

Strategy for the development of the tourism sector of the country and its regions in a crisis

Inna Mylko

mylko.inna@gmail.com

Lesya Ukrainka Eastern European National University (Lutsk, Ukraine)

Olena Nahornova

lennok@ukr.net

Director of Ltd. «Kozhteks» (Lutsk, Ukraine)

Serhii Ozhema

ozhema@ukr.net

Open International UNIVERSITY of Human Development «UKRAINE» (Lutsk, Ukraine)

ABSTRACT

The article presents the development and justification of the anti-crisis strategy for the development of the tourism sector of Ukraine and its potentially attractive tourist regions in a crisis. The importance of the advanced concept of anti-crisis management, features of strategic planning in the crisis, the need to take into account changes in business conditions and criteria for effective operation of economic entities. The article analyzes the impact of the 2020 pandemic on the state and development of the global tourism industry and related industries, including air transport. Particular attention is paid to the impact on international tourism of the introduction of strict quarantine restrictions on travel in China, analyzed the development of tourism in Thailand. The article presents forecasts for the recovery of the world tourism industry. The dynamics of external and internal tourist flows in Ukraine is presented: the rapid growth of tourists by 2020 and their sharp decline during the global lockdown. The main problems and directions of development of the tourist sphere and full use of the resource potential of Ukraine are offered.

The article proposes a scheme of the process of anti-crisis management in the tourism sector at the level of public authorities. A matrix for assessing the degree of risk impact on the activities of interested participants in the tourism market has been developed. SWOT-analysis was used to diagnose the state of the tourism sector of Ukraine. Strategic prospects of tourism intensification are offered; one of the options for the structure of the tourism cluster as an opportunity to join forces and respond to the inevitable changes in a crisis.

KEYWORDS :Anti-crisis strategy, Tourist sphere, Crisis phenomena in the tourist sphere, Matrix of qualitative assessment of the degree of risk impact, Scheme of the process of anti-crisis management in tourist activity

Received: 13/10/2021

Revised : 08/11/2021

Accepted: 22/11/2021

1.Introduction .In the current conditions of development of global processes in the economy, the tourism industry has become one of the defining and priority areas in the world economy. Tourism affects the socio-economic development of entire countries and individual regions.Until recently, the tourism industry developed in favorable conditions and brought significant profits. Ukraine has also sought to successfully develop its market for tourism services, to make known its tourism competitive advantages and to increase domestic and foreign tourism flows.

According to the UN World Tourism Organization, the contribution of tourism as part of the world's gross domestic product is about **10%**. Tourism is one of the main sectors of the world economy and one of the ways to implement the foreign policy of any state.Ukraine has sufficient resources and unlimited potential tourist opportunities. But at present our country cannot compete with developed tourist countries. For the rational and effective use of natural, medical and recreational resources of Ukraine it is necessary to form an anti-crisis strategy for the development of the country's tourism sector in a crisis, which will ensure the development, implementation and supply of a competitive tourism product.

Problems of the tourist sphere have been studied by many scientists, including L. Vasylykevych, I. Golovchan, L. Hryniv, O. Gulych, A. Gukalyuk, J. Dubenyuk, I. Zhuk, N. Kindrachuk, N. Kolenda, V. Motolych, O. Palamarchuk, A. Panasyuk, O. Pylypyak, E. Popova, J. Poplavska, V. Rudenko, D. Stechenko, E. Falko, L. Cherchyk, L. Shevchuk, V. Szymanska. But despite the large number of scientific studies, the issue of forming a strategy for the development of tourism in a crisis remains relevant.

The purpose of the article is to develop and substantiate the anti-crisis strategy for the development of the tourism sector of potentially attractive tourist regions of Ukraine in a crisis.

2. Proposed Techniques / Algorithms .The subject of the article is a set of scientific-theoretical and methodological principles of forming an anti-crisis strategy for the development of the country's tourism sector in a crisis.

General scientific methods of analysis and synthesis, structural-logical method, generalizations, tabular-graphic, calculation-analytical methods are used to solve the set tasks.

2.1 The First Technique

The stable operation of the enterprise in the uncertainty of market conditions requires an immediate response to an adverse factor in the state of the business entity. To this end, it is advisable to have a list of preventive measures. These measures will prevent or mitigate the crisis, mobilize all internal reserves to overcome the crisis. Particular attention should be paid to the advanced concept of crisis management. It is aimed at early warning and response to the crisis in the activities of any entity, designed to provide comprehensive identification, analysis, solution and forecasting of problems to make advanced management decisions to achieve tactical and strategic goals [1]

The company's anti-crisis strategy must be a timely and effective response to existing changes in the environment. It is important to develop a system of alternative management decisions based on the study of previous experience of the situation at different stages of the life cycle. Resolving

differences between the goals of the entity, available resources and the impact of external and internal environment on its development is the main task of anti-crisis strategy. That is why the anti-crisis strategy should be considered as a way for the subject to achieve the main goal of the activity, taking into account the influence of external and internal environmental factors, which are the source of crisis phenomena. The strategic security system should be able to take into account future changes that may cause future crises and negatively affect businesses.

The period of time that exists before the crisis and that which means the arrival of the crisis can be interpreted as follows:

- 1) the crisis came spontaneously and very quickly;
- 2) the process of preparing the firm for the perception of a crisis situation can be fast or slow.

An entity may influence the speed of its own preparations to prevent the adverse effects of a crisis. The development of anti-crisis strategy should be based on the peculiarities of strategic planning, take into account changes in business conditions and criteria for effective operation [2] Crisis phenomena in the tourism sector have always existed and could be caused by natural disasters, political instability, military action and so on. The current pandemic crisis is special because it has spread to all countries in the world at the same time.

Experts note that in 2020 the losses of the tourism industry reached 1.2 trillion dollars. Losses from exports in the world tourism industry due to the coronavirus pandemic in the first half of 2020 amounted to 320 billion dollars. with the reduction of international tourist flows by more than 50%. More than 120 million jobs in the industry are under threat. Tourism is the third largest export sector of the world economy after energy and chemicals, and in 2019 it accounted for 7% of world trade. In a certain list of countries, tourism accounts for more than 20% of GDP. Managers of the Market and Competitiveness Division of the United Nations World Tourism Organization state that the export losses in tourism in the amount of 320 billion dollars from January to May 2020 are 3 times higher than in the third quarter of 2009. Coronavirus has affected tourism in all countries of the world. Revenues from the export of tourist services decreased in 2020 by 910 billion dollars. to 1.2 trillion dollars, world GDP fell by various estimates by 1.5-2.8%. Workers in tourism and related industries, which provide jobs for 144 million people worldwide, are in a difficult position. Small enterprises are especially vulnerable [3] Due to the pandemic and the decline in the tourism industry, the number of jobs in the world decreased by 12-14%.

It is necessary to note separately on two most noticeable crisis waves in the tourist sphere of China: sharp decrease in the Chinese tourists and in general travels in Europe. According to various estimates, for example, in 2018, Chinese tourists spent from 130 to 227 billion dollars outside their country. In 2019, the Chinese were abroad 166 million times. In the first quarter of 2020, China's loss in world tourism was tens of billions of dollars due to severe quarantine. In 25 years, Thailand has experienced a large-scale economic crisis (1997), and a tsunami (2004), periods of political instability (2006, 2008, 2010, 2014). However, Thailand's tourism statistics have been positive in the last decade. The tourism industry developed dynamically, the country was called "Teflon Thailand". If in 1960 the country was visited by about 80 thousand foreign tourists, in 2019 their number reached 39 million. In 2019, the tourism business added \$ 60 billion to Thailand, which is 20% of

the country's national income. In Thailand, tourists from China accounted for 25% of the total number of visitors.

The largest loss from quarantine restrictions during the pandemic is over \$ 8 billion. were in Italy, because tourism is a significant part of the country's economy, accounting for about 13%. Prior to the pandemic, Italy ranked first among European countries in the number of air routes to China. According to Tourism Economics, the losses in the field of travel and tourism in the United States could amount to 24 billion dollars. The analysis of the development of the tourism sector shows that the US tourism industry is depressed: the total unemployment in the tourism sector is 51%. The global aviation industry is one of the worst hit by the coronavirus crisis. Initially, most airlines stopped or reduced flights to China, and later the air business in Europe was hit. According to the latest estimates of the International Air Transport Association (IATA), the industry has tripled to \$ 113 billion [4] Extended UNWTO scenarios for 2021-2024 indicate that it may take 2.5 to 4 years for international tourism to return to 2019 [5]

All regions of the world were affected during the pandemic. Asia and the Pacific (-84%), the first region affected by the pandemic and the region with the highest level of travel restrictions currently observed, saw the largest decrease in arrivals in 2020 (300 million less). The Middle East and Africa saw a 75% decline. Europe has seen a 70% reduction in tourist arrivals. The biggest drop in the region was in absolute terms, in 2020 by 500 million less international tourists. The resumption of world tourism depends on quarantine restrictions and vaccination. Analysis of the state of the tourism sector in the current economic conditions should be divided into periods up to 2020, and after, under quarantine restrictions. According to experts, the pandemic crisis season will provide consumers with priority in terms of: choice of shorter vacation periods, predominance of individual travel (motor tourism) and individual accommodation, choice of health, sea and rural tourism.

This crisis has led to changes in consumer preferences, accelerated the introduction of online technologies, hygiene and healthy lifestyles, the active use of non-cash and contactless payment methods and targeted delivery [6]

In fig. 1 presents the number of tourists served by tour operators and travel agents, by type of tourism in Ukraine since 2000.

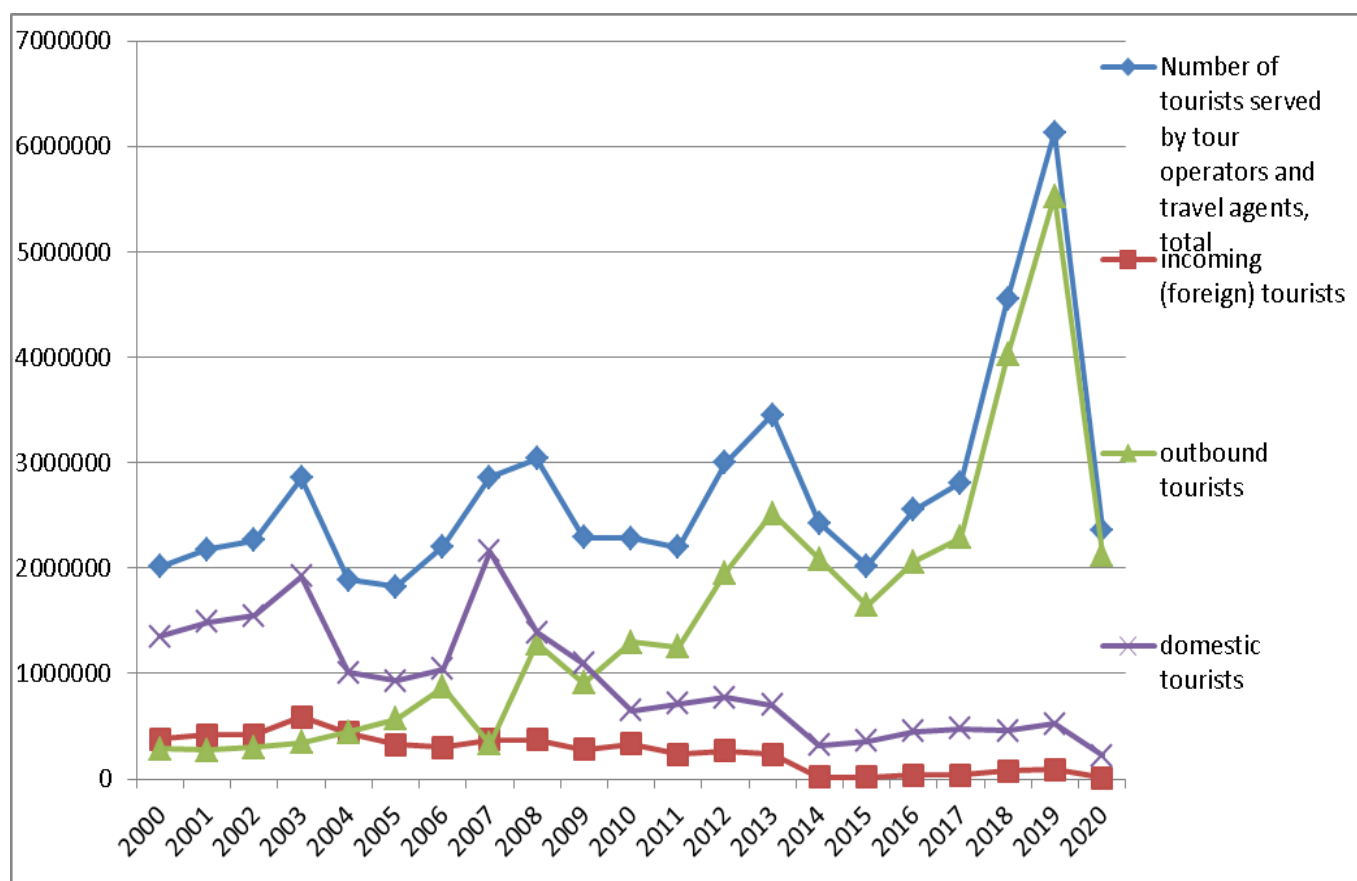


Fig 1. Number of tourists served by tour operators and travel agents, by type of tourism in Ukraine (persons) *

*According to the materials of the State Statistics Service of Ukraine

We can observe an increase in the intensification of tourist traffic in Ukraine by 2020 for all types of tourism. In 2020, Ukraine's tourism industry lost (according to industry experts) more than \$ 2 billion due to the coronavirus pandemic. Although experts note that Ukraine still does not have detailed statistics on the tourism market and its participants. Therefore, in Ukraine it is planned to create a Unified Tourist Register, where all accommodation facilities and tourism entities will be able to register and receive monthly operational statistics. [7] In the structure of Ukraine's foreign trade, the share of travel-related services is quite stable - from 3.2% in 2005 to 2.1% in 2010, 2011, 2015, 2016, 2019.

As the global crisis and pandemic over the spread of the COVID-19 virus exacerbates competition for the consumer of the tourism product, it is encouraging industry to reconsider approaches and tools for their sales. Therefore, in the current conditions for the tourism industry, which has suffered the most from the pandemic, the position of domestic tourism is especially strengthening. In this context, the development of thematic tourism in the country should be considered. At the conference of the World Tourism Organization in Lisbon, based on the results of the Tourism 2020 Vision study, 5 most promising tourist destinations of the 21st century were announced, and one of them is thematic tourism, in particular, rural green tourism and its varieties. In Ukraine, 2020 has been declared the Year of Tourism Development in Regions and Rural Areas. This requires a detailed study of

the demand for the tourist product, change offers, provide modern infrastructure, effectively use the promotion, and establish a quality service at affordable prices [8] According to the World Economic Forum, Ukraine currently uses less than 30% of its potential tourism potential. According to experts, if we fully reveal the tourism potential of our country, the revenues to the budgets of all levels can reach the mark of 10 billion dollars. USA per year. Today, these are the revenues of those countries that are on a par with Ukraine in terms of their tourism potential [9]

The main directions of development of the tourism industry and full use of the resource potential of Ukraine are:

1. Creating safe conditions for tourists to stay in the country, protection of their legal rights and interests.
2. Development of a network of autocampings.
3. Improvement of recreational areas and tourist facilities.
4. Development of cycling tourism.
5. Stimulating the development of sanatorium tourism.
6. Stimulating the development of rural tourism
7. Conducting advertising campaigns for tourist resources.
8. Creating a brand "Ukraine is unique".
9. Publication of promotional catalogs in different languages.

The main problematic issues still remain: underfunding of the tourism industry, the presence of queues at checkpoints, imperfect legislation governing the field of green tourism, the lack of specialized specialists. Strategic tasks and priority areas for increasing competitiveness are directly related to the strategic prospects for intensifying the tourism sector in the region.

2.2 The Second Technique

We are convinced that we need to learn to prevent the crisis, and in case of its occurrence to be able to neutralize its negative consequences. To develop an anti-crisis strategy for the development of the tourism sector in Ukraine, it is necessary to go through the following stages (Fig. 2) and take into account the need for sustainable tourism development in the region:

The first stage of developing an anti-crisis strategy begins with the formation of anti-crisis planning. At this stage, we propose to design a general idea of tourism management in the event of a crisis (recurrence). It is necessary to take into account all possible types of risks and predict their quantitative impact on activities in the field of tourism, to develop an action plan for each type of risk.

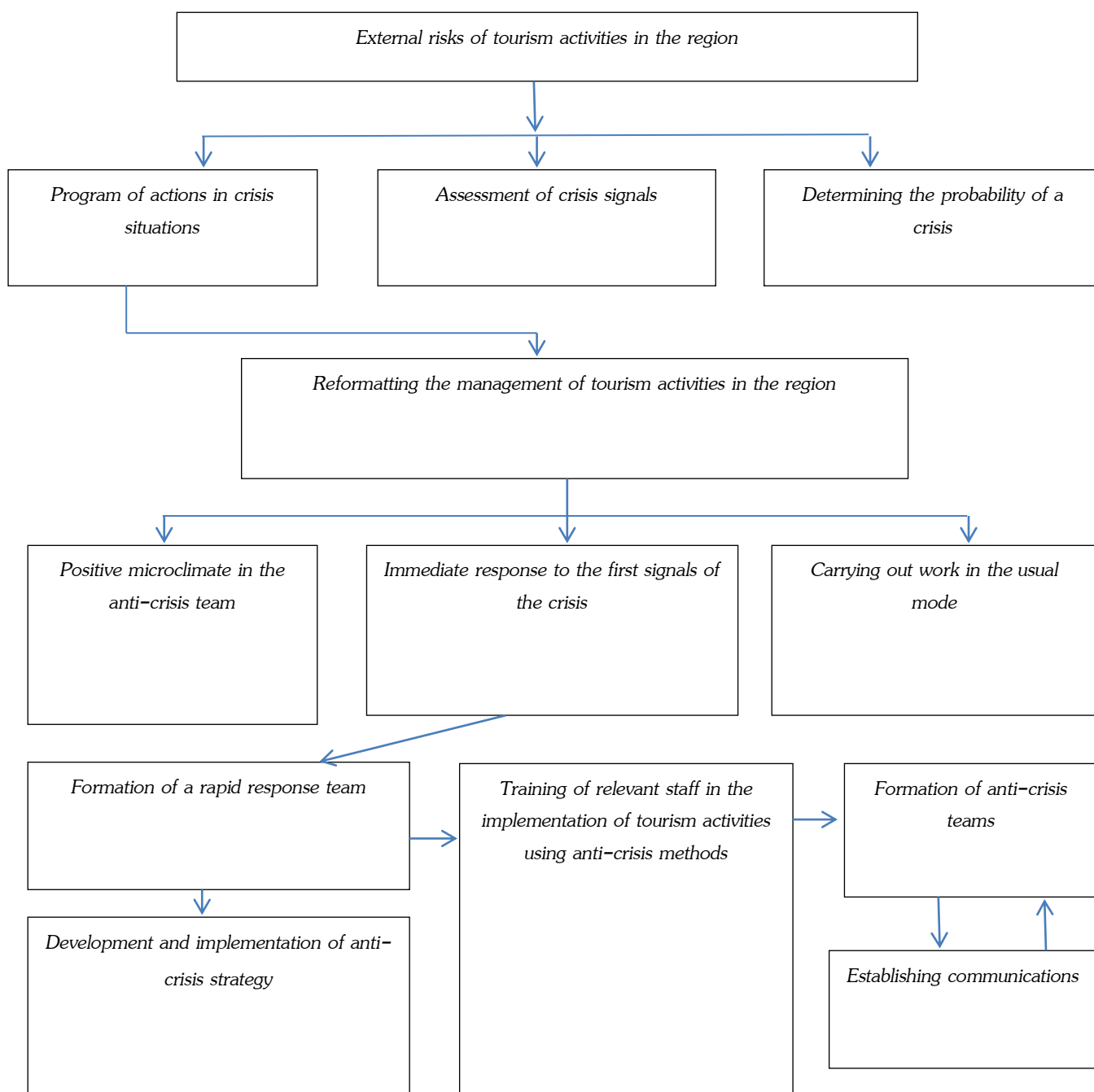


Fig 2. Scheme of the process of anti-crisis management in tourism activities at the level of public authorities *

* Improved by a team of authors

It is necessary to assess the possible consequences of the crisis not only qualitatively but also quantitatively. We agree with the opinion of many scientists and propose to use a matrix to assess the degree of impact of risk on the activities of stakeholders (see Tables 1, 2).

Table 1. Matrix of qualitative assessment of the degree of risk impact on tourism activities in Ukraine

Danger level	Event	Probability of occurrence of the event	Description
1	The next wave of coronavirus, the introduction of quarantine restrictions in Ukraine	High	In the autumn there may be an increase in the incidence of respiratory infections, Introduction of quarantine restrictions in some regions, introduction of restrictions on free interregional movement
2	The crown of the crisis in Europe, especially its closest neighbors, including Poland	High	Quarantine restrictions are possible in the countries where foreign tourists come from. This will especially affect the holding of international festivals planned in the region
3	Decrease in solvency of the population of Ukraine (Ukraine is mostly visited by domestic tourists and excursionists)	Average	Rising prices, which will reduce the effective demand of domestic tourists and excursionists
4	Insufficient promotion of tourist locations in Ukraine	Average	Limited information and propaganda campaign to promote Ukraine as a tourist region
5	Overstatement of prices for visiting Ukraine as a tourist region	Low	Setting high entrance fees and sightseeing of tourist attractions in the region

*Developed by a team of authors

Table 2. Matrix for quantitative assessment of the degree of risk impact on tourism activities in Ukraine *

Probability	Impact assessment				
	Invisible influence	Insignificant impact	Noticeable impact	Significant impact	Catastrophic impact
1 – high	HL	HL	UHR	UHR	UHR
2 – high	MR	HL	HL	UHR	UHR
3 – average	LR	MR	HL	UHR	UHR
4 – average	LR	LR	MR	MR	UHR
5 – low	LR	LR	MR	MR	MR

*Developed by a team of authors

UHR – ultra-high risk; HL – high level; MR – moderate risk; LR – low risk.

Depending on the current situation, the following strategies should be selected to respond to the risks that will help mitigate the negative effects of the crisis or neutralize them:

1) in the case of ultra-high risk it is necessary to take immediate measures, which provides for an anti-crisis strategy;

2) in case of high risk it is necessary to adjust the management of tourist activities in the region on the basis of appropriate anti-crisis measures;

3) in case of moderate risk it is necessary to focus on the adjustment of certain areas of tourism, which are projected to have the most crisis phenomena, here it is necessary to use preventive anti-crisis programs;

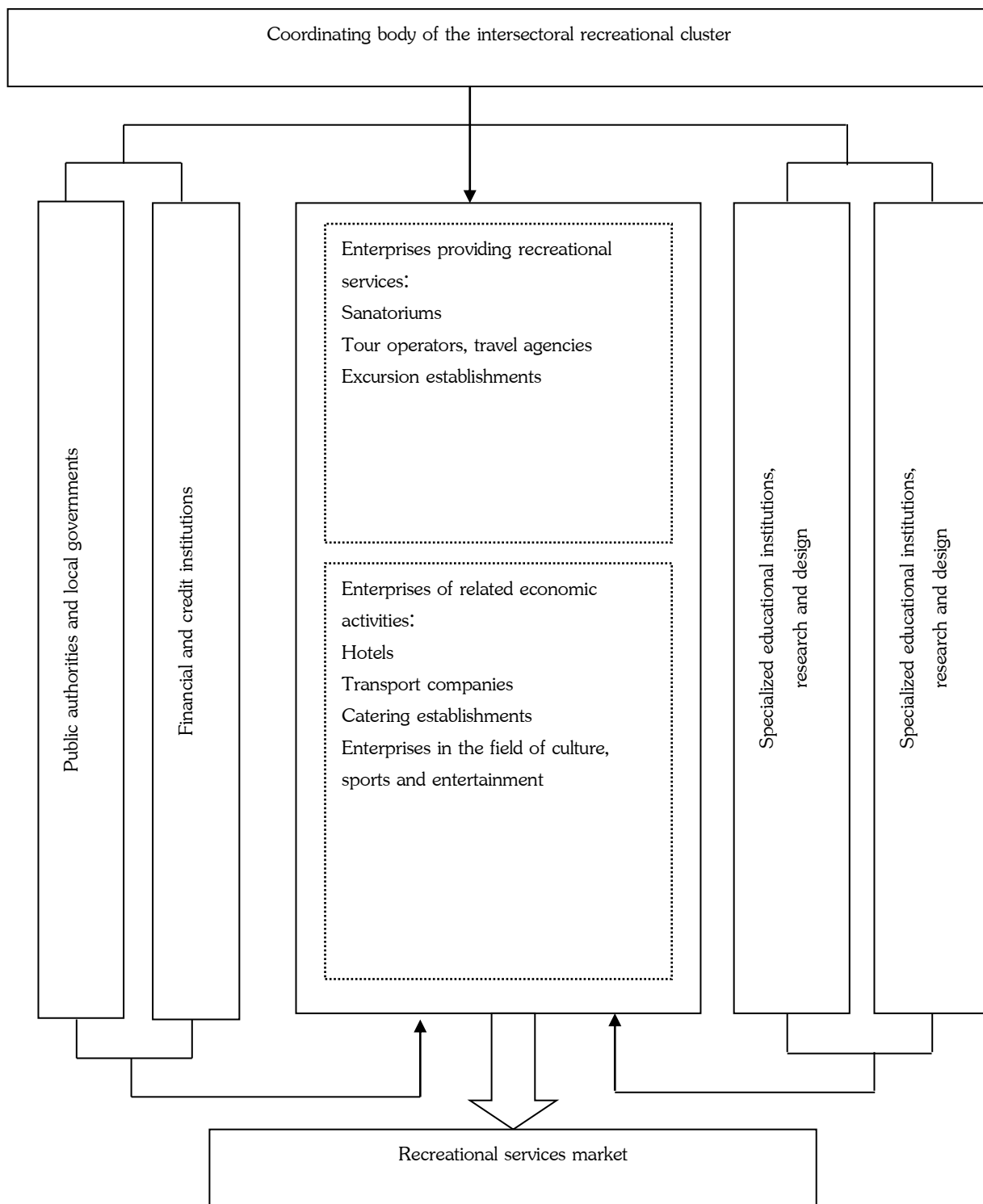


Fig 3. Recreational cluster structure*

*Updated with.[10]

4) in case of low risk it is necessary to ensure the management of tourism activities in Ukraine in the usual way. The second stage should be the creation of a team of anti-crisis managers, who should be selected from among the employees of regional administrations, in particular in the department of foreign relations, investment attraction and tourism and resorts; Department of Culture, Religions and Nationalities; information and internal policy management.

Here it is necessary to select specialists-experts in the areas of risky external events, to establish effective communication between them for the exchange of information, joint development of measures and organization of their implementation. The third stage should be the development of a mechanism for immediate response to the first signals of the crisis, establishing cooperation with other economic entities that form the tourist product (accommodation and catering establishments, tourist and excursion bureaus, cultural institutions, museums. At the same time, an important tool of preventive anti-crisis management is the creation of a tourism cluster with the participation of regional executive authorities. We believe that in crisis situations, by joining forces, the members of the tourism cluster will be able to respond to the inevitable changes. In Figure 3 we offer one of the options for the structure of the tourist cluster. At the final stage, we need to strengthen the reputation of the country, the region and the tourist attractions of our region. The tourist image must be created at all levels of government. In general, this work is being carried out in our country, but in times of high probability of repeated quarantine restrictions, this activity should be intensified.

3. Experimental Results .We propose to support the position of scientists to intensify tourism in Ukraine, that the economic development of our country in the long run will take place with possible economic downturns. Taking into account these assumptions, the directions of strategic prospects of moderate intensification of tourist activity of the country are formed.

Strategic prospects for intensifying tourism are as follows:

for the short term (2021-2022), the projected growth rate for indicators (gross regional product, number of foreign tourists) is 1.2, as the Ukrainian economy has been affected by the global crisis, which, in our opinion, will reduce the growth of these indicators;

for the medium term (2022-2024) the projected growth rate for the analyzed indicators is 1.5;

for the long-term period (2024-2026) the growth rate will be 2.0, which is 0.5% more than in Ukraine.

In accordance with the methodology, similar average annual growth rates for the analyzed periods are characteristic of the strategic prospects of institutional support for innovative development, nature management, environmental protection and interstate efforts in solving global environmental and economic problems.

In case of successful fulfillment of tasks of strategic prospects of a variant of moderate activation of tourism further it is expedient to pass to development of a strategic prospect of a variant of optimistic

activization of tourism having increased the forecast coefficient of average annual growth rate from 1,5 in 2022-2024 to 1,8, and in 2024-2026. from 2.0 to 2.3.

To diagnose the state of the tourism sector in Ukraine, it is advisable to use such a tool of strategic analysis as SWOT-analysis.

Thus, the above information allows us to identify those strengths that allow us to fully realize the potential of the region's tourism potential. It is obvious that the convenient geographical location will allow to effectively realize the possibilities of cross-border cooperation, recreational complex and integrate into European transport flows. However, the lack of skilled workers weakens the realization of these opportunities. Therefore, we should focus our efforts on the development and support of interstate transport arteries, the definition and observance of clear rules for private business, the development of educational centers for the training of specialists in the field of tourism.

The most threatening are the processes of demographic crisis and labor migration, which is aimed at the departure of the working population abroad. These threats completely offset such strengths as the availability of human resources and small business development. That is, in the absence of investment and support of private business, the available labor potential loses its qualification or goes abroad. Therefore, a package of laws and regulations should be developed that would stimulate foreign investment in the development of transport infrastructure and tourism. It can be concluded that the high energy dependence of the region and insufficient development of infrastructure have the most significant impact on the realization of the country's capabilities. Ukraine has significant potential for tourism, but it is worth overcoming existing obstacles and strengthening opportunities. Therefore, central and regional authorities should be the main driver of anti-crisis strategies to prevent the negative impact of crisis situations on tourism in the country.

Internal factors External factors	Strengths 1. Active activity of small and medium business in tourism. 2. Convenient location of the region at the intersection of highways. 3. Availability of unique natural resource potential. 4. Cultural and architectural heritage.	Weakness 1. Low investment attractiveness and innovation. 2. Inefficient development of agritourism. 3. Inefficient use of renewable energy. 4. Underdeveloped transport and tourist infrastructure. 5. Low income.
	Opportunities	SO
1. International transport corridor "west-east". 2. Cross-border relations. 3. Development of recreational tourist complex. 4. Development of the hotel sector. 5. Improving the business climate..	1. Development and support of interstate transport highways. 2. Development of educational centers in the field of tourism. 3. Support for private business in the field of tourism.	WO 1. Intensify the process of using alternative energy sources, using the experience of EU countries. 2. Development of a tourist and recreational complex to attract labor potential and opportunities for cross-border cooperation.
Threats	ST	WT
1. Demographic crisis. 2. Labor migration of the population of the region. 3. Instability of legislation. 4. Fluctuations in exchange rates. 5. Quarantine restrictions	1. Stimulating the inflow of foreign investment in the field of international tourism and infrastructure. 2. Involvement of the working population in the development of small business with export orientation.	1. Protection of investment and innovation activities at the state level. 2. State support of agro and eco-tourism.

Fig 4. SWOT-analysis of tourism in one of the most attractive regions of Ukraine – Volyn region *

* Developed by the authors

4. Discussion and Conclusion .After the end of the crisis related to the COVID-19 pandemic, it is proposed to pay attention to consolidating Ukraine's tourist demand at the international level. In the modern market of tourist services there are global changes in tourist products, consumer needs and the general tourist model. A large number of improvements in the organization of tourism will be directed to the organization of virtual tourist routes, which in many countries around the world will remain after the crisis COVID-19.

In modern economic conditions, the tourism industry around the world is suffering as a result of measures to counter the COVID-19 pandemic. At the same time, the current situation should be considered not only as a problem, but also as an opportunity to bring the tourism sector in Ukraine to a qualitatively new level.

References

- [1] V. Vasylenko ,*Situational Management: Textbook*, K: Center for Educational Literature, 2005
- [2] O .Bondar ,*Situational management. Textbook*, K:Center for Educational Literature, 2012.
- [3] In the UN told about the shocking losses of the tourism industry due to the coronavirus. [Online]. Available: <https://www.unian.ua/tourism/news/turizm-i-koronavirus-iz-za-pandemii-covid-19-turindustriya-poteryala-320-mlrd-doll-novini-11123831.html> [Accessed: Sep. 21, 2021].
- [4] V. Nepochatenko , “Covid-19 and tourism: analysis of the situation and economic ways out of the crisis,” *Efficient economy* , no.7,2020 [Online]. Available: <http://www.economy.nayka.com.ua/?op=1&z=8079> [Accessed: Sep. 21,2021].
- [5] 2020: Worst year in tourism history with 1 billion fewer international arrivals. [Online]. Available: <https://www.unwto.org/news/2020-worst-year-in-tourism-history-with-1-billion-fewer-international-arrivals> [Accessed: Sep 21, 2021].
- [6] J .Zhalilo , C.Kovalivska, A.Filipenko, V.Khiminets and A.Golovka, *On the development of tourism in Ukraine in conditions of increased epidemic risks*. National Institute for Strategic Studies. [Online]. Available: <https://niss.gov.ua/sites/default/files/2020-06/turyzm-v-ukraini.pdf> [Accessed: Sep. 21, 2021].
- [7] Ukrainian tourism has lost about 60 billion due to the pandemic. Analytical portal «Word and deed» [Online]. Available: <https://www.slovoidilo.ua/2021/01/20/novyna/suspilstvo/ukrayinskyj-turyzm-cherez-pandemiyu-vtratyv-60-milyardiv> [Accessed :Sep. 21, 2021].
- [8] M.Furdak, “Ways of development of the tourist industry of Ukraine in the conditions of challenges 2020,” *Priazovsky economic bulletin*, Issue 3 (20), pp. 134-142,2020
- [9] I .Tyschuk , “Assessment of the main trends in the development of rural green tourism in Ukraine,” *Scientific journal «Economic Forum»*, no 4. pp. 79-86, 2018.
- [10] I.Milko and L. Cherchyk , *Mechanisms of formation and regulation of intersectoral relations in the recreational complex of the region [Monograph]*, Lutsk:2012.