

AN ORGANIZATIONAL MODEL OF COOPERATION OF REGIONAL TRAVEL COMPANIES AND TRANSPORTERS

ОРГАНИЗАЦИОННАЯ МОДЕЛЬ СОТРУДНИЧЕСТВА РЕГИОНАЛЬНЫХ ТУРИСТИЧЕСКИХ ФИРМ И ПЕРЕВОЗЧИКОВ

Prof. Dr. Kochadze T., Assoc. Prof. Dr. Chogovadze D., Assoc. Prof. Dr. Dangadze I.
Akaki Tsereteli State University - Kutaisi, Georgia
E-mail: Temko1954@mail.ru, Djumberi54@gmail.com, Dangadze55@mail.ru

Abstract: *In regional market of tourist transport services, it is necessary to find new forms of relationships between the market entities, since the currently existing forms are characterized by many negative aspects, and in modern economic conditions they are inadequately effective. As a result of analyzing and carrying out research works on organizational models currently existing in the market of tourist transport services, it has been established that at a regional level that it is expedient to find such a form of relationships between the market entities as consolidation of travel companies and transporters (having specialist vehicles). Such form of consolidation allows for resolving numerous problems arising during the travel catering process, as well as enables travel companies to be more efficient, reduce the number of intermediaries between the market entities, minimize costs and improve the quality of transport services.*

KEY WORDS: MARKET OF TOURIST TRANSPORT SERVICES, TRAVEL COMPANY, MARKET ENTITIES

1. Introduction

In regional market of tourist transport services, it is necessary to find new forms of relationships between the market entities, since the currently existing forms are characterized by many negative aspects, and in modern economic conditions they are inadequately effective. When reviewing the organizational models existing in international market of tourist transport services, and as a result of carrying out research works, it has been established that at a regional level that it is expedient to find such a form of relationships between the market entities as consolidation of travel companies and transporters (having specialist vehicles). Such form of consolidation allows for resolving numerous problems arising during the travel catering process, as well as enables travel companies to be more efficient, reduce the number of intermediaries between the market entities, minimize costs and improve the quality of transport services.

This form (organization of collective ownership of tourist transport) implies creation of a common resource base for transportation of tourists. The participants of collective ownership are the travel companies, which are interested in collective use of tourist transport facilities. The tourist transport facilities, which have been purchased for consolidated funding resources can be distributed among the organization participants on the basis of "timeshare" mechanism, which is quite common in Europe. The "timeshare" means ownership of immovable property for a specified period of year. In this case, the property item is not an immovable property, but transport facilities [1].

The transportation fleet is distributed among the organization participants in accordance with their needs or according to the number of timeshare-certificates. The travel companies teamed together within the organization and making contributions, receive a timeshare-certificate, which gives them the right to use the tourist transport facilities for a certified period of year. The timeshare-certificate can be freely transferred to the organization participants. In case of shortage, the organization shall purchase transport facilities additionally.

The optimal name of an organizational model of this type is "Tourist Transport Operator". Currently, there is no considerable experience in creation of this type of organization in Georgia, but the modern market conditions allows for creating favorable conditions for collective ownership. They have a very high potential and should be the subject of detailed study.

If the tourist transport facilities are owned collectively, the small-size travel companies and their employees are then able to

influence the quality of carriage of travelers, their prices and the vehicle use schedule.

The mentioned model represents an organizational system, the elements of which are the joint owner participants of a transportation company, which are directly engaged in carriage of travelers. Among them are the travel companies (tour operators and travel agents) and transporters. During creation of organization, several travel companies or transporters consolidate their capital for formation of a common tourist transportation fleet. In addition to money resources, a capital can involve other basic capital funds and transport facilities, which are used in carriage process of travelers. The transporters may not participate in co-ownership [2].

2. Preconditions and means for resolving the problem

Tourist Transport Operator can be headed by a Director, who is elected among the participants by a majority votes. He/she exercises control of organization management, adopts the vehicles distribution schedule among the participants.

The representatives of participated companies periodically invited to the Council solve the main organizational issues and determine the development strategy. During this meeting, there is also determined the staffing position of the organization.

The basic capital funds of Tourist Transport Operator may involve transport facilities, and equipment and accessories required for their maintenance and storage. The founders of this Operator are mandated to choose independently the organizational-legal form of the association, but the most optimal form among the existing ones should be "Consumer Cooperative" (Consumer Cooperative is an association of legal entities and citizens aimed at the satisfaction of material and other needs of its participants, which is executed through the asset and equity contributions of its members).

Using this method for formation of a tourist transportation fleet, the co-owners get the benefits as follows:

- 1) Cost share contributions of each co-owner for the maintenance of transport facilities and personnel go down;
- 2) The property tax for each co-owner reduces;
- 3) Each participant has a right to make use of transport facilities operatively;
- 4) Service quality improvement and price-cutting are worked on continuously;
- 5) Independence of travel companies (transporters have not the right to lay down their conditions to travel companies).

The advantage of this variant consists also in fact that co-ownership may involve the travel companies of any size and any patterns of ownership. The representative meeting of collective ownership determines a long-term development strategy of transportation fleet, pricing policy and solves other pressing issues.

It can be said that tourist transport co-ownership, in the form of Tourist Transport Operator, is not less effective than other forms. Furthermore, a consolidation capital might provide incentives for production of domestic tourist transport facilities, the transport service quality is improved and besides the travel companies existing in co-ownership can perform independently optimization of service tariffs.

However, it should be also noted that based upon peculiarities of collective ownership, effective operation of such organizations is possible only under conditions of well-formed stable market of tourist transport services. At earlier stages of market development, formation of such organizations may be negatively influenced by the following factors: economic instability, low credence to other market participants, imperfection of the legislative base regulating carriage of travelers, lack access to the big capital. SWOT analysis of the use of tourist transport facilities existing in collective ownership is shown in Table 1 [3].

Other variants of relations between travel and transport companies are also possible. On a contractual basis, travel companies can purchase transport facilities and transfer them to transport companies with the right to use them.

For their part, transporters are obliged:

- To maintain transport facilities transferred to them;
- To introduce personnel required for carriage of travelers to travel company in accordance with the request at a specifically indicated time;
- To carry out repairs and maintenance of transport facilities.

This variant of relations between travel and transport companies is an effective tool for improving tourist service quality and reducing the costs.

In the global economy, there exists such an effective model of interrelations as Pool, which is based on a free lease of a transport company and tourist transport services in all Europe.

As one of the organizational models, we should consider a continuous or temporary cooperation of transport companies and hotels. Figure 1 illustrates the scheme of such cooperation.

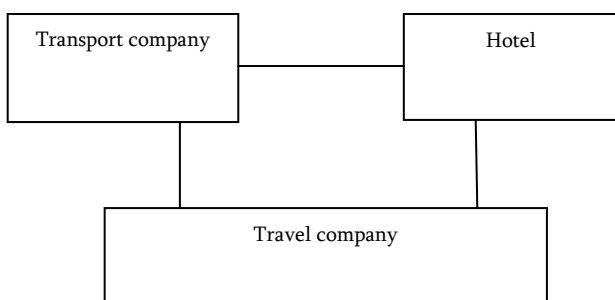


Fig1. Pool of transport companies and hotels

Cooperation of transport companies and hotels is based on the following aspects of the activities:

- Purchasing new specialist vehicles by cross-redistribution of costs;
- Purchasing the used, but relatively new tourist transport facilities;
- Using the leased financial mechanism;
- Transport companies offer transport facilities to lodging establishments at relatively low prices.

Such cooperation can involve travel companies as well, which will be able to be served by transport company at a relatively low prices.

3. Conclusion

The Pool running time is determined in a Contract, which is signed by the parties at the time of their aggregation in it. The Pool aims to reduce the costs of tourist services. SWOT analysis of cooperation between hotels and transport companies is shown in Table 2 [4].

Table 1. **SWOT analysis of collectively owned tourist transport facilities**

Strengths	Weaknesses
<ul style="list-style-type: none"> - Drastic cuts in expenses for maintenance, purchase and repairs of transport facilities; - Sufficiently high operational efficiency of using transport facilities; - Reassignment of a large part of responsibilities from travel companies to the association; - Raising the level of competition on the market of tourist transport services; - The reduction of transport companies service prices 	<ul style="list-style-type: none"> - Creation of collective ownership is associated with high financial, labor and time costs.
Opportunities	Threats
<ul style="list-style-type: none"> - Providing a high level of transport safety; - Identification of weaknesses and prevention of potential threats through proper management and transparent partnership relations 	<ul style="list-style-type: none"> - There is possibility of the conflict between co-owners in case of simultaneous use of transport facilities.

Table 2. **SWOT analysis of cooperation between hotels and transport companies**

Strengths	Weaknesses
<ul style="list-style-type: none"> - Reduction of costs for carriage of travelers; - Efficient operation of transport facilities; - Increasing the volume of sales of services (carriage of travelers) by transporters; - Enhancing the tourist vehicles purchasing capacities. 	<ul style="list-style-type: none"> - Relaxation of control of transport companies and, consequently, of using transport facilities for other purposes.
Opportunities	Threats
<ul style="list-style-type: none"> - Reducing the risks of Pool-participant parties; - Control of transport safety by other participants of Pool; - Purchase of modern, safe and comfortable transport facilities. 	<ul style="list-style-type: none"> - Unfairness of participants.

4. References

1. V.G. Gulyaev, I.A. Selivanov, Tourism: economics, management, sustainable development. –M.: Sovetskiy Sport, 2009.
2. A.B. Zdorov. Tourism economics: textbook, - Finance and Statistics, 2007.
3. I.V. Zorin. V.A. Kvartalnov. Tourism management: tourism as a type of activities.- M.: Finance and Statistics, 2001.
4. A.S. Kuskov, O.V. Ponukalina. Management of transport services: tourism. –M.: RosKonsult, 2004.

- **The publication is made under support of Shota Rustaveli National Science Foundation.**