

Formation of strategic priorities for sustainable development of tourism and recreation sphere based on inclusive growth

Anastasiia Alieva

alievanasty@gmail.com

*PhD student, Eastern European National University of Lesya
Ukrainka (Lutsk, Ukraine)*

Viktor Pavlikha

vpavlikha@sseriga.edu

*student, Stockholm School of Economics in Riga
(Riga, Latvia)*

ABSTRACT

The content and economic role of the tourist and recreational sphere are revealed. The peculiarities of its development in Ukraine are highlighted; the reasons that inhibit this process are described. Because of this, importance of preserving natural resources for the travel sector, tourism, recreation, health, the need for tourism and recreational activities based on sustainable development and inclusive growth has been proven.

It is substantiated that the directions defined in the Strategy of tourism and resorts development for the period till 2026, are made according to requirements and problems of tourist and recreational sphere growth in Ukraine. The concepts of inclusive tourism and inclusive recreation are characterized, which defined as the expansion of opportunities for use and free access to tourist and recreational services for people with disabilities.

The interpretation of the correlation of the global Sustainable Development Goals to the tourist and recreational sphere of Ukraine is suggested. Implementation of strategic priorities for sustainable development of the tourist and recreational sphere based on inclusive growth will identify opportunities to ensure equal access to the markets of tourist and recreational services, the use of tourist and recreational resources.

KEYWORDS: tourist and recreational sphere, sustainable development, inclusive growth, Sustainable Development Goals, strategic priorities, inclusive tourism, inclusive recreation.

Accepted: 14/09/2020

Revised:

Accepted: 26/10/2020

Introduction .Problem statement in general and its connection with important scientific and practical tasks. Tourism and recreation is an attractive type of economic activity that brings high and stable profits around the world. It is an important factor in a stable and dynamic increase in state budget revenues, and is also an impetus for the development of many sectors of the economy [1]. According to statistics from economically developed countries, international tourism is considered one of the most profitable types of business entities, which is a significant stimulus for the development of cultural and recreational tourism in Ukraine [2].

The positive dynamics of the market of tourist and recreational services, the attractiveness of tourist and recreational products, growing demand for them, socio-economic efficiency of tourist and recreational business necessitate the formation of strategic priorities for tourism and recreation taking into account the Sustainable Development Goals and growth based on the basic principles of inclusive development.

Analysis of recent studies that have begun to address the problem. Analysis of the approaches of domestic and foreign scientists to the interpretation of the concepts of "tourism" and "recreation" allowed us to conclude that "the need for their comprehensive perception as a single area, the purpose of which is to restore and develop human vitality" [3]. Tourist and recreational activities are types of economic activities for the organization of tourism, excursions, leisure, recreation, spa treatment, rehabilitation.

The scientific literature is dominated by a differentiated approach to the definition of tourism and recreational activities. We propose to define the tourist and recreational sphere as a holistic area of activity for the provision of tourist and recreational services, which is "focused on the restoration of physical and mental strength of the population, its spiritual and cultural enrichment" [4].

Researchers such as I. Balobanov, M. Guseva, M. Dolishniy, V. Yevdokymenko, V. Kravtsiv, O. Lyutak, M. Malska, V. studied the problem of formation of priorities and mechanisms of realization of strategy of development of tourism and recreation Pavlov, S. Kharichkov, I. School and others. Despite the sufficient methodological basis of existing developments, the issue of formation and implementation of conceptual strategic priorities for sustainable development of the tourism and recreation sector on the basis of inclusive growth needs constant improvement.

Objectives of the article. The purpose of the article is to substantiate the need for tourism and recreational activities on the basis of sustainable development and inclusive growth and the formation of strategic priorities for sustainable development of tourism and recreation of Ukraine in coordination with the global Sustainable Development Goals.

Presentation of the main material of the study with a full justification of the obtained scientific results. It should be noted that the tourist and recreational potential in Ukraine is not used rationally and not to the full extent. This is evidenced by the insignificant contribution of the tourism sector to the total output of all activities in Ukraine, which does not exceed one percent.

In 2018, the share of revenues from tourism in total exports in Ukraine was 3.8%. The political conflict that began in 2013 had a particularly negative impact on the dynamics of indicators. Today, the share of tourism in the structure of exports in Ukraine is much lower compared to a number

of developed European countries, while slightly higher than in Germany, where the share of tourism throughout period ranged from 3.17% to 3.4% and in 2018 amounted to 3.21%.

The development of the tourist and recreational sphere is influenced by investments in the hotel and restaurant sphere, the share of which is gradually growing. Despite this, the objects of tourist and recreational infrastructure in the country are underdeveloped and are morally worn out.

Among the main reasons that hinder the development of tourism and recreation in Ukraine, and cause a decrease in the inflow of tourists, are: events related to the annexation of the Autonomous Republic of Crimea and the full-scale war in Donetsk and Luhansk regions; underdeveloped tourist and recreational infrastructure; the financial and economic crisis that has worsened in recent years; loss of popularity of the tourist direction; lack of an effective policy to promote tourism and recreational products and tourist destinations; inefficient organization, management of tourist and recreational activities; shortage of quality traditional product.

In our opinion, the development of the tourism and recreation sphere should meet the guidelines of sustainable and inclusive growth. Thus, according to the interpretation of the World Tourism Organization, sustainable development of tourism is to take into account its current and future economic, social and environmental consequences of its activities, meeting the growing needs of tourists, industry, environment, community [5]. Given the growing importance of rational use, protection and reproduction of natural resources for the sector of travel, tourism, recreation, health, we pay attention to the need for tourism and recreation on the basis of sustainable development and inclusive growth.

Consumers of tourism and recreation services require more responsible service and quality tourism and recreation product, in this regard, the activities of both public and private sectors in the tourism and recreation sector should be carried out in accordance with the goals of sustainable development [6].

In addition to traditional models of economic development, such as zero growth, sustainable development, noosphere development, innovative growth, the concept of inclusive growth has been developed.

Note that the content characteristics of inclusive tourism, inclusive recreation, inclusive development, inclusive growth are different.

Unlike other conceptual views on economic empowerment and equal access for all, "Inclusive growth is a concept that provides equitable opportunities and equity for economic actors, accompanied by the benefits to each sector of the economy and to all segments of society. This approach extends traditional models of economic growth and includes a focus on equality of health, human capital, the environment, social protection and food security as factors of global security in a broad sense" [7]. Inclusive growth as an independent concept is centered around the interaction of the above economic categories – economic growth, poverty, income inequality and opportunities.

Inclusive growth is "growth that not only creates new economic opportunities, but also provides equal access to them for all segments of the population, especially for its vulnerable members" [8]. Based on this, the concepts of inclusive tourism and inclusive recreation are formed, which characterize the expansion of opportunities for use and free access to tourist and recreational services for people with disabilities.

The goals of inclusive development in the European Union are a strategic priority of the Europe 2020 program, which states that growth must be intellectual, sustainable and inclusive, involving all sectors of the economy, all segments of society in order to achieve high levels of employment, productivity and social development. unity "[9]. The concept of inclusive development has a broad meaning and applies to all areas of human activity, including tourism and recreation.

Formation of the concept of "inclusive development of the tourist and recreational sphere" occurs in the process of concretization of theoretical concepts of sustainable development of tourist and recreational enterprises, business models of their development. Sustainable development of the tourism and recreation sector on the basis of inclusive growth involves the involvement of all segments of the population (including the poor, whose average monthly income is below the subsistence level, women, people with disabilities, etc.) in the production, economic, tourism management and recreational activities as employees, service consumers, intermediaries, investors, resource providers, partners at all stages of the value chain, forming and managing each other's value. Accordingly, employees, service consumers, intermediaries, investors, resource providers, partners are participants in the inclusive development of tourism and recreation.

Institutional principles of the process of sustainable development of the tourist and recreational sphere in Ukraine are reflected in a number of legislative and program documents that need to be relied on in practice, namely: Laws of Ukraine "On Tourism", "On Resorts"; Resolutions of the Verkhovna Rada of Ukraine "On the Results of Parliamentary Hearings on the Status and Prospects of Tourism Development in Ukraine"; Decrees of the President of Ukraine "On Tourism Day", "On the main directions of tourism development in Ukraine until 2020", "On measures to ensure the implementation of state policy in the field of tourism", "On some measures for the development of tourism and resort and recreational areas of Ukraine"; "On approval of the State program of tourism development", "On approval of the Procedure for organizing the departure of children abroad for rest and rehabilitation", "On approval of the Regulations on the State Service for Tourism and Resorts"; Orders of the Cabinet of Ministers of Ukraine "On approval of the Strategy for the development of tourism and resorts for the period up to 2026", "On approval of the concept of the State target program for the development of tourism and resorts for the period until 2022", etc.

The strategic priorities for the development of the tourist and recreational sphere in Ukraine are "economical and rational attitude to cultural heritage sites at the local level for the implementation of tourist and recreational activities; development and approval of the State target program for the development of tourism and resorts of Ukraine for the period up to 2022; development of sustainable

tourism, green tourism in rural areas; creation of a high-quality and diversified tourist product on the basis of rational use of tourist and recreational resources available at the local level; creation of tourist and recreational clusters in Ukraine; formation of a positive image of Ukraine (creation of a brand - "Tourist Ukraine") in the field of tourism in the foreign and domestic tourism market; creation in Ukraine of a national information network in the field of tourism and resorts (recreation), in particular through the development of a network of specialized information centers (which will specialize in the publication of information on tourism and recreation) throughout Ukraine "[10].

The Strategic Action Plan of the Ministry of Economy, Trade and Agriculture of Ukraine for **2017-2024** to ensure the competitiveness of Ukraine's economy as a basis for sustainable economic growth and improve standards and quality of life provides for the formation of basic principles of sustainable tourism and resorts as a priority sector.

The strategy for the development of tourism and resorts for the period up to **2026** is drawn up in accordance with the requirements and problems of the development of the tourist and recreational sphere in Ukraine. The main goal of the document is "to create favorable conditions for intensifying the development of tourism and resorts in accordance with international quality standards and taking into account European values, transforming it into a highly profitable, integrated into the world market competitive sphere, accelerating socio-economic development of regions and the state. in general, contributes to improving the quality of life, harmonious development and consolidation of society, popularization of Ukraine in the world "[11].

The road map of the Strategy for the development of tourism and resorts for the period up to **2026** is drawn up in such areas as "Tourist safety", "Regulatory framework for tourism and resorts", "Development of tourist infrastructure", "Human resources development", "Marketing policy development of tourism and resorts of Ukraine ". We believe that the range of these areas, given the priorities of sustainable development and the focus on achieving a new quality of economic growth based on the basic principles of inclusive development, embodied in the Sustainable Development Goals, needs to be expanded.

Therefore, the strategic priorities of sustainable development of tourism and recreation in Ukraine should be consistent with global decisions adopted by the world community - the Global Sustainable Development Goals approved in **2015** at the UN Summit on Sustainable Development, and comply with the National Report of September **15, 2017** "Goals of Sustainable Development: Ukraine "(Table 1).

Table 1. Interpretation of the attitude of global Sustainable Development Goals to the tourist and recreational sphere of Ukraine

The goal of sustainable development	Priority for the tourist and recreational sphere of Ukraine
Goal 1 “No Poverty”	Increase of incomes from tourist and recreational activity; investment attraction; empowering the population in employment and self-employment
Goal 2 “No hunger”	Increasing employment, job creation, development of agricultural tourism
Goal 3 Good Health	Expansion and improvement of public health and recreation services
Goal 4 “Quality education”	Expanding career opportunities in the tourism and recreation business; organization of a system of quality training, retraining and advanced training of specialists of tourist support and service, other professions of tourist and recreational sphere; intercultural exchange, development of local culture
Goal 5 “Gender Equality”	Priority of development of all directions of activity of tourist and recreational sphere
Goal 6 “Clean water and sanitation”	Ensuring the rational use of water resources, protection of water bodies; observance of sanitary and hygienic norms in tourist and recreational activity
Goal 7 “Renewable energy”	Use of energy saving technologies, alternative energy sources
Goal 8 “Decent Work and Economic Growth”	Development of recreation and health improvement as factors of ensuring decent work; improving the efficiency of tourist and recreational resources, the multiplicative impact of tourist and recreational activities on the economy
Goal 9 Innovation and Infrastructure	Innovative development of the tourist and recreational sphere; development of tourist infrastructure; availability of tourist and recreational services
Goal 10 Reduce inequality	Equality of opportunities for activities in the field of tourism and recreation; ensuring the accessibility of tourist infrastructure and recreation facilities for people with disabilities and other low-mobility groups
Goal 11 “Sustainable Urban and Community Development”	Development of cities as tourism leaders on the basis of reasonable growth, involvement of local population in the expansion of tourist and recreational services
Goal 12 “Responsible Consumption”	Promoting the introduction of energy saving technologies in tourism and recreation
Goal 13 Combating Climate Change	Protection, reproduction and rational use of natural tourist and recreational products
Goal 14 “Preservation of marine ecosystems”	Nature conservation, ecosystem approach in maritime tourism and recreational activities
Goal 15 “Conservation of terrestrial ecosystems”	Ensuring the balanced use of natural medical and recreational resources, preserving the ability of natural complexes to self-reproduction, the introduction of paid ecosystem services in the recreational and tourist sphere
Goal 16 “Peace and Justice”	Ensuring the safety of tourists and vacationers and protecting their legal rights and interests
Goal 17 “Partnership for Sustainable Development”	Development of public-private partnership, development of international cooperation in tourism and recreation; expanding ties with international, regional and national tourism associations

Source: calculated using [12-15].

New global challenges, turbulence of the tourist and recreational market, fluctuations in demand, increasing competition indicate the need to develop modern business models in the tourist and recreational sphere – conceptual models for the development of tourist and recreational companies aimed at increasing their profits. The business model as a kind of logic of business development in the market of tourist and recreational services covers the entire organizational structure of the enterprise of tourist and recreational sphere, determines the methods of doing business and allows to offer the consumer a competitive national tourist and recreational product. It reveals the methods, tools and configuration of resources used by the company in the selection of customers in the process of differentiation of its tourism and recreational product.

It should be noted that the tourist and recreational sphere differs from other activities in the specifics of building a value chain. The value of tourist and recreational services plays a key role for the consumer and is ensured through the integrated use of various types of resources in network interaction. In the absence of at least one of them, the cost of the final product is reduced, which necessitates the complex formation of value chains in the tourist-recreational destination, i.e. the center (territory) with appropriate services and services to meet the needs of tourists and vacationers. This is related to the issues of ensuring inter-organizational interaction through the formation of business systems that focus on a group of interdependent participants, the coordination of their interests and coordination of efforts to achieve a common goal.

The analysis of entrepreneurial activity in the tourist and recreational sphere in Ukraine allowed to identify such modern forms of business models as: network tourist and recreational structure (corporation) on the basis of a large organization that integrates medium and small firms around itself; a network of small and medium legally independent tourist and recreational companies; tourist and recreational cluster network formed by geographically localized interconnected organizations.

The formation of any of the forms of business model is based on the analysis of the method of creating, delivering, selling, maintaining the value of the organization; taking into account factors such as the business environment, safety, health and hygiene, human resources and the labor market, prices, infrastructure, natural and cultural resources.

The market of tourist and recreational services in Ukraine has mainly signs of oligopolistic competition. It is characterized by the activities of network structures based on large organizations (the number of employees in which from 300 to 800) – monopolies, oligopolies, companies with sole dominance, in whose hands is concentrated all the tourist and recreational infrastructure.

The processes of transnationalization of the domestic market of tourist and recreational services are only at the stage of formation. Let's pay attention to the world experience, which shows that it is

transnational corporations in the market of tourist and recreational services that dictate the main vectors of pricing, information, product policy. They have a vertically integrated structure, which includes airlines, hotel corporations, tour operators, travel agencies, entertainment companies and others.

The formation of transnational corporations, for which Ukraine will be the country of base, in the tourism, hotel and transport sectors can intensify competition in the relevant markets, improve the quality of tourism and recreational services, expand their range.

The experience of countries that position themselves in the market of tourist and recreational services shows the dominant role of small and medium-sized businesses and favorable investment regime of its activities in the tourist and recreational sphere (introduction of fiscal benefits, favorable regulatory policy). We pay attention to the need to expand the market of tourist and recreational services in Ukraine network activities of small and medium-sized tourist and recreational companies in Ukraine, tour operators. They, unlike other forms of entrepreneurial activity, are characterized by relatively stable indicators, flexibility and mobility in terms of the introduction of various innovations. Examples of successful business models are Join Up, ANEX Tour, TEZ TOUR, Coral Travel, TUI Ukraine, etc.

The application of a cluster business model of organizing the activities of relevant tourism and recreational enterprises and institutions – a network of geographically concentrated within a specific area of enterprises that share specialized tourism infrastructure, local labor markets and other functional structures of the economy, will gain competitive advantage in the market of goods and services. labor and capital [15], as well as to improve the investment attractiveness of the territory for potential tourists and vacationers.

Business, government and the public are interested in the functioning of the tourist and recreational cluster. Each of the groups has certain prerequisites, the presence of which allows you to form an effective cluster. And the combination of these interests will increase trust and interaction between the key elements of the cluster network structure.

Each of the considered forms of business models is a way of organizing business in the market of tourist and recreational services. Development of modern forms of business models in the activities of the tourist and recreational sphere – network tourist and recreational structures on the basis of a large organization that integrates medium and small firms; networks of small and medium legally independent tourist and recreational companies; tourist and recreational cluster networks in Ukraine is appropriate. At the same time, the development and substantiation of effective configurations of business models taking into account the peculiarities of each specific enterprise, as well as corporate business models on the basis of system and synergy remains an important issue. Their introduction will overcome negative trends, create favorable conditions for the development of tourism and recreation, turn it into a highly profitable, integrated into the world market competitive area, accelerating socio-economic development of regions and the state as a whole, improving quality of life, harmonious development and consolidation of society, popularization of Ukraine in the world.

Conclusions Implementation of strategic priorities for sustainable development of tourism and recreation on the basis of inclusive growth will identify opportunities to ensure equal access to markets for tourism and recreation services, tourism and recreation resources and an impartial regulatory environment for different social groups, the formation of mechanisms for productive employment, groups and overcoming poverty, developing new approaches to the consumption of limited resources and achieving inclusive growth in the long run.

References

- [1] S. P. Hrabovenska, "Analysis and structure of the market of tourist services in Ukraine," (in Ukrainian), *Scientific Bulletin of Poltava University of Economics and Trade. Series: Economic Sciences*, no. 1, pp. 226–234, 2013 [Online] Available: http://nbuv.gov.ua/UJRN/Nvpushk_2013_1_48 [Accessed: Sep. 5, 2020].
- [2] Y. P. Makovei, "Development of tourism in Ukraine," (in Ukrainian), *Efficiency of public administration*, vol. 44, no. 2, pp. 87–93, 2015 [Online] Available https://nbuv.gov.ua/UJRN/efdu_2015_44:%282%29_13 [Accessed: Sep. 7, 2020].
- [3] T. M. Kotenko, *Social dimension of recreation and tourism development. Extended abstract of candidate's of tesis*. Kyiv, 2016 (in Ukrainian).
- [4] V. I. Novykova, "Recreational services: classification and development in Cherkasy region," (in Ukrainian), *Ukrainian Geographical Journal*, no. 4, pp. 33–39, 2009.
- [5] World Tourism Organization. (2019). *Sustainable Development* [online] Available : <https://www.unwto.org/ru/node/79> . [Accessed: Sep. 8, 2020].
- [6] World Travel & Tourism Council. (2019). *Planning For Sustainable & Inclusive Growth*. [online] Available <https://wtcc.org/Research/Insights/moduleId/1053/itemId/34/controller/DownloadRequest/action/QuickDownload> . [Accessed: Sep. 8, 2020].
- [7] R. Ranieri and R. A. Ramos, "Inclusive Growth: Building up a Concept. International Policy Centre for Inclusive Growth. Working Paper" Brazil, no. 104, 2013. [online] Available : <https://ipcig.org/pub/IPCWorkingPaper104.pdf> [Accessed: Sep. 8, 2020].
- [8] I. O. Tsymbaliuk, *Inclusive development of the region in terms of financial decentralization: theory, methodology, practice: (monograph)*. Lutsk, 2019 (in Ukrainian).
- [9] European Commission. (2010) *Europe 2020. A European strategy for smart, sustainable and inclusive growth*. Brussels, 2010 [online] Available : http://ec.eu-ropa.eu/europe2020/index_en.htm [Accessed: Sep. 12, 2020].
- [10] S. O. Bila, "Strategic priorities of tourist services development in Ukraine and prospects of increasing their competitiveness on the world market," (in Ukrainian), *Development strategy of Ukraine*, no. 1, 2016, pp. 17–23, 2016 [online] Available : http://nbuv.gov.ua/UJRN/sru_2016_1_5 [Accessed: Sep. 12, 2020].
- [11] Cabinet of Ministers of Ukraine. (2017) On approval of the Strategy for the development of tourism and resorts for the period up to 2026: Order dated 16.03.2017 No 168-r.].

- [online]Available :<https://zakon.rada.gov.ua/laws/show/168-2017-%D1%80>[Accessed: Sep. 12, 2020]. (in Ukrainian).
- [12] O. V. Kovalova, "Conceptual strategic priorities of development of structural policy of sustainable development of agrarian sector of economy: national and regional aspects," (in Ukrainian),*Bulletin of Cherkasy University*, no.2,pp. 66–76,2019
- [13] N. V Pavlikha, & I. S. Skorokhod, "Greening of the tourism sector: an innovative approach," (in Ukrainian),*DITB Bulletin*, 9 ,pp.185–189,2005
- [14] N. Khomiuk, N Pavlikha, "*Economic security of development of rural territories in Ukraine*," *International Journal of New Economics and Social Sciences*, vol.1,no. 7,pp.119–130,2018
- [15] N. L Khomiuk, *Rural Development Diversification in the Context of Decentralization* .Lutsk,2019. (in Ukrainian)