

CABI TOURISM TEXTS

Rural Tourism and Enterprise

Management, Marketing and Sustainability

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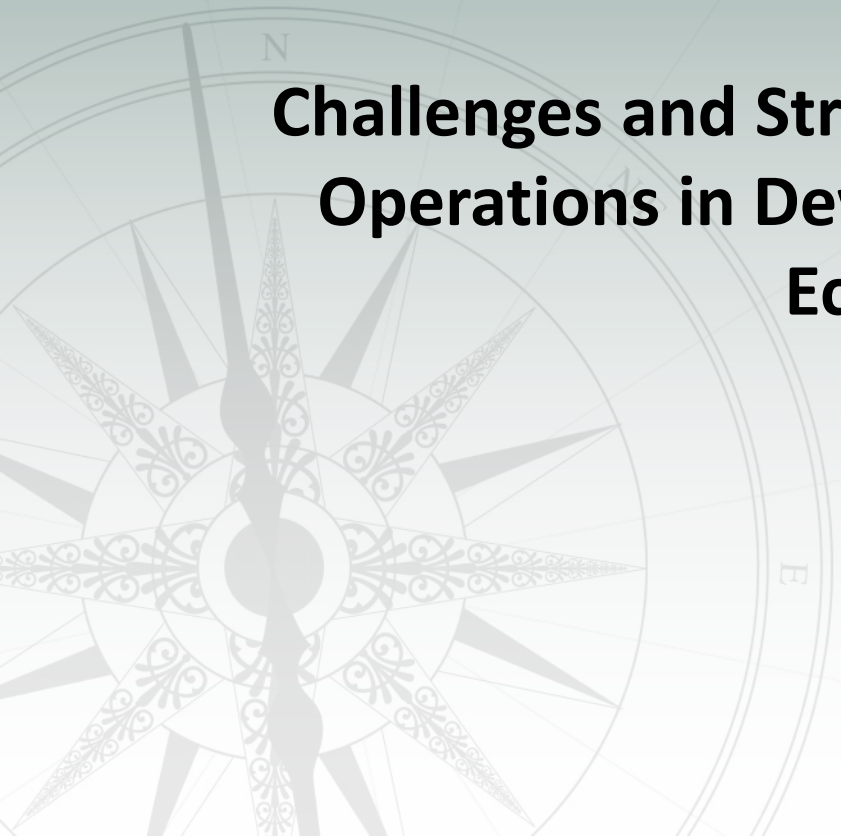


COMPLIMENTARY TEACHING MATERIALS



CHAPTER 11

**Challenges and Strategies for Rural Business
Operations in Developed and Developing
Economies**



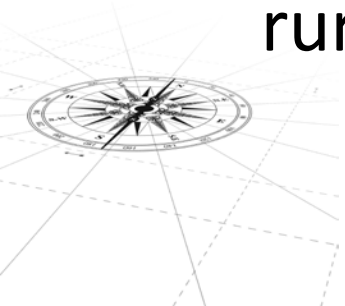
LEARNING OBJECTIVES

After studying this chapter you should be able to:

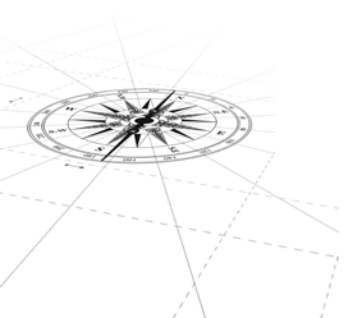
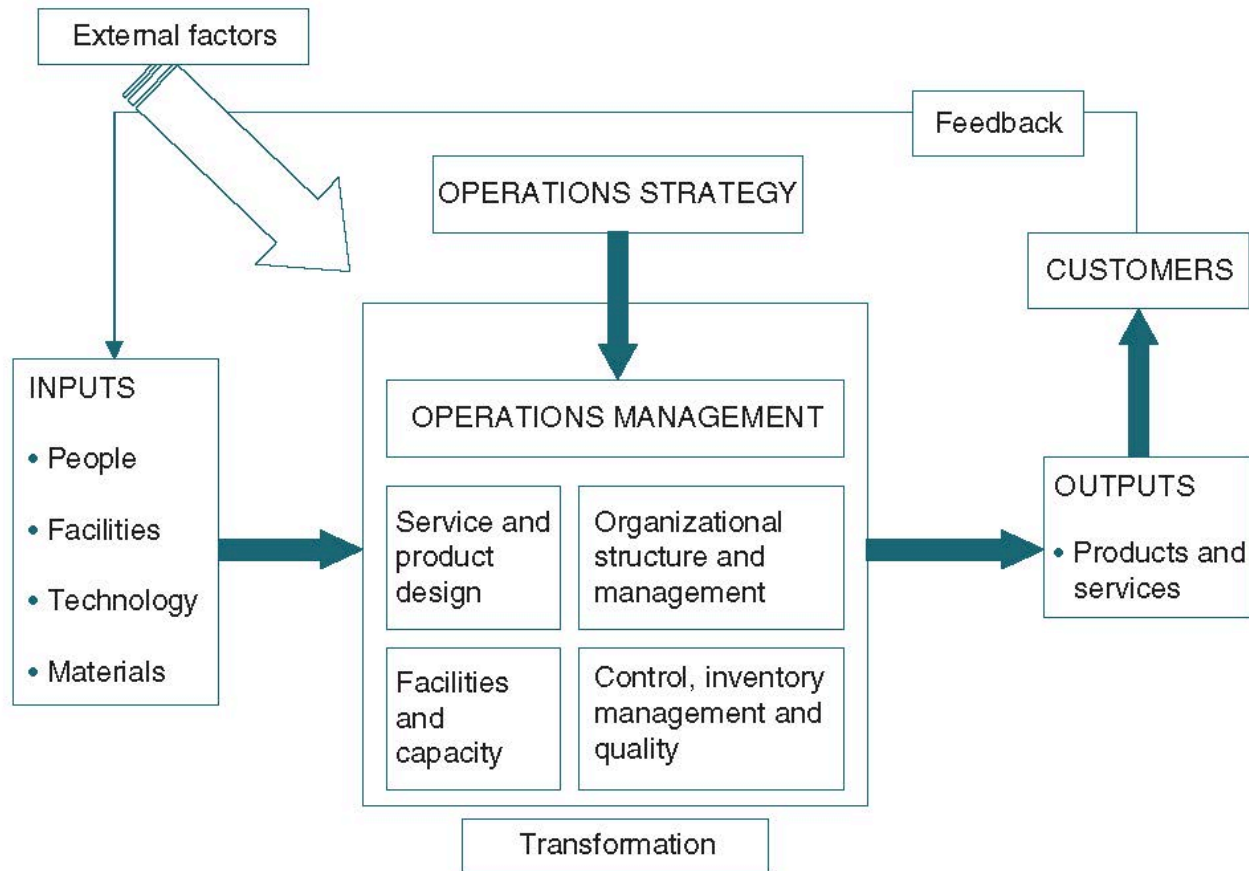
- Explore the differences, and the similarities, between operations management in the developed and developing world
- Explain the interrelationship existing between operations, finance and marketing in the delivery of the tourism offer
- Consider the role of operations management within SMEs
- Reflect upon and collate reasoned deductions and conclusions about the management of service operations

1 INTRODUCTION

- Operations management is a key element of running any business
- Underlying principle of operations management is the same for all businesses
- Urban-rural or developed-developing divide poses different challenges
- Strategies employed depend on context particularly in the rural setting
- Skills development is vital due to the nature of rural business environment

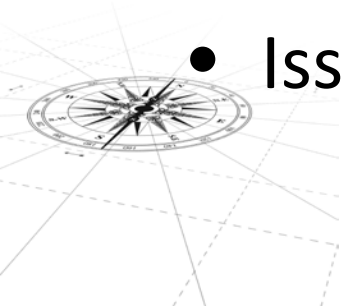


2 THE OPERATIONS MANAGEMENT MODEL



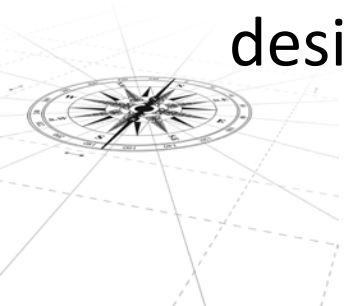
3 SUPPLY, DEMAND AND CAPACITY MANAGEMENT

- The concepts of supply and demand are inseparable in operations
- Management of demand and supply facilitates forecast of operations management requirements and capacity planning
- Both the developed and developing world rely predominantly upon travellers from developed countries
- Issue of neo-colonialism



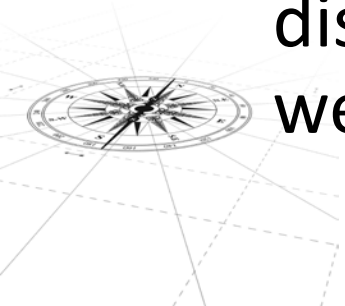
4 RURAL TOURISM PRODUCT DESIGN AND DEVELOPMENT

- All products are susceptible to the life cycle
- Products in developed and developing country contexts are at different stages of life cycle model
- Challenges in this regard also differ
- To maintain competitive advantage, regardless of location, it is necessary to continually review, improve and innovate
- The role of technology in rural tourism product design and development



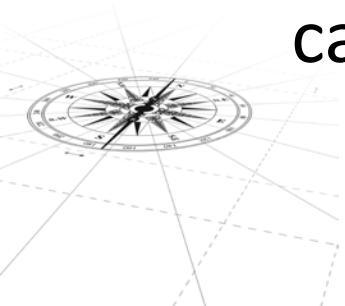
5 FACILITIES MANAGEMENT AND RURAL ENTERPRISE IN THE DEVELOPED WORLD

- Facilities management well developed and better organized unlike in the developing context
- Property management companies service a number of classes of clientele ranging from private landowners, institutions, charity organizations, public and private corporations
- Challenges: multiplicity of use of land, disputes, planning permit issues and severe weather conditions



6 FACILITIES MANAGEMENT IN DEVELOPING COUNTRIES

- Local buildings built from local resources add value and charm to the tourist experience
- Need for conservation
- Challenges: lack of skills, money, technology or awareness of customer expectations
- Local buildings that are not primarily built for tourism may not necessarily need much capital outlay in terms of maintenance



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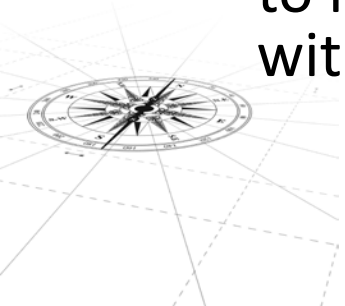
SERVICE OPERATIONS

- The delivery and managing of visitor service experience is germane to the business of rural tourism enterprises
- Service experience management is beset with somewhat similar challenges in both developed and developing contexts
- Small scale enterprise service providers are unlikely to be well trained or experienced
- Service experience management relies heavily on informal service in both contexts
- Dilemma of 'going extra mile for visitors' enjoyment' vs exploitation of operator's naivety by visitors
- Lack of clarity of service concept



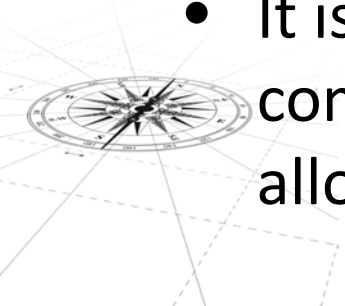
8 LOGISTICS AND SUPPLY CHAIN MANAGEMENT

- Logistics and supply chain management are interconnected concepts which are often not discussed in isolation
- Managing logistics and supply chain is not an easy task, particularly in rural business operations
- This difficulty is not peculiar only to developing countries; it is an operational difficulty that is associated to rural businesses in the developed world as well
- Supply chain management and logistics activities in rural tourism and business may range from farming, production of souvenirs, to delivery of catering products, to information systems management and compliance with health and safety regulations



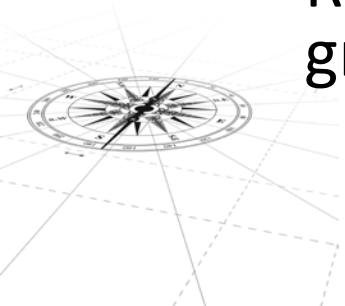
9 **MANAGING RISK AND HEALTH & SAFETY**

- Trips to rural areas are 'risky ventures' by nature
- In tourism operations both the operator and visitor owe a duty to observe appropriate health and safety rules
- Health and safety and risk management in countries such as Canada, the United States, Australia and the United Kingdom are quite stringent but they are less so in many developing countries
- Implications for tour operators contrasting hotels and resorts in the developing world
- It is highly likely that the lack of rules, regulations and compliance is part of the charm that pulls many allocentric travellers



CONCLUSION

- Operations management defines a process of transformation inputs to outputs
- It provides a framework through which a wide range of resources and processes are managed employing a series of techniques and methodologies
- The elements of operations management are common to businesses in both developed and developing countries, however, their implementations are often markedly different
- Rural businesses aiming to survive and possibly grow must have appropriate strategies in place



FURTHER READING

- Johnston, R. and Clark, G. (2005) *Service Operations Management: Improving Service Delivery*, 2nd Edn. London: Prentice Hall.
- Oriade, A., Robinson, P., Gelder, S. and Osinaike, A. (2016) Business Operations Management, in Robinson, P., Fallon, P., Cameron, H. and Crotts, J. (eds.) *Operations Management in the Travel Industry*, 2nd edition, Wallingford: CABI.
- Slack N., Chambers S. and Johnson R. (2007) *Operations Management*, 5th edn. Edinburgh: Pearson Education

