

Alina Katunian✉, **Lina Zirnele**, **Jolita Variakojiene**

Vilniaus Kolegija, University of Applied Sciences

Theoretical and practical assumptions of the business travel organization. Lithuanian case

Summary: The aim of this article is to analyse the theoretical and practical assumptions of the business travel organization. Development of the business tourism and growth of the business trips was mainly influenced by the development of the international business. Nowadays business tourism is in a great request, business travellers book a lot of tourism services, for instance: accommodation, transportation, insurance and other services. Different companies have different approach and capabilities towards organization of the business trips: organizing through tour operators, self-organizing by the employees, organizing by the tourism professionals employed in the company. The article reviews the tendencies and represents the Lithuanian case of the business travel organization.

Key words: business trips, business tourism, MICE, Lithuania

Introduction

The world is constantly changing and it is becoming a smaller and more connected place. There are more people traveling for business than ever before. The business travel industry continues to grow, the experts say that global business travel spend will reach USD 1.9 trillion by 2022 and most employees nowadays see corporate travel as an opportunity rather than an obligation. According to the newest studies, international business travellers consider travel as a valuable activity for both professional and personal growth.

Due to the growth of the international business in the international area tendentially, the business tourism is growing as well. Business tourism as a type of tourism mainly is concentrated on the trips related to the professional activities. The aim of this article is to analyse the theoretical and practical assumptions of the business travel organization. The Lithuanian case of the business travel organization in the companies: preferences, habits, tendencies, is analysed in the article. The data mentioned above was collected using the survey method, respondents were representing different economic business fields.

✉ a.katunian@vfv.viko.lt

Theoretical Assumptions of Business Tourism

In the past decades, due to the growth of the international business and related activities, there was a growth of the business tourism sector. Business tourism by R. Davidson was defined as: “Business tourism is concerned with people travelling for purposes which are related to their work”¹. Business trips can be very different, depending on the purpose of the trip. In the International Recommendations for Tourism Statistics a definition of a business and professional purpose of a tourism trip is provided: “The business and professional purpose of a tourism trip includes the activities of the self-employee relationship with a resident producer in the country or place visited, those of investors, businessmen, etc.”². Variety of the business trips also depends on the form of the main activities during the trip: meetings, conferences etc. Related concepts in the context of the business tourism are, “Meetings industry” and MICE (Meetings, Incentives, Conferences, Events)³. All mentioned above definitions and concepts represent the diverse nature of the business tourism. Existence of different tourism services such as accommodation, transportation, insurance services etc., is necessary in Business tourism. Business tourism became an important economic sector in many regions around the globe, it can be stated, that business tourism is supportive towards other business sectors⁴. Business tourists tend to spend three times more comparing to the leisure tourists, which can be explained in a way, that business tourists usually are funded by their employers, whereas leisure travellers use their own financial resources. At the same time business tourists are more inclined to purchase the luxury, more comfortable, time saving services at the destination⁵. Business tourism has a direct influence on the tourism development and indirect influence on the promotion of investment, trade, communications, technology, education and professional development of the local community⁶.

Theoretical Assumptions of Business Travel Organisation

Creation of the trips, including the business trips, is a prerogative of the tour operators. It is stated in Lithuanian tourism law, that tour operator is a legal person or individual person organizing and selling the tourist trips. Tour operators together with the travel agencies and wholesalers belong to the group of intermediaries. Intermediaries play an important role in the tourism system. Tourist trip, which can also be defined as a tourism product, shall consist of at least two tourism services as accommodation

¹ Swarbrooke J., Horner S.: Business Travel and Tourism, Butterworth-Heinemann, Oxford 2001, p. 4

² UN: International Recommendations for Tourism Statistics 2008, New York 2010., p. 25.

³ Buhalis D., Costa C.: Tourism business frontiers: Consumers, products and industry, Elsevier, Oxford 2005, p. 57

⁴ Kumar J., Hussain K.: Estimating the economic impact of business tourism: a review of issues and method, Researchgate, [in:] 12th APacCHRIE Conference 2014, https://www.researchgate.net/publication/273317642_Estimating_the_Economic_Impact_of_Business_Tourism_A_Review_of_Issues_and_Methods (access: 28.03.2020)

⁵ Inkson C., Minnaert L.: Tourism management, second edition, Sage Publications Ltd, London 2018.

⁶ UNWTO: Report on the Meetings Industry, 2014, https://www.themeetingsindustry.org/storage/industry_news/14.3_UNWTO_Global+Report+on+Mtgs+Industry (access: 05.04.2020).

and transportation⁷. The mentioned tourism services and tourism products can be purchased together or separately, through the tour operators, travel agencies or individually.

Tour operators offer a number of benefits to tourists and suppliers of the tourism services. Benefits for the tourists can be as mentioned below:

1. Easier and more organized access to information about the destination and suppliers within it;
2. Advice and guidance;
3. Possibly obtaining lower prices;
4. In some generating regions (for example EU) financial protection for customers' payments to agencies and operator in the event of the intermediary's insolvency;
5. Advice and assistance during the trip⁸.

It can be stated, that a business trip differs from other tourism product (leisure, medical etc.) in its purpose and need for comfortable and fast services.

Methodology

In order to analyse the business travel organization process in Lithuania, a survey method was chosen. In the period of April–June 2019, in 87 companies operating in Lithuania took part in the survey: 18 big companies (more than 250 employees), 16 medium size companies (less than 250 employees), 33 small companies (less than 50 employees), 20 very small size companies (less than 10 employees). Respondents represented the companies from all the groups of Classification of Economic Activities⁹.

Organizing the Business Trips in Lithuania

The majority of the respondents (67.8% from the 87) answered, that they regularly go on business trips, 10.3% answered that they do not go, but are planning to go in the future, and 21.8% answered, that they do not go and do not plan to go in the future.

It shows that the majority of the Lithuanian enterprises can be real customers of the tourism enterprises and use their services to simplify planning of the business trips.

There is an obvious tendency, that companies do see the potential growth and the related additional travelling of the employees, which creates possibility for the tour operators and travel agencies to gain the clients (Fig. 1).

Big companies have more than 100 business trips per year, 4.6% of the respondents in the survey chose this answer. However, the majority of the respondents (58.6%) answered that their companies employees have 1 to 25 trips per year (Fig. 2).

It can be assumed that the majority of the companies' employees have business trips more than one time per year.

⁷ Lithuanian Tourism Law, 2018, <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/3c3504d2804011e89188e16a6495e98c> (access: 30.03.2020)

⁸ Inkson C., Minnaert L Tourism management, op. cit.

⁹ Classification of Economic Activities of Republic of Lithuania

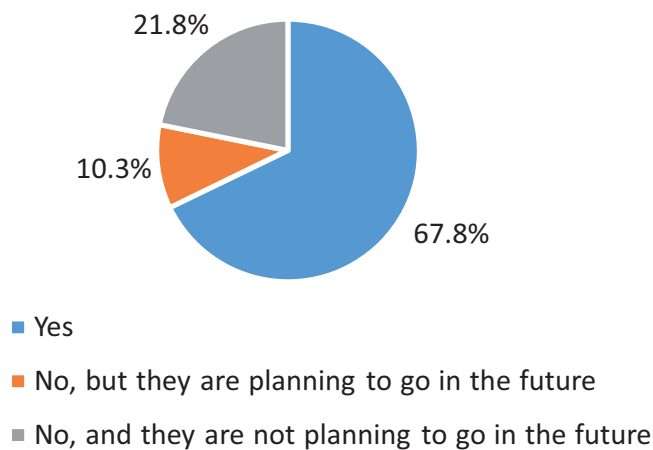


Figure 1. Do your company's employees go on business trips?

Source: own research.

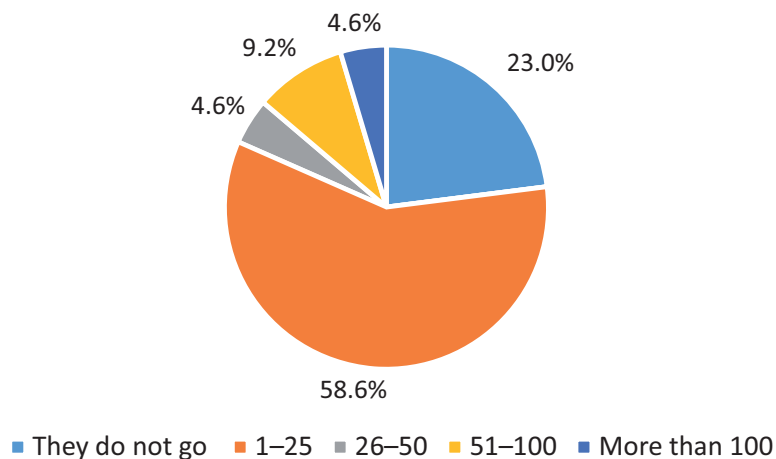


Figure 2. How many times per year do your employees go on business trips?

Source: own research.

Over 1/5 of the respondents (21.8%) confirmed, that the budget for the business trips exists in the companies they work for. In quite many cases (24.1%) funds are allocated on request (Fig. 3).

It shows that only one-third of the companies have budget for the business trips, that means they are planning trips in advance. The other one-third of the companies allocate funds to business travellers only on request. And the last one-third has no funds and still does not think about such possibility.

In the majority of the cases (49.4%) companies do not have a person responsible for the business trips planning. It can be assumed, that employees usually plan the business trip and book the tourism services on their own (Fig. 4).

It can be assumed that travel companies are able to present their services to other companies, providing an explanation that it is much easier to book plane tickets, ac-

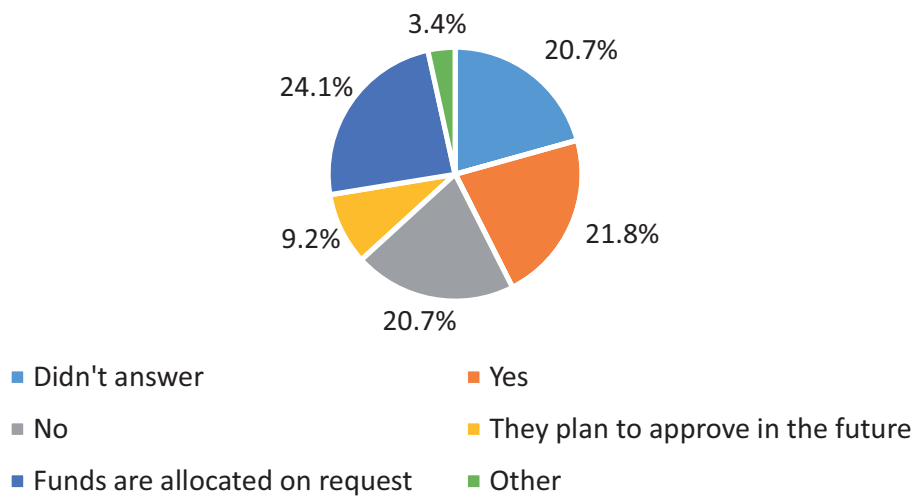


Figure 3. Is business trip budget approved in your company?

Source: own research.

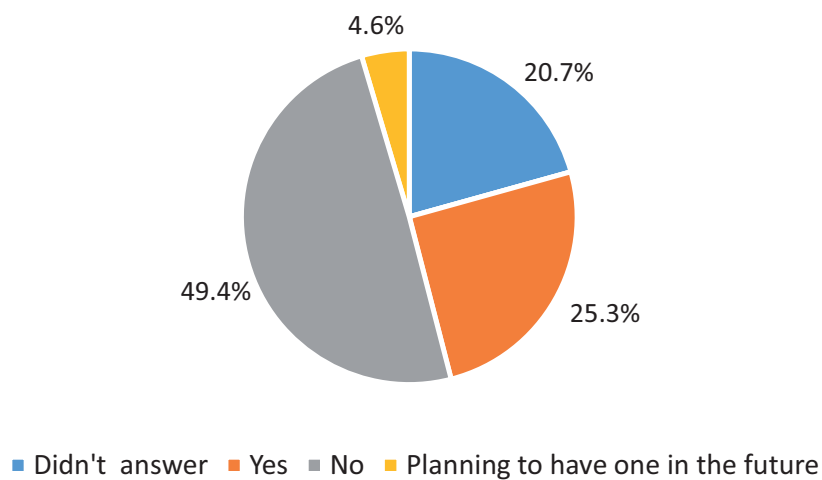


Figure 4. Is there a person in your company responsible for business trip planning?

Source: own research.

commodation, transport, conference halls and etc. for business trips by concluding long term cooperation agreements with them.

The main regional destinations for the business trips are Europe (87%) and Asia (7.8%) (Fig. 5).

As Europe is the main destination, it can be explained why the business travel bookings are done individually. It is easier to find information and the majority of flights are direct. Companies can use cheap flights, which means less expenses for business travels and a possibility for the company to save.

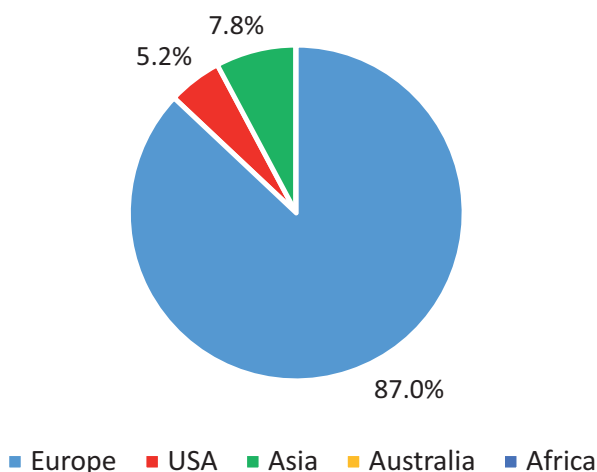


Figure 5. Destinations Frequencies

Source: own research.

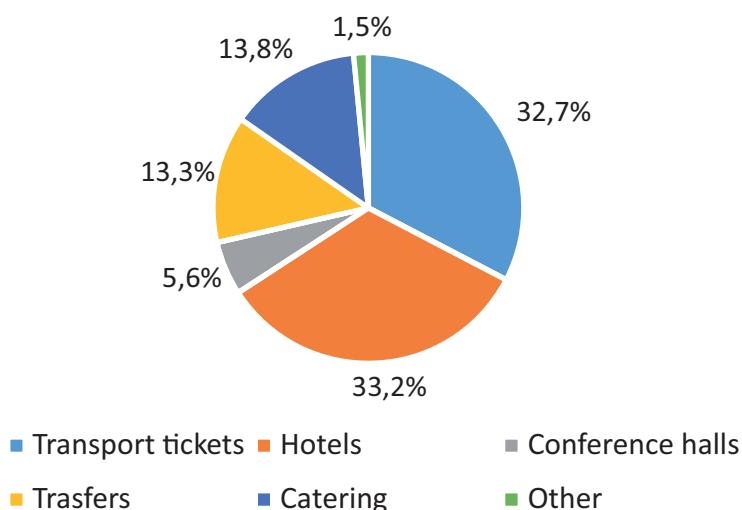


Figure 6. Tourism services frequencies

Source: own research.

The main tourism services, mentioned by the respondents, which are most frequently booked, were accommodation services (33.2%) and transportation services (32.7%) (Fig. 6).

Respondents stated that the current situation of business travel organisation is satisfactory (49.4%), and 27.6% would like to improve the current situation. Respondents mentioned the following aspects to be improved:

- often the cheapest options are chosen, giving less attention to the quality;
- organizing the business trip takes a lot of time;
- the person responsible for the business trip organisation is needed;
- it is difficult to have a person, responsible for business trip organisation, in case of the big companies;

- often trips are organized last minute, so instead of being cheaper it becomes more expensive;
- the faster reaction and flexibility from the tour operator and travel agency is needed; Sometimes it takes longer to organize a business trip through the travel agent than individually;
- organizing trips through the travel agents is time consuming.

According to the survey can be seen that employees of the companies go on business trips regularly, but the majority has no funds, nor a responsible person to organise a business trip. The main destination for business travel is Europe and the services they are looking for are accommodation and transportation. It can be a big opportunity for travel companies to present their services. It can be done by meeting companies' representatives in their office, at the client's office or anywhere else. Travel companies have to explain that they can book accommodation, transport, catering, conference halls quicker, more efficiently and they can offer a better price – the majority have agreements with hotels, restaurants or conferences halls and can offer more favourable prices.

Conclusions

As the number of people traveling for business is increasing every year, the business travel industry continues to grow. Therefore, there is a need for a company to have a responsible person or travel organisation, which could help to organize business trips for employees. Business trips differ from other tourism products in its purpose and need for comfortable and fast services.

The survey of the companies in Lithuania showed that most of the employees go on business trips at least once per year. Only one-third of the companies which participated in the survey plan their budget for business trips in advance. Almost half of the companies stated that they do not have a responsible person who organises business trips. Therefore, most of the business travellers plan their trips individually.

If companies decided to contact travel agencies in order to arrange services related to business trips (accommodation, transportation, conference venues etc.), they could get the services at a more favourable price, more quickly and efficiently.

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