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Education Excellence and Innovation Management:  
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## **Development of the Tourist sphere in Ukraine: Socio-Economic Aspect**

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### **Abstract**

The relevance of studying the main aspects of tourism development in Ukraine is due to the fact that in recent decades tourism has developed significantly and has become a massive socio-economic phenomenon. Its rapid development is facilitated by the expansion of political, economic, scientific and cultural relations between Ukraine and other countries. Therefore, the enquiry of the tourism activities status, the identification of the main functions and factors that affects its development have big importance for the further development of this industry. The purpose of the article is to investigate and analyze the economic status of the tourism industry on the basis of inbound and outbound tourism. Social and economic aspects of development the tourism sphere in Ukraine are outlined and investigated in the article. In the course of the study the dynamics of tourist flows was identified and analyzed. The basic elements, functions and factors that affects on the development of the tourism industry are highlighted. The principles of implementation of the state tourism development policy in Ukraine and ways of its realization are generalized. As a result, it is stated that the further development of the tourism industry should be based on new mechanisms of management, effective organizational and management structures, economic freedom of producers of tourism products which in conditions of free competition will ensure the saturation of the market with high-quality services and promote the socio-economic development of the country.

**Keywords:** tourism, tourist activity, development, social environment, economy.

### **Introduction**

The relevance of studying the main aspects of tourism development in Ukraine is due to the fact that in recent decades tourism has developed significantly and has become a massive socio-economic phenomenon. Its rapid development is facilitated by the expansion of political, economic, scientific and cultural relations between Ukraine and other countries.

Therefore the enquiry of the tourism activities status, the identification of the main functions and factors that affects its development have big importance for the further development of this industry. However due to the unstable condition of the economy, both in Ukraine and in the world as a whole, the issues of studying the status of tourism activity need constant research. In the educational and

professional literature little attention has been given to research of the status of the tourism industry and the factors that affects the development of the tourism industry. All this testifies the relevance of the topic and therefore the direction of the study has been determined and defined its task.

The purpose of the article is to investigate and analyze the economic status of the tourism industry on the basis of inbound and outbound tourism. The tasks of the article consists in identifying the main tourist flows, elements, functions and factors that affects the development of the tourism industry, generalization of principles of implementation of the state tourism development policy in Ukraine and ways of its implementation.

## **Literature Review**

The question of tourism development as a socio-economic phenomenon is considered by many scholars. Among foreign scientists should be noted works written by *A. Hussen, S. Medlik, S. Pike, C. Sandage, V. Fryburger, K. Rotzoll, W. Wells, J. Burnett, S. Moriarty, Ch. Pearce*; and domestic – *V. Azar, N. Golda, R. Kozhukhivska N. Parubok, N. Petrenko, S. Podzihun, I. Udovenko* and others. However, theoretical positions and practical recommendations regarding to the social and economic development of tourism remain poorly researched. The relevance of these problems has led to the choice of research topic.

## **Methodology**

The theoretical and methodological basis of the study is the scientific work of domestic and foreign scientists in studying the social and economic aspects of tourism development, as well as personal evaluative comments of the author. Methods of comparative and economic analysis, expert assessments, graphical interpretation, were used, etc. Thus, the dynamics of tourist flows in Ukraine has been estimated on the basis of the use of economic analysis and graphical interpretation of the data; factors of influence on the development of the tourism industry were determined using the methodology of comparative analysis and expert evaluations.

## **Results**

Considering the tourist activity it is necessary to distinguish in it on the one hand, technical, technological and organizational processes, and on the other - the economy of this activity. Economy of tourist activity include:

- creation and provision of tourist services in volumes and in terms stipulated by the contract for the organization of travel;
- effective use of existing and creation of new logistical and resource base of tourism;
- provision of foreign exchange receipts to the state (region) budget and profit of tourism entities;
- cooperation of means of tourist activity;
- promoting the employment of the population and meeting its needs.

The tourism business is the only one economic and technological system for the formation and sale of the tourism product in order to meet the demand for tourism services. It covers four main elements: the production of tourist services; completing of tourist product; realisation of a tourist product or a separate service; consumption of the tourist product (services).

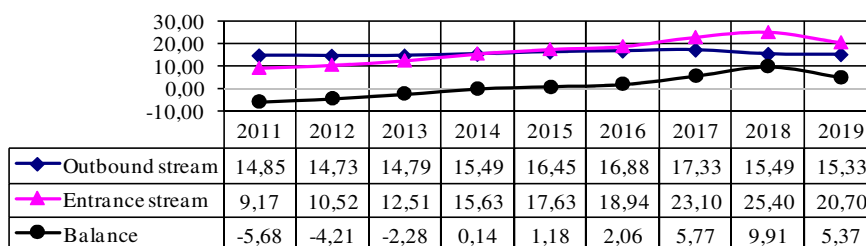
Economics of the tourism business is, on the one hand, a set of social relations that arise during the implementation of tourism activities that consists in the production, distribution, exchange and consumption of tourism services (tourist product), which is studied by economic theory, and on the other hand, is an integral part of the national economic complex of the country as a catalyst for economic growth.

The tourist business as a component of the economic complex of the country is characterized by the following properties and functions:

- has its own industry of manufacturing and providing services to tourists;
- creates tourist services, forms tourist products and implements them;
- shapes the market for tourist services of various levels of complexity;
- acts as a multiplier for the growth of national income, gross domestic product, employment of the population, development of infrastructure and improvement of the standard of living of the population;
- is an area where jobs are created and high levels of efficiency and rapid return on investment are ensured;
- acts as an effective tool that protects the environment and the historical and cultural heritage of mankind, which is the material basis of the tourism resource potential and forms a specific sphere of activity;
- compatibility with all spheres, industries and types of human activity;
- has advantages in the integration and globalization processes taking place in the world.

The main feature of tourism is its ability to influence the economy of the region, country and world. Ukraine has all the objective prerequisites for the intensive development of inbound and outbound tourism. With its favorable geopolitical location, Ukraine has great tourism and recreational potential, a favorable climate, world-class cultural and historical sites and a fast-growing tourism industry. Considering the place and role of tourism in the world economy, the Cabinet of Ministers of Ukraine approved on April 29, 2014 *Program of tourism development in 2015-2022*. In which the priority to inbound and inland tourism was given. The result of impementation *Program of tourism development in 2015-2022* was an increase in the number of inbound tourists over the outbound ones. During the period of 2011-2019, outbound tourist flow increased from 14.85 million in 2011 to 15.33 million in 2019, while over the same period the inbound tourist flow increased from 9.17 million in 2011 to 20.7 million in 2019.

Fig. 1 presents graphically the dynamics of tourist flows in Ukraine during the 2011-2019.



**Fig. 1: Dynamics of tourist flows in Ukraine, 2011-2019, million people\***

\*Source: built on the data of *The State Statistics Committee of Ukraine*.

Assessment of the tourist flows dynamics (Table 1) shows that during 2011-2019 years there were positive trends in the development of tourism in Ukraine, namely – there was a more rapid growth of inbound tourist flow against the background of slow growth (in 2016-2017 gradual reduction) of outbound tourism, which gradually led to the creation of a positive balance of tourist flows in 2018.

**Table 1: Assessment of the tourist flows dynamics in Ukraine during 2011-2019\***

Years	Outbound tourist flow			Inbound tourist flow			Balance of tourist flows
	Million people	Increase in million	Growth rate, %	Million people	Increase in million	Growth rate %	
2011	14,85	–	–	9,17	–	–	-5,68
2012	14,73	-0,12	-0,8%	10,52	1,35	14,7%	-4,21
2013	14,79	0,06	0,4%	12,51	1,99	18,9%	-2,28
2014	15,49	0,7	4,7%	15,63	3,12	24,9%	0,14
2015	16,45	0,96	6,2%	17,63	2	12,8%	1,18
2016	16,88	0,43	2,6%	18,94	1,31	7,4%	2,06
2017	17,33	0,45	2,7%	23,1	4,16	22,0%	5,77
2018	15,49	-1,84	-10,6%	25,4	2,3	10,0%	9,91
2019	15,33	-0,16	-1,0%	20,7	-4,7	-18,5%	5,37

*\*Information for the period 2014-2019 is given without taking into account the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, and part of the temporarily occupied territories in Donetsk and Luhansk regions.*

*\*\*Source: built on the data of The State Statistics Committee of Ukraine.*

Thus, the process of becoming a tourist market in Ukraine during the 2011-2019 in Ukraine, on the one hand, led to a rapid saturation of the tourism market, an increase in the number of tourist companies, qualitative and quantitative indicators of their activities.

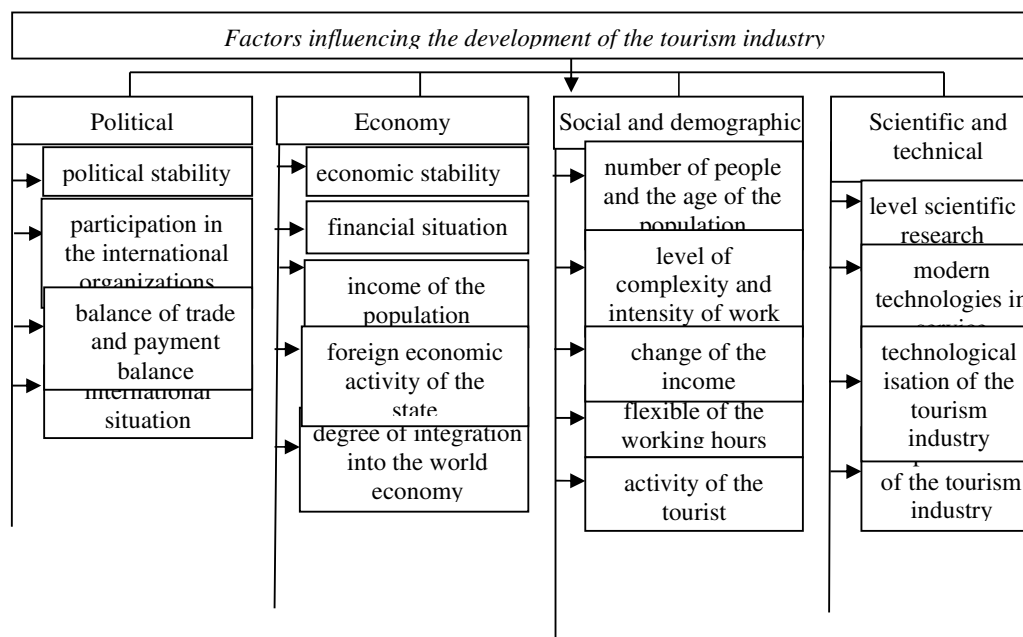
On the other hand, recently the tourist market of Ukraine has a high degree of volatility of the market situation in the conditions of economic crisis, significant seasonal fluctuations in demand for tourist services, increased competition, limited resources and so on, which leads to complex management problems in tourism enterprises.

Despite the current crisis phenomena that will in the future affect the demand and use of offers in the tourism market we predict its further development. A necessary condition for the tourism industry functioning is a stable political environment in the country.

Among the factors that affects the development of tourism should be highlighted those ones, related to the political, legal and socio-economic situation in the country and the world (Fig. 2).

The positive action of the tourism development factors ensure high economic results, stable development of activities and successful resolution of social issues.

The factors of influence on tourism in Ukraine, highlighted in the course of the study, identified the goals of state regulation and priority directions of tourism business development envisaged by the Law of Ukraine "About Tourism".



**Fig. 2: Factors of influence on the development of the tourism industry\***

\*Source: made by the author.

The main goals of state regulation of tourist activity are:

- securing the rights of citizens to rest, restore and promote health, to a safe and environmentally friendly life, to satisfy spiritual needs and other rights;
- protection of the rights and legitimate interests of tourists and business entities;
- restoration and preservation of the integrity of tourist resources of Ukraine, their rational use and protection in the planning and development of the territories on which tourist visit sites are located;
- creation of favorable conditions for improvement and development of tourism industry, support of tourist activity priority directions.

Priority directions of the state policy of tourism development include:

- improvement of legal bases of regulation of tourist relations;
- establishment of tourism business as a highly profitable branch of economy;
- encouraging national and foreign investment in tourism industry development and creation of new workplaces;
- promotion of inbound and inland tourism, rural and ecological (green) tourism;
- expanding international cooperation in the field of tourism and establishing of Ukraine in the world tourism market;
- harmonization of the legislation of Ukraine on tourism to the world requirements, creation of normative base of functioning of systems of standardization and certification of works and services in the tourist business, etc.

## Conclusions

The development of tourism business in Ukraine is on a market basis, but it is not in "free navigation", because it is regulated by the state on the basis of legislation, national policy and

indicative planning of all types of tourism. The main tasks of economic activity in the sphere of tourism, in our opinion, are:

- creation (completing) of an innovative tourism product;
- formation of the tourist services market;
- improvement of tourism infrastructure;
- implementation of tourist services based on the use of computer technologies;
- priority development of inland and inbound tourism.

Tourist activity is based on the conditions and factors involved economy, politics, culture of the countries of the world, speed of penetration into the world civilization, the ability to adapt to the new tourist technologies based on computer technology, and the flexible advance to integrative and other processes in the world space.

An assessment of the dynamics of tourist flows shows that there are positive trends in the development of tourism in Ukraine in recent years.

The implementation of the state tourism development policy should be based on compliance with the legal framework of the legislation in the field of tourism industry, development of cooperation with foreign countries and international tourism organizations and participation in the development and implementation of international tourism development programs, etc.

Further development of the tourism industry should be based on new mechanisms of management, effective organizational and management structures, economic freedom of producers of tourism products, which in conditions of free competition will provide saturation of the market with high quality services and promote the socio-economic development of the country.

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