

## **Analysis and forecasting of the sphere of sports and health services development in Ukraine**

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### **ABSTRACT**

It is determined that the sphere of sports and health services is an integral element of the intangible production of the country's economy. The definition of sports and health services is given and the peculiarities of demand formation for these services are revealed. The structure and dynamics of indicators of the development of sports and health services in Ukraine are analysed. It is determined that the number of business entities that provide sports and health services in Ukraine during the study period increased, despite fluctuations in the economy under the influence of the crisis of 2013–2014 sphere of sports and health services in Ukraine.

Trends have been identified and forecasting for the development of sports and health services in Ukraine. The main factors influencing the further development of sports and health services in Ukraine are indicated. The goals set in the Strategy for the Development of Physical Culture and Sports for the period up to 2028 are analysed.

It is proposed to strengthen state support in the field, promote physical culture and sports in the country, restore sports infrastructure. In order to achieve certain goals, it is important to establish fruitful cooperation between state institutions, local communities, private sports organizations, public associations, and specialists in this field.

**KEYWORDS:** Sports and health service, Physical culture, sports, Development of the sphere of sports and health services, Productivity in the field of sports and health services, Development forecasting.

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**1. Introduction.** Currently, in Ukraine, the economy is undergoing restructuring and expansion, respectively, this applies not only to the manufacturing sector but also to the non-manufacturing sector (services). Thus, now such a component of the service sector as physical culture and sports is very relevant. "Health care, physical culture and social security" have formed into an independent socially-oriented sphere of the national economy. It defines the way of life of a significant circle of society, for which it is an effective way of physical recovery, moral development, and self-improvement, education of caring for nature and cultural heritage, mutual understanding, and mutual respect between peoples and nations. Creating conditions for people to be able to actively spend their leisure time, including the use of resources of mass sports and physical culture, should be one of the key activities of public authorities and all business entities.

**2. Literature Review.** Problems of functioning of sports and health services as an object of economic research have been the subject of scientific research in the works of such scientists as Alghadhywi M. Y. H., Naumko Yu. S., Samoilenco T. G., Tsymbaliuk I. [1, 2] in whose works the problems of sports infrastructure development are highlighted. Issues of organization of effective marketing of sports and health services are considered by Diachkov D. V. [3], Leonova Y. O. [4], Prokopova L. I., Chkhailo M. B. [5]. The role of sports and health activities in ensuring sustainable development was covered in the works of Velychko V. V. [6], Stegney M. I., Bohatyrev K.O., Boshinda I. M. [7]. At the Stakhiv's I. M. and Rybchych's I. E. publications are devoted to the issue of financing sports and health services [8–9]. At the same time, the insignificant role of sports and health services in the presence of significant economic potential necessitates in-depth analysis and forecasting of indicators of sports and health services to justify ways to intensify its development in Ukraine.

**3. Methodology.** In the process of research in the performance of the tasks were used generally accepted in economics methods: dialectical, cognition – to reveal the essence and features of sports and health services; system-structural analysis – to determine the structure and dynamics of indicators of development of sports and health services in Ukraine; statistical and graphical – to assess changes in productivity and value-added at the cost of production of business entities in the field of sports and health services in Ukraine.

To characterize the economic potential of sports and health services, the performance indicators of economic entities that produce sports and health services are calculated and analysed. Productivity index ( $R_{fi}$ ) is calculated as the ratio of the volume of products produced by economic entities of the  $i$ -th type of activity in the field of sports and health services ( $Q_i$ ) to the number of economic entities ( $T_i$ ).

$$R_{fi} = \frac{Q_i}{T_i} \quad (1)$$

The forecast of the number of business entities in the field of sports and health services and the productivity of their activities based on the methods of correlation analysis and extrapolation.

**4. Results.** Implementing health, recreational and educational, communicative functions, physical culture, and sports are the most important means of developing the human potential of society [6]. The emergence of public or mass sports, as a result of the process of democratization, led to the allocation of physical culture and sports in a separate area. Today, this area in many countries has become a full-fledged sector of the economy, ensuring the achievement of significant socio-economic effects in the development of human capital and improving the welfare of the population.

Researchers define sports and health service as a kind of physical culture and sports activity based on the use of various sports in order to preserve and strengthen people's health, involve them in sports values, the formation of healthy lifestyle skills.

Sports and health services should be understood as organized forms of various sports in order to achieve this goal, as well as activities that provide it. This activity includes the maintenance of a network of sports and recreation facilities and the organization of visitor services during classes, the organization, and provision of sports competitions and entertainment events, trade, rental and repair of sports equipment and equipment, etc.

Sports and health services belong to the category of socio-cultural services. They are aimed at meeting the spiritual, intellectual needs of the individual and maintaining his normal life [5].

It is obvious that in the field of sports and health services there are laws and categories of market relations. The growth of the modern market of sports services and products for sports provides manufacturers working on it, the prospect of making large profits. The growing demand for sports and health services is formed by the population engaged in sports to maintain physical shape and health, as well as professional athletes. Representatives of professional sports form consumer demand, which is characterized by specific, increased requirements for quality and completeness of sports and health services and the specific mechanisms of promotion of ancillary goods and services related to this area (consultations of coaches and nutritionists, sports and special equipment, specific clothing, footwear, dietary supplements, etc.) [4].

The offer of sports and health services is carried out by coaches, club and other physical culture and sports organizations, sports and health centres, between which there is fierce competition. The prospects for the development of business activities for the provision of sports and health services are attracting more and more businesses, the number of which in Ukraine during the study period increased, despite fluctuations in the economy under the influence of the crisis of 2013–2014 (Fig. 1).

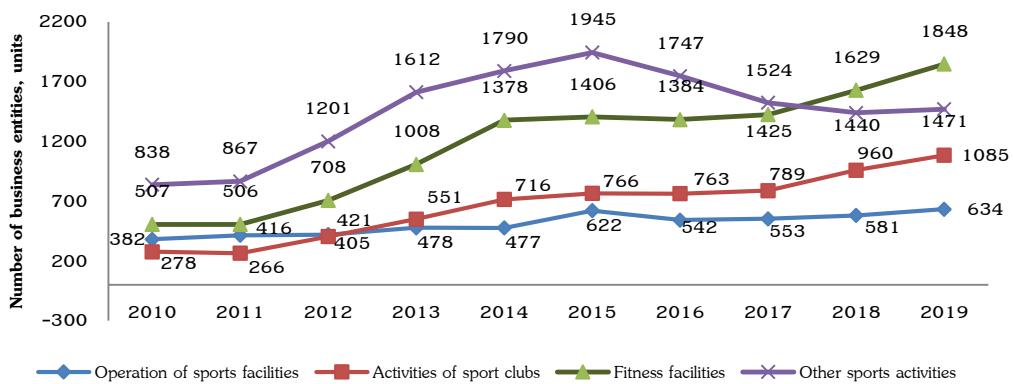


Figure 1. Number of business entities in the field of sports and health services in Ukraine

\* Built according to the State Statistics Service of Ukraine [11].

In the sports and health industry, there are commercial and non-profit organizations. Commercial successfully operates in the field of professional sports, providing paid sports and health services, organization of sporting events. These are mainly professional and amateur commercial sports clubs and health centres, sports and health organizations, paid sports sections, etc. In addition, a significant part of sports and health services by their nature are socially significant benefits that promote the ideas of sustainable development, and cannot be provided only by commercial entities. Non-profit organizations include organizations that promote a healthy lifestyle, play sports, and tourism that does not lead to paid services, including green tourism [7]. Analyzing the market of sports and medical services, it should be noted that the fitness industry dominates. The reason for this is the world fashion for a healthy lifestyle. The main players in the Ukrainian market are the networks of fitness centers of the middle price segment, which account for 37 % of the total number of business entities in the field of sports and health services (Fig. 2).

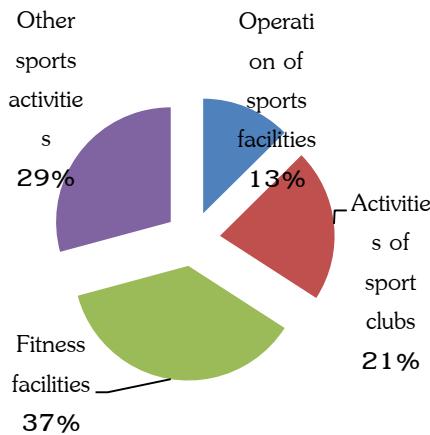


Figure 2. The structure of activities in the field of sports and health services in Ukraine in 2019

\* Built according to the State Statistics Service of Ukraine [11].

As of **2020**, the largest network remains SportLife (67 sports clubs across Ukraine), followed by Sportland (9 clubs), MyFit (four clubs), InterFit (three sports clubs), and Planet Fitness. (two sports clubs), as well as companies operating in the premium segment, such as “5 element”, “Grand Prix”, “Tsarsky”, “Aquarium”, “Podolsky”, “SportlifeDeluxe” [4].

The market of fitness services in Ukraine is actively growing. According to research conducted by the FitnessConnectUA project team, the annual turnover of this market in Ukraine today is **\$ 201.8** million, and the marketing agency Smart notes that about **19.7** billion UAH Ukrainians spend during the year “on classes for their body.” Despite the hostilities and the economic crisis, more and more fitness clubs, fitness centers, etc. are opening in Ukrainian cities. This is because this market for services is very promising [13].

According to the state statistical reporting, **70,135** full-time employees work in Ukraine, of which almost **48.9%** are employees of educational institutions, **21%** are coaches in sports, **8.4%** are employees of out-of-school educational institutions, and children’s and youth sports institutions. schools, schools of higher sportsmanship, Olympic training centers, institutions of higher education with specific training conditions (except for coaches in sports), **2.6%** of employees of structural units for physical culture and sports of all levels, **2.8%** of employees of sports facilities, **2%** of employees of physical culture and sports societies, **0.2%** of employees of separate divisions of national sports federations, **3.4%** of sports instructors in sports, **10.7%** of other employees of institutions, establishments, organizations in the field of physical culture and sports [14].

The volume of the Ukrainian market of sports and health services was estimated by analysts at **675** million dollars. as of the end of **2018** (of which **210** million dollars fall on the capital). At the same time, the level of demand for sports services in Ukraine is still far from the world (for example, in the US **20%** of the population are permanent members of sports clubs). According to experts, more than **70%** of Ukrainians do not visit sports centres at all and do not do fitness [4]. The recession in the economy of Ukraine during the crisis of **2013-2015** had a negative impact on the overall productivity of economic entities in the field of sports and health services (Table 1). This is caused by a decrease in the purchasing power of the population, a fall in the national currency, a decrease in the actual volume of sports and health services.

**Table 1.** Productivity of business entities in the field of sports and health services in Ukraine,

thousand dollars

Years	Productivity of activity in the field of sports and health services in general $R_f=f(i)$	Productivity by individual entities			
		Functioning of sports facilities $f_1$	Functioning of sports clubs $f_2$	Functioning of fitness centers $f_3$	Other activities in the field of sport $f_4$
2013	157.5	162.8	668.1	42.8	53.2
2014	112.1	135.6	422.6	39.1	44.6
2015	62.2	72.9	266.9	23.0	13.6
2016	67.9	84.8	265.7	25.3	22.0
2017	60.8	91.9	209.9	31.5	18.9
2018	94.2	100.7	390.1	40.2	24.9
2019	107.8	156.5	371.2	55.5	36.0

\* Built according to the State Statistics Service of Ukraine [11].

Physical culture and sports as a social institution and a specific type of activity are aimed at reproducing the main productive force of society – man is currently undergoing profound qualitative, quantitative, and structural changes. The recession that has taken place in the development of the physical culture movement requires an increase in the number of sports facilities, the use of sports facilities for their intended purpose, and the effective work of leading specialists and scientists in the field of physical culture and sports.

The sharp narrowing of the sports and health services market in Ukraine is explained by experts by the occupation of part of the eastern regions and the Crimean peninsula, the transformation of the market during the “maturity” period, and the devaluation of the Ukrainian hryvnia. Military actions and occupation in the anti-terrorist operation zone caused a reduction of the market of sports and improving services in Ukraine of various segments, from an economy class to a “luxury” class, by 20 % [3].

Determinant for the development of physical culture and sports is sports infrastructure, however, the provision of the population of Ukraine with sports and sports facilities is currently much lower than the required level [1; 2]. In Ukraine, the process of restoring sports infrastructure begins through the introduction of special programs in the State Fund for Regional Development, 10 % of which is allocated for the construction and repair of sports facilities [9]. According to statistical data, in 2016–2019, more than UAH 1 billion was allocated in Ukraine for the restoration of sports infrastructure in the regions. From 2016 to 2018, 2,650 sports facilities were built. For the first time, a subvention was provided to local budgets for the construction of sports palaces (UAH 150 million) [1].

According to statistics, in **2016-2019** in Ukraine for the restoration of sports infrastructure in the regions was allocated more than 1 billion UAH. Due to which **32** objects were restored and built in **2016** in the amount of **100** million UAH, **100** objects in **2017** in the amount of **374** million UAH, and **137** objects worth **600** million UAH were approved. in **2018**. From **2016** to **2018**, **2,650** sports facilities were built. For the first time, a subvention was provided to local budgets for the construction of sports palaces (**150** million UAH). The construction of sports palaces has started in Rivne – **42** million UAH, Khmelnytskyi – **54** million UAH. The budget of the Ministry of Youth and Sports provided **400** million UAH on subventions to regions for repair, reconstruction, and construction of palaces of sports and pools [15].

In Ukraine most state-owned sports facilities are under the economic management or operational management of professional sports organizations (specialized educational and sports institutions, clubs) and are on the balance sheet of these organizations. Today in Ukraine the material and technical base of the sphere of physical culture and sports is weak. In terms of the level of swimming pools and gyms in Ukraine, it is **2-3** times inferior to the leading countries of the world. Provision of pool areas in Ukraine is only **14%** of the norm; **80%** of sports facilities do not meet modern requirements [13].

The global economic crisis caused by the COVID-19 pandemic has a negative impact on the development of the market of physical culture and sports in Ukraine. Continuous lockdown for a long period of time, then the introduction of adaptive quarantine, countering the pandemic required enormous public financial support. The need for the introduction of certain quarantine restrictions by the state logically led to an escalation of tensions with almost all areas of business.

In Ukraine today, the economic potential of sports and health services is poorly realized. The industry provides only about **0.2 %** of value-added from all types of economic activity, which proves the need for development and absorption of state support for the sphere in order to intensify its development (Table 2).

**Table 2.** Value added at factor costs of business entities of sports activity in 2013-2019

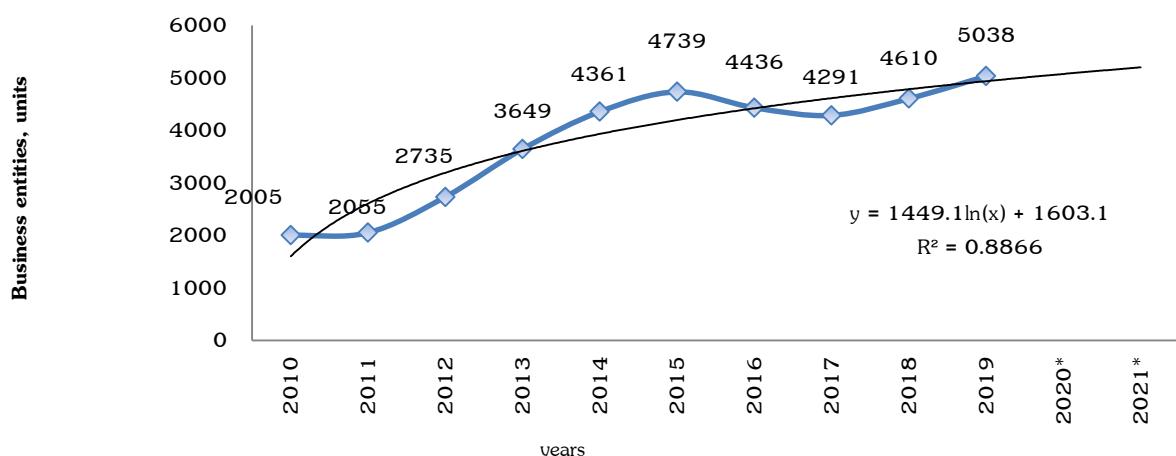
Years	Total		Including physical persons-entrepreneurs	
	thousand UAH	as a percentage of value added for all types of economic activity	thousand UAH	in % to the total of business entities of corresponding type of economic activity
2013	2957288.3	0.285	224864.3	7.6
2014	3307335.7	0.256	181120.8	5.5
2015	3468809.0	0.248	201245.0	5.8
2016	4332413.9	0.240	321129.4	7.4
2017	3861208.0	0.171	533634.3	13.8
2018	6473681.4	0.258	736682.2	11.4
2019	6360743.9	0.214	946963.8	14.9

\* Built according to the State Statistics Service of Ukraine [11].

In terms of business entities, it should be noted that both the number and performance of individual entrepreneurs engaged in sports and health services are growing. Thus, the share of value-added of sports and recreation activities produced by entrepreneurs for the period 2013–2019 increased to 14.9 %. The positive side of commercialization is to attract the necessary additional resources to maintain and implement sports activities. In the field of physical culture and health, commercial relations have led to the intensification of the development of organizational structures aimed at meeting the needs of consumers in physical culture and health, sports and health, entertainment services, etc.

Using the method of economic and mathematical analysis, it is determined that while maintaining stable conditions, the field of sports and health services in Ukraine tends to resume and intensify its development, as evidenced by the forecast trends in the number of businesses in this area and increase their productivity (Fig. 3).

**a) Number of business entities in the field of sports and health services**



**b) Productivity of subjects of sphere of sports and improving services**

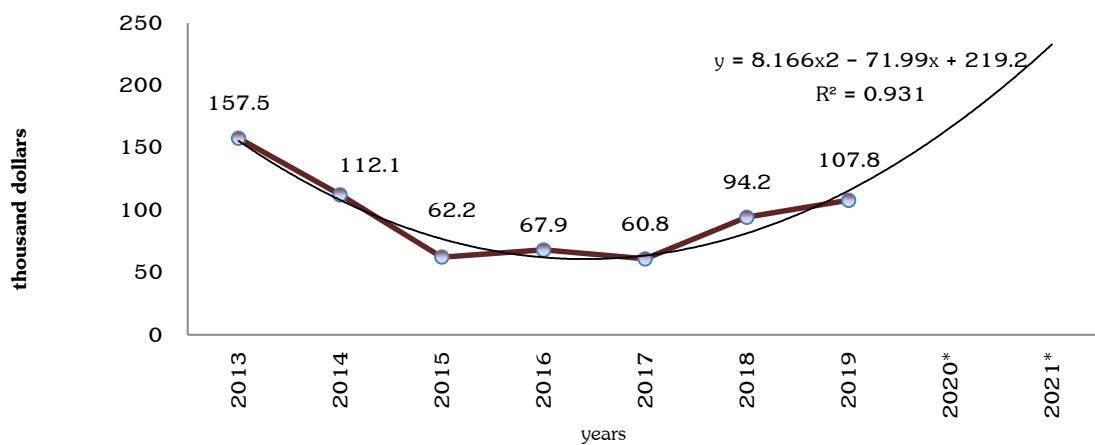


Figure 3. Forecasting the development of sports and health services in Ukraine

\* Built according to the State Statistics Service of Ukraine [11].

However, the difficulty of forecasting the development of sports and health services is that only within the analysis of supply, demand and productivity is difficult to predict the structure, pace, and proportions of the industry. Physical culture participates in the implementation of socio-cultural and educational function, which is manifested in market conditions not only at the level of spontaneous supply and demand but also requires rational organization and effective management by the state. At the present stage of the development of Ukrainian society, the urgency of comprehensive support of physical culture and sports by the state remains; this state of affairs is regulated by current legislation. The state regulates relations in the field of physical culture and sports through the formation of state policy in this area, the creation of appropriate state bodies, financial, logistical, personnel, information, regulatory, and legal support for the development of physical culture, and sports.

When conducting an economic analysis of sports and health services, it is necessary to take into account state policy and the parameters of the industry, defined by law, in particular in the Strategy for the Development of Physical Culture and Sports for Ukraine until 2028 [12]. The strategic goal of the development of sports and health is to improve the health of the population; support of high efficiency of people; prevention of various social phenomena; implementation of the constitutional guarantee of the right of citizens to equal access to physical culture and sports, and the development of sports infrastructure provides an influx of new jobs, contributes to the creation of entertainment industry.

In order to create favorable conditions for strengthening the health of citizens as the highest social value, ensuring the realization of the individual's right to physical activity, the National Strategy for Physical Activity in Ukraine for the period up to 2025 "Physical activity – healthy lifestyle – healthy nation" [16]. The National Strategy is financed from the state and local budgets, as well as other sources not prohibited by law. The main goal of the Strategy is to create all the necessary conditions for healthy physical activity and a healthy lifestyle, to shape the health of the nation, which is the main value of the state. One of the priority areas to achieve this goal is the formation of the infrastructure of modern and attractive sports facilities at the place of residence, in places of public recreation, on the basis of secondary schools, which should be easily accessible to various segments of the population, especially the poor.

**5. Discussion and Conclusion.** In Ukraine, the activity of providing sports and health services is a separate area, as evidenced by a number of its inherent characteristics:

1. This sphere is formed by business entities, both natural persons–entrepreneurs, and organizations that have the rights of a legal entity engaged in sports and health activities.
2. The end product of this sphere is sports and health services, the goals and technologies of production of which are based on the basic provisions of the theory and methods of physical education and sports.

3. Its functioning ensures the availability of human resources and the system of training specialists in physical culture and sports.

4. The existence of a state system of accounting and statistical reporting.

5. Characteristic is the sectoral separation of sports and health organizations on the basis of a single governing body – the Ministry of Youth and Sports. Activities are regulated by special legal provisions, in particular, the Law of Ukraine "On Physical Culture and Sports", the Strategy for the Development of Physical Culture and Sports until 2028.

This makes it possible to state that the activity of providing sports and health services has all the features that allow it to be attributed to the social (non-productive) sphere of the economy.

Among the main reasons for the deterioration of the situation in the field of physical culture and sports in Ukraine, we can highlight:

- insufficient sports infrastructure capable of meeting the needs of the population in daily physical activity in accordance with physiological needs, including persons with disabilities;
- non-compliance of sports facilities with world quality standards;
- low level of propaganda in the media and education of the population on the awareness of the value of health, the lack of an effective system of incentives for the population to maintain their health;
- low prestige of professions in the field of physical culture and sports, low level of material incentives for employees of the public sector in this area;
- low level of medical and medical-biological support of persons engaged in physical culture and sports;
- insufficient budget funding and insufficient attraction of extra-budgetary funds;
- lack of preferences for business structures that would stimulate investment in physical education and sports.

Several factors can contribute to the growth of sports and health services in Ukraine, such as the growing popularity of fitness as a global trend; state policy in the field of sports, which helps to increase the number of people who do sports, in particular in fitness clubs; increasing public funding and recognizing the priority of development of sports and health services in achieving the goals of sustainable development and improving the quality of life.

Despite the problems that have arisen in the state and society, the development of physical culture and sports remains one of the priorities of public policy.

To solve this problem, Ukraine has adopted a Strategy for the development of physical culture and sports for the period up to 2028 [12]. The strategy identifies five key objectives, including the promotion of physical culture and sports; strengthening attention to the preparation of athletes for participation in top sports competitions, improving the level and quality of sports medicine, scientific support of training athletes, the autonomy of sports federations for the development of sports; creation of a network of world-class sports infrastructure, ensuring the accessibility and attractiveness of sports facilities; digitalization of physical culture and sports, support of initiatives in the field of sports IT startups; providing the sphere of physical culture and sports with qualified personnel potential.

Among the expected results of the implementation of the adopted Strategy are an increase in the level of physical culture of the population and an increase in the share of people who choose a regular physical activity to 30 %.

To achieve the set results, it is important to have comprehensive interaction of state bodies with public organizations of physical culture and sports, which requires purposeful coordinated work of state institutions, territorial communities, production structures, private organizations, public associations, and specialists in providing physical culture and sports services. This will allow using the opportunities provided by the country's reform of financial decentralization and enhance the economic potential for the development of physical culture and sports.

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