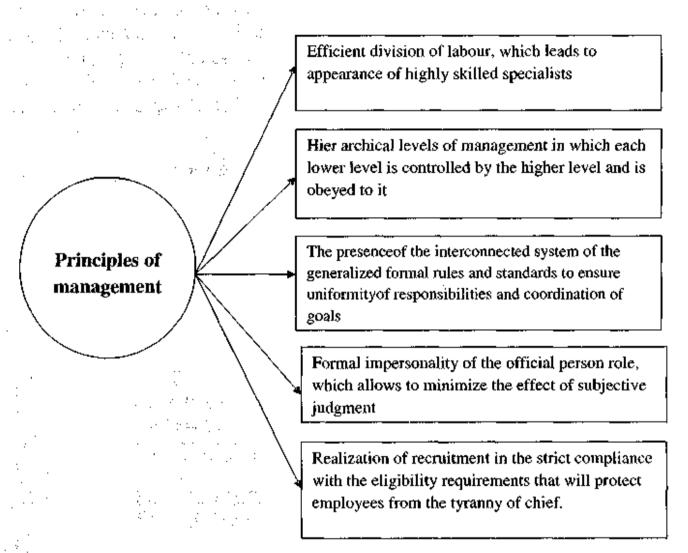


Fig 3.2. Principles of management by M. Weber

Engineer and sociologist Max Weber substantiated theoretical works of F.Teylor. He nominated the premises that the strict order, supported by the relevant regulations, is the most efficient way of working. The whole organization, Weber believed, can be decomposed intocomponent parts, normalize the work of each part, at the same time it is possible to regulate the functions and the number of managers. This division of labour specializes the personnel and builds an organization on the basis of line indicator, i.e. everyone is responsible for personal actions before a superior chief. On the upper levels of management the principle of combination of power and responsibility was recommended, when the managers were given strictly

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limited authorities and before hand specified liability, the managers were not allowed violate them(Fig 3.2).

According to H.Fayol, "to manage" is to lead the company to the goal, trying to make the best use of its resources, to ensure the correct course of six operations, at that the last point was attributed by him to the management. He defined functions of management, which form today the basis of this science (Figure 3.3).

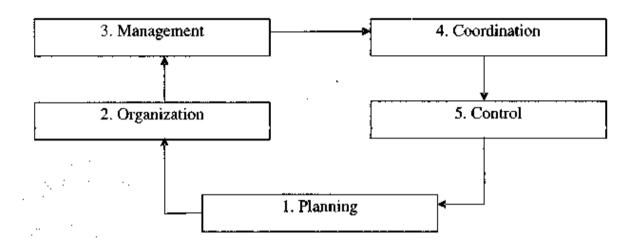


Fig 3.3. A universal approach to the functional management by H.Fayol

In the 20-30's of the XX centuryin the United States a theoretical study of human relations in the workplace was made, which was the first attempt to focus the management on the human factor. The main purpose of the developments was to study human behavior in the work environment and the dependence of labour productivity from the moraland psychological condition of the executive.

This idea is the basis for the second phase of development of management—the management of human resources.

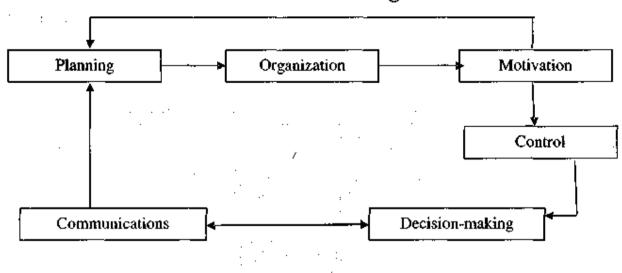
The third stage of development of management is associated with the name Paul Dupont, who noted that for the successful business it is necessary to focus on the consumer, and to consider any enterprise as an open, but not closed system. The idea of business management is an orientation on maximum profit and flexibility in meeting customer needs.

Function of management a specific kind of management activity, relevant to the organization of work, which is realized by means of special techniques and methods. Each function has a specific character, special content and can be implemented independently. Management functions are

divided into general and specific (Figure 3.4). These functions have specific character, particular content, but they are interrelated.

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General functions of management



Specific functions of management

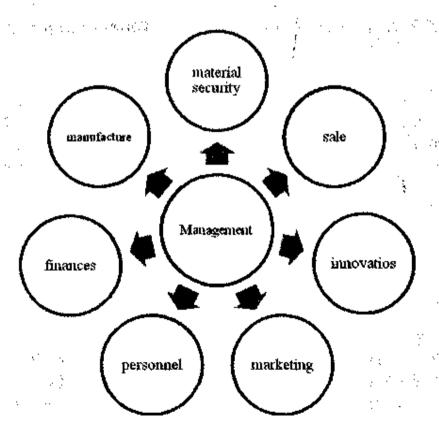


Fig3.4.General and specific functions of management

For the tourism industry in general and for specific tourist organization in particular the following functions have special importance:

1.Activity planning. It is a systematic, informational process of qualitative, quantitative and temporal definition of future goals, means and methods of the functioning of the management of the sector, the tourist organization.

Planningis one of the stages of the management process. It is a continuous process of learning new ways and methods to improve the company activity by identifying opportunities, conditions and factors. Plan is a complex socio-economic model of the future condition of the tourist organization.

Specifically, the planning function includes the following tasks:

- the current analysis of the competitiveness of the company(market, both direct and indirect competitors, demand, suppliers, industry);
- development of the company competitiveness strategy in the market.

Essentially, in the planning process a decision is made about the goals of the company and what the employees should do to achieve these goals.

2. Organizational function of management provides the ordering of technical, economic, social and psychological and legal aspects of the activity of tourist organization, aimed to increase the effectiveness of manager sand executives, and is a tool to achieve developed objectives (fig.3.5).

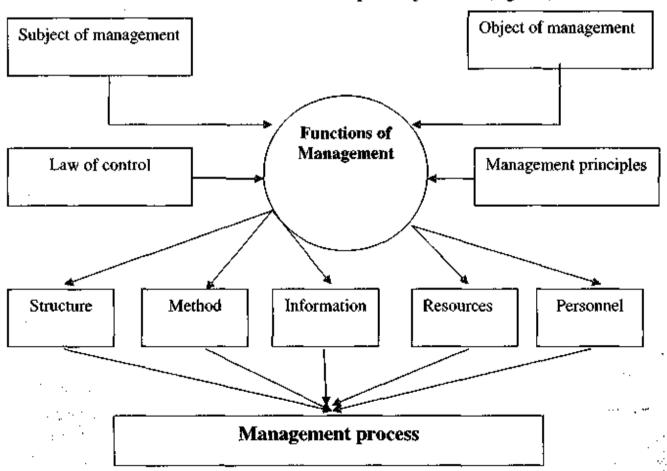


Fig3.5.Organizational function of management

Principles of the fulfillment of the management organizational function are as follows:

- fixing and detailing goals of the tourist firm;
- definition of the activities necessary to achieve those goals;
- distribution of tasks to employees and their unification into working groups (units);
- coordination of various types of work;
- ensuring unity of goal;
- √ a control the standard of manage ability.
- 3. Coordination as the essence of management. The essence of coordination is ensuring consistency of all parts of the management system and improvement of the established modes of work. The purpose of coordination is the establishment of cooperation in the work of the tourism departments, managers and specialists, elimination of interference and deviations from the specified mode of work.

The ways of coordination realization:

- •holding meetings;
- establishing personal contacts between managers;
- harmonization of work plan sand schedules, introduction of djustments;
- linking work between the executives;
- · creating a feedback system.
- 4. Motivation. Motivation as a function performs the process of inducement of the activity to achieve personal goal sand company goals. Motivation is a set of incentives to motivate employees to the active work. Stimulation is an inducement of employees to be active by external factors. Motivation is a creation of internal inducement of employees to work.

Motivation in Tourism Management has two aspects:

- motivation of consumers to the tourism product (Figure 3.6);
- motivation of labour relations.

For the reason that there are different ways of motivation, the manager must:

- establish a set of criteria (principles), which most strongly influence the behavior of the employee;
 - createan atmosphere conducive to motivate workers;
- actively communicate with the employees because in order employee could be fully motivated and work whole heartedly (efficiently), he must know what is exactly expected from him. Direct communication with the leader demonstrates that he is equally accessible to all employees. Feed back provides as olid foundation for the motivation.

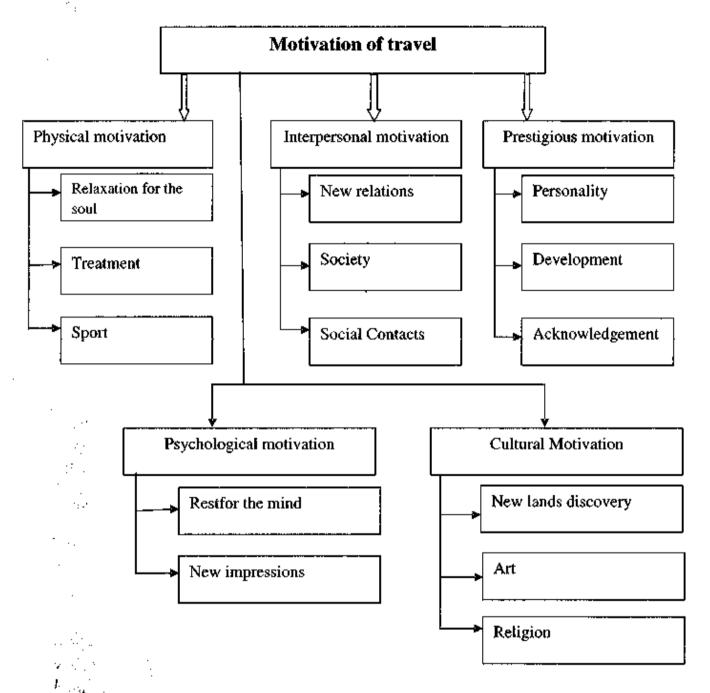


Fig 3.6. Motivation of travel

5. Control as afunction of management. Control is the process of comparing (matching) the actual achieved results with the planned ones. Essentially, it is a quantitative and qualitative assessment and accounting of the results of the work of the tour company.

There are three stages of control (Figure 3.7):

- preliminary control. It is called so, because it is carried out prior to the actual start of work. A key means for the realization of preliminary control is the implementation of certain rules, procedure sand behavior patterns;
- current control. It is performed during the work. Such control makes it possible to eliminate edeviations from the plan sand instructions;

•final control. The purpose of this control is to prevent errors in the future. As part of the final control feedback is used when the work is done.

Controlling is a new concept of management, generated by the modern management practices. The essence of controlling is the creation of conditions preventing non-compliance of the management solution.

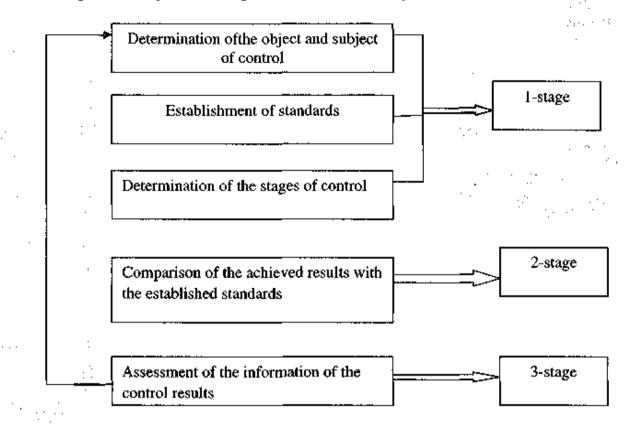


Fig 3.7. Stages in the control process

Controlling provides methodological and instrumental basis (including the use of computer resources and technologies) to support the main functions of management: planning, control, calculation and analysis as well as assessment of the situation for the managerial decision-making.

Manager spends from 50 to 90% of the time for the communications. He's doing that to fulfill the significance in the interpersonal relationships, information exchange and decision-making process, not to mention the managerial functions of planning, organization, motivation and control. That is why the information exchange is incorporated into all main types of management, communication is the connecting process.

Especially int he field of tourism for business success, effective communications are required. Although the exchanges of information, communication, meetings, preparation of the document are the basic part of communication in the tourism organization, communications are the pervasive and complex process. They come invarious types.

Communication between the organization and its environment. Tourist organization uses a variety of means to communicate with the components of its external environment. With existing and potential customers of the tourism product they are dealing with advertising and other programs to promote their products to the market. In the field of public relations priority is on the creation of a certain image, the image of the organization at the local, national, or international level. Tourist companies are regulated by the state, and therefore it is necessary to prepare various reports. In its annual reports any tourism organization informs about the finance and marketing, and provides details about the placement, preferences, etc. These are just a few examples of the variety of ways to respond to the events and the external environment factors.

We emphasize that the discussions, meetings, phone calls, memos, reports, etc., circulating within the organization, present often a response to the opportunities or problems created by the external environment.

Interlevel communications in tourist organizations. Information moves within the organization from level to level in the vertical communications. It can be transmitted on the descending, i.e. from higher levels to lower levels. Besides sharing on the descending, the organization needs to communicate via the ascending. Transmission of information from lower levels to higher can significantly affect productivity.

In addition to the information exchange on descending or ascending tourist organizations need horizontal communication. The organization consists of multiple units, that's why the information exchange between them is necessary for coordination of tasks and actions.

There are two approaches to the process of management of tourist business (Figure 3.8). The aim of the first functional approach is to separate the administrative functions, which include:

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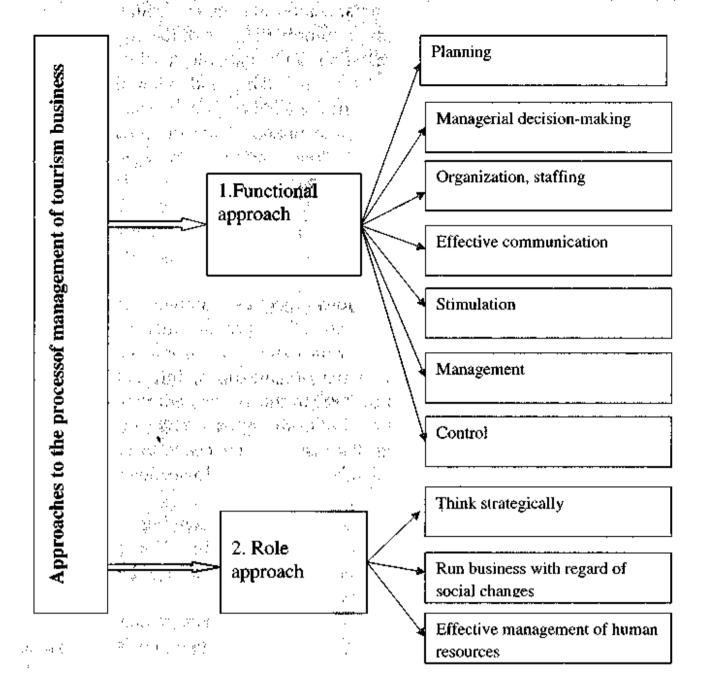


Fig 3.8. Approaches to the processof management of tourism business

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the control of the state of the

- planning;
- managerial decision-making;
- organization, staffing;
- effective communication;
- stimulation:
- management;
- control.

The second role approach, which is more modern, is focused on managerial roles. Administrative functions are the result; of what the management is realized for, and the roles are the means to achieve these results.

Managerial roles of the top managers are as follows:

- *think strategically;
- •run a business with regard of social changes;
- •effective management of human resources.

Tourist business in the use of function and role approaches will be successful if it focuses on the search and development of personnel, which should have eight qualities:

- character;
- •initiative:
- desire to serve the people;
- •intelligence;
- ·awareness and understanding;
- •prudence;
- •foresight;
- •flexibility.

Summarizing the functions of management in tourism, one can make up their qualification (Table 3.1).

The current stage of the management development is the social management, the essence of which is every enterprise, besides profit receiving it should determine the degree of social responsibility.

The argumentsin favor of social responsibility of tourist firm are as follows:

- •favorable for the tourism business long-term outlooks in the shape of social stability of society, the formation of the desired image of the company and profit earning in the longterm outlook;
- changing of needs and expectations of people on the basis of participation of tourist business in the solving of social problems;
- •the moral obligation of r esponsible behavior, emerged as a part of the culture of the country;
 - the availability of resources to assist in the solving of social problems.

The current stage of management development is considered as a "quiet managerial revolution", when the transition from the rationalistic to the informal paradigm is made.

Informal paradigm is used today in two versions:

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- •as the marketing (combination of management and marketing);
- as the information (emphasis on information provision of labour).

Table 3.1. Classification of the functions of management in tourism

Classification criteria	Structure of management functions	
The content of the management activity	Forecasting and planning	
	Organization	
• • • • • • • • • • • • • • • • • • •	Motivation	
	Control	
the state of the s	Coordination	
· ·	Regulation	
······································	Research	
Organizational role of functions	Integration	
	Differentiation	
Direction of activity	• Introfunction	
	Information	
Spheres of control of the object of the	• Economic management (finances, investment	
management	etc)	
	Management of social andpsychological	
	processes	
	Management of organizational processes	
:'	Management of technological processes	
Stages of the production process	Management ofproduction preparation of the	
$\{\chi_{ij}^{(0)} + \lambda^{(0)}_{ij} \chi_{ij}^{(0)}\}$	tourist product	
91.40g	Process management of the production of the	
The state of the s	tourist product	
State of Sta	•The management of production support of	
·	tourist product	
	• Process management of the realization of the	
Time scale	tourist product	
Time scale	• Strategy planning	
	Current(tactical) management Day to day management	
Ctoggs of the investors of many company	Day-to-day management Torget cetting	
Stages of the process of management	Target setting Situation setting	
	Problem setting	
198	• Decision	
The main factors of production of the tourist	Tourist product management	
product	Personnel management	
hyanna	Information management	
<u> </u>	HEATHAGAI HANAGOLICIK	

The embodiment of the marketing and informational informal paradigm has become a strategic management, which assumes the addition of planning of the potential of the company, strategy planning on the basis of prognosis of the future condition of the environment.

Management in tourism can be divided into separate functions, which are concentrated in three maingroups (Figure 3.9):

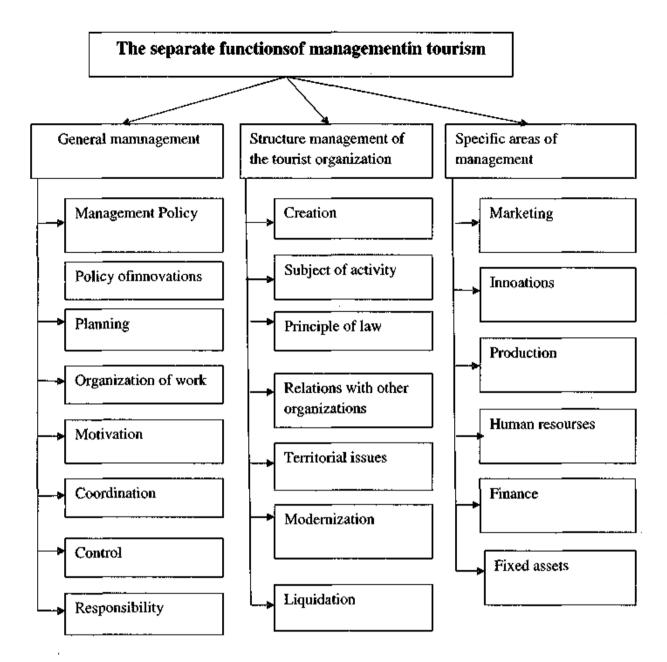


Fig 3.9. The separate functions of management in tourism

- 1) general management (establishing regulations and policies, innovation policy, planning, organizing, motivation, coordination, control, responsibility);
- 2) structure management of tourist organization (creation, the object of activity, legal forms, relations with other organizations, territorial issues, modernization, liquidation);
- 3) specific spheres of management (marketing, innovations, production, human resources, finance, fixed assets).

Thus, the functions of management are a specific kind of management, which is realized by special techniques and methods, as well as relevant work

organization. One of the main components that make up the management content is a function.

Therefore, for the fulfillment of one or another activity it is necessary to determine in advance what to get in the end, how to organize business, motivate and supervise its implementation.

If the manager tends to the competitiveness support of the tourist firm in the market, he should constantly perform all management functions. That means that the management functions can be presented as types of administrative work associated with effect on a managed object.

3.2. Concept and classification of management methods

Today it is impossible to imagine the provision of dynamical development of tourist complex, and also tourist organization without effective methods of management. A method (from Ancient Greek language " $\mu \acute{\epsilon} \theta o \delta o \varsigma$ " – "research or knowledge way") is a classified set of actions, which are necessary to be undertaken in order to solve a certain problem or to reach a certain purpose.

In essence, the ways of realization of the management activity, applied to the arrangement and achievement of the purposes of the organization, act as management methods. During decision of one or another problem of the management different methods make available the system of rules, methods and approaches reducing expenses of time and other resources for the arrangement and realization of the purposes.

In terms of management the tourist complex represents the system of technical, economical and social elements connected between each other, and it is subdivided on two large subsystems – manageable and managing which are connected by the information channels.

The manageable subsystem is an internal structure of the tourist industry, in its turn it represents the unity of technical, technological, organizational, economic elements and connections between them. Thus each object is manageable, but only in unity and in interrelation of all components of this object.

The managing subsystem in the tourist complex represents already set of the factors influencing the object of management, and consists of the management bodies and supporting them office equipment.

In the management of tourism the tourists can act as an element of the subject of management. On the other hand, having paid money for services (tour), tourists become object of management – they are "conducted" through the routes, allowing certain actions, forbidding others.

For example, the need of following the route, fulfillment of norms and rules (laws) of host country, and the daily routine – all the process of granting of tourist services is regulated.

Subjects of management - first of all, local and regional authorities - actually do not operate tourists in the generally accepted sense of this word, but create favorable conditions, indirectly influencing the development of tourism (for example, allocating the earth for development of destinations, improving the legislation in the sphere of tourism activity regulation in the state etc.).

From the dual nature of the tourists carrying in elements of the subject and object of management, it follows that to it is necessary to manage not objects (for example, attractors) but factors, processes, events, relations influencing object (quality of service of tourists, technological process of cooking, property of attractors and others).

Hence an important conclusion follows, that the subject of management should create first of all the best conditions for satisfaction of requirements of tourists and normal functioning of objects of management.

Plurality of management methods and different approaches to their classification complicate the problem of choice of those methods and approaches which will appear the most effective at the decision of specific managerial problems.

It causes the need of streamlining of all their set by means of classification according to the certain criteria. Characterizing management methods, it is necessary to open their orientation, content and organizational form.

The orientation of management methods is focused on the system (object) of management (tourist agency, department, division etc.). The content is a specificity of methods and ways of influence.

The organizational form is the influence on specific developed situation. It can be direct or indirect (arrangement of problem and creation of stimulating conditions) influence.

It is necessary to notice, that in the economic literature there is no unified interpretation of the content, of the object of influence and classification of methods of management. Some classify management methods depending on their content, orientation and organizational form, which reflect administrative, economic and social influence on the manageable system. Others characterize them in the ways and methods of influence. Anyway all management methods inherently supplement each other, and all of them are in constant dynamic balance.

Orientation of methods of management is always the same - on the people who are carrying out various kinds of labour activity. The specific

management method includes combination of the content, orientation, and organizational form. Thereby it is possible to allocate following management methods (fig. 3.10):

- the administrative (organizational-executive) methods based on direct instructions;
 - the economic methods caused by economic stimulus;
- nhe social and psychological methods applied for the purpose of increase of social activity of employees.

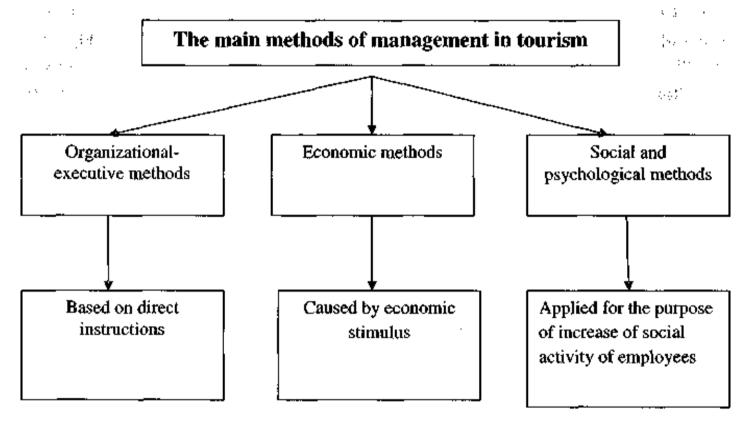


Fig 3.10. The main methods of management in tourism

1. Administrative (organizational-executive) methods of management. An objective basis of use of these management methods are the organizational relations making up a part of the mechanism of management.

Where as by their means one of the major functions of management is realised and that is organisation function. The problem of organizational-executive activity is the coordination of actions of subordinates.

Management control leverages are absolutely fairly criticised, however it is necessary to keep in mind that no economic methods can exist without organizational and executive influence which provides clearness, discipline and the order of work in the team.

Meanwhile it is important to define an optimum combination, a rational ratio of organizational and executive functions of the method (Fig. 3.11).

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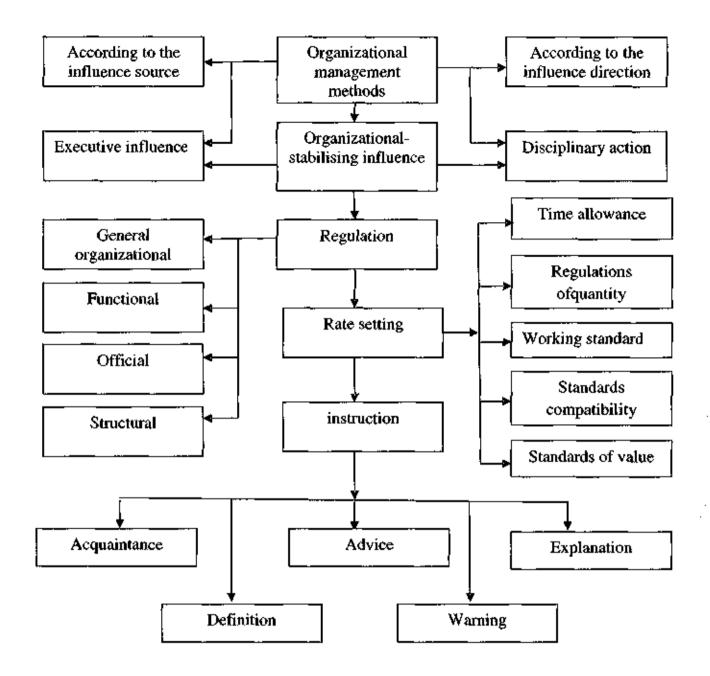


Fig 3.11. Organizational and executive methods of management³⁰

These methods can be classified into three groups:

- · organizational and stabilizing;
- executive;
- · disciplinary.

Organizational and stabilizing effect is realized through the institutional regulation, rate setting and instruction. Institutional regulation defines the structure of the tourist organization, functions of its bodies and officials. Iinstitutional regulations develop organizational structure, linear and functional units' regulations, other regulations about structural parts and

³⁰Skobkis S.S. Management in tourism: tutorial. – M.: Master, 2011. – Page 118.

individual employees. Official regulation sets the personnel and develops instruction.

Requirements are set by rate setting, i.e. the requirements, rules of action and interaction of the units of the tourist organization.

Due to the instruction the personnel gets acquainted with the condition of production of a tourist product, receives advice of the fulfillment specific works. Executive influence is realized by means of orders, instructions and directions. They are designed to provide the organizational efficiency and discipline. These methods are regulated bylaborlegislation and economic legislation, the main objectives of which are-legal regulation of labor relations, strengthening the rule of law, protection of rights and legal interests of the company and the employees in accordance with the Labor Code of the Republic of Uzbekistan and other legislative acts.

Within the organization, there are three forms of organizational and administrative methods (Fig 3.12):

- mandatory requirement (order, prohibition, etc.);
- conciliatory methods (consultation, compromise solution);
- recommendations, suggestions (advice, explanation, proposal, communication, etc.).

As a rule, these are direct tasks and orders of higher authorities (authoritarian influence of the manager on subordinates), which are aimed on the observance of laws and regulations, orders and instructions of the leadersin order to optimize production processes. Organizational and administrative methods differ from other methods by clear directives, fulfillment of order sand instruction, non-fulfillment of which is considered as a direct violation of the implementation standard and leads to certain penalties. Directives are compulsory for the fulfillment, at a stated time, even if it is not profitable for the executor.

In general, the system of organizational and administrative methods can be represented as a set of two equalelements- the impacton the structure of the management (regulation of the activity and regulation of the management system) and the impact on the management process (preparation, adoption, implementation and organization of control the overmanagement decisions).

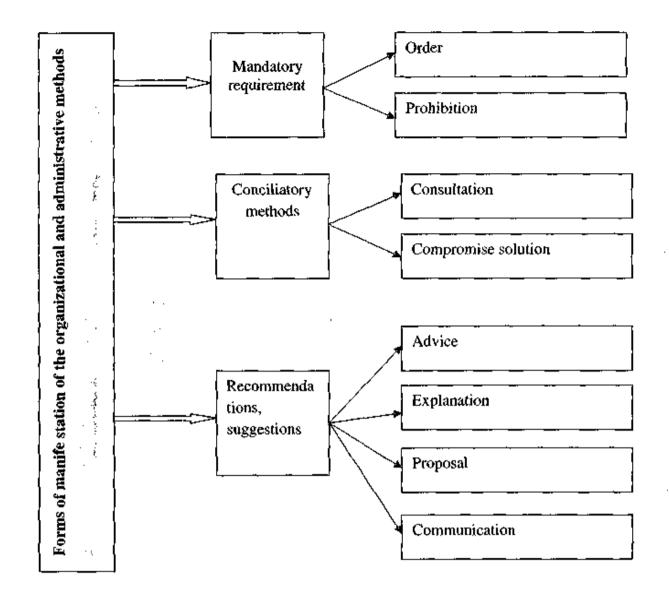


Fig 3.12. Forms of manifestation of the organizational and administrative methods

The biggest interest is the organizational impact of manager on the management process. Essentially, those are methods of the executive influence of the manager on the team in general and on the individual in particular.

The need for such command management methods arises from variations in the management of previously defined or desired operating modes that inevitably arise under the influence of both subjective and objective factors.

In practice of the managerial activity the administrative impact is associated as a rule with three types of subordination (Fig 3.11):

• forced and externally imposed. It is accompanied by unpleasant feeling of dependence and is understood by subordinates as pressure "from above";

- passive. For it the satisfaction is typical which is connected with deliverance of acceptance of independent decisions;
 - realised, internally proved.

As a whole organizational and administrative methods of management exist in the form of organizational and executive influence.

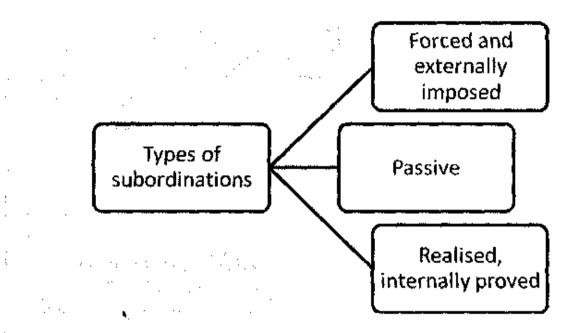


Fig 3.11. Types of subordinations

2. Economic methods of management (Fig. 3.12). They take the central place in the management. Economic methods of management mean the use in management of economic mechanisms which can purposefully influence favorable functioning and development of the tourist organisation. Among these mechanisms the major place belongs to the business accounting.

Business accounting as an economic method of management in tourism sphere synthesizes in itself both management functions and economic mechanisms. At business accounting such economic tools, as pricing, production costs, financing and crediting, stimulate the achievement of an ultimate goal of the tourist organisation – the acquisition of the stable profit.

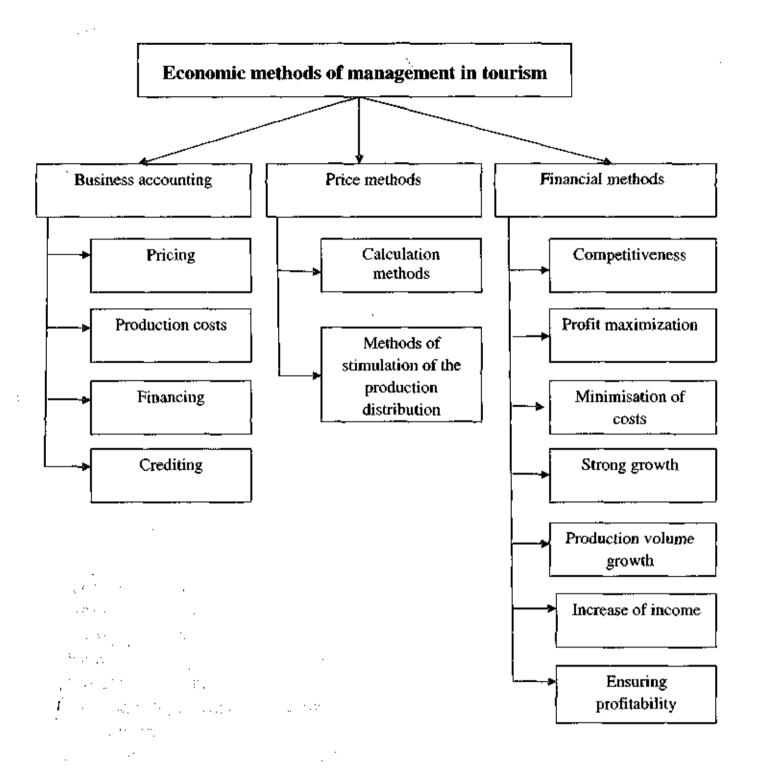


Fig3.12. Economic methods of management in tourism

Each of these mechanisms has features of use. The prices on the structure and level adapt to the market requirements. For reduction of production costs it is necessary to decrease expenses by means of economy of resources, labour productivity increase.

For the tourist organisation the great importance is given to timely definition of sources of financing and rational distribution of the capital on divisions of the tourist organisation.

Price methods are methods of formation of the prices for the tourist product within the limits of the price strategy accepted by the organization. All price methods can be subdivided into two groups: calculation methods and methods of stimulation of the production distribution.

The essence of calculation methods of pricing is that they are based mainly on the account of intraproductive conditions of the tourist organization. As a result of use of methods of the present group the organization defines the desirable price level, not corrected in full measure, considering requirements of real market conditions.

The main advantage of the present method consists in possibility of revelation of the most favourable kinds of tourist production. It is supposed, that indirect expenses on a tourist product practically do not vary either at replacement of one product with another, or at change in certain limits of the production scale. Therefore, the higher the difference between the price of a tourist product and the amount of the reduced costs, the more gross profit and accordingly, profitability.

Financial methods mean an estimation of industrial and financial directions of the activity of the tourist organization, formation and use of the capital, monetary incomes and funds necessary for achievement of strategic and tactical targets of its development.

The purpose of the financial method is elaboration and application of means and tools for achievement of the purposes of activity of the company in whole or its separate industrial and economic parts.

Such purposes may include:

- improving the competitiveness on the tourist market;
- profit maximization;
- · costs minimization;
- stable growth of the economic potential of tourist company;
- the growth of tourist product and its realization;
- · increase of incomes;
- ensuring profit ability.

Main directions of the financial method:

- provision of funding sources. Search of internal and external sources of short-and long-term financing. Selection of their optimal combination;
- management of financial resources. Portfolio management. Borrowings managements;
- accounting, control and analysis. Choice of accounting policy. Processing and presentation of the accounting information in the form of financial statements.

Analysis and interpretation of results. Comparison of reported data with plans and standards. Internal audit.

The main financial management methods, implemented during the financial policies of the tourist company are: forecasting, planning, taxation, insurance, crediting, self-financing, payment system, the system of financial penalties, the system of production of the depreciation charges, incentives, pricing principles, trust operations, transfer operations, pawning, rentals, leasing, factoring.

For the implementation of these methods techniques of financial management are used: credits, loans, interest rates, dividends, quote currency, discounting etc.

Fundamental issue of the organisation of work in tourist company mastering of economic methods of management which in respect to management of the tourist organisation represent set of economic leverages with the help of which the effect is reached which satisfy the requirements of the personnel in whole and the individual in particular. In other words, the goal is reached by the impact on the economic interests of managed object.

To make economic methods of management more effective, it is necessary to provide, at least, "sensitiveness" of the organisation on economic leverages. Without it sense of expansion of the rights of structural units and self-financing of the tourist organization is lost. In turn, expansion of independence conducts to more personnel freedom in economic activity and to economic methods of management.

Only in the conditions of the proved independence it is possible to make real transition to economic methods of management: the personnel disposes of the real assets, the received income (profit), the salary and realises the economic interests.

Economic methods promote revelation of new possibilities and reserves, improvement of system of material stimulation with the economic interests of all participants of labour process. The problem here is to create conditions at which economic methods would be effective and purposeful.

Reconstruction of the economic mechanism on improvement of planning, economic incentives and management should provide necessary social and economic preconditions of realisation for successful activity in the conditions of the market.

For this purpose the methodology and technology of planning should be radically changed, the basis of which is the standard method. Application of stable specifications will allow to improve a system of creationof means, which are at the tourist organisation disposal, for the solution of various economic and social problems.

Unlike organizational and administrative methods - economic methods of management assume development of the general economical indicators and means of their achievement. It is a kind of the economic mechanism in

economic relations. As a result of increase of effectiveness of economic leverages and stimulus conditions are formed which induce the personnel to effective work not by administrative influence, but economic incentives. On the basis of economic methods of management it is necessary to develop and make stronger organizational and administrative, social and psychological methods, raise professionalism and culture of their application.

For the solution of the economic problems in the management of touristorganization, economic and mathematical methods are widely used, since the main characteristic of the economic problems is the large number of restrictive conditions and lots of decisions.

Their economic essencemay by expressed by a mathematical model that represents a system of restrictive conditions imposed on unknown variables. With the help of economic and mathematical methods, it is possible to receive precise data describing an economic event, and find the most effective solutions.

3. Social and psychological methods of management. In the sphere of tourism efficiency of the activity of the tourist organisations in many respects depends on variety of psychological factors. Ability to consider these factors and with their help purposefully influence the personnel willhelp the manager to build a team with the common objectives and goals.

Sociological researches testify that if the success of activity of the businessman on 15,0 % depends on his professional knowledge, thenon 85,0 % - from ability to work with people.

Knowing features of behaviour, character of each certain individual, it is possible to predict the behaviour in the direction which is necessary for the team. It is connected with the peculiar to each group psychological climate.

Therefore an essential condition of formation and development of working teamis the observance of a principle of psychophysiological compatibility. The Japanese sociologists assert, that mood, desire of the individual to work and moral and psychological condition in the team influence labour productivity which mightbe increasedor decreased approximately in 1,5 times³¹.

As practice shows, formation of a healthy moral and psychological climate, training of feeling of mutual aid and team spirit more actively occurs during formation of market relations.

So, during the sociological researches 91, % of respondents in the sphere of tourism of the Republic of Uzbekistan have specified, that with the transition to market relations among the personnel atmosphere of mutual insistence and responsibility has started to form, the relation to work and

³⁴Gromkova M.T. Organizational behaviour.- M.: UNITY - DANA, 2008. - 362 p.

payment distribution has changed (to the best). 82, % of the respondents and occupied employees are interessted in successes of the colleagues.

In order to make an impact on the personnel the most effective, it is necessary not only to know the moral and psychological features of separate executors, social and psychological characteristics of separate groups and teams, but also to carry out control action.

For this purpose social and psychological methods are used, which are the combination of specific ways of influence on personal relationships and connections that occur in tourist agencies, as well as on the social processes inside them.

They are based on the use of moral stimulus to labour, influence the individual by means of psychological methods with a view of transformation of the administrative task into the conscious duty, internal requirement of the individual (Fig 3.13). The main objective of use of the methods is the formation of positive social and psychological climate in the team, due to which educational, organizational, and economic tasks will be solved.

In other words, the aims laid down for the personnel can be reached by means of one of the major criteria of efficiency and quality of work - the human factor.

Ability to consider «the human factor» will allow the manager to influence purposefully the team, to create favorable conditions for work and finally to form the team with the united purposes and problems.

The primary tool for influencing the personnel is a belief. By trying toconvince the manager must take into account the nature of human behavior and human relations in the process of joint activity. Understanding the inner world of the individual helps him to choose the most effective forms of unity and activization of the personnel.

Techniques and methods of social and psychological impact are determined in many respects by the qualification of manager, his competence, organizational abilities and knowledge in the field of social psychology. Social and psychological methods of management require that leaders of the team should be flexible enough, able to use various aspects of management.

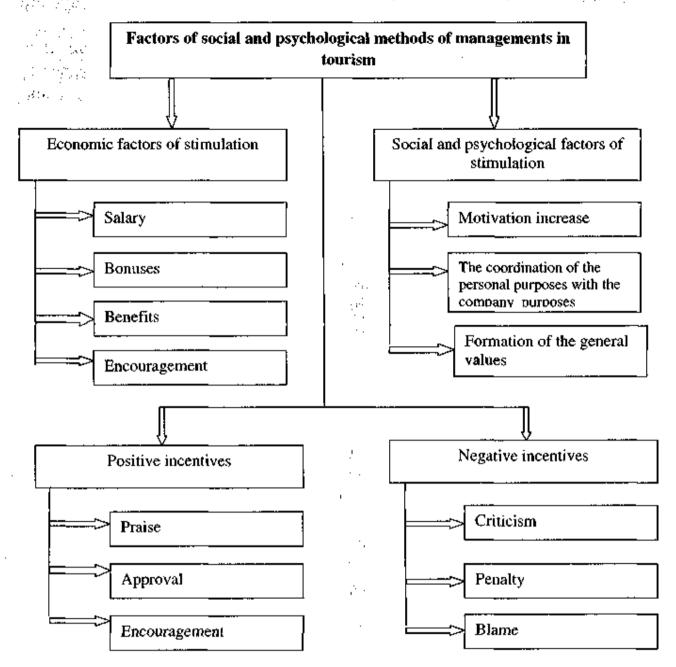


Fig.3.13. Factors of social and psychological methods of managements in tourism

The success of the activity of the manager in this direction depends on his ability to apply correctly various forms of social and psychological influence that eventually will form healthy interpersonal relationships.

As the main forms of such influence it is possible to recommend planning of social development of the personnel, belief as method of education and formation of the individual, criticism and the self-criticism, constantly operating production meetings which act as a method and as the form of participation of the personnel in management.

3.3. Rationalization of management work in tourism

Nature of workin the tourism industry has its own specificity. The main feature is that the result of the production process of the tourist organization is a tourist product, which differ from other products.

First of all, the tourist product is immaterial; it cannot be stored and received as the property. No one can create reserves of tourist product: even if it was possible to program the demand, the product could be made only simultaneously with its consumption.

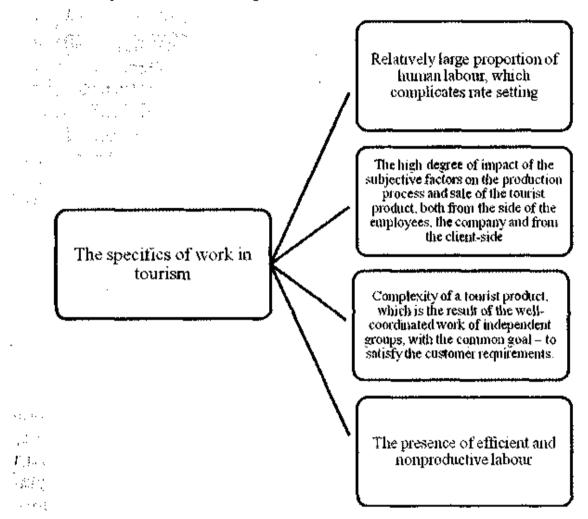


Fig 3.14. The specificity of labour in tourism

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Unsold product means the sheer loss, which cannot be recovered. Finally, tourist organizations alone cannot cope with their tasks. They have to apply to the mediation of specialized companies that satisfy the needs of the tourist market and ensure profit ability through close contact with potential customers.

These features cause the nature of workin tourism (Figure 3.14). Labour of management has its own specificity in the tourism industry; hence its rationalization is very important.

The basis of the rational organization of the management labour has certain principles (Figure 3.15):

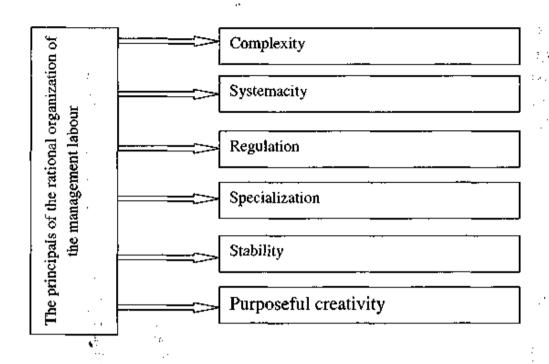


Fig. 3.15. The principals of the rational organization of the management labour

- complexity. The problem of organization of the management labour should be resolved comprehensively- in viewof all aspects of management. The principle of complexity suggests that the rational organization of management labour is developed not in one direction but in totality and not just for a single employee, but for all managerial staff;
- systemacity. If the principle of complexity expresses the requirement of completeness of the object review in all directions, then the principle of system suggests their mutual coordination, linkage, elimination of contradictions, as a result system of labour organization is created, in the frames of which all its components are mutually agreed and act in the interests of the effective functioning of the tourist industry;
- regulation is the establishment and strict observance of certain rules, regulations, orders, instructions and other normative documents based on objective laws of management development. At this the range of issues is distinguished, which need strict regulation, and questions are formed for which recommendations are needed;
- specialization. It consists of the consolidation for each unit of certain functions, activities, transactions and assignment to it the full responsibility

for the outcomes of the activity during the management process. It is necessary to keep in mind the limits of specialization, that no one can cross, because otherwise one can limit the creative development of employees and negatively affect the results of their work;

- stability. Personnel of tourism organization work in the conditions of stability of its structure, functions and tasks. This does not exclude the dynamics in development. It is important that the change of the content and structure of the tasks should be specified by the proper needs and made on a strictly scientific basis;
- purposeful creativity, which consists in the achievement of two interrelated goals: the creative approach for the design and introduction of advanced techniques of labour and maximizing the use of the creative potential of managers in their day to day activities.

As in other sectors of the economy, rational organization of management labour in tourism should be addressed in to three main tasks: economic, psychophysiological and social.

The solution of the economic task suggests the most comprehensive use of resources, enhancing production efficiency and work, the quality of the tourist product. For example, in the hotel business of the tourism industry during the solution of the economic problems the particular importance acquire improving the quality of tourist services, reduction of expenses, more efficient use of personnel skills and the completeuse of the employees.

Solution of the psychophysiological problems suggests the creation of the most favourable working conditions, conducive to the preservation of the health of employees, reduction of fatiguability and rise of efficiency. The social task solution promotes transformation of work into vital need, brings up the responsibility in employee for the results of his work.

These tasks are linked and must be resolved in an integrated manner. Without solution of the psychophysiological and social problems, the economic problem would not be solved. Objectives and contents of the rational organization of the management labour in the tourism industry assign the following major directions:

- development and implementation of rational forms of division and labour cooperation;
 - · improving the organization and service of tourists;
 - training and development of personnel skills;
 - · strengthening work discipline.

One of the main directions of labour organization is the development of the rational forms of the division and cooperation that must correspond to a modern level of service (Figure 3.16). Taking into consideration hotel complexes of tourism business the rational distribution of work is the provision of highly specialized units of the complex, as well as the distribution of work between employees.

Distribution of work inside the complex can be functional (for example, between the employees of hotels and restaurants), technological (according to the type of work), operational.

Due to the fact that, for example, in the restaurant business functions on preparation and realization of product and consumption are implemented concurrently, the structure includes groups of employees of production, sales area, and management and service personnel.

Every group has certain responsibilities. Functional division of labour depends on the amount of work at the workplace, working hours of the restaurant during the day.

Technological division of labour is executed according to the nature of the production process. At the restaurant business the degree of differentiation of the technological process may be larger or smaller depending on the organizational and technical capacities of the enterprise.

For example, the technology division of labour: the primary processing of raw materials; heat treatment of products; cold dishes cooking.

During the technological division of work depending on the complexity of the used operations the qualifying distribution of work is used when the work of a certain complexity, accuracy and responsibility are shared among employees depending on the skill level. Thus, highly skilled employees perform more complex operations that require certain skills; less complex work is done by lower skill employees.

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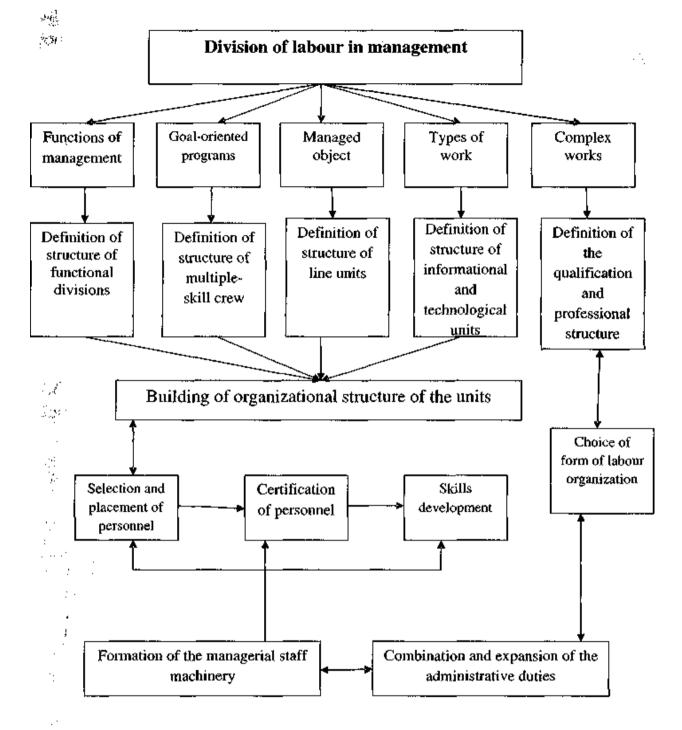


Fig 3.16. Division of labour in management

Distinction between skilled and unskilled work is combined with an operating division of labour, i.e. the dismemberment of the process on the separate operations. Operational distribution is mostly performed in large restaurants where employees are busy with the homogeneous work throughout the day.

In small workshops the employee, as a rule, performs sequentially several operations, but violations of the technological process are not allowed.

For increase of efficiency of production not only the division of labor has significance, but also its cooperation. Form of cooperation of labour, for example, in the restaurant business is the creation of large associations (food production facility), cooperation inside the enterprise – creation of the production team.

One of the varieties of the cooperation in tourism is the hotel chains. Hotel chain is combining of several hotel complexes to generate single policy and general terms and conditions of agreements with whole sale tour operators companies. The development of automation systems has led to the fact that often the companies belonging to the hotel chain are connected by the single automated system management and distribution of hotel fund. Today there are over 300 hotel chains in the world. 13 largest hotel chains have 78.0% of the whole hotel room capacity of hotel chains (table 3.2).

Table 3.2 Characteristics of several major hotel chains operating in the global tourism business

Hotel's name (country)	Number of hotels of the chain	Share in total hotel fund of the countries,%
Holiday Inn Golden Mile (USA)	1800	50
Sheraton (USA-Canada)	418	52
Trust House Forte (UK)	810	23
Trust House Forte (UK)	170	79

International hotel companies have a number of advantages to dominate in the market:

- significant investments to develop the marketing strategy for the successful positioning of goods in the market;
 - · use of international computer reservation systems;
 - systematic application of a flexible price policy;
 - highly qualified staff and own system of training;
 - · centralized supply and sales;
 - ability to concentrate investments in key areas of economic activity.

The capital inflow in the tourism industry involves the transnational nature of the property, which is inherent to transport companies, by

definition. Airline Corporation Lufthansa (Germany) is one of the owners of "Kempinsky" hotels chain.

Hotel chain "Inter-Continental" was founded by American airline "Pan American" in 1946, and now it belongs to the American Airlines "Delta Air Lines", which bought up in the late 1980's the shares of the airline "Pan Am".

Global organizations of the tourism industry of countries that UNWTO classifies as tourists supplier countries, increasing the effectiveness of its activities, often place their branches in the countries in which they operate. For example, a Belgian tourist operator "Suner" has a number of hotels on the Mediterranean coast in Spain, Greece, Italy, Morocco, and Tunisia. The largest operator "Turespana" (Spain) has offices in 28 countries.

Every year 1.5 million people use the services of French company "Club Med", which has offices in 36 countries. Among French giants of tourist market there are well-known "Fram", "Jet Tours", "Frantour". Among the German leaders there are "TUI", "NUR", "LTU", "ITS"; among the English leaders there are "Thomson", "Air-tour".

Among the Swiss leaders there is "Kuoni Travel Ltd." - a tourist operator and tourist agent with 60 travel agencies in Switzerland and 60 in 16 countries around the world, and also tourist operator "Hotelplan" - a wideranging tour operator which has 50 branches in Switzerland and approximately 40 agencies in 7 European countries.

If a large travel company has its headquarters in the country, the most developed in terms of science, technology, industry, and is armed with the latest discoveries in the field of management, the company introduces the know-how in its branches located in less developed countries, thereby increasing their advantage over competitors in the local market.

Any factors of production can serve as carriers of competitive advantages. So the profession of the international manager got significant spreading. Doing business he has management positions in various organizations.

In the tourism business those companies are well-known which specialize in providing management services to hotels. Such companies generally do not have their own hotels, and provide management services with their own managers to the hotel employees (table 3.3).

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Table 3.3

The leading companies of tourism business, specializing in the management services

Company (location of headquarters of parent company)	The quantity of own numbers	The quantity of own hotels	Comments
Richard Hotels Management (Denver, USA)	33217	141	Has contracts for other hotel management
Tabltree Hotels Corporations (Phoenix, USA)	24480	97	Has contracts for other hotel management
Interstate Hotels Corporations (Pittsburgh, USA)	22879	80	Have shares of "Marriott" and "Sheraton"
Queens Moat Houses (London, England)	22100	191	Management contracts in 6 countries
Continental Voyage Company (San Francisco, USA)	-		Does not have own hotels
American General Hospitality (Dallas, USA)	-	-	Does not have own hotels
Citur (Guadalajara, Mexico)	-	-	Does not have own hotels

Management contract is an agreement providing the transfer by the owner of the hotel or tourist enterprise the rights of maintenance and management to another company. This agreement makes available to tourism businesses benefits, accompanied by direct investment without the appearance of the problem of foreign property rights in the local economy. Management contract also limits the liability of tourist Corporation for the use of foreign resources for the period in which they are necessary for the

In some cases a refund to the contractor of the management contract is limited by constant and (or) variable profit from one-time payments and fees. Other benefits include acquisition of valuable experience and reputation while gaining the starting points in new markets in a relatively risk-free basis with a guarantee of non-price benefits of franchise kind.

local economy.

Franchise in translation from French means "right to benefits". System using the right to benefits is called the franchising system, which represents

continuing in time the relationship between parent company and the operator on the basis of special agreements (contracts).

Feature of such agreements is the compulsory provision of the preliminary and regular services (package of preferential services: managerial, technological, educational, marketing, economic, etc.) from the head company (franchisor) and mandatory deductions from the operator (franchisee) of cash for the trademark, image and know-how of the parent company.

Thus, at the present stage the main direction of development of tourist industry sectors can be the strengthening of the positions of international tourist companies and associations.

Forms of cooperation in team can be different. It takes into account the possibility of issuing a full range of products and good quality through the rational use of working time. The team and its mode of work shall be determined in every specific case. There are two types of production team - specialized and complex.

Specialized teams are created in large enterprises of restaurant business with a large amount of work, in special blank production shops with production lines. Such teams are created from workers of one process technology, but having different qualifications.

In small enterprises (up to 10 persons) a complex team is created where the combination of professions is applied. It includes manufacturing and shop floor workers. For better organization a list of works, performed by each member of complex team during a working day is defined by the schedule.

Experience of complex teams of the restaurant business enterprises shows that this form of labour organization makes it possible to achieve a dramatic reduction of losses of working time, full workload of employees and equipment during the day.

The working time has its peculiarities in the tourism industry. As it is known, according to the labour legislation, the working week is 40 hours. Part-time work is established by agreement between labour and management and for minors.

For example, unlimited workday is established for employees of the restaurant business, the work of which is not countable in time, but the number of hours worked per month, must comply with the labour legislation or additional leave should be granted as compensation.

In the restaurant business enterprises such attendance charts are applied as: linear, tape (benched), final calculation of working time, combined.

Line schedule provides simultaneous arrival and departure from the work of all employees. This schedule is used where workload is completely performed for 7-8 hours. Workload of employees is uniform during the shift.

The advantage of this schedule is that it provides the responsibility of employees for the production program. But in the long-term work of the restaurant using a line schedule is unreasonable.

Tape (benched) timetable provides appearance at work at different time by groups or individually, according to the workload of the restaurant. Every employee works about 7 or 8 hours.

Final calculation of working time schedule is applied in enterprises with non-uniform workload on some days of the week or the month when it is not possible to establish normal length of working day.

This schedule allows a different length of the working day, by day of the week, but not more than 11 hours 30 min with the following assignment of one day of rest, with the compulsory working off per month established norm of working time.

Combined schedule provides the combination of different schedules and is used at the enterprises with long hours. Such a schedule is often used in restaurants, where the work is organized according to the technological process of preparation of dishes and workload of the sales area. While some employees of the restaurant come to work according to the tape schedule.

In present conditions management labour and the manager's role in tourism are expressed to (fig. 3.17):

- set an example and demand from the personnel steady implementation of the regulations;
 - · prepare job descriptions with clear division of responsibilities;
- carry out personal orientation with new staff, represent them to the team, find a mentor, who will introduce them orientation, introduce the colleagues and the work of all the services of the tourist enterprise;
 - control the professional development of the personnel;

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• improve staff motivation, combining it with professional development.

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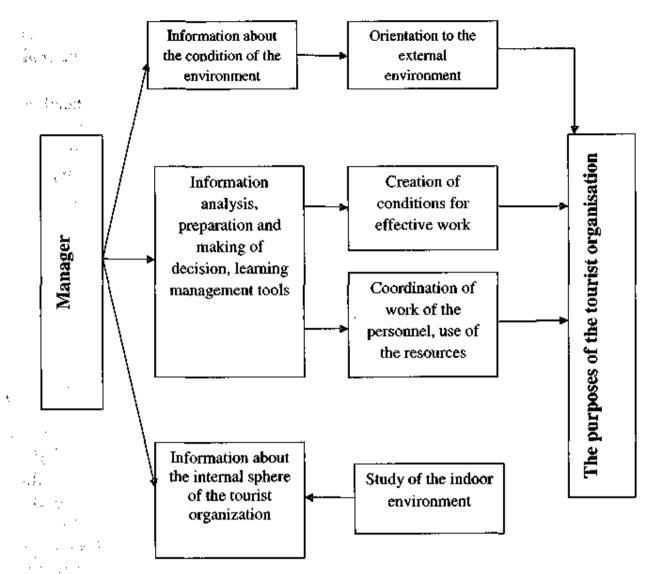


Fig 3.17. The process of the management labour

In today's conditions the manager should be constantly ready to introduce necessary correctives in the planned strategy of management, keeping in view that the basic result of his activity is the increase of profit of the tourist organisation.

3.4. Innovation and Investment Management in tourism

In the condition of the severe competition the primary task of any tourist firm is, of course, the winning of the leading places in the tourist market, acquisition and increase of income. One way to draw consumers' attention to the tourist product is to offer the market a new product, different from the competitors.

Innovation is based on the novelty and introduction of something new, which is called novation.

In the global economic literature the word "innovation" is interpreted as a transformation of potential scientific and technological progress in the real, which is embodied in the new products and technologies innovation.

The term "innovation" as new economic category was introduced to scholars by the Austrian scientist J. Schumpeter. In his work "The theory of economic growth" (1911) he first considered the questions of new combinations of changes in development (i.e., questions of innovation) and gave a full description of the innovation process. J. Schumpeter identified five typical changes, the manager dealt with:

- use of new technology, new processes ornew market production (in the process of buying and selling);
 - · introduction of products with new properties;
 - · use of new raw materials:
 - · changes in the organization of production and material support;
 - · emergence of new markets.

Later, in 1930, he saw innovation as a change in the purpose of the introduction and use of new consumer products, new production and transport, markets and forms of organization in the industry (Fig. 3.18).

Currently, innovation is defined as the result of innovative activity, which was realized in the form of new or improved product introduced in the market of new or improved technological process which is used in the practical activity, or in a new approach to services.

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Innovations can be:

- technological;
- industrial;
- economic;
- trade;
- · social;
- in the area of management.

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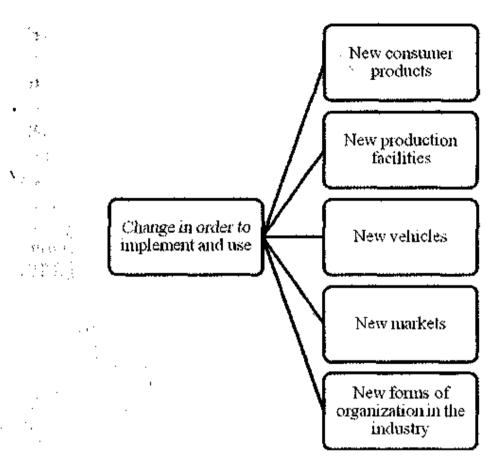


Fig 3.18. Innovation according to J.Schumpeter

In modern economy the role of innovation has increased considerably. It is caused by the fact that in a market economy, innovation is a method of competition, since innovation leads to cutting of production costs, prices and increase profit, creation of new needs, the flow of money, improve the image of the (ranking) manufacturer of new products, opening new markets, including external.

Innovation as a processor product can be one of the main income items of the tourist organization, with significant impact on the increase of the income.

Product with new properties, production and sale of which are added to the existing range, are commonly referred to as a new product. Simple improvements of the existing products are not included here. The new products can be either fundamentally new product or a combination of new devices, mechanisms, without changing the product itself.

It is well known that the transition from one quality to another requires the costs of resources (energy, time, finances, etc.). The process of conversion of novelty (new order, new custom, new method, invention, new introduction) to the innovation ("innovation" – "the introduction of novelties") also requires the costs of different resources, the main of which is the investment and time.

Purposes of the process of innovation in tourism can be summarized as follows:

- finding of a new solution of the tourist problem is the creation of the invention:
- implementation of research and development activities to create a new tourist product;
- parallel preparation and organization of the implementation of the tourist product;
 - introduction of a new tourist producton the market;
- fixations in the new markets through the constant improve of technology, increase of the competitiveness of tourist product (Fig 3.19).

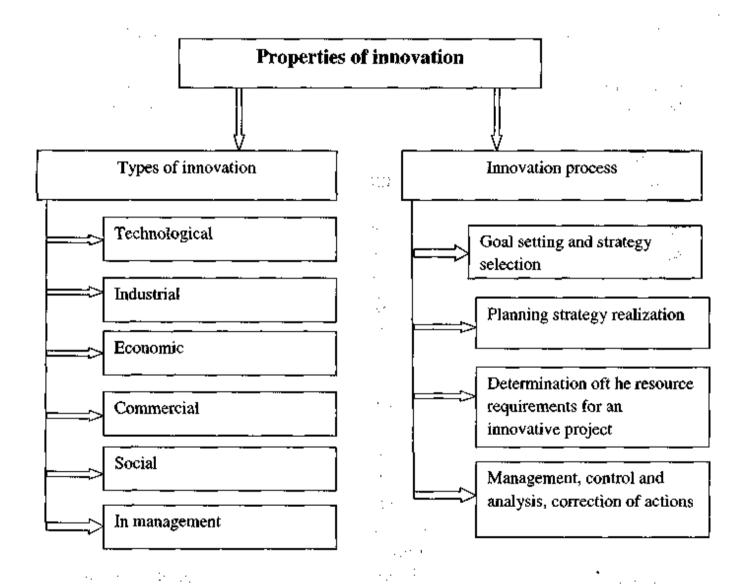


Fig 3.19. Properties of innovation

Innovation management in tourism is a set of principles, methods and forms of management of innovation processes, innovation activity, and occupied by that activity organizational structures and their staff.

For it, as for any other field of management the typical features are:

• setting goals and the choice of strategy;

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- planning of the implementation of the strategy;
- identification of resource requirements for the implementation of the innovative project;
 - guidance, control and analysis, correction of actions.

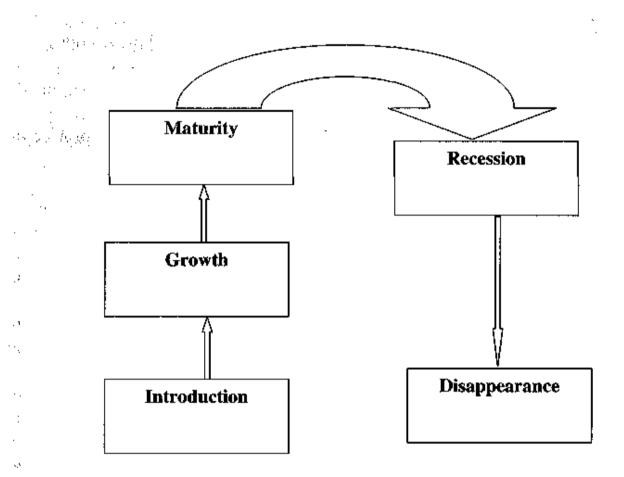


Fig 3.20. The life cycle of a tourist product

The newness of the innovations is evaluated according to the process variable, as well as the market position.

Depending on the process variable innovations are divided into product and process.

Product innovations include the use of new materials, new components and semi-finished products; obtaining of fundamentally new products.

Process innovations mean new methods of production (new technology). Process innovation can be associated with the creation of new organizational structures in the tourist firm.

According to the type of newness for the market innovations are divided into:

- new for the tourism industry in the world;
- new for the industry in the country;
- new for the tourist firm.

Tourist product, like any other product goes through its life cycle, which consists of five stages:

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- introduction is a period of slow growth in sales when the product is introduced to the market. Because of the high costs of introduction to the market, there is no profit in this stage there;
- growth is a period of rapid market acceptance of the product and increasing profits;
- maturity is the period of decrease of sales growth, as by this time, the product is consumed by the majority of potential buyers. The income is equalized or reduced because of increase of marketing costs to protect the product from the competitors;
 - recession is a period when both sales and profits falling fast;
 - · disappearance is a withdrawal of the product from the market.

The task of the manageris to manage th life cycle of the product in order to obtain the necessary revenue and profit. An important tool for product management is profiling- the development of profile of the life cycle of the product.

The purpose of profiling is ensuring the highest possible sales in the introduction phase of the producton the market and in the growth phase, i.e. its full sale.

Profiling includes the following measures:

- detection the percentage between sales and profit for each phase of the life cycle of the product. This ratio reflects the current profile of the product life cycle and the current profile of the life cycle of profit from the sale of the product;
- calculation of changes in the life cycle and profiling of the profit for the last 3-5 years in order to predict the profile of profit in the next stage;
- profiling development of the life cycle of the enterprise and comparison with the current profile of the product life cycle.

Established by the market regulation goal of the profile specifies the desired proportion of sale of the tourist product, which will go down in each successive phase of the product life cycle.

So one can define declining trends of tourist product, product development rates, represented on the market, the average length of product life cycle, and also the desire of management to increase profit ability.

For example, all CIS have declining domestic tourism, the share of which is the biggest part of the total tourist product. This is connected to the appearance on the tourist market better and cheaper tourist product of Turkey, Egypt, Arab countries, Malaysia, Thailand, Czech Republic and others.

The rapid development of programs ensuring the demand for a viable tourist product is a characteristic feature of successful travel companies. For example, in the tourism industry expenses for long travel are shortened because competitors introduce new products of more mobile type.

Tourism is one of the most important branches of the service, and it requires innovative forms and mechanisms of customer service. However, not all companies are willing to apply the innovation in practice. Innovation first of all is the considerable risk. Any innovation, especially if it affects the organization as a whole, causes resistance, as the adoption and implementation of innovations are related to breaking stereotypes, behaviors and attitudes. Fear of change something in a constant and familiar operation prevents companies to turn to the new arrangements.

For example, many tour operators offer to their regional agencies the new system of booking -booking tours "on-line", which allows obtaining almost instant confirmation of the tour.

Thus, the tour operator saves time for processing an application, and a travel agent,in turn, speeds up the process of registration of the client. The benefit is obvious: saving time on the job a travel agent is able to attract the client in terms of speed.

But so far, despite the relatively wide use and convenience of the system, many agencies refuse to work like this. Much closer is the direct contact with the tour operator. Fear of missing something makes the agents to use the old and provenreservation system. This is a vivid example of a rejection of innovation.

Most often at the base of negation of innovation there is a social and psychological aspect: evaluating the opportunities, sufficient amount of personnel of organization tends to assume that they do not have necessary skills for the introduction of the innovation. This raises fears to be unnecessary and as a consequence - the resistance to change.

Tourism market is an unstable market, subject to the influence of different events in the surrounding and adjacent areas. In these conditions, to ourist firms should not only create a new product, but to be able to react to new developments in various fields related to tourism, have the ability to create new methods of work and improving the results of activity.

Thus, innovation is an essential item in the program of development and realization of tourist product in the market. The main purpose of tourist firms is to survive in a competitive environment, motivate and bring the maximum number of consumers. Just through innovative aspects in the current activity

of the company there is a possibility to ensure to the tourist product quite stable existence on the market.

For the implementation of innovation in a market system of relationships three types of markets have been formed and developed:

- innovation;
- investment (capital);
- pure competition of innovations.

These markets are the system of interaction of innovators, investors, producers of competitive goods (services) and developed infrastructure.

If the market of innovations assumes circulation of the special product the scientific (scientific and technical) result, i.e. the product of intellectual
activity, subject to copyright and similar rights in accordance with the
applicable international, national, corporate and other laws and regulations,
then the pure competition innovation market consists of buyers and sellers
who commit transactions of similar goods in a situation where no single
buyer or seller has much impact on current price level (i.e. lack of
monopoly).

The process of transformation of innovation into product (tourist product) requires investment of time and resources. From this position the market of pure competition makes a dual perspective: on the one hand, subjects of market, taking part in the competition, have to raise technical and organizational level of production, quality and usefulness of product and services, reduce costs, etc., and, on the other hand, the market rejects the innovations of great scientific and practical value if they are not in the interest of commercial organizations. So competition forces businesses, including tourist organizations, go to the market of innovations or take part in its shaping.

Therefore it is difficult o find a tourist firm, which would not participate in the investment market (capital). They come here in search of funds to meet their needs. However available capital acts as the main constraint in all its forms (loan, working, equity, venture capital, charter, etc.).

The investment market (capital) is affected by a large number of factors, main of which are:

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- 1. Public Policy:
- tax(fiscal) policies;
- · legislativepolicy;
- the pace of market reforms (the amount of privatization, financial of sector development, market prices);
 - 2. Science and Technology Policy:
 - information Technology;

professional standards.

In the sphere of innovations defining role is given to long-term and medium-term investments, because the life cycle of innovation is 3-5 years or more.

In the most general form the capital investments are the investments in various sectors of the economy with a view to receive profit.

In this case, with a view of classical economic theory, capital growth should be sufficient to offset the investor the rejection to use the available funds with another (alternative) way, to reward him for the risk, offset the losses from inflation in the period ahead.

Productive turnover of capital creates the necessary conditions for expanded reproduction. Investments providing the dynamic development of the tourist organization are possible with:

- expanding the own business through the accumulation of financial resources in order to gain a larger share of the tourist market, increase the competitiveness;
- acquisition of new organizations, development of new business areas of diversification.

The volume of investment is affected by many different factors, the main of which are:

- distribution of income on the accumulation and consumption;
- expected rate of profit;
- interest rate;
- estimated rate of inflation.

Investments can be made in different ways (fig.3.21).

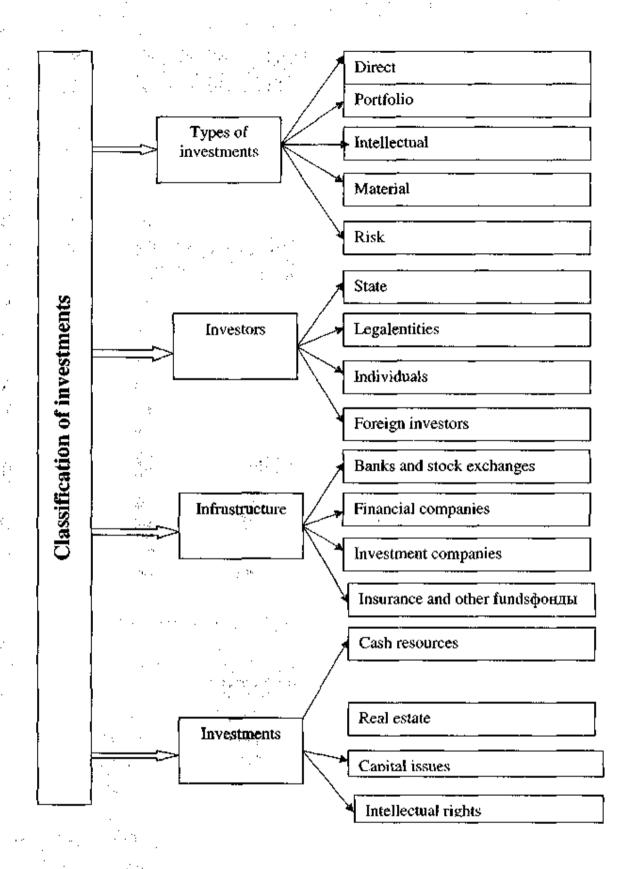


Figure 3.21. Classification of investments

According to the objects of investments one can distinguish real investments or investing in solid assets (both tangible and intangible) and financial investment or investing in various financial instruments (assets), including in the capital issues.

According to the nature of participation in the investment one can distinguish direct (with the direct participation of the investor) and indirect (through investment orfinancial intermedi aries) investments.

According to the period of investment one can distinguish short-term (up to one year) and long term (for a periodoverone year) investments.

According to the patterns of investors ownership one can point out:

- the private investments which are carried out by citizens and enterprises of non-governmental pattern of ownership;
- governmental investment is the investment of authorities of different level at the expense of budget means, off-budget funds and borrowed current assets, and also state enterprises and organisations at the expense of own funds and borrowed current assets;
- foreign investment is carried out by foreign citizens, legal entities and states;
- joint investments are the investments by the subjects of the country and the foreign states.

Investment management represents managerial process of all aspects of investment activity of tourist firm. Its basic purpose is support of the most effective ways of realisation of the investment strategy of the organisation.

Planning in the investment management plays an essential role because before to carry out control action, it is necessary to make the accurate task or the program of actions for which one develops the plans of investment actions, acquisition of incomes, an effective use of investment resources.

Investment planning covers all complex of actions from the development of plan targets to their actualization and is expressed in working out of the specific plan of investment actions.

In consideration of the goals system of the innovative management at the level of tourist firm the following functions are defined:

- studying of the external innovative environment, forecasting of development of the tourist market. In the course of realisation of this function the legal field of innovative activity is investigated (in whole and in perspective of separate innovations), the current conjuncture of the tourist market, its key factors are analyzed;
- forecasting of requirement for resources of all kinds for realisation of innovative activity;
- search and selection of innovative projects. In the course of the realisation of this function the current offer in the innovative market is

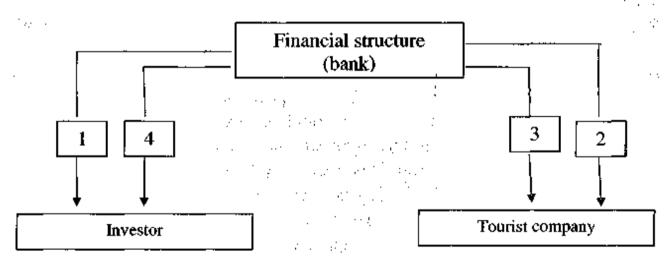
studied, the most appropriate to the general strategy of tourist firm is selected, including their examination and calculation of the efficiency;

- sormation of a portfolio of innovations;
- current planning and day-to-day management of the realisation of separate innovative programs and projects;
- the organisation of monitoring of realisation of separate innovative programs and projects occurs with the help of system of indicators and revelation of the reasons of their deviations from a normal value.

There are different kinds of investment in tourism:

- project crediting;
- · combined participation in the project;
- portfolio investment;
- management contract.

For the investment crediting (Fig. 3.22) the characteristic feature is the availability of the financed project, new or already existing, for realisation or development of which credit resources are directed which are attracted by the tourist company -the borrower.



1. Guaranteed credit; 2. Amount of credit; 3. Credit size + % on the credit (investor) + bank %; 4. Pawn.

Fig 3.22. Project crediting

Thus the investor overtakes a part of the risks connected with the realisation of the financed project. And the result of the made decision in favour of project crediting depends on the realisation of the income project.

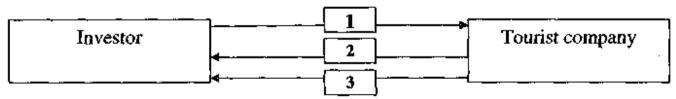
Thus one takes into account a current financial condition of the tourist organisation, profit size, dynamic of indicators growth, stability, credit status, solvency. Also important value is given to the investment project. The special attention at crediting of the investment project is paid to the predicted result.

Crediting of investment projects assumes availability of accurately made business plan, the feasibility report, contracts (arrangements, transactions), resources providing delivery, realisation of necessary works.

Base conditions of investment crediting slightly differ from short-term credits:

- readiness to investown means in the project or documentary confirm the made investments. The bank does not incur all 100,0 % of the financing of the investment project, a tourist organisation is required to make the obligatory share of own means investment at the level from 20,0 % to 50,0 % from a total cost of the project. Thus it is possible to set off investments which are already carried out by the borroweron stages of preparation of the project, but term of realisation of such investments can be limited. For example, only those means will be accepted to the account as own investments which are spent by the organisation for the realisation of the project not earlier than for last six months;
- monthly repayment of percentage (rare quarterly), but the small delay of payments is also possible;
- the time of recoupment of investments should not exceed period of crediting;
- the schedule of repayment of debt is coordinated with the borrower and directly depends on parametres of the financed project;
- · collateral security is required;
- various modes of crediting are admissible depending on specificity of the project;
- the credit can be given for the purposes of financing before the incurred cost or refinancing of the available debts against other credit organisations, involved for financing of investment outlay.

During the joint participation in the project the investment program provides granting of the purpose loan of the tourist organisation. Thus the interest rate for the borrower is established with a glance of investment cost (Fig 3.23).



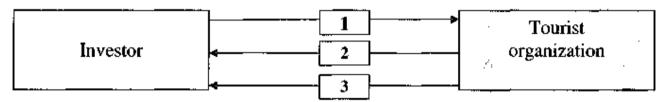
- 1. Individual share size in the project; 2. Dividends under the investment;
- 3. Accumulation of cost of the capital.

Fig 3.23. Joint participation in the investment project

The basic criteria of participation in the joint project are conformity to priorities of the tourist organisation (introduction of innovations, development of new tourist products, infrastructure expansion, competitiveness increase) availability of a positive effect for region and society, high quality of the investment project, conformity of the investment project to the requirements of environmental protection and to standards of ecological efficiency and social security.

Unlike direct investments which purpose is not simply investment of means in organization development, but also reception of the control over its activity, portfolio investment represent passive possession of securities of the various companies which form a portfolio of the investor.

The portfolio of securities is the tool with the help of which income constancy is provided which is necessary for the investor under conditions of the minimum risk (Fig 3.24).



1.Cost of shares portfolio 2. Dividend; 3. Difference in the cost of shares.

Fig 3.24. Portfolio investments

The main motive for the realization of international portfolio investment is the pursuit to invest in that country and in such securities, in which it will bring the maximum benefit with acceptable level of risk. Sometimes portfolio investments are considered as protection of money from inflation and getting speculative income.

The purpose of the portfolio investoris to provide acquisition of income from increase of the value of the purchased shares and to receive dividends on the shares. To reduce the risks of investing during the portfolio investments, the investor invests in assets of different companies.

Depending on the relationship between profitability and riskiness investments portfolio are divided into:

- high-yielding portfolios that focus on the acquisition of high current income;
- fixed income portfolio- these portfolio investments are safe securities that bring average profit;

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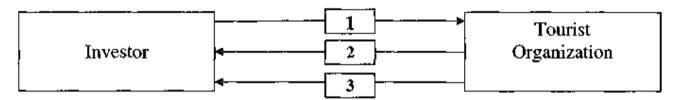
• combined portfolio exists in order to minimize the risks. With this type of portfolio means are invested in shares with different levels of profitability and risk.

Portfolio investmentcan be done personally -it requires constant monitoring of the investor's own portfolio composition, the level of its profitability, etc. The preferred method is the portfolio investment by the investment fund.

The benefits of this portfolio investment:

- simplicity of management of the portfolio investment and smaller costs for its maintenance;
- portfolio investments diversification and, consequently, reducing the risks of investing;
- higher return from investment and minimization of costs through the saving of the fund on the scale.

One of the main forms of management in tourism since early 1970 s, is a management contract (Figure 3.25).



1. Consulting, management, and other services, experience, and other preferences 2. The transfer of management.3.Monthly payments and regular assessments.

Fig 3.25. Management contract

Management contract is a written agreement made between the owner of the tourist organization (hotel, estaurant) and the manager or company specializing in management of the appropriate types of businesses.

The content of the management contract should include the following key terms:

- vesting of the management company (operator) the right to manage tourist organization. In this case, the owner loses the right to interferein the management process;
- assignment on the owner of all the costs of the various operations, as well as all financial and operational risks arising from his ownership;

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- term of the property management of the hotel companies. Usually, the management contract is concluded for five, ten or twenty years;
- managerial remuneration the size of which is to be determined based on of the gross income or net income. It is usually 2.0 4.5% of the gross income or net income. Some contracts provide for the first year 2.0% in the second -2.5%, in the third and subsequent years- 3.5%. Increased competition between management companies has led to the reduction in the size of the contract fee;
- conditions of renewal of the contract. Most of the existing conditions provide the preference of the decision-making to the management company. If the owner has serious levers on the management company, he can obtain the privilege of the decisionmaking about the renewal of the contract;
- conditions for termination of the contract.

Management company, as a rule, does not receive any rights to the assets of the enterprise. However, in practice there are cases when conclusion of the contract was accompanied by partial participation of the management company in the property. These cases are typical for the transnational hotel companies.

Nowadays in the investment management venture financing is developing rapidly. The fundamental difference of venture financing from budgetary financing and bank lending is that capital is invested under promising idea without guaranteeing of the existing property, savings or other assets of the entrepreneur. The pledgeis the acquisition of rights both on patented novations and unpatented (know-how) and, in case of success, participation of venture companies in the profit.

Another difference is that investors, along with businessman actively participate in management offunded projects in all stages of implementation. Venture capital investments are fraught with a high degree of risk, but at the same time, in case of success, provide the highest profits.

Therefore, investors undertake an examination of the business plan, take care of attracting other investors, stock floatation, and help to form a team of senior managers of the company. But even these efforts are often not enough for the successful implementation of innovation projects, a significant part of which fails due to various reasons.

Main organizational form of risk financing is the establishment of venture funds. Such funds usually have the status of the financial partnership

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with limitedly ability. Their members obtain the profit and incur losses in proportion to the investment.

Venture capital funds are willing to invest in new science intensive product, even with a high degree of uncertainty, because in case of successful development of events in the short term it is possible to increase investment. Venture funding comes to help to the businessman incases in volving a high degree of risk and uncertainty, when traditional crediting mechanisms stop working.

In the last years, venture financing mechanism has become an important element of national innovation systems in most developed countries of the world. The main function of this mechanism is to provide financial resources for the implementation of the business projects on primary, the most risky and difficult to forecast stages.

Investment management is one of the most complex and multiversion management subsystems. Its diversity means the combination of the standard and extraordinary combinations of investment resources, flexibility and originality of one or another ways of action in a particular situation.

The main thing in the investment management is a specific statement of the purpose, in the interests of the control object. And since the peculiarities of the tourism business require immediate response to fast-changing conditions of the external and internal environment, the system of investment management must be dynamic.

Questions for self-testing:

- I. What is the essence of the universal approach to functional management of Henri Fayol?
- 2. Tell us about aspects of motivation in managemen tof tourism.

- 3. What propertie sare inherent t ocurrent stages of management (social management) development?
- 4. Is it possible to use administrative management methods in the conditions of the market economy?
- 5. What factorsof socio-psychological management techniques are used in tourism?
- 6. What features are characteristic for the work in the tourism industry?

- 7. Tell us about the main directions of the rational organization of managerial labour in tourism.
- 8. What are the purposes of innovations in tourism?
- 9. What is the life cycle phases of a tourist product?
- 10. What is the difference between portfolio investment and management contracts?

CHAPTER IV. MANAGEMENT EFFICIENCY IN TOURISM

4.1. Concept of management efficiency in tourism

Due to increasing influence of tourism on economics and society in whole there appears a necessity to study its efficiency. As it is known, efficiency (lat. efficientia) is achievement of some certain results with minimum possible expenses or getting maximum possible volume of production from this amount of resources.

Economic efficiency (production efficiency) is a ratio of useful result and expenses of factors of production process. For quantitative determination of Economic efficiency an index of efficiency is used, also it is a performance of economical system expressed in relation of useful end results of its functioning to the spend resources.

On a macroeconomic level, economic efficiency is equal to the relation of the manufactured product (GDP) to the costs (labor, capital, land). Efficiency of the capital, efficiency of labor, etc. can be estimated separately.

On a microeconomic level it is a relation of the manufactured product (volume of company sales) to the costs (labor, raw material, capital).

To measure production efficiency, indexes of labor productivity, return on assets, cost effectiveness, profitability, cost recovery, etc. are used. With the help of them different variants of production development and decisions of its structural problems are compared.

The main criterion of socio-economic efficiency is a degree of satisfaction of end public needs and first of all needs which are connected with the development of a human person. Socio-economic efficiency is characterized for that economic system which provides satisfaction of different human needs (material, social, spiritual) to the fullest extent, guarantees a high level and quality of life. The base for such efficiency is an optimal distribution of available society resources between branches, sectors and spheres of national economics.

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Efficiency of the economical system depends on production efficiency, social sphere (systems of education, healthcare, culture), and efficiency of state administration. Efficiency of every such sphere is determined by the relation of the received results to the costs and is measured by the complex of quality indexes.

The correct assessment of management efficiency in tourism allows actively influence the current state and tendencies of tourist firm's development, to trace and correct their activity, to perform forecasts and plans of development of these organizations and their structural subdivisions.

As far as tourism covers a wide range of activities its effect should be considered from the point of view of a special type of the consumer demand but not from the point of view of the offer. Tourism cannot be reduced only to the goods (services) production, because this type of activity is determined not by the kind of the manufactured product but peculiarities and number of tourist product consumers. That means that effect in tourist industry depends on the end consumption of any of its product which depends on the type of the consumer to a large extent and on the product type to a less extent.

Any expenses including in tourism directly influence efficiency of the branch functioning. In this connection, data relating to the tourist expenses represent the main component laid to the basis of tourism management. It is used for watching and assessment of tourism influence on national economics and different sectors of tourist industry.

Management efficiency covers different spheres of human activity. Efficiency is analogous to the deliberate action, that's why it bears administrative function and reflects the degree of the target goals achievement. It means that efficiency should be understood as a correlation of the result and goals or result and costs for its getting. This initial position is the basis of understanding of tourism management efficiency. The question is about efficient work of all subsystems united by the concept "tourism", which is provided by the management system in the market economics. In this connection management efficiency in tourism means such a management which will provide a successful functioning and development of each organizational-economic link in this branch.

There are two types of economic growth of tourist production extensive and intensive. Extensive type of growth implies involvement of additional factors (labor, capital, land, labor resources) into tourist production. Intensive type of growth happens when a source of growth is a qualitative improvement of tourist production factors.

In national tourism extensive factors of economic growth prevailed for a

long time. As far as tourism develops in our country, conceptions about

economic growth start to change significantly. Quality becomes to prevail over quantity.

That's why not only a tourist potential of Uzbekistan becomes significant but also efficiency of its use.

Intensification of tourist production is directed at rise of its efficiency. In the whole world economic efficiency is determined according to the principal "expenses-result". The task of management in the sphere of tourism is in maximization of the effect and minimization of expenses in order to receive the given effect. On a national level a common criterion of efficiency relating to tourist production is a relation of gross domestic product (or national income) to advanced resources for tourist production. Private indexes of efficiency characterize efficiency of use of production factors – tourist resources and powers.

On the basis of specific features of tourist activity one should clearly know that it's necessary to make measurements in order to calculate its efficiency. Because effect of tourism is determined either by number of tourists-visitors or by scope of activity of commercial tourist structures which manufacture a special tourist product (tourist offer).

In general management efficiency is the economical category which reflects contribution of administrative activity in the ultimate result of organization activity. Functional purpose of management is a provision of efficiency of the main activity, that's why its efficiency is determined by the degree of performance of the organization system itself. Hence management efficiency is determined by the degree of realization of organization aims and its integral index – profit.

Management efficiency is a relative characteristic of performance of a concrete management system which is reflected in different indexes of the management object and management activity (subject of management) as well. Moreover these indexes can be both quantitative and qualitative (table 4.1).

Management of activity efficiency covers the whole range of tasks in the sphere of strategic, financial, marketing and operational management of a tourist firm and includes three main types of activity (in all spheres of management without exception):

- · goals setting;
- analysis of indexes values which characterize organization achievement of set goals;

Table 4.1. System of criteria of management efficiency in tourism.

Factors of efficiency	Characteristic of management	Criteria of efficiency	
Management goals	Performance	Correspondence	
Quality	Economic efficiency	Outrunning growth	
Potential of system	Adaption	Modern growth	
$J_{ij} + \frac{ij}{2}$	Manageability	Operative growth	
	Steadiness	Stability	
Rationality	Efficiency	Equation	

• control influence of managers on analysis results directed at improvement of organization future activity for achievement of set aims. Process algorithm of management efficiency assessment in the sphere of tourism is represented by a sequential number of the following actions (fig. 4.1):

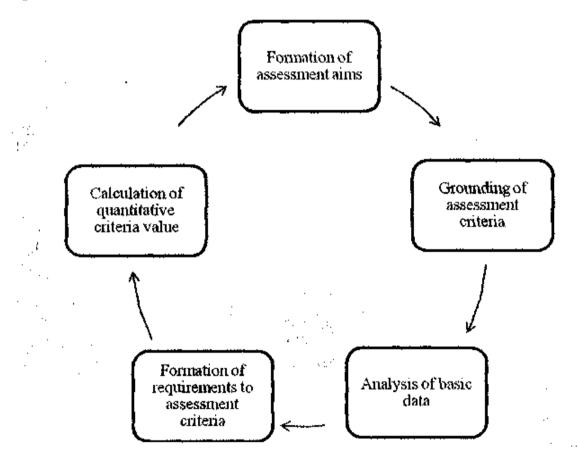


Fig. 4.1. Process algorithm of management efficiency assessment in the sphere of tourism

- · formation of assessment aims;
- · grounding of assessment criteria;
- analysis of basic data used in the process of assessment;
- formation of requirements to assessment criteria;
- calculation of quantitative criteria value, i.e. values corresponding to one or another criteria.

There is a number of methods of management efficiency assessment in the sphere of tourism.

Management Economic efficiency is determined by the following indexes:

1.Index of management efficiency:

$$ME = P : EM, \dots$$

where: P – profit of organization;

EM – expenses for management.

2. Number coefficient of management employees:

$$NC = NME : N$$
,

where: *NME* – number of management employees;

N – number of organization employees.

3. Coefficient of management expenses:

$$EC = EM : E,$$

where: E- general management expenses.

4. Coefficient of management expenses on a basis per tourist product unit:

$$ECP = EM : Q,$$

where: Q – quantity or volume of output products (rendered services).

Improvement of indexes of tourist firm activity efficiency is possible as a result of development and realization of organizational arrangements which reflect wholistically factors of efficiency.

The most typical for identification of Economic efficiency of arrangements on improvement of management is charging of annual economical effect received from their realization and comparison of it with expenses for these arrangements.

5. Coefficient of management improvement efficiency:

$$CE = Ea : Em,$$

where: Ea – annual economical effect received as a result of carrying out of arrangements;

Em – expenses for arrangements on management improving.

6. Annual economical effect can be calculated on the following formula:

$$Ea = I - Em \times EC$$
.

where: I – annual saving from arrangements on management improving; EC – branch normative coefficient of efficiency.

For rough efficiency estimate of the conducted arrangements on management improving, an index of coefficient of general efficiency CGE is used:

$$CGE = GS : EM$$

where: GS - general saving received as a result of realization of arrangements on management improving;

EM – general expenses for management improving.

Due to the specific character of management labor and difficulty of identification of its results, calculation of labor capacity for assessment of arrangements efficiency on improvement of management labor organization is almost impossible.

In this connection experts recommend to use the assessment method, according to which Economic efficiency of arrangements on management improvement can be determined on the following formula:

$$S = SR + SOS + SE - E$$

where: S – general saving achieved by means of all arrangements on labor organization, sums improvement;

SR – saving achieved by means of number, sums release;

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SOS – saving achieved by means of changes of official structures of management employees in functional and operations services, sums;

SE – saving received by means of wider and rational use of office equipment means, saving of materials, sums;

E – sum of means spent on carrying out arrangements on labor organization, sums improvement.

Economic justification of arrangements on management improvement will allow rising of its efficiency and stability of functioning of tourist organization.

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4.2. Measurement of economical and social efficiency of tourism

Maximal increasing of tourism contribution to the general economic well-being of the country is an important strategic aim of the management.

Due to it, it is possible to increase net economical benefits from tourist activity, i.e. to provide excess of economical results over expenses which are connected with functioning of tourism.

To get a full vision of tourism influence on the national economy it is necessary to solve four consecutive tasks:

- to measure gross contribution of tourism to national economy, i.e. to know "gross economical benefits" from it;
 - to determine gross economical expenses from tourist activity;
- to establish net economical contribution of tourism to national economy;
 - to reveal reserves which rise value of this contribution.

To solve the given tasks it is necessary to determine indexes which are the most significant for management:

- personal incomes of citizens. Tourism makes direct influence on population incomes, providing its employment in firms, in enterprises and organizations of tourism. Population employment is closely connected with this concept. It is expressed in number of work places for full-time or part-time working day;
- commercial incomes. It is gross earnings which are formed due to expenses of visitors. Net incomes are the indexes of companies lifetime which service tourists. They create means for capital investments and show efficiency of tourists service by one or another company;
- government incomes. That is earnings to the state treasury which are formed as a result of tourist activity. Here there are taxes and collections. Besides a number of countries has state objects which service tourists directly. They include accommodation of tourists, entertaining facilities and shops. Incomes from goods and services sales on these objects are considered to be state incomes;
- gross domestic product (GDP) is also formed from tourist activity inside the country. One can calculate interest of incomes from tourism in GDP:
 - incomes of net foreign exchange.

While assessing Economic efficiency of tourism management, determination of tourist expenses is required. Expenses of such a type of activity as tourism are classified on two directions:

• direct expenses are covered with tourist organizations which manufacture tourist product and use sightseeings of the tourist region;

• indirect expenses are compensated by other organizations, i.e. by consumers of tourist product (for example expenses on highway maintenance are shifted by a tourist onto other persons without any compensation).

Government expenses for service and development of tourism are called budget. Indirect expenses which are connected with building and maintenance of the road and also with organization of work of law enforcement bodies providing security of tourist traffic are born by the state which shifts the cost of these expenses onto its citizens collecting taxes from them.

Economical management in relation to optimization of tourist expenses is reduced to determination of their types and sources of their formation in order to find in future the most efficient managing influences on their reasonable reduction.

The essence of the managing influence in the sphere of economical management of tourism is reduced to minimization of expenses from tourist activity. Determination of expenses is closely connected with determination of consumption in tourism. In this connection consumption in tourism is determined as cost of goods and services necessary for satisfaction of tourists demand. Tourist expenses are determined as a total amount of consumer expenses of a tourist during preparation, during his trip and staying in the place of destination.

Different components which are included into tourist expenses can be divided into three big groups:

- preliminary expenses necessary for preparation and carrying out of a trip;
 - · expenses arising during the trip and in the places visited by tourists;
- expenses made in the country of origin after return from the abroad trip (for example, development of photographic film, repair of the car, damaged during the trip, etc.).

Itemwise breakdown of tourist expenses is important for measurement of tourism influence on the national economy and its separate sectors. In practice of economic tourism management one can distinguish the following articles of expenses:

1. Complex trips, service packages for relaxation and complex tours. A complex tour includes a number of tourist products purchased by the visitor as a single package, it's necessary to determine elements of a tourist package of each visitor since there are many types of complex tours. Some typical tours include only such factors as transport and accomodation, others include food, excursions and even souvenirs. That's why it is necessary to make breakdown of complex expenses of each visitor into component parts and then to calculate these components for all the visitors;

- 2. Accomodation of tourists. It includes the following expenses:
- cost of accommodation in collective accommodations (hotels, campings, rest camps, etc.);
 - accommodation charge in individual accommodations;
- current expenses governmental charges, maintenance expenses, repair and etc.
 - expenses on such accommodation objects which relate to wagons or other "motor homes", and also expenses which are connected with yachts and motor boards anchorages on the berths;
 - rent of wagons and "motor houses" (non self moving vehicles);
 - cost of accommodation in public transport in cases when payment for accommodation is charged separately from transport;
 - 3. Food and drinks. Expenses:
 - for food and drinks which are made in restaurants, bars, cafes, in entertaining facilities;
 - for food and drinks which are made in accommodation means;
 - for food and drinks which are made in a passage ticket transport in cases when they are included in a passage ticket;
 - for ready food, raw food products and drinks purchased in retail trade;
 - 4. Transport. It includes all travel expenses which are made during the trip:
 - travel from place of residence and back;
 - trips within destinations;
 - excursions;
- 5. Recreational, cultural and sport types of activity. This article of expenses includes cost for going in for these activities including cost of renting or purchase on necessary inventory and equipment;
 - 6. Other expenses. They include:
 - collections, connected with exchange of currency;
 - tourist insurance;
 - expenses in the sphere of communication;
- commission charges and fees which are paid by commercial organizations for provision of services which are connected with travel;
- personal service (sauna, massage, dry cleaning, cosmetician services, etc.).

As we can see, tourist expenses include many constituents – from purchasing consumer goods and services which are integral element of travels to purchasing durable goods and presents for relatives and acquaintances.

The given classification of expenses in tourism is necessary for choice of the directions according to which it is necessary to build models of economic

management of inbound, outbound and domestic tourism, to define proposal and measure economic efficiency of tourism.

International entering visitors for each country present benefit because they stimulate development of national and domestic economy, provide inflow of foreign exchange and help to finance building of objects which can be used by the whole population. Namely measurement of expenses of entering tourists will allow estimation of economical influence of tourism on a national and local level. It's also important to study country incomes from domestic and outbound tourism.

To establish cost value for travels, a frequency of trips is determined. It shows the number of trips which are made by a man on an average for a certain period of time:

$$FT = \frac{NT}{Pt}$$

where: FT -frequency of trips;

NT-number of trips;

Pt-period of time.

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While determining intensity of trips, not a separate person is taken into consideration but the whole population of the region. Intensity of trips shows what part of people made trips during the year. It is a relation of travelers to the whole population of the region (country), expressed in percents:

$$IT = \frac{NT}{P} \times 100$$

where: IT – intensity of trips;

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NT - number of tourists;

P – population.

And average duration of trips is calculated by division of total overnight stops by a number of trips.

Finally the available data about Economic efficiency of tourism management can be reduced in a table 4.2.

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Table 4.2.

Assessment of economical management efficiency in the sphere of tourism

Type of expenses	Expenses of tourists	Expenses of tourist organization	Formed fond	Employme nt of population	State expenses
Complex trips					
Accomodation					
Food					
Transport					
Recreation	ļ				
Total					

If it is possible to express economical management efficiency in tourism in a quantitative way – to assess it in monetary terms, the system of general and individual indexes of social management efficiency is very difficult for measurement.

A tourist firm achieves its aim due to effective use of labor potential of its employees by means of integration of their activity, ethics, social climate, increase of mutual trust between them and etc. As far as a social efficiency is connected with the system of labor resources management the main task of management is to create effective tourist structure which allows provision of optimal working conditions and increase of staff labor motivation due to stimulation of its labor, provision of its professional development and management of business career of employees.

The whole management process is within the frames of a definite organizational structure (movement of information and making of management decisions). In this connection forming of effective organizational structure is considered from two positions:

- determination of efficiency parameters of tourism management organizational structure in whole;
 - efficiency of made management decisions.

To determine components of organizational structure efficiency one can use a number of coefficients:

a) coefficient of linking (Cl):

$$Cl = \frac{N \text{ e.s}}{No.l}$$

where : N e.s — a number of links of existing organizational structure; N o.l — optimal number of organizational structure links

b) coefficient of territorial concentration:

$$Kt.c = \frac{Nto}{5}$$

where: *Nto* — a number of organizations of such a type which function in the region of activity of a tourist organization;

S — square of the region on which all organizations of such a type function.

Severe competition on the tourist market conditions search of ways of companies internal efficiency increase. Indexes of level of employees satisfaction with their company can be used as indexes which assess company condition on the labor market:

$$Cr = \frac{Nr}{A}x \ 100$$

where: Ct — coefficient of staff turnover;

Nr — number of retired employees;

A — average number of employees.

With the help of this index one can determine approximately the degree of demand satisfaction which is produced by the employee to the enterprise, i.e. the degree of enterprise competitiveness on the labor market from a perspective of staff needs satisfaction.

Satisfaction of the company employees needs is one of the most important aims, guarantee of its efficient work. Motivationoflaborofa tourist firm should provide:

- · a system of reward, material and ethic stimulation;
- · enrichment of labor content, increase of interest to work;
- staff development, provision of ability of professional qualification advance, planning of career;
- improvement of socio-psychological climate in organization due to change of management style, terms of employment and work, stimulation of individual and group initiative, creativity and self-development;
 - active involvement of employees into management of labor processes,

As it is known, management of any tourist company includes two main aspects. First – determination of tourist firm goals. Second – enterprise management and hence staff management.

A system of staff management of a tourist firm represents a complex of aims, tasks, main directions of activity and different types, forms, methods and a corresponding control mechanism which are aimed at provision of constant growth of tourist services efficiency and service quality. It consists of several subsystems performing corresponding functions (fig. 4.2):

• subsystem of recruitment;

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- subsystem of professional selection, raising of qualification and growth of professional skill;
 - subsystem of labor quality and methods of assessment;
 - subsystem of labor activity motivation.

All of them are connected with one aim of a tourist organization – increase of labor productivity on the basis of maximum possible realization of employees abilities. All subsystems are aimed at the full disclosure of potential abilities of employees in conditions of a tourist firm.

Planning of need in staff – is a process of determination needs of a tourist firm in personnel.

Needs of organization in employees changes with time under influence of a number of outer and inner factors. Such changes do not always mean increase or saving a demand for a tourist product and accordingly for a working force. In whole a need of a tourist company in human resources is determined by the demand for services and level of labor productivity. It is a quantitative aspect of the problem, the essence of which is in determination of employees quantity necessary for further goal-oriented performance of company tasks in quantitative, qualitative, timely and space relation.

When a plan of company functioning is developed, the constituent part of which is a plan of labor resources, there is a time for performance of the most important work of a manager – selection of personnel. The essence of this process is to attract proper qualified workers for further assessment and employment taking into consideration requirements to the candidate for an available vacancy.

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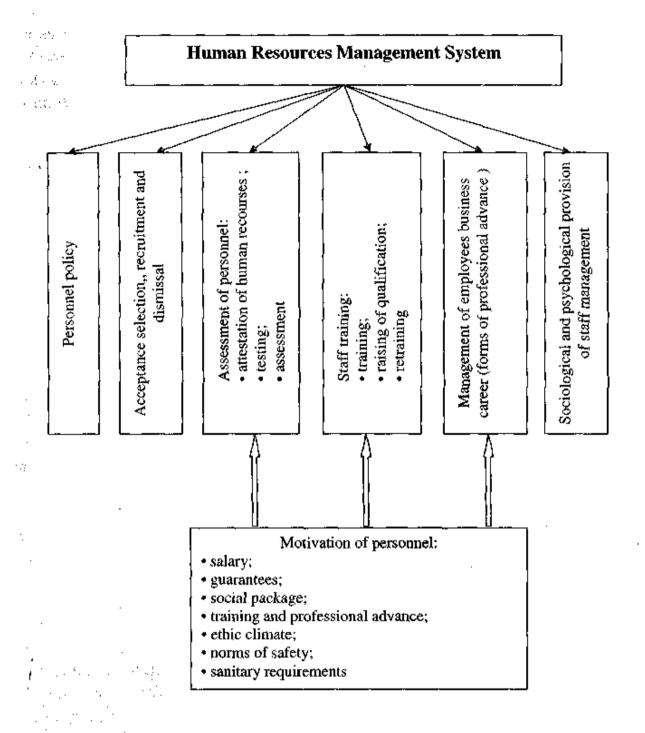


Fig. 4.2. Human resources management system

Any tourist organization is an open system, that's why its personnel is in constant movement. Such a movement of personnel in a company is to be considered in two aspects. First – a concept of "turnover of personnel", second – "development of personnel or career management".

Change of work is a complex and painful process for a worker as well as for an enterprise. A company due to its striving for the maximum labor productivity is interested in a stable staff and does its best to limit the number of dismissals because turnover of personnel leads to a number of economical losses which are connected with incomplete staff level.

A professional development of personnel means a complex of measures aimed at improving of knowledge quality, skills of employees and their wish to work effectively. The question is about constant educational work with the aim of widening and deepening of personnel qualification.

A necessity of personnel professional development is connected with:

- improvement of tourist technologies business;
- change of market relations and corresponding necessity in innovations;
- changes in the system of personal values of company employees.

Practice of tourism management testifies that keeping knowledge of personnel on a high level is considered as one of the most important elements of tourist company effective work. Reorganizations, up-to-date technology, different methods of management will not have proper influence if company employees do not comply with modern requirements.

Professional training of personnel represents a targeted, specially directed education, the end aim of which is a provision of a tourist company with enough employees whose professional skills fully comply with production-commercial aims of the organization.

An important index which characterizes efficiency of personnel management is average cost for personnel measures per one employee:

$$Ac = \frac{Cs}{Nc}$$

where: Ac -average costs for selection of candidates;

Cs-costs for staff selection;

Nc -number of selected candidates and also:

$$At = \frac{Pt}{Nt}$$

where: At –average cost for training of one employee;

Pt — total cost of training;

Nt — Number of trained persons.

One also calculates staffing level:

$$Sl = \frac{Ap}{Ns}$$

where: S1 - staffing level;

Ap-actual personnel;

Ns-number according to staff schedule.

Consideration of this index in dynamics allows determining not only company image on labor market but also a degree of development of personnel policy in it – in particular, efficiency of staff recruitment procedures..

A complex index which characterizes influence of labor conditions on its performance is labor intensity which is expressed with a relation of production expenses to working hours:

$$Li = \frac{Linp}{Wh}$$

where: Li — labor intensity;

Linp -- labor input;

Wh — working hours.

This index shows value of labor costs spent on production and sale of tourist product per working hours unit. Labor intensity is connected with its productivity because increase of labor productivity means decrease labor costs per production unit.

The most important criterion of social management efficiency in tourism is a coefficient of efficiency of management organizational structure:

$$Rm = \frac{Em}{Wh}$$

where: Rm — end result (effect), received from functioning of management structure;

Em — expenses for management (wage fund of administrative and management staff, expenses for premises maintenance, acquisition and repair of means, acceptance and transfer of administrative information, etc.)

Management efficiency (Me) is expressed as a rule with an index representing a relation of management effectiveness (Mes) to efficiency of tourist product creation in whole (Ep). Index Mes is calculated by division of management expenses (Em) on aggregate cost of basic and circulating funds (D) and is expressed in management expenses per funds cost unit. Value Ep is determined by division a volume of net material product (Nmp)onnumber of personnel (Np) and is expressed by a number of manufactured tourist product per each employee of a tourist organization:

$$Me = Mes : Ep;$$
 $Mes = (Em : D);$
 $Ep = (Nmp : Np)$

These and other parameters of organizational structures efficiency calculated in such a way can be reduced in table 4.3.

Parameters of social management efficiency in tourism

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			Results			
	Design of organizational structures	Number of measures	Expenses and measures	Increment in profit from implementation of measures	Relative personnel reduction Increase in productivity	
	Improvement of organizational structure	,	-			
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	• extension of organization;				7.24	
. 🔐	• change of structure	state is	,	12, 11	(1)	
.,	subdivisions; • labor division and cooperation	· · · · · · · · · · · ·		; · · · ·		
ń.	Improvement of technical and information support				"	
\$17.7 3 .	Improvement of management methods					

Practice of the world tourism testifies that social management efficiency in this sphere is achieved by:

- right choice of employees (their professional, moral and physical fitness);
- saving of staff which is interested in achievement of tourist company aims (low personnel turnover);
- motivation which is appropriate for everybody: methods of payment, labor stimulation and significant measures on social protection of each member of staff;
 - attraction of employees to management.

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4.3. Efficiency of management decisions in tourism

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Management decision is a goal-oriented influence of a manager on object of management for the purposes of problem solution. Management decisions assume actions of management which lead to conflict resolution and change of situation.

Suppose, a tourist organization has a problem of lowering its competitive status on a tourist market (fig. 4.3) in connection with emergence of new competitors which have significant advantages (a well-known brand, low prices for tourist product). It is required to work out optimal management decision of this problem.

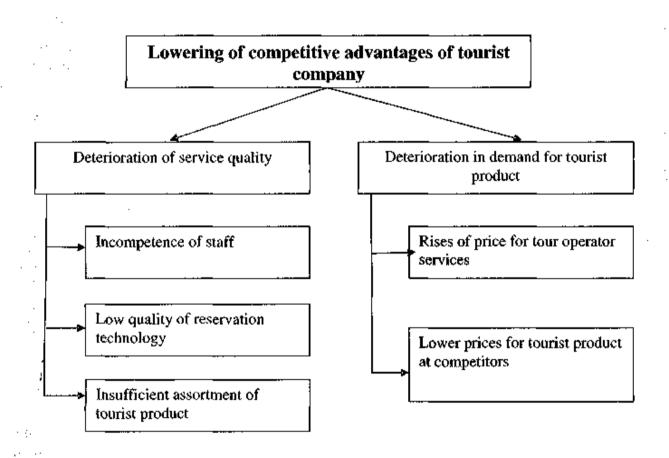


Fig. 4.3. Lowering of competitive advantages of tourist company

Any management decision is based on data analysis which characterize a situation, aims and tasks determination. It contains a program, algorithm of actions on measures realization. Management decisions are the main result of managers activity at any level of hierarchy. Thus, for example managers of tourist companies and leading top-managers can make a decision about expansion of organization, entering new markets, change of directions of financial flows.

These are the most difficult strategic decisions which are made with a serious care and provide analysis a number of factors, modeling of different variants of situation development, forecasting of exact quantitative results: profit, gross revenues from realization of tourist products, share of market, rates of market growth, etc.

Management decisions are distinguished according to:

- · stage of managers involvement in decision making;
- · levels of planning and time of measures implementation;
- content of management process (fig. 4.4):

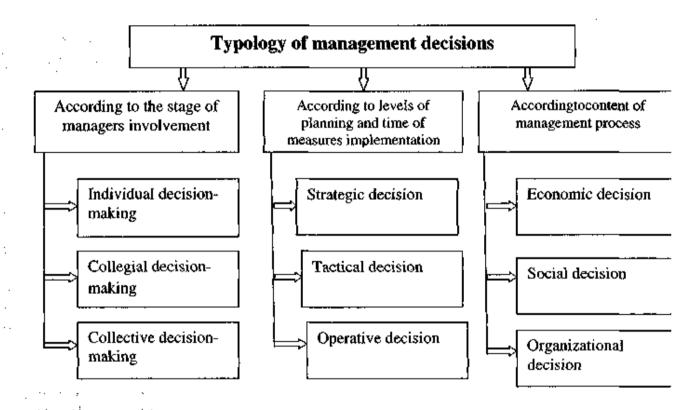


Fig.4.4. Typology of management decisions

Thus, according to the stage of managers involvement in decisionmaking there are individual, collegial and collective making of management decision.

Individual management decisions-decisions that are taken by the manager alone. This is typical for small tourist organizations. They relate mainly to small businesses, in which there is a small number of management levels, a high degree of risk of loss of competitive status.

Businessman manages such a tourist organization that has overall responsibility for its further operation in the unstable market conditions. He fears to delegate financial and other important matters to his subordinates and makes

decisionsal one. Positive development of individual decisions is his creative, unconventional character.

Disadvantages of individual decisions occur when they get authoritarian. The manager alone controls the resources; defines personnel policy of tourist organization and exerts pressure on subordinates. Decisions made by the manager alone, allow the organization to remain for some time in the market and be successful. But in the future, leadership style, used by the manager, inhibits the development of the organization.

Collegial decision is a decision made by the group of leaders and specialists. As a rule, the manager makes the decisions collectively, with the concurrence of the leading top managers and specialists. This happens in most tourist companies.

Manager delegates concurrent authority or uses the method of compulsory consultation. During the compulsory consultation the responsibility for making important decisions is entrusted partially on the leaders who take on such responsibilities.

Concurrent authorities increase responsibility and expand the rights of managers, and the decision is becoming collective. For example, a lot of tourist companies use concurrent authority to control the financial costs, and in the case of major purchases require two or three signatures of the leaders.

Collegial decisions are usually made during the business meeting where there is a balance of power, which is significantly affects exists the out come of management, decision. Thus, the balance of power may be such that the priority of the decision may have one or two leaders, although the forma ldecision is taken collectively.

This is the shorte oming of collegial decisions. Therefore, the leaders are turning to experts who can help them in making important decisions. Such decisions are made in the event if the team of specialists is involved: the external auditors or employees of services of organization.

For example, for the solution of issue in fact the manager may attract legal service, and to develop a strategic plan may use the services of analysts. So a commission of experts can be formed with the assistance of external experts in the field of quality of the tourist product or financial audit.

Collective (democratic) decisions are the decisions made collectively by the labour collective or small group. Unlike to the collective, democratic decisions are a clear expression of the will of the majority of staff of the tourist organization.

Such decisions are taken by secret ballot, using the judgement method. The use of these methods is possible with a high level of motivation of the personnel, using the democratic style of leadership, development and transparency of the corporate culture.

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Collective decisions are made and in the case when significant, affecting the entire staff, problems and questions are risen. For example, the election of the manager of the competition, the introduction of new payment system, etc.

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According to the levels of planning and time of measures implementation, decisions can be strategic, tactical and operational.

Strategic management decisions –are decisions that are taken at the highest level of management for the long-term outlook development of the organization. Such decisions are followed by the development of the strategic plan, the production program of the organization.

Strategic decisions presume the implementation of the radical rearrangements of the tourist organization: changing trends of the flow of funds, transformation of the structure, access to the new regional markets, increase or decrease inactivity, changes in the assortment policy.

Tactical management decisions - are decisions that are taken for a year or quarter and shall include actions necessary for the implementation of the current plans: sales, production or service delivery.

Tactical objectives specify the strategic goal and correspondingly, tactical decisions necessary to achieve this goal. Tactical decisions may be associated with thinking through new behavioral models in the market, changes in pricing policies, organization of advertising campaigns, optimization of personnel, etc.

Efficient managment decisions are decisions related to he organization of labour of the direct executives, providing them with resources, materials and information.

Economic, social, organizational management decisions characterize the content of the management process.

Thus, economic decisions related to the system of management, are necessary for the growth of economic efficiency of the tourist organization, profit ability, recoupment and liquidity of assets. How to manage better the resources, make the organization profitable, increase profits - these and other questions will arise before the managers, who are taking economic decisions.

Social decisions are decisions affecting the social tructure of the organization, personnel, corporate culture, climate, and shared values. Social decisions can be related to the optimization of personnel, improvement of motivation system and social support of employees, the image of tourist organization.

Organizational decisions are decisions related to the methods of management, ways of goals achievement. To organize employees for the job realization, to real locate functions and powers, to hold a general meeting - these are examples of organizational decisions. These decisions are an integral part of the management process.

The Japanese (annular) system of decision-makingis "kingisyo", the essence of which is that fo rthe consideration the draft of innovation is prepared. It is transmitted or discussion to persons who are on the listdrawn up by the

manager. Everyone should consider the proposed decision and provide the comments in written form.

After that the meeting is carried out. As a rule those experts are invited whose opinion is not completely clear for the manager. Experts choose their decision according to individual preferences. And if they do not match, avector of preferences appears which is determined by the principle:

- majority of votes that decision is chosen which has the biggest number of followers;
- dictator -the opinion of one person is taken as the basis. This principle is typical for the decision-making in emergency situations.

The level of responsibility and the consequences of decisions are changed according to the level of control. For example, some managers have the authority to make decisions on financial, human resources, product quality problems (services).

For example, the manager of the tourist organization may decide to purchase new equipment, to change the wage system, to ensure the quality of service. Head of department of tourist voucher sale makes the decision of the implementation of contracts, promotions within budget, etc.

Decisions made in the tourist organizations, depend on the type of tourist activity (Table 4.4).

Table 4.4. Decisions madein tourist organizations

Management decisions to be taken in by the tour operator	Management decisions to be taken in by the tour agent		
 Conclusion of agreements with regional representatives; Material provision of the organization; Advertising campaigns and actions; The conclusion of contracts with individual customers; Development of new areas of tourism activities; Access to new markets; Signing contracts withforeign partners; Creation of a reserve fund; Creating a system of electronic sales and its improvement; The creation of conditions to ensure the safety of tourists, etc. 	 The conclusion of contracts with tour operators, owners of famous brands; Making documents for tourists; Material security of the company, design of premises and provision of office equipment; Direction of staff training; Site development organization and promotion; The use of e-booking; Organization of the effective system of customer service; Decision of unforeseen situations and problems. 		

Management decision making process consists of a series of sequential steps (Figure 4.5).

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At the first stage, the problem appears that must be promptly resolved. Thus reducing the competitivenesso f tourist organization in the market will lead to a reduction in demand for its tourist products and services. In the future, this could mean a loss of income, and even the emergence of a situation of insolvency of the organization, the factual bank ruptcy.

In the conditions when business is thriving, profitable, a decision-making is required, for example the expansion of activity, buying a business in another area, conducting diversification, investment in capital construction, etc. Such decisions require deliberate actions of managers, the accurate diagnosis of the system.

In the process of decisions developing managers analyze information communicate with the leaders of other levels of management, with the actua executors of actions, customers, think through scenarios of the development of the situations, conduct business meetings, and choose the best alternative.

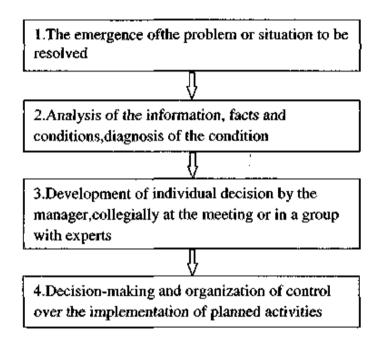


Figure 4.5. Management decision-making steps

To make the best management decision it is necessary to analyze carefully the potential of the tourist firm, its strong and weak sides, opportunities and threats The SWOT-analysis can be used for that.

"SWOT" -is the English abbreviation:

Strong, Weak, Opportunities and Threat, i.e. comprehensive evaluation of competitive advantage, and identification of the weak positions of touris organization, its capabilities, considering the imminent threats of the company (Table 4.5).

Then the manageris faced with the need to analyze the statements of account the dynamics of sales, contracts, information on competing companies. In this second step, he studies communication channels and information available to him from various sources: the organization's employees, customers, competitors; exploring opportunities to bring to the decision of other professionals.

In the third step management decision is taken individually or together with the group, such as on a business meeting. Also, the manager can use for the decision-making the opinion of the competent professionals, experts in their chosen field.

He can discuss with them the problem, get their competent opinion and then decide how to proceed. Thus, financial or marketing audit (assessment) of the activity is very required. It can help to the manager to make the best decision with the least damage for the organization.

Table 4.5. SWOT-analysis of the tourist organization

Competitive advantages	Weaknesses	Possibilities	Threats
 the availability of the necessary financial resources; professional ability to compete; recognizedleader; full use of marketing effect of the scaleof the activity; relatively lowcosts; effective advertising; reliable and professional management; availability of service needs of the company in the consumer market. 	• lack of a clear strategy; • low profitability; • lack of skill sand professionalism of staff; • narrow tourist product line; • unfavorable image of the company in the market; • weak channels for tourist product; • highcosts relative to competitors; • lack of financial and material resources.	 service of the additional consumer groups, access to a new market, expanding of tourist product line; diversification of services, vertical and horizontal integration; falling of trade barriers; complacent of the competitors; increase in the rate of market growth. 	• appearance of the strong competitor; • growth of alternative tourist products; • slowdown in the market; • adverse changes in growth rates; • lobbying; • downturn in the economy; • changes in the tastes of tourists; • unfavorable demographic situation.

Finally, the fourth step suggests making a decision, which is fixed in the regulatory documents: orders, tasks, different types of plans; and it is reflected in the standard sources, the enterprise standards, general provisions, charters, internal regulations and rules of tourist organization.

It is important not only to take a timely decision, but also to control implementation of actions carried out according to the accepted official documents, motivate staff, which is involved in the implementation of the seactions.

Management decision should be effective, i.e. to achieve the goals of the tourist organization.

Management decision should be cost-effective, i.e. to achieve the goals with the lowest cost.

Timeliness management decision means not only the timeliness of its taking. but also timeliness of the goals achievement.

Special role in the effectiveness of management decisions is given to methods of bringing of made decisions to executors. Bringing decisions to the executors usually begins with the dissection of the alternative for group and individual assignments and selection of executors.

As a result, each employee receives a specific task, which is in direct relation to his official duties, and a number of other objective and subjective factors. It is believed hat the ability to transfer the task to the executors is the main source of the effective decision-making.

Management decisions, in general, are designed to improve the activity of the tourist firm, increase its competitiveness and profits. Therefore, the effectiveness of management decisions is:

- set of indicators reflecting achievements of the tourist organization, getting some results in its activities:
- the main result of the managers activity on improvement of the management system and processes in the organization.

The effectiveness of management decisions is described by three major groups of organizational activity performance (Figure 4.5):

- indicators of economic efficiency;
- indicators of quality and efficiency of work;
- . indicators of social efficiency.

One can also distinguish quality of the management decision. It is a combination of properties that the management decision has to fit the needs of the successful resolution of the problem (timely, purposeful, specificity, and other properties). Management decisions should be reliable, timely, purposeful, planned, and efficient.

Control over the implementation of management decisions is a set of procedures and methods of management, which are used to fix and adjust the executable actions.

Methods of control over the implementation of management decisions include: SOUR HER SET OF MEETING OF THE BOOK IN THE

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- fixing the results of the measures:
- · analysis reporting;
- interviews and business meetings;
- updating of the plans;
- · analysis of the performance of departments, services, of the tourist organization.

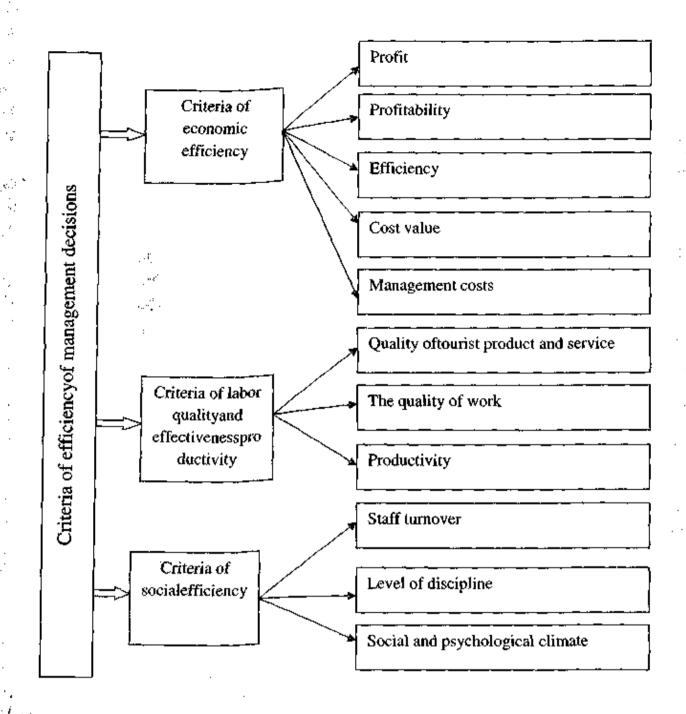


Figure 4.5. Criteria of efficiencyof management decisions

The management decisions accepted in the tourist organisations, can change quality of service, improve, or on the contrary, worsen it. The organisation can become competitive, andon the contrary, can lose advantages in the market. All that depends on the skills and ability of the manager to make timely, optimal decisions, and also to select the best style of management the personnel.

A lot ofmanagement decisions are directed on the improvement of quality management of the tourist organisation. Quality of the tourist organisation is a set of the interconnected elements the main objective of which is the satisfaction of inquiries of consumers, granting of services and tourist products of high quality.

With a view of protection of the rights and interests of tourists, licensing and standardization are implemented, namely licensing and standardization of thetour operator and tour agent activity, and also objects of the tourist industry, certification of a tourist product. Factors which define quality of a tourist product depend on a typeof this product. Nowadays the diversified programs and products are presented in the market of travel industry.

The main types oftourist products:

- sightseeing toursand bus tours;
- river and seacruises;
- adventure tourism;
- event tourism(festivals, public events, etc.);
- · medical and healthtourism;
- · domestic tourism;
- · sports tourism;
- · children's and youthrecreation programs;
- business tourism;
- individual tourism;
- inbound tourism(services for foreign tourists);
- education abroad.

The quality of the tour depends on several parameters that require careful analysis, market research and consumer demand. Tourist manager an face problems and circumstances that are difficult to predict and overcome. Tourist during the holiday is expecting to receive new pleasant experience. Accordingly, the negative factors, the low quality of service, flightdelays, etc. can encourage in the future to use another travel company.

Tourist organization must execute all the obligations, warn wishes of tourists and care about the high quality of the service. Efficiency of the development of management decisions in the touris organization is determined primarily with the every kind of customer satisfaction.

4.4. Ways and methods of the increasing of economic efficiency of the tourist activity

Tourism development is beneficial both for the stateand society. Foreign currency earnings from tourismint he countries where tourism developed are 10.0-35.0% of the total exports. Where the state defines tourism as the most important part of the economy and creates the most favored nation treatment tourism becomes one of the major sources of income, the key to economic prosperity and improving the living standards.

Millions of tourists visit little Ireland on the edge of the Atlantic annually. The average annual income from tourism in the country is about 12.0%.

The main component of the Irish tourism boom is the big investments in the development of the industry and the government's help. The funds are invested not only in the construction of new hotels, but also in the improvement of pedestrian and equestrian routes, golf courses, development of infrastructure communications and transport.

State and local authorities help to the new businessmen who want to prove themselves in tourism. For example, agovernment-funded local tourism councils help them to get a loan, suggest how to attract visitors, provide information about tax benefits, government subsidies.

In the Maldives, where people live solely by the international tourism, the state supports that industry very strong. It allots about 20.0 million U.S. dollars only for marketing and promotional purposes, investing in air transportation, the development of telecommunications. As a result, tourism contributes 70.0% of inflow of foreign currency into the country.

The development of tourism has a great importance for Uzbekistan. The tourist industry in the republic is one of the youngest, but in its development it is ahead of many other industries. Travel industry activates many sectors of the national economy, as involves in its orbit airlines, transport, food industry, trade, construction, entertainment, and local industry.

Tourism gives a powerful impulse to further expand of the production of unique and low-volume goods of national clothing, ethnic fabrics and carpet weaving, glass, ceramic, metal, including jewelry, arts and crafts. Only the segment of small business employs more than 217.0 thousand people, increasing the number of employees in this area more than 10 times. But in general, as estimated by experts, only one foreign tourist in Uzbekistan employs 20 people³².

³²Rubaev S., UsmanovaG. Tourism: even historical maximum is not enough//Economic Review, 2009, #12 – p.58

Therefore, the national legislation on tourism is improved, a new edition of the Law "About Tourism" is prepared, national standards for the tourism and hotel infrastructure in the country are developed with respect to its climatic, cultural and national characteristics.

Tourism in the republic is considered to be a priority sector of the national economy. Only in 2012, for the development of tourism industry of the state,140.7 million US dollars have been directed. Four new hotels have been built with a capacity of more than 500 rooms including three health-improving hotels, one shopping and entertainment complex.

Modernization of local infrastructure for development of tourism in Uzbekistan includes not only reconstruction of the hotels, but also the development of transportation, community facilities related to the tourist service. Thus, as a rule, reconstruction of properties is carried out, related to tourism activity: roads, electricity, telecommunications, and other social facilities.

Along with this specific measures are being developed to further progress of the crafts and folk arts, increasing the quality of souvenirs in the main tourist centers.

In the process of development of the tourist industry in the labour market a demand appears and grows for such professions and specialties, as managers of hotels and servicer eservation system, experts on advertising and marketing of tourism, tourist market analysts and others.

With the emergence of new trends in the architecture, namely exterior design of hotels, places of recreation, etc., a demand appears and grows for specialists in this profile. Thus, the demand grows exactly for the high skilled specialists.

Therefore, in Uzbekistan in the framework of the National program of personnel training, measures are being taken to improve training of the personnel for the tourism industry.

According to the Decree of the Cabinet of Ministers from August 16, 2001 No. 343 "Approval of the State Educational Standards for Higher Education", in the article "Consumers services" in the framework of the State Educational Standard of the Higher Education in the "Classifier of professions of Higher Education", the training of specialists in tourism is provided according to the special training programs in the MA course (table 4.6).

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Table 4.6.
List of professions for the training of specialists in tourism of the
Republic of Uzbekistan

Professions	Profession Code	
Management of restaurant and hotel business	5A810101	
International Tourism Management	5A810102	
Tourism Management	5A810103	
Tour Operator Service	5A810104	
Methods of teaching of the professional disciplines	5A810105	

Training of the specialists of the higher (management) level is carried out in a number of Economic universities of the country. So, Tashkent State Economic University since 1999 has faculty of the international tourism with the chairs "Tourism" and "Service". With a view of improvement of training of the highly skilled specialists in republic, meeting the modern requirements of market economy, and strengthening of personnel potential in sphere of management, marketing, tourism and service, Samarkand Institute of Economy and Service has been established. And for the purpose of training at the international level of highly skilled specialists in the field of economy, business and tourism in 2007 in Tashkent the branch of the Singapore Institute of Management Development has been opened. Here and at the faculty "Management of hotels and resorts" the education has been organized.

For the training of the specialists of the average (technological) level, the following special colleges have been created: Tashkent Professional College of Tourism, Tashkent College of Hotel Business, Samarkand College of Tourism and Service, Bukhara College of Tourism, Khorezm College of Tourism.

The training of qualified personnel is conducted in various centers, specialized schools and courses.

National Company "Uzbektourism" has the Republican scientific and educational consulting centre, which is intended to train, retrain, increase the skills of the staff of tourism, and assist to the development of the industrial tourism science.

Curricula and programs of the Center are focused on the complex training of the specialists in tourism according to requirements of the labour market, possessing a professional knowledge, owning modern standards and skills, capable to carry out independent activity.

For the last 10 years of activity the Center has trained over 1900 guides, more than 800 tour operators, and employees of a hotel business. Regular

trainings and seminars are carried out for travel agencies and hotels of the system of National Company "Uzbektourism", workbooks for tour operators and hotels are developed.

Uzbekistan with its attractiveness in terms of tourism and the number of tourist attractions and historical sites is among the ten leading countries of the world. The republich as different popular types of tourism: historical, architectural, sport, ecological, archaeological, folk and ethnographic, agricultural, health-improving, cultural, educational, safari.

Uzbekistan is a leader in ecotourism among the countries of Central Asia. A rich variety of flora and fauna, landscape, the contrast of natural areas, cultural traditions and cuisine, combined in one place could be found only in the few parts of the world.

Among the highlights there are the world-famous and unique nature reserves, including Chatkal State Biosphere Reserve, which is included in the UNESCO list of the world's biggest nature conservation areas.

In the conception of ecotourism development in Uzbekistana lot of workis being conducted on the revival of nature and environmental stability of Aydar-Arnasay lake system, Ugam Chatkal recreational zone and Charvak resort.

Foreign tourists now visit basically five cities in Uzbekistan. The monuments of Bukhara, Samarkand, Khiva, modern architecture of Tashkent, historical relics of Dzhizak, ZarafshanValley, oases of Ferghana and Chirchik valleys. Each of these tourist attractions is a living history of the nation with an ancient culture. There are more than 100 hotels, camping sites and places of resort, more than 800 developed and working routes, with more than 600 guided tours for tourists inUzbekistan.

The World Tourism Organization (UNWTO) predicts thatin 10 years the number of tourists to Uzbekistan will grow up to 15.0%, which is two times higher than in other Asian countries.

National company "Uzbektourism" expects that by 2015, the foreign tourist flow to the country will reach 1.2 million people.

For the last year in Uzbekistan a lot of work has been done to make the country attractive and open to foreign tourists.

For the further development of international tourism the National Company "Uzbektourism" established cooperation with 214 leading tourist companies in such countries as Great Britain, Hungary, Italy, Spain, the Netherlands, Russia, Singapore, France, China and Japan. Regional programs have been designed fort he development of domestic tourism in the Republic of Uzbekistan.

However, the development of tourism in Uzbekistan for the moment is not sufficient for the up-to-date requirements. According to the experts, the contribution of tourism to the national economy is clearly insufficient Competitive weaknesses of the republic in world tourism market are:

- high cost of travel services (hotel accommodation, meals, transportation, etc.);
 - under developed infrastructure, lack of tourist class hotels;
- a lot of administrative barriers for the mobilization of investment in the regional tourism infrastructure;
 - imperfect visa policy;
- poor quality of services in manys ectors of the tourist infrastructure, etc³³.

In the solution of these and other problems a big role is given to the National Tourism Development Program of the Republic of Uzbekistan, the basis of which are:

- improvement of the regulation of economic and social development of the tourism industry;
 - marketing of the tourist product, tourist attractions;
- a significant increase in bank loans, the private sector means and foreign investment in tourism;
- the development of new international routes and types of tourism in the country;
- further increase of volumes and improve of the level of service in all regions of the republic, which are available for tourists.

The implementation of this National program should provide in the coming years double-ply growth of the number of foreign tourists visiting Uzbekistan, increase total revenue from domestic and foreign tourism in more than 1.8 times.

This requires further regulation development of the national tourism industry. World practiceshows that there are currently three economic models of tourism development: centralized, market and monetary.

Market model of tourism development relies on the demand and supply structure change in the private ownership for the means of production. Elements of market relations of this model are widely distributed in the process of buying and selling of the various tourist services.

The concept ofmonetary regulation of tourism market economy provides for the regulation of prices, tariffs and investment. The regulation of the financial and credit mechanism ensures the effectiveness of tourism.

The first condition for the development of tourism through monetary method is the functioning of self-regulating market economy, the economic management.

³³Ibragimova R.G. The role and placeof tourism in economicand socio-culturaldevelopment of Uzbekistan // Actual problems oftourism, 2011. – T.: Office print, 2011. – p. 41-45

National Company "Uzbektourism" can be attributed to monetary economic model of tourism development. In view of this, it is necessary to develop a special system of taxation of national tourist firms that meet the requirements of them onetary system of economic regulation of tourist firms.

The current tax system does not encourage the provision of various services to the tourists. Therefore, it is advisable to develop acomprehensive program of targeted use of foreign capital and technology of tourism for the construction of upscale hotels, camping sites and other tourist accommodation facilities. With the help of foreign capital it is possible to make the restoration of the historical and architectural sites for the tours.

In the conditions of the sharp increase of competition in tourism market,s pecific requirements are presented to the efficiency of management in the system of the hospitality industry, including the regional offices of the National Company "Uzbektourism".

According to the national scientist B.H.Turaev, the regional offices of tourism pay a little attention to the conclusion of new contracts and agreements that promote inter-regional and international tourism, market research, c oordination of local authorities, businesses and organizations in the implementation of joint projects, aimed at the development of tourism infrastructure, opening up of new tourist product.

This is largelythe result of imperfection in the organizational structure of the regional offices of the National Company "Uzbektourism". Therefore it is proposed to change the existing organizational structure of regional offices (Figure 4.6).

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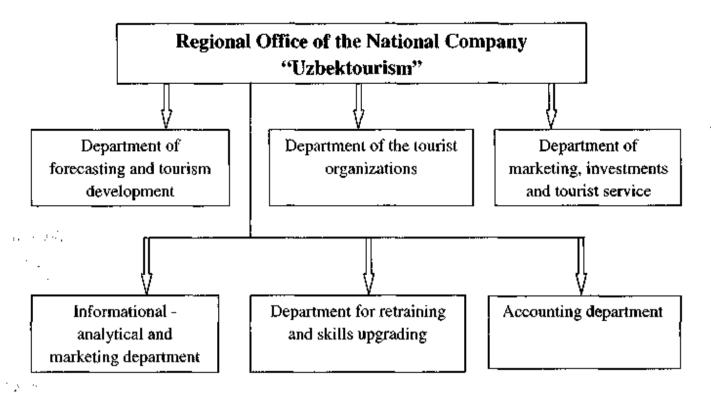


Fig 4.6. The proposed organizational structure of the regional office of the National Company "Uzbektourism"³⁴

This reorganization is dictated by the fact that in the present circumstances there was an objective need to shift economic responsibility center for the solution of the problem development at the regional level. Accordingly it is necessary to provide the regional offices with the relevant rights in formation the principles, functions and management of tourism organizations.

Tourism development lays special requirements for the quality level of the national tourist product, helping to bring it to international standards. Taking this into consideration it is necessary to implement the following specific activities:

- as part of the program of the production localization it is necessaryto create local companies and joint ventures for the production of modern equipment that meets the international standards, furniture and inventory for equipment of hotels, souvenir items, sports equipment and camping equipment with the special symbols;
- creation of entertainment business, organization of sport and entertainment and health-improving centersof leisure, tourist(natural) parks, sport clubs, golf fields, etc;

³⁴ Turaev B.H. Theoretical and methodological basis for tourism development. - T.: Fan, 2008. - P. 106.

• expansion of advertising activity and increasing of its products quality, creation of appropriate printing facilities, audio and video, print production.

The special importance for the development of tourism industry in Uzbekistan and, accordingly, the expansion of employment in this sectoris wider spread local tourism.

Unfortunately, the development of local tourism is extremely slow, and an indicator of the level of development- is extremely unsatisfactory. For example, today in Uzbekistan there is one local tourist from every ten foreign tourists where as in the U.S.more than 70.0% of all tourists are local residents.

Many experts believe that the local tourism has great potential; it can and should be attractive to many local travelers.

For that, of course, it is required to create necessary conditions. Information of the public opinion polls shows that about a third of domestic tourists in Uzbekistan go for the rest independently. This is a strong evidence of poor infrastructure of local tourism.

In our view, it is reasonable to develop National program of the creation of free service and recreational tourist zones. Uzbekistan has an experience of creating of free economic zone in Navoi province. The same free economic zone is being created in Angren.

And the free service and recreational tourist zone could be created in Bukhara, Samarkand, Khiva and other cities of Uzbekistan with the outstanding monuments of history and culture.

The main purpose of this zone is to encourage the development of different types of tourism by attracting foreign and domestic investors. Free service and recreational tourist zone could provide the financial, foreign trade; administrative privileges and preferences related to tax incentives of the individual types of activities. The entire system of available benefits fort he tourism industry and tourist infrastructure could serve as a tool for realization of the existing comparative advantages of the zone.

For the management of the free service and recreational tourist zone it is possible to create holding company of economic development of tourism in this zone. The state structures, commercial banks and others can be founders of holding.

At the management of the free service and recreational tourist zone it is reasonable to create the fund of social and economic development of a zone, in the activity closely connected with Holding company of economic development of tourism.

In Uzbekistan many tourist services that are very popular in the world are still insufficiently developed. One of such perspective directions is medical tourism. By estimations of experts of "McKinsey and Company" the gross revenue from medical tourism in 2012 will increase up to 100.0 billion US dollars. In the world every year about 3.0 million people participate in the special tours for medical treatment.

It is quite possible that Uzbekistan can become a part of this financially perspective and dynamical sector of the world tourist business. The republic has more than 167 establishments of public health services which are functioning on the terms of the mixed financing, 420 establishments render additional paid services. The sector of the private clinics is being developed which render paid medical services of narrow specialization.

The domestic medicine can be presented in this kind of tourism on such specializations, as stomatology, cardiology, oncology, andrology, reproductology, eye surgery, etc.

Only in the system of Federation council of trade unions of Uzbekistan there are 15 sanatorium establishments where foreign tourists spend their holidays. In our natural zones there are the hydromineral resources which are as good as Matsestin resort or, for example, such glorified resort as Karlovy Vary (Czech Republic).

However Uzbekistan is not yet the appreciable seller of medical services to foreign patients. Investments are necessary for the development of medical tourism and uniform strategy of advancement of health resorts services.

As experience shows, a practical professional training for the tourist industry in view of absence of appropriate base is not always effective. Isolation of theoretical preparation of the future professionals from real practice in hotel, restaurant and other objects of service of the tourist industry does not promote the subsequent successful labour activity of the graduates. At the same time, the higher and average special educational institutions which are carrying out training of specialists in tourism are faced with the problems of shortage of the educational literature, insufficient qualification of teachers, necessity of improvement of curricula and programs.

Today all the necessary measures are made for the solution of these and other problems. Uzbekistan is aimed for the transformation of tourism into the competitive export-focused branch of national economy corresponding to the international standards.

The developed and purposefully carried out strategic plans are directed at the further advancement of tourist potential of the country on the advanced positions in the world, creation of all conditions for comfortable travel in the republic, acquaintance with the rich culture of the Uzbek people, studying of traditions, architecture and history of Uzbekistan.

Questions for self-testing:

Section 5

- 1. What is the general criterion of the efficiency at the national level in respect to tourist production?
- 2. What methods are there for an estimation of the efficiency of management in tourism?
 - 3. How is defined the influence of tourism on the national economy?
 - 4. What kind of indicators are used for an estimation of position of tourist firm on a labour market?
 - 5.Tell about subsystems properties of personnel management of tourist firm.
 - 6. Calculate average expenses for personnel actions per employee if expenses on personnel selection in tourist firmare 500.0 thousand sums and 5 candidates are selected.
 - 7. What kind of degrees of managers participation are distinguished in decision-making?
 - 8. What features are inherent tostrategic and efficient management decisions?
 - 9. How to make SWOT-analysis of tourist company?

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- 10. What kind of factors define the quality of a tourist product?
- 11. List competitive advantages and weaknesses of Uzbekistan in the world tourist market.

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CHAPTER V. TOURISM STRATEGIC MARKETING AND COMPETITIVENESS

5.1. Strategic marketing methods of managing tourism industry

Market research is essential to the development and management of the tourism industry. In this case, the task of marketing is to offer the necessary goods (or services) to customers and markets. In this sense, marketing found as an art and science. Modern marketing is a "weapon" if leading business and the following principles are widely used in it:

firstly, produce goods or services in accordance with the customers' will and demand;

secondly, take into account the requirements of just those consumers who may have a desire to buy this product, and not all consumers in this market.

thirdly, lead marketing activities in accordance with business objectives.

By applying marketing principles in the management of the tourism industry unmarketable goods can be removed from production and quality products provided to consumers. An "idea", "services" and "products" can be the goods of tourism. Services are mainly produced by tourism. These are the "invisible and insensible products" and therefore marketing activities will continue to become more complicated. Especially, its invisibility makes difficult the quality control. Also potential customers find it difficult to assess the quality of tourism services. If the rest of industry products are delivered to the consumer, in that branch consumer delivers the products-services (province or region). The tourism in marketing services has a strong effect on making decision of people about tourism due to that consumer(tourist)s have high costs before sending it to the trip. Travelling costs in the tourism industry consist of some "components". In particular, transportation, allocation, nourishment and having other services (watching, buying). That type of products and activities cannot be provided by single business enterprises.

First of all these are making difficult to reach high quality of services in all branches.

Second of all, it requires to enterprises and organizations which linked with tourism lead their activities together and jointly in order to prevent these difficulties and deliver of tourism opportunities to consumer as a united "pocket" in the region.

It is necessary to develop marketing plan to ensure the universality of all activities and purposes in business tourism. This plan will serve as a means of efficient allocation of resources, time and money in marketing decision making. Also, plan:

- expresses the main purposes and objectives of business;
- estimates of the impact of external factors to marketing activities;
- identifies the business directions, resource and opportunities of enterprises and organization;
- expresses segmentation and authentication of market, category and group of customers;
- displays marketing goals for each segment;
- means marketing strategy of companies in different markets, the marketing mix (4P - price, product, promotion, and place) for each segment;
- implements marketing plan;
- shows marketing budget and costs;
- Defines the estimation means of marketing activity results and measures of changing the activity, if it necessary.

In the development of the tourism industry, it is important to assess the impact of foreign economic, social and political factors on the current and future markets. Changes in these factors can lead to opportunities and challenges in marketing.

It is considered very important to determine among them demographics and changing conditions of population. In particular, the following factors have an impact on business in tourism.

- population upsurge and migration;
- rapid growth of the rural population than the urban population;
- attract able-bodied women home out activities;
- increase in the number of households, single families and singles living alone, reducing the number of family members.
- rise in numbers of families in which two or more members are employed and increase of real income;
- increase in numbers of retirees who have financial opportunity to trip;
- be in good health in old age;
- lengthening longevity.

In the development of the tourism industry affected by economic factors such as unemployment, inflation, real income families, access to credit, interest rate and its types. Also, affect the price of substitute goods, the price of oil, and the price of recreation goods.

Tourism enterprises also need to determine the current and potential competitors. The main purpose of this is to identify the strength and weaknesses of competitors. When determining competitors should be paid great attention to the following:

- characteristics and quality of goods (or services);
- allocation degree in comparison with different geographic markets;
- theme and text (scope) of advertisement;
- price level and type of consumers and mechanism of attracting them;

Market of tourism services is established in marketing activity. Market of tourism services is:

- collection of consumers of tourism, which has selling potential and sources;
- it is a system of international economic relations, where tourism services, money is transformed to tourism services.
- it consists of four elements economic system which consists of demand, supply, price and rivalry in tourism.

It should be noted that the market of tourism services has the following features and values:

- 1. Invisibility, i.e. impossibility of touching, smelling and filling of sold and consumed tour-product. Therefore reliability and guarantee of tour goods of mentioned level and quality are important.
- 2. The feature of disappearance with the lapse of time. If services do not provided in time, income will be disappeared.
- 3. The feature of changing quality of some tour services. In accordance with that should be the differentiation of service prices.
- 4. The feature of time breaking between buying tour product and to be consumed of it. In that case the guarantee of tour-products and responsibility of tour-companies is important.
- 5. The feature of trembling the tourism requirements off-season period;
- 6. The feature of coherence of quality level in Tourism with servicing staff.

 One of the elements of marketing is the concept of tour-product.

Tourist consumes different tourism services during the trip. These services differ from each other with quality, price and size. All services in one are called as a tour-product. By the way basic and extra tour-products can be noticed. The formula of basic tour-products is in the following:

Basic tour-product = allocation+nourishment+transport+having sightseeing tour+insurance + services of guide(translator)

Extra tour-products are the type of services which are added to basic tour-product with tourist's option.

For instance, if tourists are willing to enjoy the show and theatre or participate in active games or use health service tour-operators should fulfill their desire. The price of these mentioned services will sum to basic tourism services. The formula of extra tour-products is in the following:

Extra tour-product = sum of extra services (i.e., participation in theatre show + trip to another city + participate in active games and others)

Basic and extra tour-product together calls consolidated (harmonized) or final tour-product and calculates by tour-operator, offers in market of tourism services as a tour-package.

Tour package includes the commission of tour designer, i.e. tour-operator's services, markup of travel-agent who indirectly realize in the market of tourism services. It should be noted that when tour operators designs a tour-package, they make contracts with catering companies, accommodation and other service providers and under the terms of the contract may provide benefits for some services, for example to provide discounts. Tour package can be by one city (the city of Tashkent), by region (Samarkand region), interstate (Uzbekistan, Kyrgyzstan, India) and intercontinental (Asia-Australia). The longer and more destinations in the tourist products, the higher will be the price.

Demand and Supply is important in the process of designing tour-product. It is necessary to note that tour-product should be demanded in the market of tourism services. Demand in tourism is the desire of tourist to buy one of other services and supply in tourism is an ability of Tour Company or travel agencies to present a particular service of tourism (Figure 5.1).

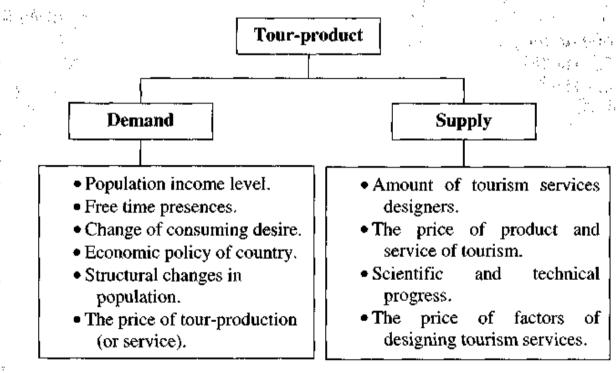


Fig 5.1. The factors of tour-product influencing to demand and supply³⁵

³⁵ The Source: The Researcher

Promotion of tour-product is publicizing of tourism services and fulfilling arrangements in order to provide its all alternatives. Providing that the Mass media and Ads services should be used. Following processes should be taken into consideration on selling tour-product to consumers:

- be paid of concrete consumers' attention;
- attract live interest of tourist;
- attract desire of tourist on buying that tour-product.

Preparing of booklets is one of the techniques of promoting tour-product. In general, during the preparation of booklets should be paid attention to the issues of why booklets are prepared, for whom its prepared, what information it includes. Booklet designing includes the following goals:

- inform about natural, cultural, historical values of definite region;
- ability to attract concrete consumers;
- inform residential population about region and places related to tourism industry and direct them to endow to this industry;
- call residential population to care of the objects which have remarkable and historical-cultural means;

For whom this booklet is made?

- For arrived visitors and interested people;
- For professionals who are interested in development of tourism in that region;
- For residential population.
 - What information the booklet includes?
- geography, nature-flora and fauna, settlement and infrastructure (any arguments and figures) of country or region;
- economic activity of region (agriculture, trade, sculptor, fancy-work and etc.);
- tourism infrastructure;
- information about history of cultural evolution of region;
- features of route;
- alternatives of tourism services;
- map, traditions, sightseeing and national dishes of region;
- list of proposed services;
- features of governmental policy (customs regime, security of population, insurance process);
- list of enterprises, organizations and institutions which are related with tourism and their contacts.

Evaluation of basic tour-product is in the following:

• Transport services (TSer);

- Service of transfer (SerTr);
- Allocation services (Ace);
- Feed service (FR);
- Service of Guide (SerG);
- Tour to sightseing (TurS);
- Tour-company income (Income);

Basic tour-product = TSer + SerTr + Ace + FR + SerG + TurS + Income

Additional services can be provided by tour-operators in accordance with consumer's desire. Description of tour-route is given in tour-product. For instance, description of 3 days route from Paris-Khorezm-Bukhara-Samarkand-Paris is in the following:

Day 1. Arrival from Paris to Khorezm (6:05). Transfer to hotel (8:00). Settlement and rest (9:30). Stroll in city (10:00-13:30). Launch in restaurant (13:30-14:30). Trip to sightseeing with guide (14:30-17:30). Participate in theatre show (18:00-19:30). Supper (20:00-21:00). Free time. Spend the night.

Day 2. Breakfast (7:30 - 8:00). Leave for Bukhara (8:00 - 13:00). Settlement and rest (13:00 - 14:00). Launch (14:00 - 15:00). Tour around Bukhara (15:00 - 20:00). Supper (21:00). Free time. Spend the night.

Day 3. Breakfast (7:30 - 8:00). Leave to Samarkand (8:00 - 12:00). Settlement and rest (12:00 - 13:00). Launch (13:00 - 14:00). Tour to sightseeing around Samarkand (14:00 - 19:00). Free time (19:00 - 21:00). Transfer to airport (21:00). Departure (24:00).

Tour-product is placed in tour-package and the price is calculated as follows:

 $Ptur = (SU + Stax + PrT - ZT \pm Kd) / (Ntour + Ngr)$

Ptur – the price of tour-package for one tourist

SU - Tour service cost price

Stax – direct tax for some tour services (VAT)

PrT - revenue of tour-operator

ZT – discounts

Kd - commission fees of travel agent

Ntour - number of tourists in group

Ngr - number of guides in group.

Following features should be taken into consideration when spoken about tour-package:

- Sometimes tourist would like to consume additional services which are not included to tour-package;
- The more the number of tourists the more tour-operator offers facilities to tourist and travel-agent;
- Sometimes the price of tour-package changes depending on season and structure of tourists.

As it was mentioned, market of tourism services organized on the basis of demand and supply. Supply can be found as an object of tourism. Supply can include the climate, landscape, hotel, restaurant, side-shows, museums and historical monuments of country.

One of the core factors of successfully developing of tourism is determining the influencing factors of tourism services to demand and supply and evaluating interrelationship between them. The factors that lead up to global changes call as "external midst" and economic, political, technological, demographic and social factors can be included in it. Evaluation of these factors is important in analyzing of present position of tourism industry and forecasting future perspectives.

The more conceptions about trends we have the more deeper become the conceptions of tourism enterprises' managers about market and their competitive capacity rises by marketing strategy. At first, economic changes indicate flow of tourists' acceleration because of clear borders, second, reinforcement of global rivalry impact to the tourism locations.

Impact of economic factors can be reflected during the financial-economic crisis, economic liberalization, rise of international trade and investments flows, wide spread occurrence of IT, dynamic growth of private property. Economic liberalization and globalization causes to strengthening of threat and risk, as a result of it great issues are appeared. During the analyzing of factors that impact to tourism industry the importance of international security, peace, political stability in steady development of tourism branches should be taken into consideration. The following factors can be included to global factors that influence to tourism industry:

1. <u>Natural factor.</u> Branch of tourism related indirectly with natural changes. Natural environment and weather condition is determining factor of tourists' flow. Changes in climate impact to tourists' flow in perspective. Especially climatic conditions and ecologic crisis negatively impact to tourists' flow.

- 2. <u>Factor of demographic trends.</u> Unexpected demographic changes and social issues impact to tourism branch. The following could be included in it:
- Population upsurge and down surge;
- Urbanization;

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- Changes in social structure of population. It indicates not only activity of consumers but importance of being aware of what they are thinking about:
- Health of population;
- Changes in manpower. They desire to have inconstant work, want to dreams come true and don't influence to their work;
- Time among holidays and workdays in the world going narrow, especially in developed countries, which lead up that tour, plans to be unsteady.
- 3. <u>Factor of gender issue.</u> Difference between men and women, especially their position in society is squeezing. Nowadays women have leading hand on decision making as a consumer;
- Factor of population competence level. Globalization and technological changes required high-qualified labors. The formation of economy, which based on knowledge, implies that people must have life-long study.
- 4. <u>Social factors.</u> With demographic changes also people's life, wealth, demand and expectations will change accordingly. Social changes influence to consumers' activity by numbers of means.

Present situation of tourism branch, which is one of the branches of Uzbekistan economy doesn't comply with tourism opportunities and modern development tendency.

Due to that, main issue requires to have new approach in order to increase the attraction and competitiveness for exporting tourism services in Uzbekistan.

Becoming of Uzbekistan an independent country gave great opportunity to world market integration by using widely international tourism opportunities. Hence, it is a representation of tourism as a post-industrial technology of international business. As we learned from the experience of foreign countries, the development of tourism is a good result for the workers, who are attracted to the rapid development of services for the entire national economy

As we learned from the experience of foreign countries, the development of tourism is a good result for the workers, who are attracted to the rapid development of services and for the entire national economy increasing cultural and technological level of the country's population. Specifically, the development of tourism services creates a "condition" extension of the traditional national crafts and folk art, the consumer goods industry and foreign trade. For that it's necessary to identify the barriers

which may inhibit tourism development and take possible effective measures. As we know less developed branches of the tourism service during the period of transformation into the market economy are the transport, hotel house holding, foods, trade, insurance and communication which are deemed as the unique combination of the market infrastructure. Besides, the problem was to identify which of these problematic factors is the most essential. The management of the modern tourism requires using systematic approach to solve this sort of problems of weak infrastructure. One of the recommendations of the international specialists is that while administrating the tourism industry, we need to distinguish administration and commerce functions. If these requirements of foreign specialists are met, the tourism infrastructure will be developing well, more investments will be attracted to newer projects, and there will be stronger attempts for advertisements and market effective development. In this respect organizing touristic operators systematically and taking measures for increasing the quality of the service, supporting this factor, establishing new places for newer employments, developing the service types, preparing professional for this field, enabling them to gain more experience prompt the government to widen international partnership in this field.

One of the main features of the tourism is its periodical peculiarity, it means, demand in this field is high within a certain period of time. This trend has a global character not only in one region, it happens all over the world. Not taking this into consideration may cause the tourism industry a failure in further growth.

It's more important to state that the changing trends of the demands of the tourism influences on the power of the infrastructure unequally, one day this demands will stop raising at all, sometimes it can even be in need in unlimited high levels. This will of course influence on other factors of the state such as the hotels, transport, foods consumption and many others since they are considerably linked to tourism development.

Periodical demands are characterized in different ways by all the local experts usually. According to some of those experts, some of the methods are originated from the tourism services market features (for example some countries accept tourists just in spring because of the climate changes, some of the republics accept them just in winter due to local reasons) according to the sorts and types of periodical touristic services (for example, skiing services are rendered in winter, having a rest and going swimming on the beach in summer, agricultural tourism in rural territories, visiting historical places and sightseeing in spring) It's necessary to take into account all these conditions of territory, climate and others (table 5.1.).

Local industry experts' opinions on effective attracting of tourists during the off-season period $(\%)^{36}$

Proposals	Yes	No	No aswer
Hotel and transport services prices cutting		11	11
Site visits, ensuring of the adaptation of prices for entrance to the historical and cultural museums	64	23	13
The organization of new forms and types of services		23	1
Creation of new tourist zones that do not exist on the other territories	59	30	11

From the above table it is clear that not all experts support the creation of new tourist zones. Because such actions, on the one hand, require certain financial investments, on the other hand, it won't be easy to attract tourists, as tourism products consumers, to the consumption of these new services. Striving for the new or untested by experience objects will be slow.

It won't be always possible to lower the price of tourism products at the expense of the services of accommodation and transportation. Because of off-season period, i.e. in winter, the rates for electricity, heating room, utility services are also increasing. Therefore, some experts did not support this idea, but we think it appropriate to provide special discounts for sites, historical and cultural museums visits, for participation in various festivals, carnivals, and national holidays.

Experts have expressed the following views about how to distribute travel products in Uzbekistan based on age and other categories of tourists coming to our country. If 56% of the experts say about the need for off-season to attract more elderly tourists, that 34% were opposed to this view, because they believe the majority of tourists visiting our area is over 50 years.

Our study confirmed that in the globalization process the practical application of scientific developments, best practices and approaches to improve the theoretical and methodological foundations of management at the heart of innovative marketing strategies for the sustainable development

³⁶ Source: drawn up by authors on the basis of answers of 20 local experts.

of the tourism industry gives great results. In particular, it was proved that in circumstances of globalization the economic efficiency of the tourism industry depends on external factors, on mega trends that occur in the world. Indeed, according to Professor Michael Porter, profit opportunities of an enterprise in other areas, also depend on external factors. This conclusion raises an important question about the development and implementation of a branch of the modern innovative marketing.

Questions for self-testing:

- 1. What is the competition in the tourism industry?
- 2. Explain the proportion of demand and supply for tourism products.

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3. Describe the marketing research in tourism.

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- 4. What marketing principles are used in tourism?
- 5. What are the opportunities are used to attract more tourists in offseason period.

5.2. The paradigm of relationship marketing in the market for tourism

Traditional logic of modern marketing evolving from year to year, now abandoned idea about the process as simple exchanges based transactions. Now, it can't be considered as a function of only the pre-defined objectives. Because the number of questions related to the marketing of tourism services is expanding, now, the marketing except classical component also includes the consumer experience and the vital interests of clients. Being complicated, highly profitable, the tourism industry is a solid sphere, has a stimulating effect on the development of key industries. Tourism currently represents a catalyst for social and economic development, both directly and indirectly helps to increase culturally living standards and develop world countries and continents.

Commercial Enterprises win in the market for tourism related to how it supports a crucial component of the target needs of actual and potential carriers of tourism demand, and how it shapes the optimal portfolio of supply of tourism services. It is in these circumstances, marketing becomes a strategic direction, its target area consists of long-term relationships at the micro and macro levels. Expansion of the traditional boundaries of marketing of tourism services is related to the formation of a new paradigm based on

meeting and maintaining the relationship with the audience and disposition to its services.

Relationship marketing considered as effective co-coordinated action of the participants of market of tourism services, as an innovative marketing concept, as product including the intellectual and information resources. Here, the focus in the field of communication activity is given to individualize joint coordinated actions of participants in the marketing system; this can be done only on the basis of long-term relationships between partners.

To solve this problem, it is needed to look for new approaches and develop appropriate scientific theoretical and methodological side, to justify a number of techniques and recommendations for the effective implementation of relationship marketing as the basis of competitiveness and a stable and dynamic development of the tourism market.

Achievement of the goal is defined by interrelated problems and their solution:

- research and compilation of the theoretical foundations of the evolution of marketing concepts and the formation of marketing in the dynamics of general economic paradigms;
- put in a single system and a critical evaluation of scientific approaches to characterize the essence of transactional marketing of tourism services. Definition of functional characteristics, advantages and superiority of the concept of relationship marketing;
- Justification of sustainability of communication components of the concept of relationship marketing in the tourism market;

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- To form a methodological approach for the study of changes in the model of character / behavior of consumers in the market for tourism
- Develop and test a methodological framework separating target groups of consumers of tourism services on the basis of socio-economic variables to the motives and behaviors
- definition and justification of methods for assessing propensity of consumers in the market for tourism and how they form;
- develop a means of identifying areas of relationship marketing in the market for tourism.

Development in economic practice basic categories of marketing, the focus on their use, in turn, indicates the degree of expansion.

The dynamic development of the market of tourism services, the commercialization of the tourism requires more widespread adoption of marketing into the activity stakeholders of the tourism industry. Comprehensive study of modern trends of global markets requires a

qualitative and quantitative evaluation of the demand for tourism, tourism product positioning and objectives of enhancing policies to promote them.

In tourism business, the economic benefits of entrepreneurship, the potential advantage is achieved only possible through the creation and support of effective communication with all members of the marketing process. More and more attention is paid to the development of philosophy and methodology of relationship marketing business tourism, considered as a new marketing concept, aiming at the formation, development, and, if necessary, termination of relationships with customers and other interested parties for marketing. We'll look and as a single system in order to achieve the objective, through the implementation of mutual commitments by the parties involved, making a profit.

It can be reached economic income and achieved potential advantages by organizing and maintaining efficient telecommunication with all participants of marketing in tourism business. Special attention is paid to the development of the methodology and philosophy of business in tourism marketing relationship when you need to establish and develop relationships with customers and other stakeholders in the field of marketing, which is a new concept of marketing. We also consider it as a whole system of activities aimed at profit at the expense of the obligations of the parties involved.

Based on the specific characteristics of tourism services and features of the activities of the tourism market, we consider it appropriate to disclose separately the following number of specific features of relationship marketing in the market of tourism services:

- account in the strategy and tactics of marketing of psychological factors on the mood;
- Marketing sameness of characters all involved production, trade and consumption of tourism services
- portfolio diversification range of tourism products, including the implementation of this work, to facilitate intraseasonal trends
- determine the accuracy and completeness of information on tourism products, including the development of the insurance industry and ensure the safety of tourists;
- creation of a system of services and demonstration of additional services

The quality of living standards is the important system of the market entrepreneurship development, this system aims at the interest of the consumer to plan all the services well, rendering, appointing prices, getting profits without any detriment to the needs and interest of the consumers and other staff members. We can show as an exception all the income and financial damage caused by the marketing measures at the operational level, moreover we may include into the list of the strategy of the long-lasting activity, from the point of accepting the consumer interests prior to the interest of the service renders in the position of the tourism factory.

While planning the tourism services international economical, social and political factors are very important, they play an important role in assessing the influence of the market in industry. Changing trend of these factors may cause problems for the marketing chances and activity. It's much more important to identify changes in the quality of living standards and demography. The following factors will certainly influence on the tourism business:

- growth and migration of the population
- growth of the countryside population faster than the urban population;
- attracting women liable to work for outside working activities;
- increase of the number of the house holding;
- increase of the number of working families and increase of the real incomes
- increase in the number of the retired people of means
- the trend of being healthy at the older age
- increasing change of life duration

Many factors such as economical, unemployment level, inflation growth rates, real incomes of the families, chances to get credits, loans interests and credit types have always been influencing on the trend of the tourism development. It may be possible to influence on tourism for other factors like the prices of the goods, services, oil products prices and cost of the relaxation equipment's.

It's important to identify the present and potential competitors. The aim is to find out about the weak and prior points of the competitors. The attention should be paid to the following peculiarities in order to find out about weak points of the competitors:

- features and quality of their products;
- their location in comparison to the different markets geographically;
- themes and texts of advertisements
- level of the price, consumer types and mechanism of attracting consumers;

One of the main factors of the successful development of the tourism is identifying all the factors influencing on the demand and offer, understanding their links correctly and properly. All the factors causing global changes are called as external factors, and they include political, economic, political, technological, demographic and social factors. It plays an important role in analyzing and predicting present and future state of the tourism industry, in assessing the current state of this trend.

Identifying the external influential factors in providing competetiveness in the globalism conditions is really important in tourism industry. As the tourism industry has integrated with the other trends, tourism trends aren't analysed apart from the other fields. There is a strong competence nowadays in the old, new markets, internal and international trade. The more views we have about present trends, the deeper we get views about the factory and its competitiveness will be increasing through the market strategies.

Before the XX and XXI centuries, as a result of changes in the world countries the changes in tourism services, consumer habits, innovantion sin international relationships,, political forces, progressive changes in information and communication technology has greatly influenced on economical of the world. The decisions of the touristic service operators and the consumer demands stopped matching each other. Therefore nowadays it's compulsory to evolve certain industry factors for further stimulation of the tourism industry:

- supporting private tourism and increasing efficiency of the state controlling mechanisms;
- offering new national strategies for producing national products for international trade;
- increasing the quality of the service in accordance with the global standards;
- certifying the tourism services and developing standard systems;
- assessing the contribution of the tourism to the economy and developing statistic report in analyzing

One of the recommendations of the international experts is to take apart the administration and commercial functions of the Uzbekistan tourism industry. Because being one of the main networks of the national economy, current state of the tourism doesn't meet the modern requirements with its potential prospects and chances. There needs to be a new approach towards competitiveness of Uzbekistan tourism. Nowadays the meaning, basis and development factors have been changing all in modern tourism all over the world. It means administration methods, market strategies and development paradigms require to be evolved thoroughly. It's urgent to take into account the necessity for modernization of the manufacture, influence of the world financial crisis, complex competitive environment in administrating tourism industry. In these conditions, while administrating touristic organizations, it becomes even more urgent to form market strategies with scientific

approaches. In our opinion, this approach should consider and implement the following:

- determine the amount of the demand for tourism in the Republic of Uzbekistan and the factors, risks and trends of
- management and optimization of the overall supply of the enterprises of the tourism industry
- improve the mechanism of state support for the network of tourism;
- development and practical application of marketing strategies deliver tour products to the world market of tourism services
- · differentiation and diversification of tour products
- application of innovative approaches and methods of segmentation to create product tour;
- identify alternative ways of forming the price of tour products and the increase of sales of tourism
- improving cost management (directly costing method) in the production of products tour
- development and application of optimal marketing strategy in tourism of the Republic of Uzbekistan;
- measure the economic efficiency of the implementation of the tourism industry of Uzbekistan innovative marketing strategy
- introduce service auditing and monitoring to improve tourism services
- effective elements of modern management (risk measurement and control) in the tourism sector;
- tourism industry and the development of science-based innovative marketing strategy to ensure sustainable development, is to create recommendations to improve its cost-effectiveness, and application in tourism enterprises
- offering innovational market strategies scientifically proved and recommendations enabling to increase its economic efficiency and applying them in touristic entrepreneurships.

Questions for self-testing:

- 1. What is the relationship marketing in the development of tourism enterprises.
- 2. Place of innovative marketing in the market of tourism services
- 3. Give the definition of a new concept of marketing in tourism

- 4. What methods are used in strategic marketing manipulated by the tourism industry
 - 5. What is in the concept of the development of modern marketing.

5.3. The analysis of strategic marketing in the tourism enterprises

The main criterion of the industrial sector is to determine the tourism service's effecting sources of the demand and offer and reflecting their connection in the right way. The key reasons of the global changes include the economic, political, technological, demographical and social criteria. To evaluate these criterias have the main place on analyzing the tourism industry and vision.

To support the outside criterias specification and effect are also very important in the globalization condition for touristic companies. Besides, while the tourism sector is integrating with the other sectors, the tourism trends shouldn't be considered separately. Currently, the competition among the internal and external enterprises in the tourism sector is increasing. If we have much more impressions on the available trends, than we'd see the deepest views of the Heads of the enterprises and can see their increasing of the competitiveness via the marketing strategy.

We'll be free from producing and delivering the useless and non qualified tourism products while managing the marketing principles. As we reminded earlier, there will be "idea", "services" and "goods" in tourism. Mainly, the tourism sector produces the services. As they are "invisible and untouchable products", the marketing activity will be complicated. Especially, "invisible" issue will complicate the control. Thus, the potential buyers also face with the difficulties on evaluating the product quality. If in other sectors the product delivers to the customers, but in this sector Buyers will travel to the product (territory or area). Tourism services influences on approaching a sole decision for going for a tour of Customers and people about the time and highest share expenses. Tourism industry's travel components". Including, consist "several on accommodation, provisions and consuming other services, sightseeing, and etc. The single tourism business enterprise is not fulfilling such kind of products and activities.

Firstly, all of them are complicating the highest quality of tourism sector. Secondly, such difficulties together with the tourism – set enterprises and organizations require carrying out the activity and providing the only "set" of the tourism possibilities in this area.

To provide the overall activity and scopes in tourism business, it's

necessary to develop a marketing plan. This plan provides a service on accepting the marketing decisions, distributing the resources, time and expenses. Such as, the plan:

- Reflects the overall purpose and tasks of the business;
- Evaluates the outside factors on the marketing activity;
- Describes the enterprises or organizations business direction, resources or possibilities;
- Expresses the segmentation and identification of the market, customers category and group;
- Shows the marketing purposes for each segment;
- Means the marketing strategy of the enterprise, marketing mixture (4-P, product, cost, location and loading) for the each segment;
- Implements the marketing plan;
- Shows the marketing budget and expenses;
- Defines the marketing activity outcome evaluation methods and in case of necessity determines the change of activity route.

The human being's life is processing in different conditions; all of them include their travelling and wishes on buying the definite touristic product. In this relation, the tour firms should use the active position of demand of the consumers and other participants of the relations processes and to carry out the business - cooperation activities modes and methods for providing the assistance.

The tourism product set has a complex structure and some of its elements cannot be measured and planned. As a result, we'd have some subjective dissatisfaction, i.e., we would agree with the idea of that the consumers' requirements will be against the reality.

For intensive development of the tourism the following factors will be basis:

- increase of the population welfare and increase of the tourism funds;
- the social demographical changes, increase of the people, who can travel and having the necessary time and income;
- to strengtherning the economic, political and social cultural relations among the countries;
- town building processing increase will also reflect on increasing the potential tourists;
- due to population education level's highest data, and their wishes to the knowledge;
 - development of the transport infrastructure, modernization of the

transport delivery in the area;

- simplifying the customs papers registration;
- development of the mass media communication facilities.

As the analysis of the tourism sector shows, that now the following conditions will be the future types of the tourism:

- cultural educational tourism;
- -specialized tourism ecological, educational, healthcare tourism sectors and etc.;
 - practical conditions tourism.

Currently the tourism services becoming not the competitive resources fighting, and also become the strategic fights. It's necessary to accept and incorporate the issues on adequate, economic based solutions information and deeply analysis of the tourism marketing and determine the future segments on the tourism enterprise area's strategy and tactics and carry out the positive activities.

The role and location of the tourism in the Republican national economy will be determined on the basis of the Uzbekistan's international competitiveness possibilities highest position and will be defined by the international relations and economic growth. Uzbekistan is rich with more than 4500 architectural memorials and convenient touristic climate. The Republican landscape is rich with more than 100 types of deserts and mountainous areas for developing the tourism industry. But, according to the views of the specialists, only 20% of these historical — cultural and natural rich capabilities are used now. The most of the tourists, who visiting Uzbekistan still travelling in one frame. Moreover, they spend triple times less money there. But it's obviously clear that we'd take into the consideration that tourism's close sectors, i.e., transport, communication and other sectors are also the progressive sector of development.

Today, applying strategic marketing is the only philosophy of thinking. The phrase "Strategy" is used in the ancient Greeks; it was used for the fighting art's illustration. The researchers of the Harvard University mention, that this phrase was only used up to the 60th of the XX century in the military actions. Anyway, either in the war, either in the market, we need to follow one strategy.

To provide the servicing strategy the enterprise or its management body should understand the acting market condition and this enterprise role in this market. In the mix and market economy the phrases "strategy" and "strategic solution" are used in different conjunctions (strategic marketing, strategic planning and strategic management). Moreover, the understanding of the phrase "strategy" is interpreted by the enterprise, sector and their activity under the conditions influences including the description of the

resources. Strategic marketing is a basic part of the marketing and an important sector on enterprises external and internal condition's preparation of the area, planning and marketing arrangements.

As other entrepreneurship types, the tourism strategy has also (client's demand, satisfying this demand, company income) three parts. The Enterprise's marketing policy will consider both directions of the activity – planning and all approaches. For example,

- strategic marketing (demands permanent analysis, producing the consumers' requirement products and increasing the competitiveness services and goods) this is the concentrated on the long term future analyzing process;
- operational marketing (selling, organizing the different expenses of communication) that is the short term planning of the active process.

The main purpose of the operational marketing is – to increase the income from the sales, i.e., to carry out the purposeful turnover. Such "products" sale should be done by using the methods of getting orders (Figure 5.1).

Marketing

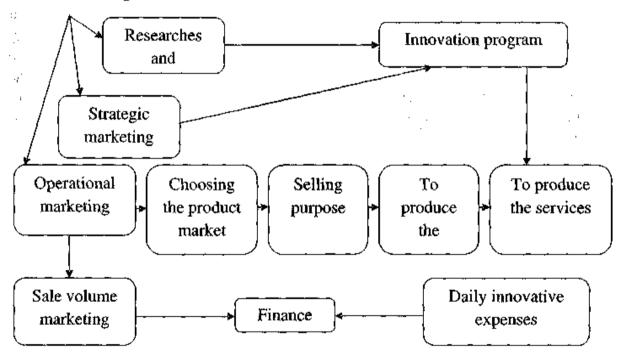


Fig 5.1. The strategic marketing in the operations of the tourism enterprise³⁷

³⁷ Source: Authors' modifications

As aware, that without strong strategic basis the profitable marketing will not be reached. The strategic marketing's role is to observe the market evolution and on the basis of the analysis the demand to determine the potential market and its segments.

The main purpose of the strategic marketing is to direct the attractive economic possibilities, clearly to use know-how possibilities which is related to the growth and profitability. The strategic marketing process has the medium and long - term future. Its tasks are to define the enterprise's mission, to develop the strategy and to provide the balance of the product portfolio. Thereby, the strategic marketing is the process of providing the more qualified product, and to carry out the system of the goods and services and to reach the highest the indications in the market. The strategic marketing is the factor of the economic growth of the country and it creates the following system:

- to listen to the customer's demands;

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- to attract the investment and services producing demands assumptions beforehand;
 - to take into consideration the market segments by its difference;
- to support the entrepreneurship activity and creating the innovation.

The specification of the strategic marketing is that the phrase "specialized for the market" means not only the "specialized for the customer" and also gives the meaning of the specialization for all the groups. It's necessary to mention, that in the conditions of the developed market and bankruptcy conditions the fortune will be available for only to the enterprises, which can create the permanent long term strategy enterprises. Now, to create the strategy and its implementation is the main term of the enterprise operation.

The long – term success of the touristic Enterprise is the permanent balance of the influencing with all other enterprises (i.e., both parties interests). Currently, the actions on increasing the competitiveness and saving, as well as it demands additional non – material and material resources. Available non – material and material resources limitation of the strategic marketing is preventing to carry out them (to decrease the expenses by optimizing it, decrease the cost price of the goods and services, to find new potential clients and using them). On the basis of the strategic marketing to attract the collective factors for managing the touristic enterprises.

Hereby, currently the strategic marketing becomes the more beneficial form of market management of the technological, economic, competition, social – cultural changes. The strategic possibilities strong and reliable activity's argument is the development of the marketing and competitiveness monitoring system, strengthening the climate changes, considering the business portfolio is the consolidation of the marketing (combining the forces).

The strategic marketing and its use in tourism enterprise is an urgent stage in Uzbekistan and it has three conditions. Firstly, the enterprises which are not considered as strategic marketing level – by obtaining the leading practice in its activity becomes the most competitive enterprise. The use of such practice provides the chance on reaching the successful differentiations in the modern market conditions against its competitors in the country. Moreover, activating of non – used resources' will give the positive results. Secondly, the current freedoms of the Uzbekistan economy not only gives the use of leading practice, but also provides inter – competitiveness. Thirdly, the eastern leading companies "customer – buyer" strategies modern methods will award the local strategic marketing in Uzbekistan.

It's necessary to take into consideration that any tourism enterprise carries out the relating activity to each other and provides the services for client's demands. In its stage, the similarity of the produced services creates the only set of the producing enterprises. And regarding to the tourism sector of Uzbekistan, we cannot say, that there was reached a full set of overall perfection. That's why, for the time — being to apply the strategic marketing in the tourism enterprises are firmed. As a result of the mentioned above, we can see the strategic marketing as the new form of the market activity management in the modern market and globalization.

The strategy marketing is a main instrument and methodology of the strategic management and it's an integrated model of the enterprise purpose implementation.

The innovative purpose of the area development requires the possibilities and future on producing the cluster models of the tourism products and services. To create the cluster methods in tourism will create the number of possibilities, such as:

- All possibilities are available in creating the cluster models in the area system;
- The tourism industry is supporting the innovative factor from the from time immemorial, thus the tourism industry should be analysed for the innovative development;
- The area economic set also shows the modernization of the awarding factors.

To implement the innovations to the economic process within the cluster the necessary conditions are created. The tourism cluster is proposed in the scientific research. This cluster increases the innovative attractiveness of the tourism areas. This component includes the type of products

enterprises, hotels, catering, transport companies and other additional servicing (excursion bureaus, sport and healthcare sets, educational organizations), collective organizations, innovative infrastructures connecting to the tourism directly and indirectly.

The area cluster system includes the following subjects – touristic operators, touristic agents, hotels, catering, transport companies, specialized different organizations, socio- professional organizations, educational and scientific, venture business, consulting, legal organizations and also information organizations and etc.

The three staged area tourism cluster model will be described as follows: (Figure 5.2).

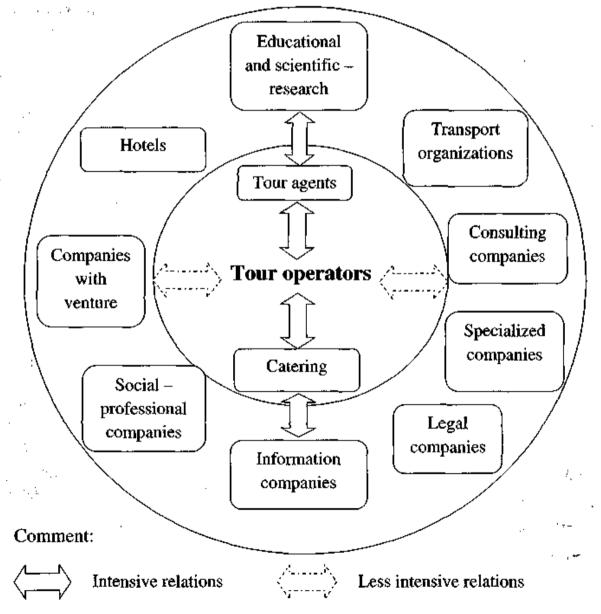


Fig 5.2. Assembled structural model of the area tourism cluster

The main sides of the specification of the strategy in the tourism enterprises are the fulfillment of the enterprise marketing tendency. The mostly distributed one of the strategies of the enterprise – the specific product strategy of the enterprise. This strategy has four conditions and they are as following: permanent high quality of the product and services; constancy of the prices (changeable expenses relating to the product selling, transport expenses, without inflation); distributive level of the product, the possibility of buying the product from the long distance; the possibility of the product price negotiating. Previous years the enterprises using this strategy keeping the traditional specifications and superiority of the (especially relating the work and reliability) product change and difference of the services.

The tourism enterprises should be complying with the all fulfilled strategies, enterprises global aim, the vision of the external environment and enterprises competitiveness.

Questions for self-testing:

1. The global trends influence on the development of the tourism industry.

- 2. What should be taken into consideration in creating the marketing programs for tourism sector development?
 - 3. What is the area tourism cluster?
- 4. What are the social, economic, political trends influencing on the tourism industry?
 - 5. Determine the main directions of the tourism products difference?

5.4. The global trends of tourism management and marketing

The specific side of the modern marketing is to organize the selling, to direct the conceptual learning of the conditions of the demand and competitiveness.

The strategic marketing's main direction is to carry out the activity on the market segment.

To determine the factors on the demand dynamics method – a statistic method of grouping, and separating it according to the symbols, this is met as market segment in the marketing.

Market segment - is a collection of the consumers group and marketing stimulus. To succeed in the market segmentation implementation

is proper to use five principles (the difference between the segments, similarity of the consumers, big dimensions of the segments, the possibility of the consumers' specifications, consumers' delivery).

In applying the five principles of the market segment as mentioned above, it's necessary to choose the proper segment methods. The most distributed method of the market segmentation is grouping and multipurpose Strategic analysis.

After determining the segmentation principles and methods, it's necessary to determine the basic criteria of the geographic, social – economic, psychographic, and behavioral approaches.

The geographical segmentation in tourism is to divide the market into different geographical units (countries, areas and districts). To use of this segment is the initial point of the segmentation. Usually to determine the geographic segments is easier, the necessary data for it will be taken from the secondary source. The straight geographic segmentation is used in the tight circles. It's necessary to use in the area dependence purposes.

The demographic segmentation in tourism is to group the market consumers by the age, male and marital status. The demographical segments determination and measurement are also being taken as the geographic segments from the secondary sources. This segment will be carried out taking into consideration the additional signs, because the consumers with the same age will be grouping.

The social – economic segmentation is to group the consumers by their incomes amount, type of activity, educational level and etc. The mentioned factors of segmentation are directly related to the individual needs and their satisfaction. Sometimes such signs will be related to the demographic segmentation.

The psychological segmentation in tourism is to group the consumers by their lifestyle and personal attitudes. The psychological signs are more complicated in comparison with other demands. These signs are used for consumers understanding which were grouped by the other signs.

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The behavioral segmentation in tourism is to group the consumers by the educational level, relationship, using the product or treatment to the product. The relationship is a positive or negative evaluation, sense of to the different things or ideas, because they have most influences on the consumers' behaviors.

In relation with this, the tourism segmentation situation, the income level, the consumer's activity, consumers reliability and ways of ideas setting, as well as the consumer's readiness for buying. To be more profitability of the tourism segmentation, it should meet the following requirements:

- Possibility of determination (to recognize the consumers), reaching (easy relationship with the consumer);
- Nice looking (gives a possibility on the type of expenses for the commercial expenses group);
- Demand for appropriateness (to carry out the complex commercial policy). Every consumer should be learnt in this segment. According to the chosen signs the segmentation will be carried out.

It's necessary to determine the consumers' relationships profile. i.e., to define the set of the specifications set.

The next stage of the defining the market segment is to cover the purposeful segment strategy. The tourism enterprises activity's direction by the purposeful segment will be defined as follows:

- 1. Non differentiated marketing strategy of the segmentation difference declining the segmentation analysis without using the market segmentation. The main purpose of such strategy is to produce the ordinary product, reserve, selling and economizing the advertisement expenses.
- 2. The differentiated marketing strategy as marketing program and specialized for each segment. Such strategy gives a chance to work in a number of tourism segments as specific price cost, product, selling and communication strategies.
- 3. The centralized marketing strategy for satisfying the number of segments demands by resources combination. Such strategy is specialized for separate functions or one category tourism consumers.

To cover the market will be defined by choosing a strategy from three strategies on the basis of the identificational and potential productivity quantity of segments and enterprise resources.

The next stages determination is to define the concurrence of the tourism products from the tourism – recreation enterprises. First of all, the product's position is to overall the important tourism product for the purposeful segments in the tourism products.

The specification of the touristic product is to carry out the parameters of the prices provided by the consumers and implementing the product and marketing set elements.

The main directions of the market segments and differentiated products of tourism will be determined according to the results. And of course, in this point of view, during the positioning period the acceptance of tourism products by the consumers and importance of this product from their point of view. The main attention is paid to the development of the strategic marketing's plan. Actually its main part is the implementation of the strategic plan.

Currently the touristic demands of the citizens of the Republic of Uzbekistan for the cost price of touristic demands are more elastic of their overall income. In spite of higher cost prices, the population tries to satisfy its resting, healthcare and travelling needs.

It's necessary to take into the consideration evaluation of the touristic services on empty factors. All these factors were submitted in the below questionnaire (table 5.1).

Table 5.1. The analysis of carrying out the questionnaire in the tourism agencies

Questions	Purpose
What kind of tourism attractions do you offer?	What types of travelling do the tourists like (resting tourism, sport tourism, eco – nature, ethnical or historical tourism), tourists wish their wishes and to make a plans for the touristic alternative routes.
What languages are your employees speak?	To observe the conditions of the touristic places, and getting more information on updating and modernization of those places.
When the tourists come to the advice what addresses can your offer?	Tourists show the internet sources, travelling books, agencies, TV programs. To provide chances on tourists arrival and time.
What advertisement issues are you're carrying out?	Modern advertisement facilities will be used. What kinds of facilities are more productive?
Which type of traditional events can you offer?	National dancing festivals, travelling by the camels and riding in horses. To offer the national traditions to the tourists.
Are you working with the foreign tourism agency?	To develop the local tourism companies activity.
Are you planning with the government authorities, if such occasion happens how it was expressed?	To be aware of supporting from the government on tourism development.

Three main issues should be defined in the development of the marketing strategy in tourism:

1. The current situation analysis of the Enterprise (environment factor, economic, commercial, scientific and technical and determination of other tendency of the Enterprise).

- 2. To determine the enterprise development main direction and tasks resulting from the point of view on capital productivity use and investment covering.
- 3. To determine the resources mobilization strategy of the enterprise as well as to reach the main goal.

The seasonality of the tourism services in the Republic of Uzbekistan is shown in the statistic reports, i.e., the servicing tourists big part are in the 4 months of the year (June – September). Especially, in July – August the demand for the tourism of the population is very high. During this period the internal tourists is proportion is equal to the 58,1%³⁸. And of course, a big percentage of the touristic proportion especially in spring and summer. Many people are working in the tourism sphere, getting education, social economic and other tasks will be carried out as seasonal demand of the proofing tendency is provided. The seasonal problems of the tourism will be solved on the basis of the layers as "third age" and youth. In this regard, it should be taken into consideration, that there is the possibility on attracting to the tourism industry such as, skiing tourism development. The following is defined in the tourism sector of the Republic of Uzbekistan and to know about their nature and points of view to this sector and the following requirements:

- questionnaire participants (1000 people) use touristic companies services as 8% time by them;
 - half of them are not applying to their services;
 - 17% "very less" or "seldom" application.

As clearly seen, that 8% this is a touristic enterprises permanent clients and this is a unique tourism – recreation possibilities of Uzbekistan and it's very low data for Uzbekistan. Evidently, there're number of reasons for the delay and of course there're lots of reserves in Uzbekistan. The carried out scientific researchers had shown, that more than 70% of the questionnaire participants answered as "in nature". And this 70% is the reserve for the population tourism development. Development of the tourism at the weekends is the main issue of the company heads in relation with the mutual cooperation.

As the questionnaire participants mentioned, that the price of the tourism services is high and it doesn't give a chance for the planned weekends. And relation with this, the Republican State Statistic Committee can view the population's exact incomes data that the republican people can arrange 2-3 days for the organized (resting days) to the tourism. And therefore, most of them 10 and more than 10 can buy tickets for rest.

³⁸ Data from NC "Uzbektourism"

Evidently, the problem is not in the poverty of the population, the problem is in the directing the mentality to the main purpose.

The materials on questionnaire held by Tashkent city tourism enterprises and its statistical analysis in 2011 – 2012 shows, that tourism enterprises income had increased. Although the tourism enterprises are also characterized as unstable. Due to the services cost increase the services cost price is also increased to 27, 3% by the speed of the services (Figure 5.3).

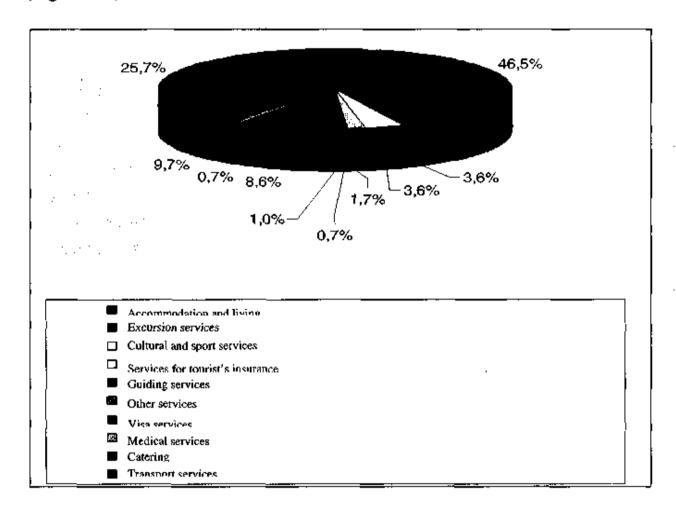


Fig. 5.3. The content of the buying the services expenses in tourism enterprises³⁹

It's also necessary to pay attention for submitting enough data for tourists and getting into the high standards, to change the advertisement quality, as well as to solve the problem with "comfort". The camp — built touristic bases are not modern now. Tourism industry entered to a new era. That's why the infrastructure tourism industry needs the large investments.

³⁹ Sources: result of the social questionnaire

To organize the touristic set and providing the activity is related to the marketing and financial situation, their capability is related to the reliability of the services. Touristic enterprises economic activity is also bounded to the product turnover.

If the external organizations services expenses are 46,5%, the transport is -25,7%; catering is -9,7%; excursion services -3,6%, total expenses are $85,5\%^{40}$. Their growth factors are analysed in tourism by methods of evaluating the prices, decreasing the cost price of the product and provides the way of increasing the competitiveness. The tourism industry differs from the material basis parts and the transport and hotel sector should be included.

The marketing strategy of the hotels business development the following will play a great role:

- Specialization of the offer;
- Proposed types of services and diversification;
- Services conceptualization;
- Individualizing the services;
- Cooperation in the marketing sector;
- Ecologization of the offers.

Questions for self-testing:

- 1. What kind of requirements should meet the tourism segmentation?
- 2. What kind of tasks is available in the tourism sector marketing strategy?
- 3. What kind of factors is available in the tourism services market influencing to the tour products?
- 4. Give the description of the psychological, demographical behaviour segments.
- 5. What kind of methods of researches is used in the tourism market?

⁴⁰ Results of the social questionnaire by the authors

GLOSSARY

Pacific Asia Travel Association (PATA) - the regional tourist organisation.

Bonus (from Lat. "bonus" - "kind", "good") - extra fee, award; additional discount.

Botel (from Eng. "boat - hotel") - the enterprise of hotel type for service of water tourists. Usually it is located on the bank of the non-freezing reservoir.

Brand - the trade mark, reputation, which gets the goods with this mark because of advertising, sales and whole market activities.

Voucher - the document, certifying payment of the goods and services, on which basis service and mutual settlement of accounts between the tourist organisations and the service enterprises are carried out. Kinds of vouchers: nominal, voucher-invitation, official. Voucher confirms that there is the contract between the supplier and the consumer.

Domestic (*local*) tourism - trip in the country of the citizens (residents) and foreign tourists (non-residents).

World Tourism Organization - specialised establishment of the United Nations Tourism Organization (UNWTO).

World federation of associations of tourist agencies (WFATA) - the international organisation of national tourist associations and organisations.

World Council on travel and tourism - the international organisation of chairpersons of boards and general directors of the leading world companies, rendering services, concerning tourism.

Guide (Fran. - "guide") - the guide-translator, accompanying foreign tourists on a trip on the country; will organise their service on a route, conducts financial accounts for the services, provided by the program of tour.

Hotel (collective facility of accommodation, the hotel enterprise) - the legal entity or the individual businessman, possessing on the rights of property, rent or other lawful basis the property complex (real estate), which is under uniform administration (management), with number of rooms at least ten, and intended for rendering of services of hotels and similar places of residing to citizens. According to the standard documents, hotels, including the tourist hotels, are the part of the hotel enterprises, motels, campings, and hostels for visitors and other accommodation facilities concern to them.

Delegation of authority - transfer of tasks and authority to the person, who undertakes responsibility for their performance.

Departmentation - division of the tourist organisation into subdivisions in accordance with the purposes and strategy.

Destination - the territory, offering a certain set of services, which meet requirements of the tourist, satisfying its demand for transportation, accommodation, catering, entertainment, etc. For example, a resort as the area with the good recreational resources, developed infrastructure and material base of tourism can be considered as destination.

Diversification (Lat. - "diversus" - "different" + "facere" - «to do") - change of the profile of activity, expansion of assortment of tourist services, versions of commercial use of national tourist resources.

Wildlife preserve - the territory or water area, allocated for preservation and restoration of certain ecosystems or their components, where certain kinds and forms of economic activities are not allowed constantly or temporarily.

Nature reserve - the considerable area of native territory (water area), completely excluded from the sphere of human economic activities for protection and studying of the nature complex as a whole. National parks concern to especially protected nature territories and water areas, which areas are given in perpetual use.

Recreational area - the recreational zone - the native territory, traditionally used by the population, or specially organised territory for short- and long-term leisure. They are located within the green zone usually. Sometime, the park, forest-park and other massifs of green plantings and recreational places in the settlements are considered as the recreational zones.

Innovation - transformation of potential scientific and technical progress in real, embodied in new tourist products and technologies, innovation.

Foreign tourist - the temporary visitor that is any person, visiting other country, having left the country of its usual permanent residence, for any purpose, except the professional activity, paid in the visited country.

Competitive advantages - material and intangible actives, and fields of activity, which allow the tourist organisation to win competitive struggle in the tourist market.

Contractor - the administrative company (firm), which has concluded the contract on "management under the contract".

Controlling - creation of the conditions, preventing non-fulfilment of the administrative decision.

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Indemnification limit (coverage limit) - the limit of the insurer responsibility, fixed in the contract or insurance policy, which the insurer undertakes to provide (to pay) in case of the insurance case occurrence.

Linear organizational structure of management - management model, in which administrative decisions and information come from the linear manager.

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Licence (Lat. "licentia" - "right", "permission") - the special permission on certain kind of activity at obligatory observance of the licence requirements and conditions, issued by the licensing body to the legal entity or the individual businessperson.

Licensee - the legal entity or the individual businessperson, having the licence on certain kind of activity.

Logo (Gr. "logos" - "word" + "typos" - "print") - the company trademark (original tracing, image of full or abbreviated name of the tourist firm or the tourist goods), applied especially for the purpose of attention attraction to the firm and its goods.

Marketing (Eng. "marketing", "market" - "market", "sale") - system of organisation and management of activity of the tourist firm, intended to provide the maximum sale of its production, satisfaction of wants by means of exchange.

Matrix organizational structure of management - the model of management, combining linear and program-target structure of management,

International tourism - package of export and import of the tourist services.

Management (from Eng. "management" - "management", "administration") - development (modelling), creation, maximum effective use (management) and control of social and economic systems.

Method (from Greek. " $\mu \acute{\epsilon} \theta \circ \delta \circ \varsigma$ " - "way of research or knowledge") - the systematised set of actions, which are necessary to be undertaken to solve the certain problem or to reach the certain goal.

Motivation - creation of internal stimulus to work at the employees.

National park - the vast space of natural territory (water area) with considerable number of noteworthy objects of high culture, scientific and recreational importance. Objectives of national park consist in preservation of ecosystem and individual objects of the nature and culture, satisfaction of recreational requirements of the population, carrying out (or assistance in carrying out) of scientific researches, and in education of love to the nature at

visitors and the careful attitude to it. The territory of national park is withdrawn from traditional economic use partially or completely. So-called functional zones are allocated within its limits: reserved, buffer and recreational.

Each zone is characterised by the special guarding regime and use of natural resources:

- only scientific researches are allowed in the reserved zone;
- tourism is restricted to certain routes and educational tracks in the buffer zone;
- tourism, excursions, leisure and sanatorium treatment is allowed in the recreational zone.

Object of tourism (tourist branch) - set of the tourist region, the tourist organisation and the tourist enterprise.

Object of management - the tourist organisation, firm, establishment, department.

Operator (Lat. "operator" - "operating") - the expert, performing service of tourists.

Organizational culture - set of intra-organizational principles and rules of interrelations of employees, system of values and belief, accepted by all personnel voluntary or in the course of education of the personnel.

Organizational structure of management - set of the administrative links, located in strict hierarchy and providing interrelation between operating and operated systems.

Hotel (Fr. "hotel") - hotel.

Protection of nature - system of actions for preservation, rational use and restoration of natural resources for creation of optimum conditions of existence of the human being and its harmonious interrelation with environment.

Nature sanctuaries - the unique or typical natural objects, having scientific, cultural or recreational value.

Reinsurance - secondary insurance, at which the insurer (assignor) passes the part of its responsibility on the object of insurance to other insurer (assignee) for the purpose of creation of the balanced insurance portfolio.

Full board - breakfast, dinner, supper.

Haif board - two meals a day.

Preferences (Lat. "praeferre" - "to prefer") - the advantages, creating especially favourable conditions for one or several subjects.

Natural especially protected territories and water areas - protected territories, land sites and water space, excluded in full or in part from traditional

economic use and intended for preservation of ecological balance, protection of natural resources, typical and unique natural objects, satisfaction of informative and recreational needs of the population.

Requisite - the obligatory data, established by the law or documents provisions.

Resources (Fr. "ressources") - facilities, reserves, possible sources of something (natural, economic, tourist).

Certificate (Fr. "certificat", Lat. "certum" - "correct"+"facere"- "to do") - the official written certificate of something.

Certification - the form of acknowledgement of conformity of objects to requirements of technical regulations, provisions of standards or conditions of contracts, carried out by the certification authority.

Specialised accommodation facilities - sanatorium (medioprophylactic) institutions, leisure and tourism organisations. Including: sanatorium and boarding houses with medical treatment, sanatorium-preventorium, holiday houses, boarding houses, centres and other organisations of leisure, tourist centres.

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Stimulation - stimulation of employees to the vigorous activity by means of external factors.

Insurance - financial provision of possible damage by periodic (insurance) payments to special establishment (insurance company - insurer), which pays monetary (insurance) compensation to the insured person in case of such damage.

Insurance policy - legal acknowledgement of the contract of insurance.

Subject of tourism - the participant of tourist action, the tourist.

Subjects of tourist activity - the enterprises, establishments, organisations, registered in the established order and having the licence for realisation of activity, connected with rendering of tourist services.

Subject of management - the entity or the person, carrying out the administrative action,

Time rate - the right on the long recreation and medical treatment (from 1 year up to 20 years) without the right of possession of real estate (the rent contract is concluded).

Tour (Fr. "tour" - "walk", "trip") - the tourist travel on certain route in the definite terms, provided with the complex of tourist services (booking, accommodation, catering, transportation, recreation, excursions and other services).

Tourism - departure (travel) of the physical person from the permanent place of residence for the term not more than one year for recreation, informative, professional-business or other purposes without gainful occupation in the place (country) of stay.

Tourist - the physical person, travelling (tourist) in the territory of the country or in other country.

Tourist activity - activity on organisation of travelling and services, connected with it.

Tourist industry - set of various subjects of tourist activity (hotels, tourist centres, campings, motels, boarding houses, public catering establishments, transport, culture, sports establishments and others), providing service for tourists.

Tourist infrastructure - set of communication lines (road, access roads, stations, airports, landing stages, etc.), engineering services (water supply, electric power and gas networks, heating, sewerage systems, communication facilities, etc.), tourist resources, objects for demonstration to the tourists, accommodation and catering facilities, points of sale, personal services and medioprophylactic service, sports facilities, and other objects, necessary for provision and development of the tourism industry.

Tourist firm (from Ital. "firma" - "signature") - the commercial enterprise, organising travels, walking tours, excursions with use of services of hotels, transport companies, catering, trade, excursion, sports, medical-recreation institutions and other establishments.

Tourist agent - the legal entity or the individual businessperson, carrying out the tourist-agency activity.

Tourist operator - the legal entity or the individual businessperson, engaged in arrangement of tours under the contracts with the service providers and according to the tourists needs.

Tourist product (package of tourist services) - complex tourist service, preliminary organised by the tour operator. Following kinds of tours (package of services) are widespread:

- *inclusive-tour* (package-tour) standard travel with the choice on the catalogues of tour operators;
- individual tour (FIT foreign independent tour) the travel, specially developed by the tour operator by request of the client;

- *incentive-tour* incentive trip at the expense of the firm, organised for the employees for the purpose of increase of their qualification, on the related enterprise;
- introductory tour (fam-trip) trip of the employees of the tour operator, its sale agents and journalists for familiarization with activity of the receiving party and tourist services promotion.

Tourist-operator catalogue (the catalogue of routes) - official directory edition of the tourist operator, containing the detailed description of the standard tourist product, offered by the tourist operator for retail, including the description of the direction (region) of visiting and the route, its excursion opportunities, characteristics of accommodation facilities and offered services, rules of retail of the tourist product.

Tourist region - geographical territory (place, region), which the tourist chooses for the purpose of travel.

Tourist resources - set of nature-climatic, health-improving, historical and cultural, informative and social and living objects of appropriate territory.

Flotel (from Eng. "floating-hotel") - seasonal hotel on the floating basis (landing stage, barge, former steam-ship, etc.). Provides tourists with complex service (accommodation, catering and so forth). It is used in the places, where character of the shore or value of the landscape exclude possibility of construction of the stationary hotel enterprise.

Frankfurt table on reduction of prices on trips - the document, defining the rate (in percentage) of reduction of cost of service, depending on lacks of its rendering, noted by the tourist.

Freight (Ger. "fracht") - payment for transportation of cargoes or passengers by various types of transport.

Functional organizational structure of management - management model, in which both administrative decisions and information are issued strictly on management functions.

Hostel - hotel for youth.

Charter (Eng. "charter") - the chartering contract, under which one party (freighter) provides other party (affreighter) whole or part of capacity of one or several vehicles for one or several voyages for transportation of cargoes, passengers, luggage for payment.

Ecology (from Greek "oikos" - "home", "motherland" + "-logy") - the science about interrelations of vegetative and animal organisms and surrounding environment.

Ecological tourism - the tourism, focused on direct use of more or less "wild" nature, as the tourists habitat based on introduction of ecological technologies in all components of tour.

Economic efficiency (production efficiency) - ratio of useful result and expenses of factors of production process.

Excursion activity - activity of legal entities and physical persons, possessing, in the established order, the rights on organisation of visits of tourist resources in the country (place) of time stay by citizens and their realisation, and other activity, which does not include overnight stay of the tourist in the place of stay and covers the period of stay not more than 24 hours.

Excursion bureau - the legal entity or the individual businessperson, carrying out excursion activity in the established order, including planning, organisation, promotion and realisation of complex excursion service, including excursion carrying out, and rendering of other services, connected with excursion carrying out.

Excursion (Lat. "excursio" - "trip") - visiting for the purpose of familiarization with museums, exhibitions, other places of tourist interest, short-term trips (walks) for educational, sports or other purposes on the collective or individual basis.

Guide (guide, guide-translator) - the physical person, having appropriate professional education and training, accompanying tourists at visiting of places of tourist interest and giving necessary information to the tourists in their native language.

Management efficiency - the economic category which reflects contribution of administrative activity in the ultimate result of organisation activity.

APPENDICES

THE HAGUE DECLARATION ON TOURISM

It is accepted by the Inter-parliamentary conference on tourism in Hague

(Netherlands) on April 14th, 1989

Principle I

- 1. Tourism became the phenomenon, which has entered today into everyday life of hundreds millions people and:
- a) includes all free travels of people from their place of residing and work, and the sphere of services created for satisfaction of needs, resulting these travels;
- b) represents a kind of the activity, having the major value for the life of people and modern society, having turned into the important form of use of free time of individual person and the basic mean of interpersonal communications and political, economic and cultural contacts, which have become necessary as a result of internationalisation of all sectors of life of the nations;
- c) it should be the care of everybody. In the same time, it is the consequence and determinative of quality of life in modern society. Therefore, parliaments and governments should pay more and more active attention to tourism for the purpose of maintenance of its development in harmonious conformity with maintenance of other basic needs and kinds of activity of society.
- All governments should aspire to strengthening of the peace and safety at national, regional and international levels that is the major condition of development of domestic and international tourism.

Principle II

1. Tourism can be effective remedy to assist social and economic growth for all countries, if necessary measures to solve the most urgent national

issues are taken in the same time and to allow national economy to reach acceptable level of self-sufficiency, at which the country should not spend more than it expects to gain from tourism.

- 2. Accordingly, it is necessary to take following measures, if it is required, by means of various forms of bilateral and multilateral technical cooperation to provide:
 - a) creation of the reliable infrastructure and basic objects should be;
- b) creation of educational institutions for satisfaction of needs of the tourist industry in the personnel at various levels;
- c) that tourism makes a part of comprehensive plan of development of the country along with other priority sectors, agriculture, industry, public health service, social security, education, etc.;
- d) that development of the domestic tourism is stimulated the same as development of the international tourism. The strong base of domestic tourism would be the great advantage at development of the international tourism in the country;
- e) that, even at planning of domestic tourism, the approach on the territorial basis would be developed, taking into account the General plan of development for formation of balanced and complex growth for the benefit of society;
- f) that the general ability of natural, physical and cultural environment of the destinations for reception of tourists (capacity) is carefully considered always.

Principle III

- 1. Unspoilt natural, cultural and human environment is the basic condition of development of tourism. Moreover, rational management of tourism can bring the considerable contribution to protection and development of physical environment and cultural heritage, and in increase of the standard of life also.
- 2. Taking into account the deep interrelation that exists between tourism and environment, it is necessary to take effective measures for the purpose:
- a) to inform and educate the tourists, travelling both in the country and abroad, in respect of preservation and respect of natural, cultural and human environment in places of visiting;
- b) to promote comprehensive planning of tourist development on the basis of the concept of "supported development", which has been stated in the report of the World commission on environment and development (the

Brundtland presentation) and in the report "Forecast of environment till 2000, and the next years" of the United Nations Program on environment (UNEP), at that both documents have been approved by the General Assembly of the United Nations;

- c) to define the level of capacity of the destinations, visited by tourists, and to provide its observance, even if that will mean restriction of access to such places during the certain periods or seasons;
- d) to continue drawing up of the list of artificial and/or natural tourist places of interest, which are of interest from the point of view of leisure, sports, history, archaeology, art, culture, religion, science, social environment or technics, and to take measures that the plans of tourist development especially considered the questions, concerning protection of environment and necessity to promote the tourists', the tourist industry and the public as a whole awareness about importance of protection of natural and cultural environment;
- e) to stimulate development of alternative forms of tourism, which , promote closer contact and mutual understanding between the tourists and the receiving party, save cultural originality and offer various and original tourist products and objects;
 - f) to provide necessary cooperation of the state and private sectors in achievement of these purposes both on the national and the international level.

Principle IV

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1. Considering strongly pronounced humane character of tourism, it is necessary to pay always attention to specific problems of tourists, whether they are the foreign tourists or the tourists, travelling in their own country.

The foreign tourist is the person:

- a) intending to travel and/or travels to any other country besides its own country or its permanent residence, and
- b) having main objective of travel is the trip or the stay, not exceeding three months, unless the stay for more than three months is permitted or the three-month permission is renewed, and
 - c) who will not carry out any paid activity in the visited country irrespective of that it has or has not been offered to it, and
 - d) who will leave the visited country in the end of the specified trip or stay without fail, either for returning in the country of its permanent residence, or for the trip to other country.
 - 2. It is logically that the concrete person cannot be considered as the foreign tourist if he or she does not satisfy to all conditions, listed in the paragraph I, and, in particular, the person, who wants to prolong his or her term of trip or stay after entry into a country as the tourist for the purpose of a

tourist trip or stay for residence, and/or realisation of paid activity in this country.

Principle V

- 1. The right of each person to rest and leisure, including the right to reasonable restriction of working hours and periodic holidays with pay, and the right to travel freely, subject to reasonable restrictions, which are clearly provided by the law and which do not call into question the principle of freedom to travel, should receive universal recognition.
- 2. For the purpose of full provision of these fundamental rights of each man and woman, it is necessary:
- a) to develop and pursue a policy of harmonious development of domestic and international tourism and the kinds of activity, connected with leisure realisation, for the benefit of all people, participating in them;
- b) to pay due attention to the principles, stated in the Manila declaration on world tourism, the Document of Acapulco and the Charter of tourism and the Code of the tourist, especially when the states develop or adopt a policy, plans and programs of development of tourism according to their national priorities.

Principle VI

Development of tourism requires simplification of travel. "Therefore the state and private sectors should accept effective measures on:

- a) simplification of tourist travel, trips and stay both on individually, and on collective basis, irrespective of the type of transport used;
- b) entering of the effective contribution into expansion of tourist travel, trips and stay by acceptance of appropriate measures on management of tourist formalities, concerning passports, visas, medical and currency control and status of tourist representative offices abroad;
- c) assistance, for this purpose, in acceptance and execution of the Budapest convention on simplification of tourist travel, trips and stay that would promote liberalisation of the legal regulations, applied to tourists, and coordination of the technical standards, concerning activity of the tourist enterprises, tourist agencies and other organisations, rendering services for tourists.

Principle VII

Safety and protection of tourists and respect of their dignity are the indispensable condition of development of tourism. Therefore, it is necessary:

- a) that the measures on simplification of tourist travel, trips and stay are accompanied by the measures on safety and protection of tourists and tourist objects and the tourists' dignity;
 - b) that, for these purposes, the effective policy, directed on maintenance of safety and protection of tourists and tourist objects, and respect of dignity of tourists, is developed;
 - c) to define exactly the tourist goods, objects and equipment, which require special attention because they are used by tourists;
 - d) to prepare the corresponding documentation and the information and to provide access to it in case of threat to tourist objects and/or tourist places of interest;
 - e) to execute, according to the procedures specific for systems of legislation in each country, legal regulations in the field of protection of tourists, including, in particular, legal capacity of tourists to obtain effective judicial defend in national courts in case of the actions, damaging them personally or their property, and especially at such most dangerous acts, as terrorism;
 - f) that the states cooperate within the WTO frameworks at preparation of the program of the recommended measures, regulating safety and protection of tourists issues.

Principle VIII

The terrorism represents real threat to tourism and tourist travels. Attitude to terrorists should be the same as to any other criminal elements, and they should be prosecuted and punished without application of the limitation period to them. In this case only, no one of the countries will become the safe refuge for terrorists.

Principle IX

- 1. Quality of tourism as the interpersonal activity depends on quality of the services rendered. Therefore, proper education for the wide public, beginning from school, education and training of professionals in the field of tourism and training of the new people, mastering this profession, are extremely important for the tourist industry and tourism development.
 - 2. Thereupon, effective measures should be taken on:
- a) training of individual persons for travel and tourism, in particular by tourism inclusion in curricula of schools and higher educational institutions;
- b) increase of prestige of tourist professions and encouragement of youth to a choice of career in the field of tourism first;
- c) creation of the network of the educational institutions, capable to provide not only the teaching, but also the education in the field of tourism on the basis

of the curriculum, standardised at the international level, which also would facilitate mutual recognition of diplomas and exchange of the tourist personnel;

- d) assistance, according to UNESCO recommendations in this field, to training of teachers, permanent process of education and carrying out of the refresher courses for all tourist personnel or teachers, irrespective to their level;
- e) recognition of the major role of mass media in the tourism development.

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Principle X

- 1. Tourism should be planned by the governments, and the authorities and tourist industry on complex and consistent basis taking into account all aspects of the phenomenon.
- 2. Whereas tourism has at least the same industrial value in the national life, as well as other kinds of economic and social activity, and so long as the tourism role will increase in the process of scientific and technical progress and free time increase, it is obviously necessary to extend the rights and the duties of national tourist administrations in all countries, giving them the same status as the status of the administrations, which are responsible for other largest economic sectors.
- 3. Necessity of the global approach to the problems, arising in connection with tourism, requires creation of original national tourist policy, at which development, parliaments, having received proper capabilities, could play a special role to have ability to accept the separate legislation on tourism and the valid Code of the tourist, if it will be required.
- 4. Considering the international scales of tourism, for its harmonious development, the international cooperation both on world and on regional basis through direct interstate cooperation and through the channels of such international organisations as the WTO, and between various components of private tourist sector through non-governmental and professional organisations, is necessary.

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TOURISM CHARTER

It is approved by the resolution of Session VI of General assembly of the World tourist Organization on September 22nd, 1985

Article I

- 1. The right of each person to rest and leisure, including the right to reasonable restriction of the working hours and to paid periodic holiday, and the right to free travel without restrictions, except that are provided by the law, is recognized all over the world.
- 2. Use of this right makes the factor of social equilibrium and increase of national and general consciousness.

Article II

As consequence of this right, the states should develop and pursue a policy, directed on maintenance of harmonious development of domestic and international tourism, and should be engaged in the organisation of leisure for the benefit of all people using it.

Article III

For these purposes, the states should:

- a) promote the ordered and harmonious growth both of domestic and international tourism;
- b) adjust the tourist policy in accordance with the policy of general development, pursued at various levels local, regional, national and international and to expand cooperation in the field of tourism both on bilateral and multilateral basis, including for this purpose the capabilities of the World tourist organisation;
- c) pay due attention to the principles of the Manila declaration on world tourism and Document of Acapulco at "development and realisation, where it is pettinent, their policy, plans and programs in the field of tourism, according to the national priorities and within the frameworks of the program of work of the World tourist organisation";
- d) promote the measures to be taken, allowing each person to participate in domestic and international tourism, especially by means of regulation of working hours and leisure, establishment or improvement of the system of

annual paid holidays and uniform distribution of the days of such holidays within a year, and paying of special attention to youth travel, tourism of the aged people and disabled persons;

e) protect the tourist environment, which, including the human being, the nature, public relations and culture, is the property of mankind, in the interests of the present and the future generations.

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Article IV

The states should also:

- a) promote access of tourists citizens of the countries and foreign tourists to public heritage of visited places, applying provisions of existing documents on simplification of the formalities, which have been issued by the United Nations Organization, the International organisation of civil aviation, the International marine organisation, the Council of customs cooperation or any other organisation, in particular, the World tourist organisation, taking into account constant reduction of restrictions on travel;
- b) promote growth of tourist consciousness and promote contacts of visitors with local population for the purpose of improvement of mutual understanding and mutual enrichment;
- c) provide safety of visitors and their property by means of preventive measures and measures of protection;
- d) provide possibly best conditions of hygiene and access to public health services, and prevention of infectious diseases and accidents;
- e) prevent any possibility of use of tourism for exploitation for the purpose of prostitution;
- f) strengthen the measures on prevention of illegal use of drugs for the purpose of protection of tourists and local population.

Article V

At last, the states should:

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- a) allow tourists their citizens and foreign tourists to travel freely all over the country, without damage to any restrictive measures, accepted in national interests concerning certain areas of the territory;
 - b) exclude all discrimination measures concerning tourists;
- c) give to tourists the chance of quick access to administrative and legal services, and representatives of consulates, and give domestic and international public communication facilities in their disposal;

d) promote informing of tourists for the purpose of creation of conditions for understanding of customs of local population in the places of transit and time stay.

Article VI

- 1. The local population in the places of transit and time stay has the right to easy access to own tourist resources, providing the care treatment of surrounding natural and cultural environment by its attitude and behaviour.
- 2. It also has the right to expect tourists understanding and respect of their customs, religions and other aspects of their culture, which are the part of heritage of mankind.
- 3. For the purpose of assistance to such understanding and care treatment, it is necessary to promote distribution of appropriate information:
- a) about customs of local population, its traditional and religious activity, local interdictions and sacred places and relics that should be respected;
- b) about its art, archaeological and cultural values, which should be saved; and
- c) about fauna, flora and other natural resources that should be preserved.

Article VII

The local population in the places of transit and time stay is offered to welcome tourists with possibly the best hospitality, the polite treatment and the respect, necessary for development of harmonious relations between the people and public relations.

Article VIII

- 1. Workers in the field of tourism and service providers for tourism and travel are capable to make positive contribution to development of tourism and implementation of provisions of this Charter.
- 2. They should adhere to principles of this Charter and observe any obligations, undertaken within the limits of their professional work, providing high quality of provided tourist product with a view of assistance to the statement of humanistic character of tourism.

3. They should interfere, in particular, with encouragement of use of tourism for all kinds of people exploitation.

Article IX

It is necessary to assist the workers in the field of tourism and to service providers for tourism and travel by providing them with necessary conditions through appropriate national and international legislations, allowing them:

- a) to be engaged in the activity under favourable conditions, without any interference or discrimination;
- b) to use general and technical professional training in the country and abroad with a view of provision with the qualified manpower resources;
- c) to co-operate between themselves and with the public authorities through the national and international organisations with a view of improvement of coordination of their activity and improvement of quality of services rendered by them,

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Article X

Tourists should promote mutual understanding and friendly relations between the people both on national and at the international level by their behaviour and, thus, to promote peace preservation.

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Article XI

- 1. In the places of transit and time stay, tourists should respect the established political, social, moral and religious setup and should follow the laws and regulations in force.
 - 2. In the same places, tourists also should:
- a) show the highest understanding concerning customs, religious beliefs and acts of local population and the highest respect concerning natural and cultural heritage of the last;
- b) abstain from underlining of economic, social and cultural distinctions, existing between them and local population;
- c) be susceptible to culture of the local population, receiving tourists, being integral part of the general heritage of mankind;

- d) interfere exploitation of other people with a view of prostitution;
- e) abstain from sale, transportation and use of drugs and (or) other forbidden preparations.

Article XII

During travel from one country in another and within the host country, tourists should have the possibility to use for their own benefit through appropriate governmental measures:

- a) softening of the administrative and financial control;
- b) possibly the best conditions on transport and during the time stay, which can be provided by the tourist services providers.

Article XIII

- 1. Tourists should be given easy access to the places and certain areas of tourist interest in their countries and abroad and freedom of travel, considering existing regulations and restrictions.
- 2. After arrival to the places and certain areas of tourist interest, and throughout all their transit and time stay, tourists should have for their benefit:
- a) the objective, exact and comprehensive information on conditions and opportunities, granted by the official tourist organisations and the tourist services providers, during their travel and time stay;
- b) personal security, safety of the property, and protection of their rights as consumers;
- c) appropriate public hygiene, especially in accommodation facilities, public catering and on transport; the information on effective measures on prevention of infectious diseases and accidents, and free access to public health services;
- d) access to fast and effective public communications in the country, and with external world;
- e) administrative and legal procedures and guarantees, necessary for protection of their rights;
- f) possibility of confession of own religion and appropriate conditions for this purpose.

Article XIV

Each person has the right to inform representatives of the legislative authorities and public organisations on their needs to realise his right to rest and leisure in full, so as to have advantages of tourism in the most favourable conditions, and where it is appropriate and it is according to the law, to cooperate with others for this purpose.

THE GLOBAL ETHICAL CODE OF TOURISM

It is accepted on General assembly of the World tourist organisation in Santiago (Chile) on October 1st, 1999

ARTICLE 1. The contribution of tourism to mutual understanding and respect between the people and societies

- 1. The understanding and distribution of universal ethical values in the spirit of tolerance and respect to variety of religious, philosophical and moral belief are simultaneously the basis and the consequence of responsible tourism. Participants of the tourist process and tourists should take into consideration social and cultural traditions and customs of all people, including national minorities and indigenous peoples and recognise their dignity.
- 2. Tourist activity should be realized in the harmony with specific features and traditions of the host regions and countries, observing their laws, customs and traditions.
- 3. Receiving communities, on the one hand, and local participants of the tourist process, on the other hand, should get acquainted and show respect to tourists, visiting them, receiving idea about their way of life, tastes and expectations. Education and professional training of workers of the sector promote hospitable reception.
- 4. The governments should provide security of tourists and visitors and their property. They should pay special attention to safety of foreign tourists, considering their special potential vulnerability. They promote acceptance of concrete measures on the information, preventive measures, protection, insurance and assistance, meeting their needs. It is necessary to condemn and suppress strictly attempts, attacks, robbery and threats, concerning tourists and workers of the tourist industry and deliberate damage to tourist objects

and objects of cultural and natural heritage, according to the corresponding national legislation.

- 5. Tourists and visitors should prevent during travel any criminal actions or actions, which can be considered as criminal under laws of the visited country, and behaviour, which can be understand as impertinent or even offensive for local population and which can damage the local environment. Tourists and visitors should not participate in the drug traffic, circulation of weapon, antiquities, protected kinds of fauna and flora, and subjects and substances, which are dangerous or forbidden by the national legislation.
- 6. Tourists and visitors should try to familiarise with characteristics of the countries, which they are going to visit, prior to departure. They should realise risks for health and safety, which are inevitably connected with departures outside the limits of their usual environment, and to behave so that to reduce these risks to a minimum.

ARTICLE 2. Tourism - the factor of individual and collective perfection

- 1. Tourism as the activity that is more often associated with rest, leisure, sports and dialogue with the culture and the nature should be planned and practised as exclusive mean of individual and collective perfection. When tourism is practised with spiritual liberation, it becomes the unique factor of self-education, tolerance and knowledge of lawful distinctions between the peoples and cultures and their variety.
- 2. It is necessary to observe equality of men and women in all kinds of tourist activity. They should promote ensuring of the human rights and especially specific rights of the least protected groups of the population, especially, children, elderly and disabled persons, ethnic minorities and indigenous peoples.
- 3. Exploitation of people in all forms, especially, sexual, and especially in relation to children, contradicts main objectives of tourism and is negation of tourism, and, thereupon, according to international law, should be pursued vigorously at cooperation of all interested states without any concessions according to the national legislation both the visited countries and the countries of origin of authors of these acts, even when they are committed abroad.
- 4. Especially useful forms of tourism, which is necessary to be encouraged, are the trips for the religious, health improving, educational purposes, and for cultural and language exchanges.

5. It is necessary to encourage introduction of the course on value of tourist exchange, its economic, social and cultural benefits, and the risks, connected with them, in the educational programs.

ARTICLE 3. Tourism - the factor of sustainable development

- 1. All participants of the tourist process are obliged to protect the natural environment and resources with a view of maintenance of healthy, forward and steady economic growth for the benefit of equal in rights satisfaction of needs and aspirations of today and future generations.
- 2. Central, regional and local authorities should pay priority attention and stimulate financially all those forms of development of tourism, which allow to save rare and valuable natural resources, especially, water and energy, and to avoid waste production as much as possible.
- 3. For the purpose of reduction of pressure of tourist activity on the environment and for increase of its useful effect on the tourist industry and local economy, it is necessary to promote more uniform distribution of streams of tourists and visitors in time and space, especially, connected with paid holidays and school vacations, and to promote seasonal prevalence smoothing.
- 4. It is necessary to plan the objects of the tourist infrastructure and kinds of tourist activity so that to provide protection of the natural heritage, which are the ecosystems and biological variety, and to protect species of wild fauna and flora, which are endangered. Participants of the tourist process and, especially, professionals of the sphere of tourism should agree with the establishment of certain restrictions and limits for activity, which they carry out in especially weak points zones of deserts, polar and high-mountainous areas, coastal zones, tropical forests and humid zones, which are suitable for creation of natural parks or protected national parks.
 - 5. Natural tourism and ecotourism are recognized as especially enriching and valuable forms of tourism, because 'they show respect to natural heritage and local population and observe potential of hosting of the tourist objects.

ARTICLE 4. Tourism - the sphere using the cultural heritage of mankind and contributing to its enrichment

- 1. Tourist resources are the common property of mankind. Communities, in which territory they are located, possess the special rights and duties in relation to them.
- 2. The tourist policy and activity are implemented based on respect of art, archaeological and cultural heritage with a view of its protection and preservation for the future generations. Thus, the special attention is given to

protection and care of monuments, sanctuaries and museums, which should be opened for visiting by tourists. It is necessary to encourage access of public to the cultural values and the monuments, which are in private possession, at respect of the rights of their owners, and in the buildings of religious character, without damage to cult requirements.

- 3. The financial funds, received thanks to visiting of objects and monuments of culture, should be used at least partially for maintenance, protection, improvement and restoration of this heritage.
- 4. Tourist activity should be planned so that to provide preservation and prosperity of traditional crafts, culture and folklore, instead of their standardization and impoverishment.

ARTICLE 5. Tourism - the activity favourable to host countries and communities.

- 1. The local population should be involved in the tourist activity and participate in reception on the equal in rights basis of the formed economic, social and cultural benefits, especially, in the form of direct and indirect creation of workplaces as a result of this activity.
- 2. The tourist policy should be implemented so that it will promote increase of the standard of life of the population of the visited areas and meet their needs. At town planning and architectural planning and maintenance of the tourist centres and accommodation facilities, it is necessary to provide their maximum integration into the local social and economic environment. Under equal conditions, it is necessary to find possibility of local labour employment first.
- 3. It is necessary to pay special attention to specific problems of coastal zones and island territories, and vulnerable rural and mountain areas, for which tourism frequently is one of rare opportunities of development in the conditions of decline of traditional kinds of economic activities.
- 4. Professionals of the tourism sphere, especially investors, should carry out researches of the impact of the development projects on the environment and the nature, within the regulations established by the governments. They also should give the information on their future programs and their possible consequences with maximum transparency and objectivity, and promote dialogue with the interested population concerning their contents.

ARTICLE 6. Duties of participants of the tourist process

1. Professionals of the sphere of tourism are obliged to provide the tourists with objective truthful information on destinations and conditions of

a trip, reception and stay. They should provide clearness of provisions of the contracts, offered their clients both in respect of character, price and quality of services, which they undertake to render, and in respect of financial obligations in case of their unilateral infringement of the contractual obligations.

- 2. Professionals of the sphere of tourism in that degree, in which it depends from them, together with the state authorities, should take care of security, prevention of accidents, health protection and hygiene of food for the persons, looking for their services. They should provide appropriate systems of insurance and assistance; undertake the obligation to report according to the conditions, provided by their national legislation, and to give fair indemnification at non-fulfilment of the contractual obligations.
- 3. Professionals of the sphere of tourism in that degree, in which it depends from them, should promote cultural and spiritual perfection of tourists and allow them to exercise the religious needs during the trips.
- 4. The authorities of the states, sending and receiving tourists, in cooperation with the interested professionals of the sphere of tourism and their associations, should provide acceptance and observance by the tourist companies of the above-stated regulations and obligations on repatriation of tourists in case of the companies, which have organised their trips, failure.
- 5. The governments have the right and bear responsibility, especially in crises, for information of the citizens about hard conditions and even dangers, which they can face at trips abroad. However, they should inform such data, without the unjustified or exaggerated damage to the tourist industry of the host countries and to the interests of the companies in their countries. The contents of such possible notifications should be discussed with the authorities of host countries and interested professionals beforehand. The developed recommendations should correspond strictly to severity of the developed situations and should be limited to those geographical zones, where the problems with security are confirmed. These notifications should be softened or cancelled, as soon as normal situation is restored.
- 6. The printed media, especially, the specialised tourist press and other mass media, including modern means of electronic communications, should provide the truthful and balanced information on events and situations, which can affect the tourists' traffic. They also should provide consumers of the tourist services with exact and reliable information. For this purpose, the new information technologies are developed and applied. Thus, the press and other mass media should not promote the sex-tourism in any way.

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ARTICLE 7. The right to tourism

- 1. Possibility to discover directly and personally and to enjoy the places of interest of our planet is the right, which all inhabitants of the Earth possess equally. More and more active participation in domestic and international tourism should be considered as one of the best possible displays of increase in the free time, and this phenomenon cannot be made any obstacles.
 - 2. The universal right to tourism is the consequence of the right to rest and recreation, including reasonable restriction of working hours and periodic paid holidays, which is guaranteed in the article 24 of the Universal Declaration of Human Rights and in the article 7.d of the International pact on the economic, social and cultural rights.
 - 3. It is necessary to stimulate and develop the social tourism and especially collective tourism, which promotes wide access to leisure, trips and holidays, with support of the governments.
- 4. It is necessary to encourage and promote development of family, 5 youth and student's tourism, and the tourism for the elderly and disabled people.

ARTICLE 8. Freedom of tourist travel

- 1. According to the article 13 of the Universal declaration of human rights, tourists and visitors have, taking into account international law and national legislations, a freedom to travel in the territory of their countries and from one state in another also. They should have the possibility of access to transit and stay zones, and to the tourist and cultural objects, not being subjected to excessive formalities or discrimination.
- 2. Tourists and visitors should have access to all available forms of domestic and international communications. They should have operative and unimpeded access to local administrative, legal and health services. According to effective diplomatic conventions, they should have the possibility of free contacts to the consular authorities of the countries of origin.
 - 3. Tourists and visitors should have the same rights, as the citizens of the visited country in respect of confidentiality of personal data and information, especially, the data, stored in the electronic form.
 - 4. Administrative formalities of crossing of borders, which are introduced by the states or follow from the international agreements, as, for example, visa, sanitary and customs regulations, should be adopted, as far as possible, so that to promote freedom of travel and access of the maximum number of people to the international tourism. It is necessary to encourage

agreements between the groups of the countries, directed on harmonisation and simplification of these formalities. It is necessary to cancel or correct gradually the special taxes and fees, burdening the tourist industry and causing damage to its competitiveness.

5. Visitors should have the possibility to get, according to the country economic situation, which they leave, the sums in the hard currency, necessary for their trips.

ARTICLE 9. The rights of the workers and the businessmen in the tourist industry

- 1. Fundamental rights of hired and amateur workers of the tourist industry and allied industries should be guaranteed under the control of administrations both of the states of their origin, and the host countries, taking into account the specific restrictions, connected, in particular, with the seasonal nature of their activity, global scale of the tourist industry and flexibility, which is required from them in connection with character of their work.
- 2. Hired and amateur workers of the sphere of tourism and allied industries have the right and are obliged to pass appropriate elementary education and constantly improve the professional skills. They should have worthy social security. It is necessary to raise reliability of their employment as much as possible. The special status, especially in respect of their social protection should be offered for the seasonal workers of the sector.
- 3. All physical and legal bodies, possessing necessary abilities and qualification, should have the right to be engaged in professional work in the field of tourism within the limits of national legislations in force. Businessmen and investors, especially those representing the small and average enterprises, should have free access to the tourist sector with the minimum legal and administrative restrictions.
- 4. The exchange of experience, offered to the administrative personnel and workers from the different countries, both hired and amateur, promotes perfection of the world tourism industry. It should be promoted as much as possible, taking into account national legislations and applied international conventions.
- 5. The multinational companies in the tourist industry, which are the irreplaceable factor of solidarity in development and dynamical growth of the international exchanges, should not abuse of leading position, which they occupy sometimes. They should avoid transformation into the means of artificial imposing of social and cultural models to hosting communities. In exchange for their freedom of investment and trade, which it is necessary to

be recognised in full, they should take part in local development, excluding reduction of their contribution in the economies of their business, owing to excessive repatriation of the profits or import stimulation.

6. The partnership and establishment of the balanced relations between the enterprises of the sending and host countries promote the sustainable development of tourism and fair distribution of the benefits, produced because of its growth.

ARTICLE 10. Realisations of the principles of the Global ethical code of tourism

- 1. The state and private participants of the tourist process should cooperate in realisation of these principles and should supervise their effective application.
 - 2. Participants of the tourist process should recognise the role, which is played by the international organisations, first of all, the World tourist organisation and the non-governmental organisations, which are engaged in promotion and development of tourism, protection of human rights and protection of the environment and health, taking into account observance of basic principles of international law.
 - 3. The same participants of the tourist process should demonstrate the intention to pass to the impartial third party, called the "Universal committee on ethics of tourism" all questions at issue, connected with application or interpretation of the Global ethical code of tourism, for the purpose of conciliation.

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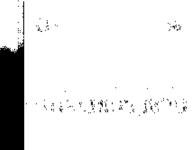
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