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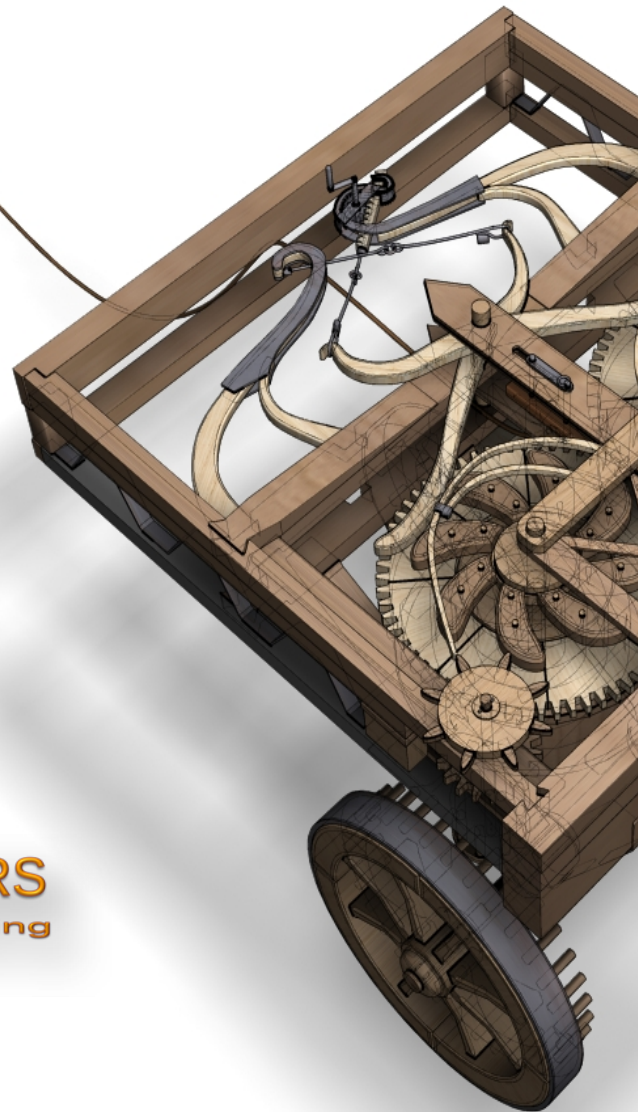
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Effectiveness of the Methods of Internal Financial Control as a Guarantee of Sustainability of Tourism Companies' Development

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Abstract

The purpose of the work is to study the effectiveness of the methods of internal financial control as a guarantee of sustainable tourism companies' development in modern Russia. The authors perform comparative analysis of effectiveness of external measures and measures of internal financial control as to sustainability of tourism companies' development and offer the algorithm of conduct of internal financial control in the interests of effective provision of tourism companies' sustainability. As a result, the authors substantiate the necessity for search for highly-effective method of solving the problem of provision of sustainable tourism companies' development in modern Russia and prove that such method is internal financial control, due to which self-limitation of financial risks from the tourism companies will allow keeping their financial indicators at the targeted level. Due to the interest in maximization of result and flexible and adaptive approach to finances management, these methods show high effectiveness as to provision of sustainability of tourism companies' development.

Keywords: internal financial control; effectiveness; sustainability of development; tourism companies

JEL Classification: G01; G30; Q01; L83

Introduction

The tourism industry is one of the most important spheres of the modern post-industrial economy. Also, it is characterized by high ecological effectiveness – so its development stimulates the increase of living standards of the population. High profitability and low entering barriers due to high market concentration, minimal volume of necessary assets, and absence of licensing of tourist activities, as well as stable demand for tourism services make entrepreneurship in the tourism sphere very attractive for private business.

The top-priority role in the scale of national economy and interest from the corporate sector predetermine high topicality of scientific research devoted to study of tourism companies. One of the most important problems in modern Russia is instability of development. It is caused by high risk component of this type of entrepreneurial activity. One of the key risk factors of tourism companies is instability of consumer preferences. Due to that, purchasing tourist vouchers for reduced prices for decreasing the expenses, tourism companies risk to suffer losses if they are not in high demand.

Another important risk factor for tourism companies is instability of political situation, due to which the access to various directions of international tourism is often open or closed. It leads to high complexity of managing the assortment of products of tourism companies and makes them pay compensations to consumers; also, in case of mass withdrawal of tourist vouchers, a threat of bankruptcy of tourism companies appears.

At present, they work according to the principle of “financial pyramids” or “bubbles” in Russia, accepting orders for tourist vouchers in order to determine the precise demand for them, thus minimizing their liquidity. Being oriented only at the period of stability, in the crisis conditions Russian tourism companies go bankrupt. The insurance measures, taken at the state level, are characterized by low effectiveness, not allowing them to solve the problem of provision of sustainability of tourism companies’ development.

Thus, there’s necessity for the search for new, more effective method of solving the problem of provision of sustainability of tourism companies’ development. We offer a hypothesis that this method is internal financial control, due to which self-limitation of the financial risks by tourism companies will allow supporting their financial indicators at the target level. The purpose of this work is to study the effectiveness of methods of internal financial control as a guarantee of sustainability of tourism companies’ development in modern Russia.

1. Materials and method

In the modern scientific literature, internal financial control is treated as control over economic activity and the company’s financial operations and development of measures for their corrections for the purpose of achieving certain financial goals on the basis of the set landmarks. Fundamental and applied issues of conduct of internal financial control, including at tourism companies, are reflected in the publications (Sarens and D’Onza 2017, Da Silva and Jorge 2017, Vovchenko *et al.* 2017, and Ronzhina 2016).

The sense and peculiarities of achievement of sustainable development of companies, including of the tourism sphere, are studied in the works (Bogoviz *et al.* 2016, Carrillo and Jorge 2017, Fan *et al.* 2017, Gorbanyov 2011, Lin *et al.* 2017, Popkova *et al.* 2017, Sadovnikova *et al.* 2014, Zach and Hill 2017, Przhedetskaya and Shevelyova 2016). In this research, sustainability of tourism companies’ development is treated as their stability and capability to take the influence of external crises, preserving their activity and performing liabilities in the full volume.

Effectiveness of measures for provision of sustainability of tourism companies’ development is treated in this work through the prism of efficiency – as a measure of achieved effect. Withdrawal from the traditional definition of effectiveness as a ratio of result to expenses, which are not taken into account in our case, is explained by the necessity to exclude the options at which low effect is achieved with minimal expenses and to focus on the options with maximum effect.

In order to verify the offered hypothesis, this article evaluates the influence of application of the methods of internal financial control on sustainability of tourism companies’ development with the help of analysis of causal connections, systemic and comparative analysis, synthesis, induction, deduction, and formalization.

2. Main text

Let us perform the analysis of effectiveness of the internal financial control measures as to sustainability of tourism companies' development in comparison to the external measures that are most popular in modern Russia. These are licensing of tourist companies, establishment of requirements, norms, and standards for work of tourism companies, conduct of external financial control and audit, introduction of insurance measures, *etc.* The results of the analysis are given in Table 1.

Table 1. Comparative analysis of effectiveness of external measures and measures of internal financial control as to sustainability of tourism companies' development

Criteria of comparison	External measures	Internal financial control
Initiator	State	Tourism Companies
Budget under load	State Budget	Corporate Budgets of Tourism Companies
Treatment of measures	Formal, as to Imposed Mandatory Measures	Interest and Responsible Attitude
Approach to the conduct	Universal	Individual
Accessible information and possibilities	Strictly Limited, Small	Any, Including Analysis
Moment of evaluation	Static (One Moment), Incorrectness Of Evaluation	Dynamic Evaluation (All The Time, Continuously)

Table 1 shows that the external measures, aimed at provision of sustainability of tourism companies' development suppose promotion and realization of the corresponding initiative by the state. According to this, the load for conduct of these measures is set on the state budget. Obviously, in the conditions of its deficit, peculiar for modern Russia, such measures will have a fragmentary character, which will hinder the achievement of high effectiveness.

As these measures are actually imposed by the state to the tourism companies, they take them formally. In other words, tourism companies are reluctant to realize external prescriptions, striving to perform the liabilities but not to achieve the maximum result. External measures are performed with the universal approach, which is effective in certain cases but ineffective in others.

Being unable to take into account specific peculiarities of each tourism company, the state develops the generalized measures that are to increase sustainability of entrepreneurship in the tourism sphere on the whole. At that, sustainability of certain tourism companies may reduce. It should be noted that differentiation of characteristics of companies in the tourism sphere is very high. They differ as to the size, market segments, assortment of products, *etc.*

As a result of realization of external measures, sustainability of tourism companies of certain type will increase, while the companies of other types will develop in the unstable way and, probably, will be ousted from the market. For external measures, only the official corporate financial accounting of tourism companies is accessible, which determines limited capabilities for evaluation of their sustainability and development of the corresponding measures, aimed at its increase.

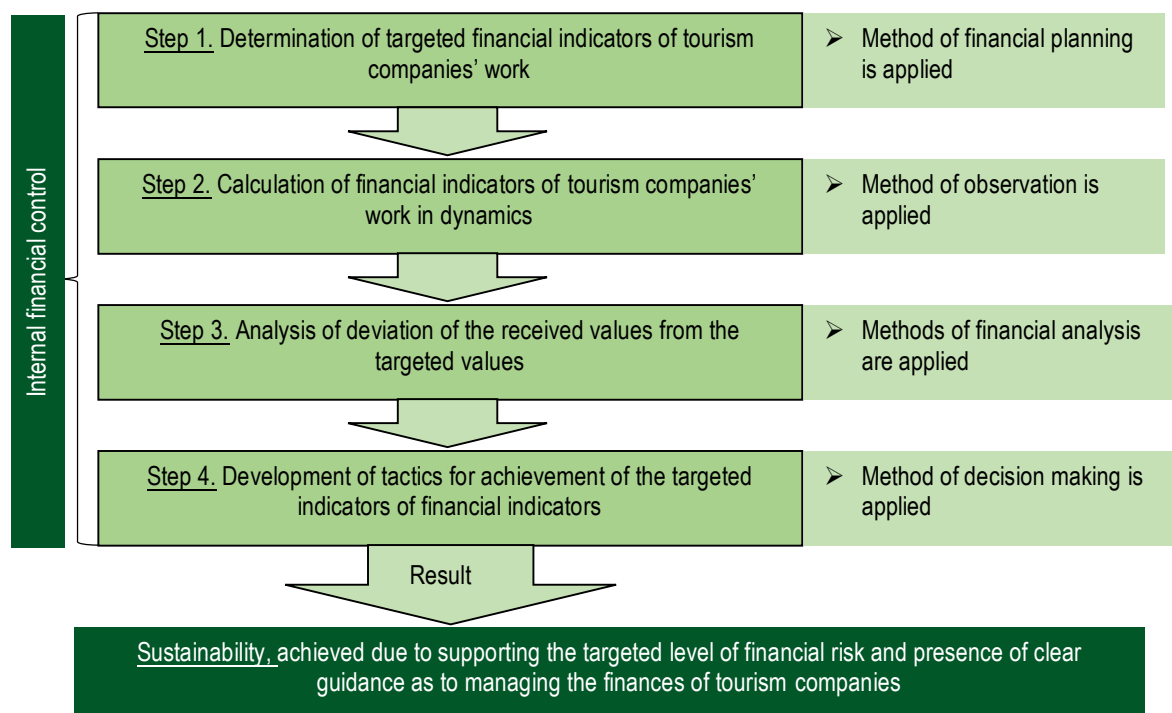
Taking into account that the official corporate financial accounting is prepared for a certain period, evaluation of sustainability of tourism companies with the help of external measures is connected to this moment. This may be a reason for incorrectness of the results of evaluation – if the evaluation aspect is not typical for tourism companies. All the above determines low effectiveness of external measures as to provision of sustainability of tourism companies' development.

The measures of internal financial control differ from the external measures. Their initiators are tourism companies, for they show high interest (for which the corresponding measures for motivation and stimulation of responsible workers are performed) in the results of these measures and take their realization responsibly. The load is set on corporate budgets of tourism companies, which allows realizing these measures in full even in the deficit of the state budget.

The measures of internal financial control are selected in view of peculiarities of each specific tourism company, which allows realizing the individual approach, which is highly-effective as to the specific tourism company. This is stimulated by the fact that during evaluation of sustainability all internal financial accounting of tourism companies is accessible, which includes not only standard data but also analysis. The evaluation is dynamic, as it is performed on the basis of the information for all time of work of tourism companies (at any period of time).

These advantages, as compared to external measures, allow achieving larger effectiveness of measures of internal financial control as to provision of sustainability of tourism companies. For maximization of the effectiveness, we offer to use the following (proprietary) algorithm of internal financial control (with the corresponding methods) in the interests of provision of tourism companies' sustainability (Figure 1).

Figure 1. The recommended algorithm of internal financial control in the interests of highly-effective provision of sustainability of tourism companies



As is seen from Figure 1, we distinguished four successive steps within the process of conduct of internal financial control in the interests of highly-effective provision of tourism companies' sustainability. At the first step, the targeted financial indicators of the work of tourism companies are determined (revenues, profit, credit debt, etc.), for which the method of financial planning is used.

At the second step, the financial indicators of the tourism companies' work in dynamics are calculated with the help of the observation method. The third step is analysis of deviation of the received values of the indicators from the targeted values with various methods (financial analysis, horizontal and vertical, etc.). At the fourth step, the tactics for achievement of the target values of financial is developed with the help of the method of decision making. As a result, high sustainability of tourism companies is achieved, due to supporting the target level of financial risk and clear guidance as to managing the finances of tourism companies

Conclusion

Thus, the received results of the performed research allowed collecting scientific proofs in favor of the offered hypothesis. The internal financial control, due to the interest in maximization of the result, and flexible and adaptive

approach to finances management shows high effectiveness as to provision of sustainability of tourism companies development. Maximization of effectiveness of application of the methods of internal financial control can be achieved by means of application of the developed algorithm.

At the same time, it is necessary to pay attention to certain limitations of application of the internal financial control methods at tourism companies. These include not all tourism companies' having the capabilities (primarily, resources) for the internal financial control. As a rule, only the largest market players have such capabilities, and the beginning companies cannot allow performing full-scale financial control.

Another limitation is the voluntary character of internal financial control – lack of the corresponding obligation leads to not all tourism companies' applying its methods. This is caused by the necessity for realizing the need for internal financial control and readiness for allocation of resources for that, *i.e.*, application of the responsible and strategically oriented approach to doing business.

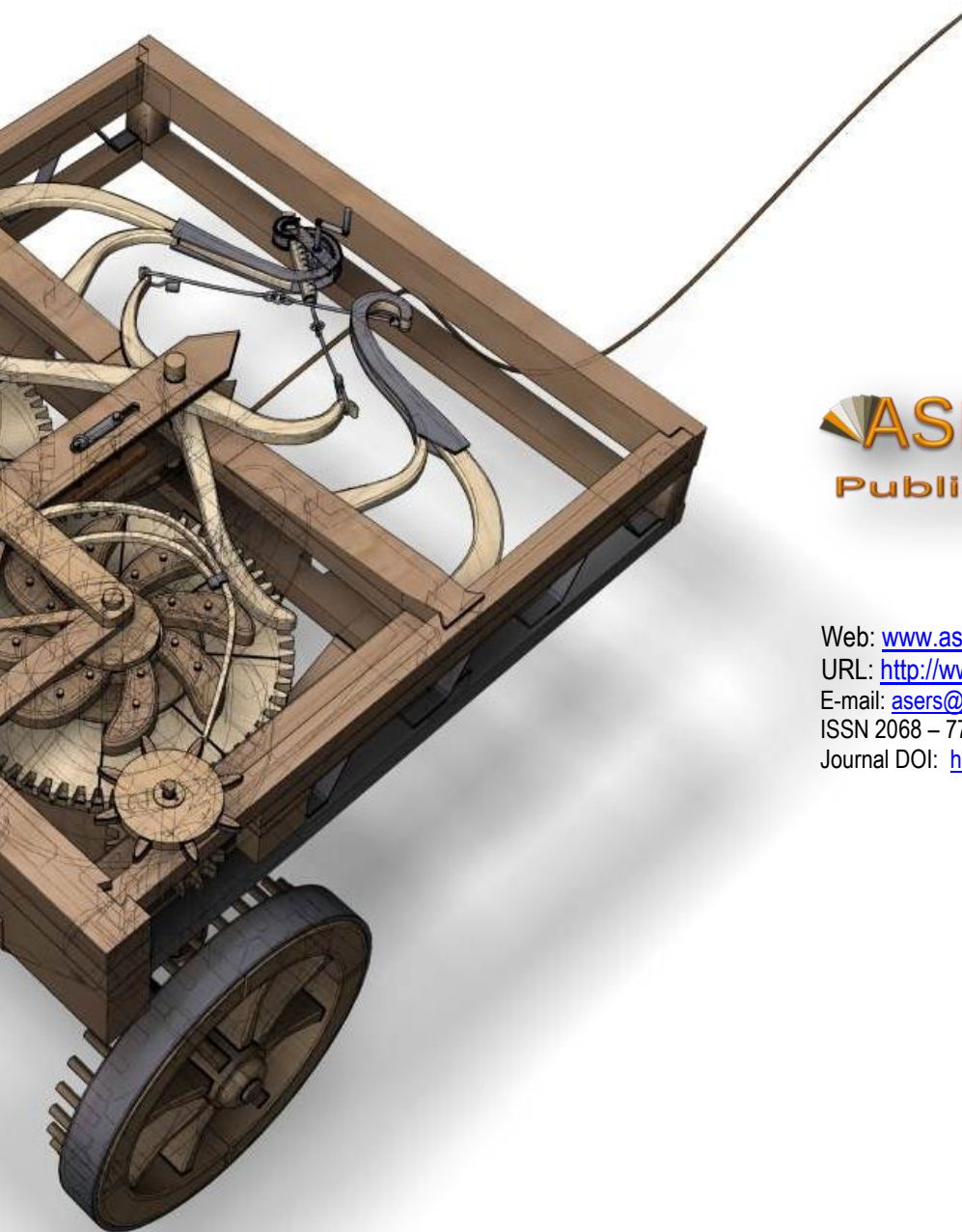
In the modern Russian practice, a lot of small companies work in the tourism sphere, which, in case of absence of normative requirements from the state, do not show their own initiative in the sphere of increase of their financial sustainability. The search for the methods of overcoming these limitations and achieving the possibility of highly-effective practical application of the methods of internal financial control by all companies of the tourism sphere is a perspective direction for further scientific research.

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