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Tourism industry as an instrument of economic development of Ukraine

Summary. The article is dedicated to the main problems of development of tourism industry as an instrument of economic development of Ukraine in the conditions of globalization of economic processes. 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. Top priority measures to provide incentives for the successful development of inbound and domestic tourism in Ukraine were proposed. It was ascertained that the priority task was creation a competitive national tourism product on the basis of systematic marketing activity aimed at the exact positioning of different types of tourism products adapted to consumers' requirements and expectations.

Key words: tourism, tourism industry, competitiveness, development, potential

Foundation of the problem

Tourism is a sphere of life that includes millions of people, many branches of economy, contributes to international exchanges and human contacts. More than one billion of people annually travel to other countries according to the data of UNO. Thereby, tourism has become a leading sector of the economy, where 10% of global gross domestic product (GDP) and 6% of world exports and every 15 th job is created in the sector of tourism.

The main task of tourism is to meet the needs of people and improve the life quality of population. At the same time, the tourism unlike many other branches of the economy does not cause to exhaustion of natural resources and acts as a means for stimulating economic and social development of the regions, which, moreover, allows efficient using of internal resources. Tourism being an export-oriented sphere shows a greater stability in comparison with other industries in the conditions of unstable situation on world markets. Stable tourism combines the satisfaction of the needs of travelers and the industry as a whole, as well as the conservation of natural resources of the visited territories. Tourism can become the instrument of development while keeping economic, social and ecological balance. Tourism programs aimed at achieving

economic, social and ecological benefits can influence on workplaces formation and increase of trading platforms.

Analysis of recent researches and publications

The researchers, in particular: Yu. Avanesova, A. Aleksandrova, D. Basiuk, A. Vynograd-ska, N. Kabushkina, A. Mazaraki, A. Lozynska, V. Senina, T. Tkachenko and others de-dicated their works to the issues of formation and development of the tourist service market, forms and types of tourism. Despite the existing scientific works in studying this problem, the issues of development of tourism industry as the instrument of economic development of Ukraine in the conditions of economic processes globalization have remained insufficiently explained.

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 of the research

There are more than 800 million tourist trips every year in the world where more than 52% within Europe. The share of tourism in world exports of goods and services is about 13% (and 14% in the EU countries). 12% of the world gross domestic product and 7% of global investments are due to tourism. Over 260 million people are directly engaged in the field of tourist services and they represent 10% of employees. Today, tourism occupies leading positions in the global system of the economy. Tourism is the main source of budget in more than 40 countries, and some more, it is one of the three main sources in 70 countries¹.

Tourism is given the first place among the sectors of the world economic complex in terms of exports of goods and services according to the World Tourism Organization (WTO). The total number of tourists (international and domestic) shows the tendency to increase; if there were only 25 million international tourists in 1950, then this figure reached almost to 1.2 billion in 2015².

Based on visitor expenditure data reported by destinations so far, UNWTO estimates that international tourism receipts worldwide totalled euro 1,102 billion in 2016, up euro 24 billion from euro 1,078 billion in 2015 (US\$ 1,220 billion, up US\$ 24 billion from US\$ 1,196 billion). This corresponds to an increase by 2.6% in 2016 in real terms, i.e. taking into account exchange rate fluctuations and inflation. For some 110 countries and territories, receipts from international tourism exceeded euro 1 billion in 2016³.

In recent years, the world tourism industry has faced an ever-increasing level of competition between the countries, both inside and outside its own region. First of all, this is indicated by measures of aggressive advertising influence when promoting

¹ The official website of the World Tourism Organization: (electronic resource), <http://www.unwto.org> (accessed: 21.11.2017).

² Ibidem.

³ Ibidem.

its tourism product in foreign markets. In addition, tourism demand and tourism offer depend on a number of such changing factors as economic and financial development, influence of state policy, demographic and social changes, development of innovative technologies. Thus, competition growth both in the market of tourism demand and in the market of tourism offer is one of the significant tendencies of world tourism development.

Ukraine occupies one of the leading places in Europe by the level of natural and historical-and-cultural resources. Thus, resort and recreation territories of the country are about 9.1 million hectares (about 15% of the whole territory). There are more than 130 thousand monuments on the state registration including 57 206 archaeological monuments, 51 364 monuments of history, 5926 items of monumental art, 16 293 monuments of architecture and urban planning. Besides, 61 historical-and-cultural reserves are opened in Ukraine, and exploitation reserves of mineral water make it possible to use them in the volume of more than 64 thousand cubic meters per day. More than 200 thousand people work on a permanent basis in tourism industry of Ukraine and about 1 million people work seasonally⁴.

In 2016 there were 4500 accommodation facilities in Ukraine; 2500 licensed tour operators and six natural resort areas of Ukraine with unique natural healing resources – Sloviansk, Khmilnyk, Myrgorod, Berdiansk, Skadovsk, Saky. Seven cultural-and-architectural and natural sites were included to UNESCO World Heritage List.

Above-mentioned potential causes the formation of considerable competitive advantages in the supply of the tourism product and services. However, today, this potential is not completely revealed as shown by the share of tourism industry in the structure of the country's GDP which is 4%. Many other countries have a much larger share of GDP from tourism, for example, the share of tourism in the economy of Croatia is 17%.

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.

Analysis of the dynamics in tourist flows for 2000–2016 shows that the number of foreign citizens who visited Ukraine in 2016 increased by 107.3% compared with 2000. However, the number of tourists served by the subjects of tourism activity in 2016 was only 2.5 million people; this index is 26.6% more than in 2000. The most number of served tourists were in 2013 that is 3.4 million people in absolute figure. If we consider the dynamics of tourist flows in terms of its components, then the average annual growth in outbound tourism is 12.3%, domestic tourism – minus 6.2%, inbound tourism

⁴ I. Burnashov: Problems and Prospects for the Development of Tourism in Ukraine, [in:] Differential Provision of Management 2005, 12/7, 4782, p. 1–35.

– minus 13.1%. Such tendencies are caused by conducting of ATO in the territory of Donetsk and Lugansk regions and temporary occupation of the Autonomous Republic of Crimea and Sevastopol city, which not only prevents the development of tourism sector in the specified territories, but also negatively influences the prospects of tourism (in particular, inbound tourism) in other regions of Ukraine⁵.

Visiting of Ukraine in private purpose has a leading role (97.2% of the total volume) in the structure of inbound tourist flow. Analysis of foreign citizens arriving to Ukraine by the countries from which they came in 2016 indicates that 32.2% of tourists came from the Republic of Moldova, 13.7% – from the Republic of Belarus, 11.0% – from the Russian Federation, 9.5% – from Hungary and 8.9% – from the Republic of Poland. As for outbound tourism, distribution of tourist flow by motivation looks as follows: business trip – 0.6% of the flow, organized tourism – 0.9%, private trip – 98.5%. Poland with 41%, Russian Federation with 15.7%, and Hungary with 11.7% were the most visited countries by Ukrainians⁶.

The World Tourism Organization explains the rapid decline in tourist flow to Ukraine by the military conflict in the east of the country. In 2016, a foreign tourist spent \$ 127 on average during his staying in Ukraine. This is half less than in our neighboring countries. As a result, there was a significant reduction in the share of tourism in the structure of Ukraine's gross domestic product, including income from tourism services and hotel services, tourist fees, currency incomings, investments in tourism infrastructure, and working places.

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.

Today, objective and up-to-date information about Ukraine is almost absent in the global information space, in particular, diversity of its tourism resources due to the lack of qualitative marketing measures, that in turn, harms a tourist image of Ukraine.

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

⁵ Official site of the State Statistics Service of Ukraine (electronic resource), <http://www.ukrstat.gov.ua> (accessed: 21.11.2017).

⁶ Ibidem.

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.

The overcoming of existing negative tendencies and creation of complex ground for the investment mobilization in the Industry of Tourism should become primary to provide country sustainable development and to increase living standards. The Government of Ukraine has proclaimed Tourism as one of the priority directions of economic and culture according to the 1 part of the 6 article of the Law of Ukraine "about the Tourism" and has taken the responsibility of creating conditions for the Touristic Activity. Providing sustainable social and economic development due to such improvement of structured policy as reduction of the specific weight of row industries is stipulated as priority development direction. The Tourism Industry is that which totally corresponds to the proclaimed aims.

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".

Integration of Ukraine into world culture space requires establishment of national institution for permanent representation and development of Ukrainian culture abroad and improve systematic information flow which would systematically represent culture of Ukraine such as British Council in Great Britain and Goethe Institute in Germany. It's reasonable to activate diplomatic corps and establish net of centers of Ukrainian culture to popularize Ukrainian language, promote Ukrainian culture and traditions, distribute information about socio and economic life, cultural, historical and nature values and abilities in the country, improve international relations in the sphere of culture. In order to improve tourists' awareness about tourism abilities of Ukraine there is a need to provide thorough marketing on government level, define main priorities of tourism development, pay more attention to branding on international markets and participation of country in international projects and programs with step-by-step highlighting of results in media. Serious work is to be done on branding or even re-branding (Chornobyl, unstable political situation) that is even more challenging.

To create a competitive tourism market, it is necessary to provide stimuli for the successful development of inbound and domestic tourism in Ukraine as one of the

elements of economic growth, strengthen of international prestige of the country and improvement of the quality of population life by solving the following tasks:

- improvement of regulatory and tax base, its adaptation to world standards and control over the legislation following;
- development and improvement of tourism infrastructure, including concomitant (transport, catering, entertainment industry, etc.);
- improvement of information infrastructure of recreational and tourism services by creating the centers of tourism information and promoting tourism products during fairs, festivals and exhibitions;
- positioning of Ukraine as an attractive country for tourism in the world and domestic tourist markets (participation in international tourism exhibitions, advertising promotion of tourism product, creation of a national brand and brands of cities and regions). Tourist image plays an active role in ensuring the country's competitiveness in a broad sense, serves as a component of the national brand;
- improvement of the quality of tourism services (determination of qualification requirements for positions of the specialists in tourism support, modern level of service in hotels and other accommodation facilities);
- provision of the conditions for personal safety of tourists;
- development of cooperation with other countries and international tourism organizations.

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.

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.

Conclusions

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. Tourism has a multiplier effect on employment in the regions of its development: it is one of the few branches of the economy, the attraction of new technologies which does not reduce the working staff.

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