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## ტურისტული კომპანიის საქმიანობაში არსებული რისკების ანალიზი

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წარმოების სფეროთა ორგანიზაციების ერთობლიობა,  
რომლებიც უზრუნველყოფენ ტურისტული პროდუქ-  
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რიზმისთვის მატერიალურ-ტექნიკური ბაზის შექმნას.  
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არის ის, რომ ისინი მოქმედებენ საკმაოდ სასტიკი კონ-  
კურენციისა და სეზონური რყევების მქონე მოთხოვნის  
არსებობის პირობებში. ტურიზმის ბიზნესზე საუბრისას  
აუცილებლად უნდა აღინიშნოს, რომ ეს არის სამეწარმეო  
საქმიანობის ერთერთი ყველაზე დიდი რისკის შემცვე-  
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იზრდება ამ სფეროსთვის დამახასიათებელი სარისკო სი-  
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ბის კვლევა და მათი ანალიზი.

საკვლევი თემა ღირებული და საინტერესოა იმის გა-  
გების თვალსაზრისითაც, რომ ტურიზმის ინდუსტრიაში  
რისკების საფრთხის შემცირების ერთ-ერთი ეფექტური  
გზა მათი პროგნოზირებაა, რაც მომავალში ხელს შე-  
უწყობს ტურისტულ კომპანიებში სწორი მენეჯერული  
გადაწყვეტილებების მიღებას.

კვლევისას გამოყენებულია ანალიზისა და სინთეზის,  
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## RISKS ANALYSIS IN THE ACTIVITIES OF A TOURISM COMPANY

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Introduction. In the current conditions, risk management is a key factor in raising the competitiveness of organizations and maintaining them. The article is devoted to the actual current issues - the study of risks in the tourism sector. Tourism industry is a combination of enterprises, institutions, organisations, which provide production, distribution and exchange of tourism products, development and use of tourism resources, as well as the creation of a material and technical base for tourism. The specificity of the activities of tourism companies is that they operate in conditions of fairly fierce competition and seasonal fluctuations in demand. The tourism sector has many unique features that can be attractive for long-term economic development. Speaking about the tourism business, it should definitely be mentioned that it is one of the most risky types of entrepreneurial activity in the field of rendering services. As a result, the number of dangerous situations peculiar only to this sphere of entrepreneurial activity is increasing. For effective operations, it is necessary to take measures that will help to minimize the risks, as well as reduce the losses caused by them. The main goal of the study is to analyse the risks in tourism activities.

The research topic is valuable in term of understanding that one of the significant opportunities to reduce the threat of risks in the tourism industry is their forecasting, which is the most effective way to make accurate management decisions in tourism companies for the future.

During the research, it's been used the methods of analysis and synthesis, comparison and qualitative method. Proper conclusions and recommendations have been worked out on the basis of using the research methods.

**Keywords:** *Tourism company, risk management, travel company, forecasting, method of scenario, risk insurance.*

### **Main part**

Currently, tourism is one of the most rapidly developing and promising sectors of the world economy. Every year, large number of people travel from one point to another point. Due to the development of tourism, a number of positive trends are observed in the country's economy: improving tourism infrastructure, the emergence of new jobs, improving the quality of services provided, etc. Nevertheless, it is worth noting that any entrepreneurial activity is directly associated with many risks that varying depending on the prerequisites for their occurrence, the extent of the action and other indicators, however, they share one main point - the negative consequences that inevitably occur after their occurrence.[1].

World experience in the formation of the tourism industry shows that neglecting or downplaying the scale of entrepreneurial risk when developing a tactical and strategic policy for the development of a tourism company or the entire industry as a whole will inevitably slow down social development, slow down progress in science and technology, and doom the entire economic system to stagnation or even decline.

At the same time, the tourism sector is becoming more marketable every year, introducing various elements of uncertainty into entrepreneurial activity, thereby expanding the areas of risky situations. In these circumstances, confusion and uncertainty are arising in achieving the final result of the tourism company, and, consequently, its risk level also increases.

The main characteristic of risks in the tourism industry is its impact on the management of a tourism organization. Therefore, we should understand in advance how deeply and in what direction it is worth developing a managerial tool in order to competently solve problems that are characteristic of risks in this particular

entrepreneurial sector. A distinctive feature of security in tourism is a significant degree of its penetration into the complexity of the relationships between the constituent elements of the tourism industry. [5]. Since the largest number of tourism companies are small, the risks arising in their activities are typical of the entire tourism industry as a whole and somehow fit into a single regional management system, the main task of which is to ensure long-term operational capacity, increase the safety and competitiveness of tourism organizations on the market.

### **The concept and types of risks of a travel company**

The functioning of any tourism company is directly related to the risk, that is, the real threat of losing certain types of resources, both tangible and intangible, for example, a long-established reputation in the tourism market, and insufficient income in comparison with the planned level or with another alternative. Despite this, travel companies still take possible risks, since their downside is the prospect of additional income.

Risk is a subjective assessment of the result of entrepreneurial activity. The main source of risk in the activities of a travel company is the uncertainty of the economic situation resulting from a large number of variable factors and random events, incomplete information about the tourism market, as well as the individual characteristics of entrepreneur identity. [3].

The following essential risk functions can be distinguished:

1. Innovative. Making decisions related to risk can lead to a more efficient tourism business, the invention of a new unique tourism product that has no analogues.
2. Regulatory. The ability to take reasonable risks is the key to the success of a tourism

company, although risk can have a devastating effect on it, disrupting the usual course of all its activities.

3. Protective. Risk is a natural condition that requires the manager of a travel company to be tolerant of possible setbacks and the likely negative consequences of making certain management decisions.
4. Analytical. Risk always implies a certain need for a choice, and, therefore, a thorough study and forecasting of a specific situation, the development of various action plans and possible plots for further developments.

From the point of view of the source of occurrence, all risks are divided into internal and external.

External risks are inextricably linked with the environment of the tourism company, its relations with tour operators, the solvency of customers, the economic situation in the country and the world, the level of inflation, as well as various unforeseen circumstances that the tourism company simply cannot foresee.

Since a tourism company is a seller of a tourism product provided by a tour operator, its image and market stability, mostly, depends on the quality of this product itself. In the event that the trip is frustrated due to the fault of the tour operator who organized most of the trip, the client will directly remember exactly the travel agency from which he purchased this trip and is unlikely to ever decide to use the services of such a tourism company again. Moreover, any flaw on the part of the tour operator - whether it be a meeting of arrived tourists at the airport, hotel reservation, organization of excursions, or an insurance program - can overshadow the positive impression of the whole trip. For this reason, the careful selection of the tour operator, with whom the subsequent joint work will be conducted, is one of the most important tasks requiring a truly

thorough approach for a tourism company. The solution to this problem can be a visit to special exhibition venues, where you can get acquainted with the world's leading tour operators that provide their services in all tourist destinations, and obtain the necessary information about the activities of tour operators using various other sources.

In turn, internal risks are associated with the characteristics of the tourism company itself. The main type of internal risk can be considered personnel, caused by the inability to predict in advance the actions of people in certain situations. According to statistics, the consumer's decision to purchase a certain tour package by 40-50% depends on the influence of the travel agency manager. Thus, manager certainly needs to possess relevant knowledge about the proposed product, be able to properly build relationships with the client, timely provide him with the necessary or desired information, be courteous and patient.

A poorly located office is also able to introduce certain risks into the activities of a tourism company. An office located far in the backyards or in a place inconspicuous for a future visitor can rob up to 80% of clients from a travel agency, someone simply won't reach it, turning off on the way to another central travel agency, and someone does not dare to get a ticket to a travel agency whose office has a similar location. A colorful, eye-catching advertising sign, as well as an agency's design, can correct this situation. An example of the internal risk for a tourism company is also the seasonality of such entrepreneurial activity area. This problem concerns even large travel agencies that have existed on the market for more than a year, and new entrants in this field should even plan their possible losses in advance. Out of the holiday season, the new company may not even go self-

sustaining and incur additional losses.

According to the degree of danger for tourism companies, the following risks are distinguished: [8]

- acceptable risk (threat of loss of any part of the profit)
- critical risk (complete loss of income),
- catastrophic risk (bankruptcy of a tourism company).

From the point of view of expediency it is worth talking about justified and unjustified risk. The risk can be considered justified if the desired result was achieved.

**By the reasons of occurrence, there are:**

1. Political risks: the introduction of economic restrictions in the country, hostilities, conflict situations, terrorist acts, various kinds of disturbances. They can be national, regional and international.
2. Technical risks: receiving negative results from contacts with partners, mistakes of personnel who do not have the skills to act in a crisis, failures.
3. Production risks: a decrease in sales volumes of travel packages, an increase in costs, a limited supply of tourism services.
4. Entrepreneurial risks - the inability to maintain the previous level of return on invested capital.
5. Industry risks - risks of changes in the economic condition of the industry itself.
6. Natural risks: environmental, natural disaster risk.
7. Commercial risks: the inability to realize travel packages or a decrease in the volume of sales, a drop in demand, loss of quality of the proposed tourist product.
8. Inflation risks: an increase in prices, a decrease in the purchasing power of money.
9. Innovative risks: failures in the development

of new market segments and tourism routes.

10. Currency risk: a modification of the cost of travel services associated with a change or fluctuation in the exchange rate.
11. Investment risk: the risk of loss of invested capital and expected income, its decline.
12. Credit risks: non-payment of debt, insolvency of customers.
13. Interest rate risk: It includes the risk of changes in the general level of interest rates for certain types of loans.

Thus, the existence of such risks and the number of travel companies annually leaving the arena is proved by the fact that, contrary to the prevailing stereotype, the tourism business is not at all as simple as it seems at first glance. And like any entrepreneurial activity, it requires a careful and deliberate approach.

**Forecasting in the field of tourism as a factor to minimize possible risks**

One of the significant opportunities to reduce the threat of risks in the tourism industry is their forecasting, which is the most effective way to make management decisions in tourism companies for the future. Forecasting is the prediction of the occurrence of a specific event or possible outcome. Its main feature is the alternative construction of various indicators and parameters that defines various options for the development of the tourism enterprise state based on emerging trends. [2]

Currently, the economy has more than 20 possible methods for predicting risks. Each of them has its own significant advantages and specific disadvantages, therefore, in practice, all methods of forecasting risks can somehow complement each other and be used together. The most successful method of forecasting risks in the tourism sector is the scenario method,

which comprises most of the advantages and almost no significant drawbacks.

The method of scenarios is one of the means of forecasting not only the development of a tourism company, but also the application of its potential capabilities in terms of overcoming possible risks in the financial aspect. This method combines both qualitative and quantitative approaches.

A scenario is a model of the future that describes the permissible course of events with an indication of the likelihood of their occurrence. The scenario should identify the key factors that should be given special attention, and the nature of their influence on the alleged events.

It is advisable to draw up several alternative scenarios at once, since the scenario is a characteristic of the future in the survey forecast as a whole, and not one possible or necessary version of the future. Nevertheless, in practice it makes sense to consider the most likely scenario as the only basic one and to determine the appropriate solutions based on it. Other variants of the scenario should be considered as alternative and planned in case that reality begins to come closer and closer to one of these options, and not to the basic one. Scenarios should demonstrate a description of events, an assessment of indicators and characteristics over time.

The scenario method in tourism has the following main advantages:

- is a fairly effective means of overcoming the traditional way of thinking;
- makes it possible to rationally analyze the rapidly changing present and future.

You must also understand that the scenario is not a simple forecast. This is a tool used to determine the types of forecasts that should be developed to describe the future with sufficient completeness and taking into account all the fundamental factors. [4].

In a market economy conditions, scenario forecasting in tourism agencies can provide:

- an accurate understanding of the current situation in the tourism market and its development;
- assessment of possible risks;
- taking into account favorable prospects;
- the emergence of possible and appropriate areas of tourism activities;
- an increase in the level of adaptation to the changing conditions of the tourism business.

In addition to forecasting, there are other ways to reduce the impact of risks that can also be applied in the activities of a travel company:

1. A rational approach to conducting business in a travel agency based on a thorough study of what is happening (for example, a detailed study of a partner, his personality, financial situation, etc.), as well as business planning, a thorough selection of personnel, and organization of the protection of company trade secrets.
2. Refusal of activities associated with a high degree of risk. Such a measure may not be entirely beneficial for the tourism company, and sometimes even impossible. Almost any project contains a certain share of risk, and a refusal from risk can mean a refusal to carry out entrepreneurial activity. In this regard, the company has to assign the risk only to itself, in one case as inevitability, otherwise as a benefit (as a rule, the one who takes the risk is the most successful).
3. Compensation of risks. In order to reduce the negative impact of risk, a travel company needs to create some kind of financial reserve, measured as the average loss. Since these resources are currently withdrawn from the travel of the tourism agency, therefore, now they do not bring profit, but simply insure the travel company in case of



unforeseen circumstances.

4. Combining risks. This process is carried out by delegating risks among several tourism business entities interacting with each other and focused on a certain positive result. For example, the overall responsibility for organizing a tourist trip between two interacting travel companies, or a travel company and a tour operator.
5. Thus, it is very important to consider all kinds of risks of a travel company in the complex, as well as to identify the internal relationships between them that are not immediately noticeable at first glance. All this can increase the accuracy of forecasting adverse and undesirable events, allowing you to determine the likelihood of their occurrence and the magnitude of the possible damage that they can cause to a tourism company.

**Methods of risk management  
in a tourism enterprise:**

1. Due to the fact that tourism activities are significantly exposed to risk, the manager of a tourism company should deal with its management. Risk management is a process of rational adoption and high-quality implementation of various management decisions aimed at reducing the possibility of a negative impact and reducing potential losses and costs resulting from its implementation.
2. It should be understood that it is simply impossible to completely avoid risk in modern realities, but to one degree or another, there is a chance of easing it or making it manageable. Risk management is one of the types of activities aimed at mitigating the impact of risks on the final

results. During risk management, it is possible not only to protect the company, but also to prevent or reduce the negative consequences, but, in addition, to find a solution to the issue of rationality of entering an appropriate ambiguous situation.

3. The techniques used in risk management have been studied in some detail in the activities of various economic systems, but are not well formalized in the tourism sector. For this reason, the already established risk management tools should be applied to tourism enterprises.
4. So risk aversion (prevention) only works effectively in situations where a certain level of risk is really unacceptably high for a tourism company. As a result, it is better for it to refrain from an event involving such a risk than to take the risk upon herself and try to manage it. The method of risk avoidance includes the refusal to interact with many suspicious contractors, as well as the introduction of tourism programs, the implementation of which is under rather serious doubt.
5. This method gives tourism companies a guide to work only with partners who have proven their reputation: tour operators, organizers of tourist excursions, owners of hotel complexes. This aspect can be applied in relation to consumers purchasing tourism products from travel agencies. If a tourist unexpectedly refuses to pay for a chosen and already booked tour, then he automatically becomes the owner of a negative "tourist history", and it makes sense for the representative of the travel company to include such an unscrupulous consumer in the "black list" and then interrupt all contacts with him. Thus, a representative of a travel company will reduce the degree of

his risks in the financial sphere, prove his own reputation as a serious organization, and also prevent possible losses of other travel companies.

6. The next method is the risk retention method, which is used mainly in the development and implementation of such tourism programs that cannot guarantee specific commercial success, but are capable of generating significant income and are in demand among certain groups of tourists. [10]. As a rule, these are activities that are not yet massively recognized in the tourism sector, but which have enormous potential. We are talking about various types of active tourism, which involve significant physical activity and are not available to all categories of tourists. In this case, the multiplicative effect of risk is observed: tourists themselves as subjects of extreme tourism, as well as tour operators and travel companies as producers and sellers of tourism products, are exposed to high dangers. Their risks are associated with the difficulty of detailed elaboration of these specific tourism programs and the difficulties of finding the most optimal balance according to the criterion "safety - profitability". In addition, an individual approach and a limited number of offers for outdoor activities turn it into a rather expensive product suitable for well-off clients, and for this reason there is no possibility of its "mass production", but in fact, it currently provides tourist organizations industry significant profits.
7. Transfer (insurance) of risk involves the transfer of risk from one management entity (tourism company) to another (insurance company).
8. In the first case the insurance objects - are a range of interests related to the likelihood

of harming the life and health of tourists, providing them with medical services (accident insurance, medical insurance).

In the second case, civil law regulates three types of insurance:

1. property insurance,
2. liability insurance,
3. business risk insurance.

In this case, it is possible to apply a certain classification of types of insurance, in which all the risks of the tourism complex are divided into specific - which have a direct impact on tourists when planning and implementing tours, and economic, which affect the activities of enterprises of the tourism complex.

In this case, the first group of risks contains the following elements:

- Compulsory and voluntary health insurance for vacationers;
- Travel insurance against possible accidents;
- Insurance of personal items and camping equipment;
- Travel insurance for an unrealized trip;
- Liability insurance for tourists temporarily staying abroad;
- Specific types of insurance.

The second group of insurance types covers:

- compulsory insurance of financial liability of the tour operator and travel company for failure to fulfill its obligations;
- property insurance of a tour operator and travel company;
- insurance of entrepreneurial risks of tour operator activity;
- other specific types of insurance.

At present, the self-insurance method, which is one of the ways to reduce the degree of risk, enjoys significant interest from travel companies. Self-insurance differs from insurance in that the possible risk is not transferred to another



person. In this case, the insurer, which has its own interests that differ from the interests of the insured, as an independent unit is simply absent. A travel company with the desire to reduce its risks creates its own insurance (reserve) fund through internal reserves (for example, from deductions from profits), the use of which allows it to immediately cope with the temporary difficulties of internal financial and commercial activities. At the same time, it is necessary to take into account that self-insurance does not guarantee protection from sufficiently serious and most dangerous risks that insurance can handle, and simply deadens the reserved resources.

The next method is the creation of a system of restrictions, implying the formation of specific limits on the current activities of a tourism company. Such limits are, for example, the maximum amount of funds for the maintenance of the management apparatus, the minimum threshold level of commissions, the maximum number of types of tourist programs and offers.

Another method is diversification, implemented in the tourism industry in accordance with two directions:

Firstly, it is the diversification of activities, which is understood as an increase in the number of tourism programs applied or ready to use, an increase in the range of tourist services offered, and the creation of proposals aimed at different categories of tourists. The possibility of using the diversification method is very extensive, since the current market for tourism services covers activities in various areas of domestic and international tourism. [6].

The distribution of tourism services according to the degree of decrease in demand makes it possible to note the following main groups: beach vacations, sightseeing tours, recreation aimed at healing and treatment, sea and river cruises, ski

tours, individual, holiday and religious tours, extreme and ecological tourism, children's and youth recreation, shopping tours, other travel services.

Secondly, it is the diversification of tourist areas and consumers, that is, activities both in the domestic and foreign markets with all kinds of categories of travelers. With the help of such diversification, a travel company is able to compensate for failure in one or several of the tourist areas with successes in others, but in this case it is preferable to evenly distribute the size of activities in absolutely all market sectors and the shares of each counterparty in a particular sector. [9; 7].

Thus, we can conclude that the tourism business as one of the types of entrepreneurial activities is significantly exposed to risk. Since risk is the probability of an unfavorable situation or a negative result of production and business or any other activity, then the tourism industry, like any other type of business, includes a huge amount of overt and covert threats that are equally dangerous for tourists as well as for providers and distributors of these travel services: travel agencies, tour operators, hotel owners, restaurants, casinos, airlines and other enterprises of the leisure and entertainment industry.

In this regard, risks in the tourism industry can be classified according to various criteria, which means that the methods for minimizing and eliminating risks should also be different and require a comprehensive analysis for their further selection and application.

### **Conclusion**

Each person in his life, without exception, faces the choice of making this or that decision. Often, this decision can carry a certain degree of

risk, on which the whole course and result of its activity will depend in the future.

The risk problem in economic research and economic practice today occupies one of the central positions. In the literature on economics, the theory of risk is now quite well studied in connection with a thorough analysis of various institutions: production, financial, insurance and many others. At the same time, the theoretical and methodological aspects of risk analysis in the activities of a tourism company almost fell out of sight of most economists.

Currently, risk management as an integral

component of the management of a travel company is only at its inception stage. Although it is now becoming clear that by introducing a risk management system in practice, tourism enterprises are able to guarantee the stability of their development, increase the soundness of decision-making in risky circumstances and significantly strengthen the financial situation by carrying out all types of activities under controlled conditions. That is why the development of new risk management methods in the activities of travel agencies is very important and significant for the effectiveness of their functioning.

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