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Development of Economic Complex of The Tourism Industry in Ukraine

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Abstract

This article explores that tourism is an important part of the country's economy. The current state of tourism development in Ukraine was determined and practical propositions on ensuring of economic development of the country owing to tourism were offered. The competitive advantages and weaknesses of tourism industry in Ukraine were studied. The tourism sector is increasingly seen as a specific, ecological and attractive sector of the economy and a component of state and regional policy on which the social and economic development of the country depends to a large extent, its image on the international scene has been formed. Ukraine, having a considerable tourist potential for the formation of tourist flows, is ranked 78th among 140 countries of the world in terms of tourism attractiveness.

Keywords: Tourism, Competitiveness, Development, Potential.

Introduction

Tourism is a sphere of life that includes millions of people, many branches of economy, contributes to international exchanges and human contacts. The dynamism and scale of tourism development explain the fact that this type of economic activity, even taking into account unfavorable situation on the tourism market, is capable of preserving positive trends of development due to the multifunctional nature of economic activity, the high degree of autonomy and universality of all components of the tourism phenomenon as a socio-ecological and economic phenomenon. Its social, economic, environmental and political significance is universally recognized.

The multifunctional value of tourism is manifested in the fact that it is simultaneously a type of economic activity, leisure, consumption, cultural phenomenon and component of social development. In addition, tourism affects the ecological state of the environment determining the level of permissible ecological burden on a particular tourist region (destination). Consequently, an important ideological keystone for understanding the socio-economic essence of tourism is its interdisciplinary nature, since tourism is characterized by specific functional and sectoral features of the production chain in relation to the creation of a tourist product that are related to the inter-industry nature of economic activity. This fact manifests itself in the fact that in tourism, the production and consumption of tourist products is a whole production process, which complicates the application of managerial technologies that are successfully used in other branches.

Literature Review

The significant contribution to the development of theories and solving problems of economic trends in the tourism industry were made by our scientists: D. Basiuk, M. Bondarenko, S. Melnichenko, G.M. Boyko, V. Kyfiak, V.A. Kravtsov, O. Liubitseva and others. Although a large number of papers on the problems and trends of tourism in Ukraine, and some successes in the study of the tourism industry as an engine of socio-economic development of the country remains relevant research questions of the current state of tourism in Ukraine and prospects of his development in the future.

Methodology in Research

The theoretical and methodological background is the fundamental principles of the systematic approach, the methods of scientific abstraction, analysis and synthesis, induction and deduction, the dialectical method of knowledge of economic phenomena, the corresponding provisions of economic theory in the study of economic processes, scientific works of domestic and foreign erudites, which cover the fundamental positions, the main problems of tourism enterprises.

The purpose of the research is studying a current state of the tourism development in Ukraine and development of practical offers for ensuring economic development of the country with the help of tourism.

Results

Nowadays, tourism is an integral part of the global economy. The industry employs more than 265 million people, which is 2.8% of the number of employees (Khollovai H. Kristofer, 2016). The share of tourism in 2018 in world GDP was 10% and 34% of world exports of services. The total turnover of world tourism is USD 1.03 trillion. Tourism has become one of the priority areas of the global economy, creating development in specific areas. Overall, the tourism industry and related sectors of the economy employ 2.8% of the working population (UNWTO, 2018). The average annual growth rate of tourist profits is 8%. According to the State Statistics Service of Ukraine: number of Ukrainian tourists are catered subjects of tourist activity in 2018 was 2.8 million people and foreign tourists were 40 thousand. While in 2015-2016 these figures were 2 million and 15 thousand people and 2.5 million and 35 thousand people, respectively (Official site of the State Statistics Service of Ukraine, 2019).

Tourism is especially important for Ukraine, because it is a supportive environment for small businesses that are able to operate without significant budget allocations, and a perspective for attracting foreign investment on a large scale and in the short terms. The tourism business stimulates the development of other sectors of the economy and contributes to meeting the needs of people in learning about the history, culture, customs, spiritual and religious values of different regions of the country.

Tourism has both a direct impact on the social parameters of life (improving health and human development in general) and indirect effects through improving the economic development indicators of the country: GDP growth, income, employment, etc. Improving all parameters of economic life the population is the basis for improving its well-being, improving health and increasing life expectancy. In income increasing of the population in the future becomes a factor of accelerated development, including tourism.

The development of tourism is not only an important factor in the economic development of the country, but also social, cultural and spiritual. It is recreation and tourism that can actively contribute to the effective implementation of the concept of sustainable development, which is aimed at both economic growth and social progress, the environment and, in general, humanistic, ethical and

cultural development. Therefore, the impact of recreation and tourism on the social indicators of economic development of both individual territories and the whole country is particularly relevant.

Potential tourism possibilities of Ukraine are endless, but tourism industry for a long time has the influence of such negative factors as a lack of state policy in the field of tourism, strategies and programs for the development of tourism and resorts; multiple transformation of the central executive body in the field of tourism; passivity of the Coordinating Council on tourism activity formed under the Cabinet of Ministers of Ukraine; neglect of international experience in tourism development; as well as territorial losses and military actions in the country, instability in political and economic life.

Nowadays, the political factor in Ukraine has a negative impact on the tourism industry. Due to the self-proclaimed world annexation of the Crimea, has suffered direct impact on the economy of Ukraine. Since, in the summer of Crimea was very popular among tourists. However, after the annexation of almost 90% of Ukrainian tourists declined principally from trips to the Crimea and chose to go on holiday abroad or spa resorts of Zakarpathia.

Full value development of tourism and recreational sphere has a significant impact on such sectors of the economy as transport, trade, communications, construction, agriculture, production of consumer goods and is one of the most promising areas for structural reorganization of the economy. The development of tourism at a regional level is based on both traditional resources and on the capability of creative economy, and this allows attracting such non-material factors as local ethnic characteristics, regional mental image, unique local historical-and-cultural heritage.

Growth of competition in the market of tourism demand occurs under the following factors: appearance of an increasing number of countries with ambitious expansive plans for tourists attracting; reaching the peak of saturation of some forms and types of tourism offered by tourist centers and countries (for example, in the beach holiday market). In turn, it requires the following actions from the countries seeking to preserve their tourist attractiveness: to try to keep a balance between demand increasing and supply growth; to plan tourism development in accordance with the principles of sustainable development; to foresee long-term investments in tourism sphere; to ensure availability of clear national strategies for tourism development, flexibility and efficiency in decision-making.

Ukraine has sufficient potential to make tourism one of the main drivers of its economy. Tourism should be a national priority for the development of Ukraine. It attracts foreign investment, foreign exchange and it is part of the marketing and branding strategy. This sector would boost creation of jobs, SMEs and infrastructure development, especially in depressed regions. Growing necessity to attract tourists would result in better services quality and better hospitality culture.

Competitive advantages of the tourism industry of Ukraine are beneficial geographical location, considerable recreational potential: favorable climatic conditions, healing mineral springs, diverse flora and fauna, rich historical-and-cultural heritage and high educational level of the population. The unique natural resources and cultural heritage belonging to the country cannot be considered as a single and sufficient condition for the successful development of tourism in the country because they are only one of the elements of tourism supply. Qualitative tourism infrastructure is the important component of the successful development of tourism. For the most part, tourist preference of both foreign tourists and domestic ones is connected with a high level of service and a reasonable ratio of price and quality. These conditions are the key ones while choosing tourist trips now and in the near future.

The following factors can be attributed to the competitive disadvantages (weaknesses):

- corruption and unfavorable conditions for entrepreneurship and tourism business;
- insufficiently developed tourism infrastructure in most regions of the country; a small number of hotel facilities for tourists' accommodation with a modern level of comfort and their non-compliance with world standards;

- high cost of living in the hotels, food, transport and other services offered to the tourists greatly exceeds the average European level;
- hindrance in attracting investments to tourism infrastructure, consisting of the lack of ready investment sites, existence of administrative barriers, unfavourable conditions for land lease;
- shortage of skilled personnel which is seen on the whole determines low quality of service in all sectors of tourism industry;
- poor state non-commercial advertising of tourism opportunities of the country both in foreign markets and within the country which complicates the activity aimed at the purposeful formation of the positive image of Ukraine as a country favourable for tourism which is connected with limited budget financing.

Thus, a systemic problem is that the possibilities of development of the domestic tourism market will be insufficient for raising the living standard and increasing employment among population, meeting the growing demand for qualitative tourism services while saving the current level of Ukraine's competitiveness in the world tourism market.

Analysis of competitive advantages and disadvantages of Ukraine in the market of inbound and domestic tourism shows the need for active actions, first of all from the country aimed at creating conditions for the sustainable development of tourism in Ukraine.

Intensification of the development of priority inbound and domestic tourism for Ukraine is possible only by tax and financial stimulation of the exports of tourism services and domestic tour operators that carry out these activities, as well as combining the efforts of state authorities, representatives of tourism business and civil society institutions for popularization of Ukraine in the world and promotion of brand-messages "Ukraine is an attractive country for tourism".

The mechanisms to promote Ukraine as a tourist country in the European market, and attract more European tourists include: participation in the largest European tourist and other exhibitions with the single national booth for presentation of the tourist product with involvement of the executive authorities of Ukraine; preparation of non-commercial advertising and informational printed matter and other products for distribution at the largest European tourist exhibitions and through Ukrainian foreign representations; engagement of domestic and foreign experts in tourism sector in the creation of tourism development programs with the aim of using the best European experience; dissemination of information about Ukraine as an attractive tourist country in the Internet; information support of various events held in Ukraine; organization of informational tours for European and national mass media; holding international conferences, symposiums, congresses and other events devoted to the tourist attractiveness of Ukraine.

Tourism sector depends not only on state deposits, but also on innovation. In tourism, innovations are systemic measures that have novelty and lead to positive changes, ensuring the competitiveness of the services offered. The commercial benefits of implementation of innovations are provided by their recognition of the tourism market and considering the degree of customer satisfaction. Market innovation and intellectual property products today characterize the transition from the economy of proposals to the economic demand (Holovinets V., 2018). According to the World Tourism Organization UNWTO, Ukraine's share is only 4% in tourist flows in Europe, which demonstrates the low efficiency of Ukrainian tourism industry. Therefore, the formation of the business environment for the development of tourism in Ukraine opens up wide opportunities for creating the attractiveness of tourist products (Melnychenko S.V., 2018).

Prospects for the effective development of the tourism industry in Ukraine are related with the formation of appropriate information, scientific and technical support of this area, which at the national and regional levels should be associated with the activation of the following areas:

- development of application programs for the development of the nature management, promotion and realization of tourist product;
- development of inventory of tourist resources;

- development of a complex of scientific knowledge in the field of tourismology and tourism management;
- development and publication of manuals and directories (tourist routes, places of rest, food, etc.);
- creation of rating of all travel companies of Ukraine on the quality indicator of fulfilled obligations;
- development of automated booking and reservation systems.

In Ukraine, the advantageous geographical location of the country is not supported by the infrastructure on the corresponding level. The main obstacles to the development of Ukraine's tourist infrastructure are poor road quality and unjustified price policy in the hotel industry. In our opinion, the following measures will have priority for infrastructure development:

- integration of Ukraine into a single European railway network, which involves the country's inclusion in the European program for the construction of high-speed railways (speed - 200-300 km / h);
- participation of our country in the network of strategic transport corridors of Central and Eastern Europe;
- attraction of funds by international credit programs at a rate of 5-7% per annum;
- ensuring the possibility of free treatment of insured tourists in city hospitals and clinics;
- introduction of innovations in the development of tourism infrastructure;
- organization of tenders and targeted investment competitions for the right to reconstruct and build new tourism objects.

The realization of listed tasks and creation of competitive Ukrainian Infrastructure of Tourism needs a lot of investments and creation of specific order for investment and business activity realization.

Conclusions

The analysis of international experience in the field of development of international tourism business shows that the increase of competition level in the international tourist market for the redistribution of tourist flows necessitates to conduct measures to strengthen the role of executive authorities in the formation and promotion of a national tourist product.

In many countries of the world, the relevant state programs are being developed and implemented, the legal framework is being improved, and the tax regime is introduced, which is favorable for the development of tourism industry, attracting investment in the development of tourism infrastructure. It should be noted that it is necessary to increase the competitiveness of the domestic tourism industry in the international tourist market and to ensure the quality of the national tourist product. In particular, the issue of proper adaptation of natural territories, objects of cultural heritage for visiting tourists, appropriate infrastructure facilities and information provision is needed to be solved.

The economy of Ukraine that aimed at active integration into the world economy, the tourism industry is becoming a determinant of social-economic development, but the pace of change remains unsatisfactory, as it is evidenced the lowest position in the world rankings tourist market. The development of tourism in the country is a basic element of ensuring the competitiveness of the country and regions in particular.

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Education Excellence and Innovation Management: A 2025 Vision to Sustain Economic Development during Global Challenges

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