
Prospects and Development of Tourism in Kazakhstan and the Impact of Incentive Tours on Efficiency

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Abstract:

The paper demonstrates the importance of business tourism in the state of Kazakhstan. The characteristics of business tourism are discussed, the features and the components of business tourism, their role in the general turnover of tourist business are also considered.

The necessity for the creation of modern infrastructure in business tourism is emphasized, and statistical data on the level of development of business tourism in the world are presented.

The paper highlights the results of a study of factors that are taken into account during the planning of business trips, as well as the impact that the application of business tourism has on the efficiency of the organization.

The prospects and the development of business tourism in the Republic of Kazakhstan in the light of its entry into the world business community are presented.

Keywords: *Business tourism, MICE-industry, tourist market, tourist infrastructure, corporate events, incentive tours.*

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1. Introduction

Today, business tourism is one of the most interesting phenomena of the XXIst century and occupies a significant segment of the tourism and hospitality market. According to the world tourism organization (UNWTO), in 2016, the income from business tourism in the world amounted to 23.2% of the total (World Tourism Organization, 2017). The modern tourism with a business purpose becomes the most promising type of tourism due to its independence from the season and focus on high-income customers (Swarbrooke and Horner, 2001). The business tourism is a highly profitable and promising sector of the tourism industry. Business trips are based on the objective law of further deepening of the international division of labor and internationalization of business.

The peculiarities of the global business tourism market are: the deployment of business tourism centers in destinations with an increased level of business activity; high demand for individual service at the highest level; the preferential use of air transportation; accommodation, as a rule, in hotels of high categories or increased comfort; high level of income from service per customer; independence of business trips from seasonal fluctuations.

Classic business trips are a kind of business trips of employees who, according to the generally accepted beliefs, have the purpose of fulfilling their official and business duties, concluding the necessary agreements to increase the business activity of the enterprise. However, the main purpose of MICE travel is to serve the company's activities. They include tours where employees share experience, get to know their business partners more closely, in particular in informal conditions, work for the future, disseminating the necessary information about the functioning of the organization to external agents, restoring their strength for more productive work and development of creative potential.

The direction of MICE is much more complicated than the business trip concept (BTC). For the organization of classic business trips the efforts made by the company itself is sufficient, then the development of MICE tours requires involvement of special organizers. The BTC is designed for a small number of participants (mostly individual trips), MICE-event gathers, as a rule, a wide range of people, usually groups of 5-6 people.

The peculiarity of business tourism is that it usually entails expensive trips that the services of the highest class correspond to. According to the definition of Dracheva et al. (2010) "*business tourism is traveling, the purpose of which is to participate in conferences, congresses and, as a rule, it is the traveling of specialized groups of uniform professional composition (mainly at the expense of the enterprise)*", "*commercial tourism is a type of tourism that is carried out by citizens in foreign countries, including in the CIS countries, in order to make a profit*".

The dynamics of tourism development for business and professional purposes in Kazakhstan can be traced according to Table 1.

Table 1. Number of visitors to outbound and inbound tourism business and professional purposes, people

	2012	2013	2014	2015	2016
Outbound tourism	99,965	1,687,468	1,748,579	1,888,985	1,922,536
Inbound tourism	275,798	1,095,635	1,178,900	1,044,743	1,096,899

Source: Statistical book "Tourism in Kazakhstan". 2012-2016. Astana, 2017.

At the same time, Kazakhstan has all the conditions for the placement of visitors, since the occupancy rate of beds in accommodation does not exceed a quarter of the available ones (Table 2):

Table 2: Key performance indicators of the locations

	2012	2013	2014	2015	2016
Number of placement units	1,526	1,678	2,056	2,338	2,754
Number of rooms, units	37,786	41,197	49,128	53,126	60,427
Of them: luxury class	6,786	6,813	7,457	7,655	8,326
One-time capacity, beds	83,103	92,053	109,094	118,355	138,062
Occupancy rate of beds, in percentage	24.9	21.4	21.7	23.2	24.0

Source: Statistical book "Tourism in Kazakhstan". 2012-2016. Astana, 2017.

According to WTTC forecasts, the annual turnover of business tourism will increase by 3.7% over the next ten years and will grow from \$1.15 billion in 2016 to \$1.7 billion in 2027. Now the share of business travel in the world is 13% (World Travel and Tourism Council: Maximising Opportunities for Business Travel Growth. Executive summary, 2017).

Also, travel experts agree that business tourism is one of the most profitable types of tourism. So, this type of travel brings 50% of income to air carriers, 60% - to hotels and 70% — to car rental companies. One of the profitable features of this tourism is the demand for a combined program: about 3 days of active work in the conference room, and then 1-2 days of rest with excursions. At the same time, the daily expenses of such tourists are on average about 345 dollars, while the same family tourist spends up to 200 dollars per day.

Business tourism in developed countries can be compared with the oil business in terms of profitability. Occupying in the overall structure of the tourism industry only about 20-25%, the number of tourists, business tourism provides about 60% of the profit in the industry. The modern structure of international business tourism is dominated by classic business trips and corporate meetings (or corporate travel), both individual and group (70% of all business trips). The share of trips to congresses and conferences is more than 15%, exhibitions and fairs – more than

11%. Approximately 3-4% of trips are for incentive tours (World Travel & Tourism Council: Maximising Opportunities for Business Travel Growth, Maximizing Opportunities for Business Travel Growth. Policies for growth white paper, 2017). One of the trends in business tourism is the formation of specialized travel companies for various types of tourism, and in particular, the emergence of firms engaged exclusively in business travel and exhibitions, seminars and conferences abroad, as well as firms specializing in incentive programs.

Incentive tourism refers to travel that commercial companies reward their employees for high performance or that encourages them to be more productive in the future. These trips are organized by the company in order to motivate, in particular, those employees and customers whose functional responsibilities include mainly the promotion and sale of products and services of the enterprise (Shinew and Backman, 1995; Bibarsov *et al.*, 2017; Havlíček *et al.*, 2013).

The purpose of the study is to analyze the impact of business tourism on the functioning of organizations that perceive it as an effective incentive for managing their development. The hypothesis of the study is how business tourism, which provides opportunities for changing the environment, concluding long-term agreements in an informal setting, bringing partners together and aiming them to productive cooperation, enhances the efficiency of the organization.

2. Methodology of the study

The main objectives that allow to achieve the goal of the study, should be called an analysis of the factors that are taken into account during the planning of business trips: determination of the importance of incentives; establishment of possible goals and results to be achieved by these tours in their perception as a control element; specification of the main factors that determine the development of business tourism in the world and in Kazakhstan and make it possible to structure the features of the impact of such tours on management processes at the micro level.

In order to achieve this goal and confirm the hypothesis, an expert survey was conducted, involving the possibility of selecting several answers, which was attended by experts - managers of companies (employees of various departments), planning incentive tours to stimulate their employees (55 people), who were asked a number of questions concerning the nature of the factors that are taken into account during the planning of business trips. For a more accurate analysis, the sample of experts was divided into groups depending on work experience.

3. Results of the study

Table 3 represents the ranking of the main cost reduction strategies in the management of the cost of incentive tours for the customer company, obtained on the basis of an expert survey.

Table 3: Ranking of the main cost reduction strategies in the management of the cost of incentives for the customer company (ranked by the frequency of their offers)

Cost reduction strategy	Significance of the strategy (% of references)		
	work experience less than 5 years (30 people)	work experience more than 5 years (25 people)	According to the total sample (55 people).
To cancel related services (SPA, golf, excursions, etc)	23%	40%	31%
To suggest the tour in the off-season instead of "high season"	33%	28%	31%
To exclude the possibility of inviting a husband (wife)/ relatives as a tour participant	40%	20%	31%
To avoid 5-star quality	33%	40%	36%
To reduce the budget of gifts at the location of the tour	33%	40%	36%
To reduce the duration of the trip	67%	40%	55%

Table 1 includes only those strategies that have deserved the attention of more than 30% of the respondents in the total sample, and, therefore, are really important for the effective development of the company with reasonable savings on incentives. As the results of the survey showed, on the one hand, there is a desire to reduce (or optimize) costs, as indicated by experts with different experience.

On the other hand, the experts point out that they would like, due to these tours, to improve the situation in the team, to inspire one to new achievements, to conduct a skillful internal motivation of employees/customers, which would later lead to an increase in productivity of the first and a better attitude to the company's activities (and its products) second. Such positive changes are now called the popular term "wow-effect". The experts' proposals, which are aimed to increase the emotional impact of incentive tours, are summarized in Table 4.

Table 4: Means of increasing the emotional impact of incentive tours (ranked by the frequency of their offer)

Means of increasing the emotional impact	Significance (% of references)		
	work experience less than 5 years (30 people)	work experience more than 5 years (25 people)	According to the total sample (55 people).
Special decoration of premises/rooms for their stay	53%	20%	38%
Musical accompaniment of the tour	50%	32%	42%
Invitation of prominent speakers	33%	60%	45%

Spending time face-to-face with the management	40%	60%	47%
Entertainment and spectacle	53%	64%	58%
Thematic events	67%	60%	64%
Extreme adventures	67%	68%	67%

The fact that, despite the desire to save when choosing the program of such tours, experts continue to lean towards their individualization, which is a priori more expensive, leads to an even greater cost of incentive tours. This is confirmed by the experience of the UK, where the share of those who would like to have an individual incentive tour for their company was almost 47% (Modern Industrial Strategy Tourism Sector Deal Bid Informing the Long-Term Tourism Strategy for Britain, 2017).

Consequently, decisions on the cost of incentives are taken by each company separately, and it is difficult to give a ready-made recipe. However, in order to be effective in the use of business tours for the development of the organization, certain targets should be set, a program for their achievement should be provided and minimum discrepancies between goals and results should be monitored. According to the objectives, which, in the opinion of the interviewed experts, are set before the incentive tours, the following data were obtained (Table 5).

Table 5: Objectives of incentives regarding their impact on the performance of organizations (ranked by frequency of their mention)

Objectives of incentive tours	Significance (% of references)		
	work experience less than 5 years (30 people)	work experience more than 5 years (25 people)	According to the total sample (55 people).
Increase in cohesion of the organization	50%	32%	42%
Increase customer retention rate	50%	32%	42%
Staff training / trainings	40%	60%	47%
Increase in revenues of the company	83%	80%	82%

So, in the first place is the increase in the income of organizations, which is absolutely justified in terms of ensuring their future development. Next is the goal of training and improvement of professional qualities of employees. The goals of increasing the cohesion of the organization around the "core" and the customer retention rate are about the same weight. Thus, in general, experts confirmed that business tourism increases the efficiency of the organization.

4. Discussion

According to experts, incentive tours create the greatest impact on the company's environment when the company offers its premium tourists mixed incentive programs: training with rest, conferences with excursions, congresses with participation in sports competitions, seminars with visiting of cultural events. All of the above, as believed by experts, enables the company, which seeks to form or improve its image, to find the best ways to establish strong ties and create friendly relations with its customers, employees, because the best formed trusting relationship in an informal setting. Such tours can be considered as an important part of an advertising campaign and PR-enterprise. They help to establish business contacts and attract customers.

Experts point out that the theme of incentive programs can be different and depends on the imagination and originality of the company's representatives. It is important to have a detailed and well thought-out plan of incentive tours. It is necessary to find an approach to a group of people who plan to go on a trip, because the tastes of all different, including extreme tours, are not suitable for everyone. To do this, it is necessary to think over the entire route. Depending on the scale of the event and the social status and needs of the group of tourists there is a need to analyze the details of transport, hotel rooms, peculiarity of food, entertainment programs. The costs of the incentive tours are significant, but they pay for themselves quickly. Only satisfied tourists, in this case, will be able to benefit from the financial and economic activities of the enterprise.

In general, business tourism is one of the most profitable types of tourism for travel agencies-organizers, because the costs of its implementation are significant and constitute the lion's share of the costs of the customer organization. However, the result of such tours brings a number of positive effects on the organization that practices their order. In particular, these are negotiations with business partners and the conclusion of business contracts, motivation and professional growth of employees, the necessary business contacts, which positively affects the resulting performance of the organization. It is proved that the change of the situation and the conclusion of long-term agreements in informal conditions bring together partners and focus on productive cooperation. As a rule, the efficiency of the organization is increased.

After the use by the organization of business tourism, one can expect an increase in additional funds, investments in the organization through cooperation with partners, the growth of labor productivity motivated by the travel of workers, which will give an opportunity to get more income from the sale, to reach more consumers, as information about the organization has spread outside the region where it operates; it can also be observed the influx of labor, which will want to work on favorable conditions for the development of its potential, the formation of an attractive image of the organization, etc. Thus, as the enterprises implementing business tourism

show positive dynamics of changes in the performance indicators of financial and economic activities from the implementation of such travel by employees, today business tourism can already serve as one of the main tools to improve the position of the organization in the business world. However, the experts in the process of discussion drew attention to some differences in the living conditions, which should provide a business tourist hotel. A businessman on a business trip should solve the tasks assigned to the business trip, in addition, solve everyday current issues.

This means that the room for such a tourist should be equipped with a working area: a spacious ergonomic working table or desk with good lighting, the presence of a work chair and writing utensils, a computer with Internet access, a multi-functional direct phone are mandatory attributes. It is also necessary to provide for the possibility to install a fax with an individual number. The rooms should have maximum isolation from the outside environment in order to ensure conditions for focused work. These characteristics are inherent in business hotels, these are the hotels with a high level of comfort, which have a developed set of public premises or facilities: halls for congresses, business centers, rooms for meetings, conferences, symposiums. The business center is equipped with communication facilities, projection equipment and various devices for successful negotiations, congresses and business meetings.

There should also be opportunities to obtain high-quality drinks, healthy food at any time of the day, the possibility of restoring health and efficiency in swimming pools, saunas, fitness and SPA centers, stadiums and sports gyms, bowling alleys, bowling clubs, etc. Despite the needs of the companies of Kazakhstan in business tourism and MICE, one of the main problems, according to experts, is the lack of companies' policy in this direction and specialists in this field. Many companies still do not understand the importance of planning and optimizing the cost of business tourism.

The experts' answers showed that only 36% of companies have a strict business travel policy, 29% do not have it at all, and the remaining ones have it in the form of some General rules. Foreign companies have a positive experience in the implementation of business tours for employees and in the future actively implement them at home. This is evidenced by the share of business tours in the overall structure of tourism abroad, which tends to grow and continues to increase. So, in England, the incentive tour-programs account for 2/5 of all expenses of firms on rewarding of the workers, in France and Germany – almost 1/2 (Modern Industrial Strategy Tourism Sector Deal Bid Informing the Long-Term Tourism Strategy for Britain, 2017).

As for inbound business tourism, according to experts, the main target market may be Russia, where more than 60% of corporate meetings are held abroad, and Kazakhstan has all chances to successfully offer its services, as MICE-business specialists are constantly looking for new directions and attractive places for business meetings, conferences, exhibitions, incentive and business tours. As one of

the respondents noted, it is necessary to create interesting content, attracting various forums, exhibitions, conferences, events in Kazakhstan's cities, thereby attracting more tourists. It should be emphasized that the role of inbound business tourism in Kazakhstan is steadily growing. Thus, in the summer of 2017, the center of inbound business tourism was the EXPO-2017 exhibition, the total number of visits to all facilities of which during its work reached 29,14 million people (In 2017, Kazakhstan's tourism showed an increase in interest among foreigners, 2017), which was a significant contribution to the development of business tourism in Kazakhstan in the long term.

In March 2018, within the framework of the MITT exhibition in Moscow, a road show was held on the presentation of business tourism in Kazakhstan, which was attended by more than 30 Russian participants, 12 representatives of the MICE-industry of Kazakhstan, as well as representatives of regional offices of the Republic of Kazakhstan. Astana was presented to the leading Russian travel and event agencies at the roadshow as a platform for international events, offering 25 thousand square meters of exhibition space, three thousand hotel rooms, congress centers, sports complexes.

In general, Astana and Almaty are two centers where the necessary infrastructure for the development of business tourism is available: more than 45, 000 square meters for various events, more than 5,500 hotel rooms for guests. Potential objects of business tourism can be the following Almaty sites as Halyk Arena, Arena of Almaty, Exhibition Complex "Atakent" etc., as well as objects in Astana available after EXPO-2017: Pavilion "Nur Aleem", Hall of Energy, Congress Center, Central Concert Hall "Kazakhstan", Palace of Independence, Palace of Peace and Reconciliation, Ice Palace "Alau", "Ford Arena", as well as numerous hotels (Russia is interested in the objects of business tourism in Kazakhstan 2018; Frolova et al., 2017).

The demand for high-quality services related to business tourism is constantly growing. That is why it is advisable to introduce new services for the category of business tourists. This target audience chooses specialized business hotels for their trips, an obligatory component of which is a diversified congress center, which should provide a variety of business services with a mandatory entertainment and familiarization program. Therefore, it is extremely important to take into account the principles of creating a modern tourist infrastructure, important and relevant concepts for the formation of a single information space.

Kazakhstan, being involved in the project of a new Silk Road has the potential to become the business travel world power, however, need to put a lot of effort for the development and improvement of the business infrastructure of large cities, networking with leading international organizations of business tourism and the meetings industry, attraction of financial support from the state and a thorough development of the target program of development of business tourism in

Kazakhstan. Therefore, the appropriate attraction of resources and the use of existing potential will contribute to the rise of Kazakh cities on the same level with the world centers of business tourism and further integration of the country into the world market of business travel.

5. Conclusion

Business tourism is one of the main tools for the development of foreign economic relations and the intensification of trade and economic relations. It contributes to the formation of high-tech industries, attracting foreign investment, strengthening the economic potential of the country. Business trips and a variety of business events contribute to the implementation of the competitive potential of the territories and tourism clusters, expanding access to specialized services and new technologies, are a tool for the implementation of the policy of innovative development of the economy in the world. An important aspect of business tourism is its socio-economic orientation, which provides an increase in business activity both in the capital and in the regions. Experts have confirmed that business tourism, which provides opportunities for changing the environment, concluding long-term agreements in informal conditions, bringing partners together and aiming them to productive cooperation, enhances the efficiency of the organization.

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