

ppi 201502ZU4645

Esta publicación científica en formato digital es continuidad de la revista impresa
ISSN-Versión Impresa 0798-1406 / ISSN-Versión on line 2542-3185 Depósito legal pp
197402ZU34

CUESTIONES POLÍTICAS

Instituto de Estudios Políticos y Derecho Público "Dr. Humberto J. La Roche"
de la Facultad de Ciencias Jurídicas y Políticas de la Universidad del Zulia
Maracaibo, Venezuela



Vol.40

N° 72

Enero

Junio

2022

Organizational and Economic Mechanism of the Ukrainian State Policy in the Tourism and Hospitality Sector: State and Innovative Prospects

DOI: <https://doi.org/10.46398/cuestpol.4072.25>

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Abstract

This study is due to the existing contradiction between the current socio-economic, institutional, and other transformations that are taking place in Ukraine, and on the state of state policy implementation mechanisms in the tourism sector. Solving these problematic issues requires new approaches to the strategy formation in this area. The research is based on conceptual, methodical, project, institutional and historical-legal approaches, as well as a set of methods that ensure their implementation, in particular: logical generalization, factor analysis, synthesis and abstraction. In order to actively involve the existing tourism resources in the state and ensure the effective functioning of its tourism sector, it is necessary to develop a scientifically based system of programmatic and strategic measures based on common methodological principles and cover the main directions of state policy in the tourism development. In Ukraine, these areas are defined in the Tourism and Resorts Development Strategy for the period up to 2026. This strategy does not take into account the new intensions in ensuring the tourism sector development due to a number of factors, actualized recently and related to the emergence and spread of viral and other diseases and the like.

Keywords: public policy; organizational and economic mechanism; tourism; hospitality; social tourism.

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Mecanismo organizativo y económico de la política estatal de Ucrania en el sector turístico y hospitalario: estado y perspectivas innovadoras

Resumen

Este estudio se debe a la contradicción existente entre las actuales transformaciones socioeconómicas e institucionales que están teniendo lugar en Ucrania y sobre el estado de los mecanismos de implementación de políticas estatales en el sector turístico. Resolver estas cuestiones problemáticas requiere nuevos enfoques para la formación de estrategias en esta área. La investigación se basa en enfoques conceptuales, metódicos, proyectuales, institucionales e histórico-legales, así como en un conjunto de métodos que aseguran su implementación, en particular: generalización lógica, análisis factorial, síntesis y abstracción. Para involucrar activamente los recursos turísticos existentes en el estado y asegurar el funcionamiento efectivo de su sector turístico, es necesario desarrollar un sistema con base científica de medidas programáticas y estratégicas basadas en principios metodológicos comunes y cubrir las principales direcciones de la política estatal en el desarrollo turístico. Se concluye que, en Ucrania, estas áreas están definidas en la Estrategia de desarrollo de turismo y centros turísticos para el período hasta 2026. Esta estrategia no tiene en cuenta las nuevas intenciones para garantizar el desarrollo del sector turístico debido a una serie de factores, actualizados recientemente y relacionados con la aparición y propagación de enfermedades virales y de otro tipo y similares.

Palabras clave: política pública; mecanismo organizativo y económico; turismo; hostelería; turismo social.

Introduction

On 2 June 2021 the Cabinet of Ministers published a resolution (Cabinet of Ministers Resolution, 2021) according to which, quarantine restrictions in Ukraine are eased: amendments were made to the government decree establishing quarantine and imposing restrictive anti-epidemic measures in order to prevent the spread of COVID-19. In particular, as reported by the State Agency for Tourism Development of Ukraine (SATD), the list of documents with which it is allowed to cross the border of Ukraine to enter during the quarantine and avoid self-isolation was expanded. Since 16 June 2021 the all of Ukraine has moved to a «green zone» (SATD: 2021-6-16).

Now, taking into account changes adopted by the government, foreign citizens and stateless persons (including holders of residence permits in Ukraine) for entry into Ukraine, besides the policy (certificates), which

covers expenses for treatment with COVID-19 and is valid for the entire period of stay in Ukraine, must have or a negative result of testing for COVID-19 by polymerase chain reaction or express test for SARS-CoV-2 coronavirus antigen, made not more than 72 hours before crossing the state border, or a certificate confirming the receipt of a complete COVID-19 vaccination course with vaccines included in the WHO list of vaccines permitted for use in emergency situations, issued in English or with an English translation. Of course, the quarantine is still in force, but even such easing causes noticeable optimism in Ukrainian tourists and tour operators, given the losses incurred by the tourism industry because of the quarantine.

As we know, 96% of the tourist destinations were affected by the pandemic; according to various sources, in 2020 there was a 58-78% drop in international tourist revenues compared to the previous year; the number of international trips in the world was reduced by 85% compared to 2019 and by 65% compared to 2020. The financial consequences of the COVID-19 coronavirus pandemic have also been catastrophic. Along with tourism and transportation, agriculture, mining, and other industry sectors were affected. The economic crisis caused problems in the financial sector: risks of credit default increased, pressure on the insurance market intensified, and panic in the commodity and value markets (Nusratullin *et al.*, 2021). However, even minor easing of the quarantine regime helps to improve the situation. In particular, for the first half of 2021 the amount of tourist tax to local budgets of Ukraine was 69 453.4 thousand UAH.

For comparison: at the same time of previous years these amounts were 57 914.7 thousand UAH. (2019) and 68,564.4.9 thousand UAH. (2020) (SATD: 2021-7-13). According to the UNWTO Travel Barometer, international mobility increased by 12% in May of this year (SATD: 2021-7-23). Under such conditions, there is a clear need to rethink public tourism and hospitality policies to mitigate the Covid-19 effects. However, recent studies on public tourism policies at the global level and comparative public policies for alternative solutions in post-pandemic scenarios show that the place and space occupied by public tourism policies in major tourism magazines are scarce and are not considered as a tool to manage the sector; there is a lack of clarity at the methodology level and a shortage of public policy proposals that were implemented in crisis situations (Apaza-Panca *et al.*, 2020).

1. Objectives

That is why *the aim* of the work is a scientific-theoretical justification and development of practical recommendations to improve the effectiveness of the organizational and economic mechanism of the Ukrainian state policy of tourism in the context of overcoming the Covid-19 effects.

2. Methods

The methodological basis of the work is a set of scientific cognition methods and general scientific research principles, based on the fundamental provisions and works of scientists on the state regulation of the tourist sphere and public administration. The study is built on the conceptual, methodological, design, institutional and historical-legal approaches, as well as a set of methods ensuring their implementation, in particular: logical generalization, factor analysis, synthesis and abstraction (to study tourism and hospitality as an object of public administration and to reveal the content of public policy mechanisms of this sphere); theorizing and historical formalization (to determine the components of a comprehensive mechanism of state tourism policy, as well as the genesis of its mechanisms formation in Ukraine); grouping, modeling and forecasting (to substantiate scientific foundations and approaches to the development of the organizational and economic mechanism of state tourism policy in Ukraine). Informational and factual basis of the study are laws of Ukraine, decrees of the President of Ukraine, regulations of the Cabinet of Ministers of Ukraine, analytical materials of the Ministry of Culture and Information Policy of Ukraine, statistical information of the State Statistics Service of Ukraine and the State Agency for Tourism Development and the like.

3. Results and discussion

3.1. Organizational and economic tools in the State Tourism Policy of Ukraine

Our state is characterized by specific features of the tourist potential. These include the absence of any significant spatial gaps between the territories with this potential, recreational orientation of the latter, the natural resources availability, allowing to engage in tourism of different complexity, as well as the proportion of historical and cultural monuments, recognized by the world heritage of UNESCO, and the like. The tourism sector is one of the most promising for the socio-economic development of countries (and under certain conditions can be on a par with the IT sector). It provides for a balanced use of natural and historical and cultural recreational resources, as well as significant profits by the subjects of the tourist market and state institutions from entrepreneurial activity, cultural traditions preservation, etc. Taking this into account, the further tourism development trends are connected with the increase of investments, balanced state support, standardization and the like.

Directions of tourist sphere development are determined by the factors of both exogenous and endogenous nature, formed under the influence

of the requirements of time and society. Determination of these factors gives reason to argue that the public policy implementation should take into account the tendency development of environmental, social, medical, therapeutic-recreational, and other tourist markets and e-tourism (e-tourism). In this context, the elements of the tourism public policy system require justification, such as: subjects and objects of public administration, its principles, functions, means and tools.

Tourism public policy system is set in motion by appropriate mechanisms, implemented by a number of state actors, among which are identified state and non-state institutions. The term «mechanism» is commonly interpreted as a system of measures and tools that determine the sequence of performing any type of activity. The mechanism of tourism and hospitality management, therefore, should be understood as a set of legal, organizational, economic, technological, socio-psychological, and other production means of tourist services with their inherent forms and methods of influence, which are subordinate to the realization of set goals.

In general, in the scientific literature, discussions are mainly around the definition of public administration mechanisms in this sphere; in particular, it refers to the organizational and economic, economic, managerial, environmental and economic, financial, organizational and managerial, legal, organizational, and others. However, the fragmentation and inconsistency in the approaches of scientists about the categorical apparatus in the state regulation sphere (Bliznyuk, 2018) still remains a serious problem.

The determining place among the applied tools of influence (legal, institutional, economic, informational, analytical, communicative, resource, etc.) takes, in our opinion, the organizational toolkit, because it provides the complexity of formation and implementation of all functioning elements of tourism public policy system, establishing and supporting forward and backward connections between internal and external environment. These tools form the basis of those state policy mechanisms of tourist sphere, - organizational and legal, organizational and institutional, organizational and economic, - which should be qualified as the defining mechanisms.

At the same time, their combinatorial functioning leads to the allocation of a complex state policy mechanism of the tourist sphere. In its framework are defined as means of tourist public policy of the leisure tourism sphere, as well as the means of influence. The first group of state policy means in the mentioned sphere includes: tourist activity licensing; permissive activity on tourist support; certification and standardization in the tourist activity sphere; determination of tourist infrastructure objects categorization, etc. To the second (means of state influence) include: control of activities in the field of tourism; establishment of responsibility for violation of legislation of Ukraine in the tourism sector and the like.

The Law of Ukraine « About Tourism» enshrines the most important legal provisions concerning the place and role of tourism in the state, the principles of state regulation of tourism, the main objectives, priority areas and ways (means) of implementing state policy in the tourism sector (Law of Ukraine, 1995: Art. 6-12). Among the organizational and legal means of state policy in the tourism sector in Ukraine there are two groups. To the first (means of permissive nature) include: licensing of tourist activity; permits for tourist support; certification and standardization in the tourism activity sphere; categorization of tourist infrastructure facilities. To the second (means of an influential nature) include: control of activities in the tourism sector; responsibility for violations of Ukrainian legislation on tourism. The mentioned organizational and legal means of tourism state policy can also be considered as means of legal support for tourism applied by executive authorities, the purpose of which is to develop and implement legal norms aimed at increasing guarantees and efficiency of protection of rights and legitimate interests of consumers of tourist product, solving issues related to satisfaction of travellers' interests (tourists) and development efficiency of the whole tourist sphere as a whole (Leonenko, 2019).

The first group of organizational and legal means of regulation in the tourism sector can be complemented by state registration of business entities in the tourism sector. The main organizational and legal means to ensure entrepreneurship in the tourism sector of Ukraine are state registration of business entities, licensing, standardization, certification, state control, bringing violators to administrative responsibility. And although in general Ukrainian society is set on the development of democratic foundations, decentralization of power, implementation of the European public administration model, etc., but still have to state the unbalanced structure of state regulation of tourism, its inefficiency and inconsistency with modern challenges, causes:

... chaotic decisions that negatively affect the development of domestic tourism: cancellation of licensing of travel agency activities, delay in improving the provisions of the Law of Ukraine «About Tourism», the presence of significant regulatory barriers regarding the carrying out of tourism activities, the lack of state policy to support priority inbound and domestic tourism, as well as the lack of a mechanism for the enforcement of legislative acts in the tourism field and control by state authorities over their implementation (Opanasiuk and Ohrimenko, 2018: 17).

Taking into account the imperfect functioning of the organizational and legal mechanism of the state policy of Ukraine, we consider it appropriate to emphasize the following directions to improve its means: 1) to license not the type of enterprise (tour operator and travel agent), but the type of entrepreneurial activity in tourism; 2) to increase the importance of

standardization as one of the means of tourism public policy by developing common standards for the tourist product; 3) to introduce an alternative system of the cancelled mandatory certification of tourist services; 4) to solve a number of problematic issues of state control in the tourism sector and others. It should be noted that some progress has already been scheduled, in particular the draft law on amendments to the Law of Ukraine «On Tourism» and some other legislative acts on the basic principles of tourism development (Draft Law, 2020), submitted to the Parliament of Ukraine.

But according to the Conclusion of the Committee on Ukraine's Integration into the European Union of 14.04.2021. (Ib), this Draft Law requires substantial revision, in particular with regard to the provisions of the Directive 2015/2302/EU and some other remarks. As for the public discussion of the Draft, the State Agency for Tourism Development of Ukraine together with the Tourism Subcommittee of the Committee on Humanitarian and Information Policy during the 7 months since the publication of the Draft collected suggestions and the public and published the collected amendments received through the online form in the comparative table posted on the official DART website (SATD: 2021-05-07). So the discussion continues.

The organizational-institutional mechanism of tourism and hospitality management is also among the determinants, because through this subsystem the main managerial decisions determining the level of industry development are implemented and the state policy is formed (Blizniuk, 2019). In the historical context to the independence of Ukraine, the state policy of the tourism sphere was carried out by the Main Department for Foreign Tourism under the Council of Ministers of the USSR and was marked by excessive ideological orientation. During the formation of Ukraine's independence, a number of measures, in particular, the State Committee on Tourism (CMU Decree, 1993). The processes of transition to a market economy were complex and took place in the context of the collapse of the USSR and the formation of the independent state of Ukraine. One of the most important events of this period can be considered the adoption and enactment in 1995. The Law of Ukraine «On Tourism» (Law of Ukraine, 1995), which, in particular the first time was provided for licensing of tourist activity.

The improvement of the legislation on tourism began, but it was largely a change in the organizational structure of the state apparatus - the central executive authority dealing with tourism also had an unfavorable impact on its development. Thus, in 2001 was established the State Department of Tourism under the Ministry of Ukraine for Family, Youth and Sports (CMU Resolution, 2001) in 2005 the State Service of Tourism and Resorts under the Ministry of Culture and Tourism (CMU Resolution, 2006) in

2011. - State Agency of Ukraine for Tourism and Resorts under the Ministry of Infrastructure of Ukraine (Decree of the President of Ukraine, 2011) in 2016 - Department of Tourism and Resorts under the Ministry of Economic Development and Trade of Ukraine (Order of MEDT, 2016).

On December 4, 2019 the State Agency for Tourism Development of Ukraine became the central body of executive power, which implements the state policy in the sphere of tourism, the activity of which is directed and coordinated by the Cabinet of Ministers of Ukraine. On December 24, 2019 the Cabinet of Ministers of Ukraine approved a resolution on the activities of the DART (CMU Resolution, 2019), which also regulates its powers and scope of competence. In particular, this document defines the status of hotels, catering establishments and resort facilities as objects of tourist infrastructure (Regulation, 2019). At the end of 2020 the Regulation on the State Agency for Tourism Development of Ukraine made important additions (CMU Resolution, 2020) concerning the sphere of hospitality:

DART in accordance with the tasks entrusted to it ... develops and submits in the prescribed manner to the Minister of Culture and Information Policy proposals on ... regulations on the commission for establishing categories for hotels and other facilities designed to provide temporary accommodation (accommodation) services, and regulations on the appeals commission; the form of the certificate of establishment of a hotel or other facility designed to provide temporary accommodation (accommodation) services, the appropriate category (Regulations, 2019: 56).

Of course, these formulations do not provide the proper clarity of the organizational-institutional mechanism of the state policy of Ukraine regarding the sphere of hospitality, but brings some clarity about its place in the tourism sphere.

There are several state influence models on the tourism sphere in the world practice, and one cannot speak about universality or at least optimality. But it should be noted that the state influence on the tourism sector in Ukraine has a number of things in common with the world models: the definition of tourism as an important sector of the economy, the formation and implementation of state policy in this area, the regulation of relations in tourism at the legislative level, the existence of a central executive body dealing with tourism, the application of certain legal means of ensuring the tourism sector. The main task for Ukraine in the issue of the effectiveness of organizational and institutional provision of tourism development at the local level is to solve the problems of overlapping responsibilities of the central and local executive authorities, as well as local state administrations and local governments (Bliznyuk, 2019). This should take into account the decentralization reform of power in Ukraine.

In addition to the already mentioned basic state policy mechanisms of Ukraine in the tourism and hospitality - organizational and legal and organizational and institutional - to the basic refers the organizational and economic mechanism, because «... tourism is part of the economic system; it plays an important role in the economy through the multiplier effect (promotion of other economic activity)» (Trebicka, 2016: 17) and refers to the factors that determine the rate of economic growth in the country (Mazaraki *et al.*, 2019). Ukraine has proclaimed tourism as one of the priority areas of economic and cultural development (Law of Ukraine, 1995: Art. 6). In this way, the content of the state's activities to regulate tourism is legally defined.

Therefore, the definition of organizational and economic mechanism indicators of state policy of Ukrainian tourism sector, based on the new conceptual foundations of economic and social forecasting, allow to form the development directions of the Ukrainian national tourist system and the regional tourism industry. In contrast to existing, developed organizational methods and indicators to improve the effectiveness of the regional tourism industry, make it possible to establish the main ways of implementation of the tourist product to ensure the most rational options for effective activities of inbound and domestic tourism.

In particular, A. Okhrimenko (Okhrimenko, 2017), studying the Ukrainian national tourist system (NTS) as an economic system, notes that this image is a prerequisite for the formation of strategic vectors of development. Determining the transformational factors that affect the NTS and fundamentally change the scale, components and proportions between external and internal aspects of its development, the researcher proves that the mentioned processes objectively stimulate the national tourist system modernization and application of innovative management methods. In particular, we are talking about such strategic vectors of transformational shifts in the NTS, as security of tourists and investors, regulatory framework of NTS development, development of infrastructure and human resources, marketing policy of NTS promotion, environmental and cultural policy - their implementation is able to improve the efficiency and competitiveness of NTS and the national economy (Okhrimenko, 2017).

It is obvious that improving the indicators system of organizational and economic mechanism of the state policy of Ukrainian tourism sphere will contribute to optimization of the national tourist system as a whole, rationalization of the use of existing regional tourist resources of Ukraine, assessment the impact of management decisions made on the regional tourism industry development and speedy overcoming the pandemic Covid-19 in the tourism and hospitality industry.

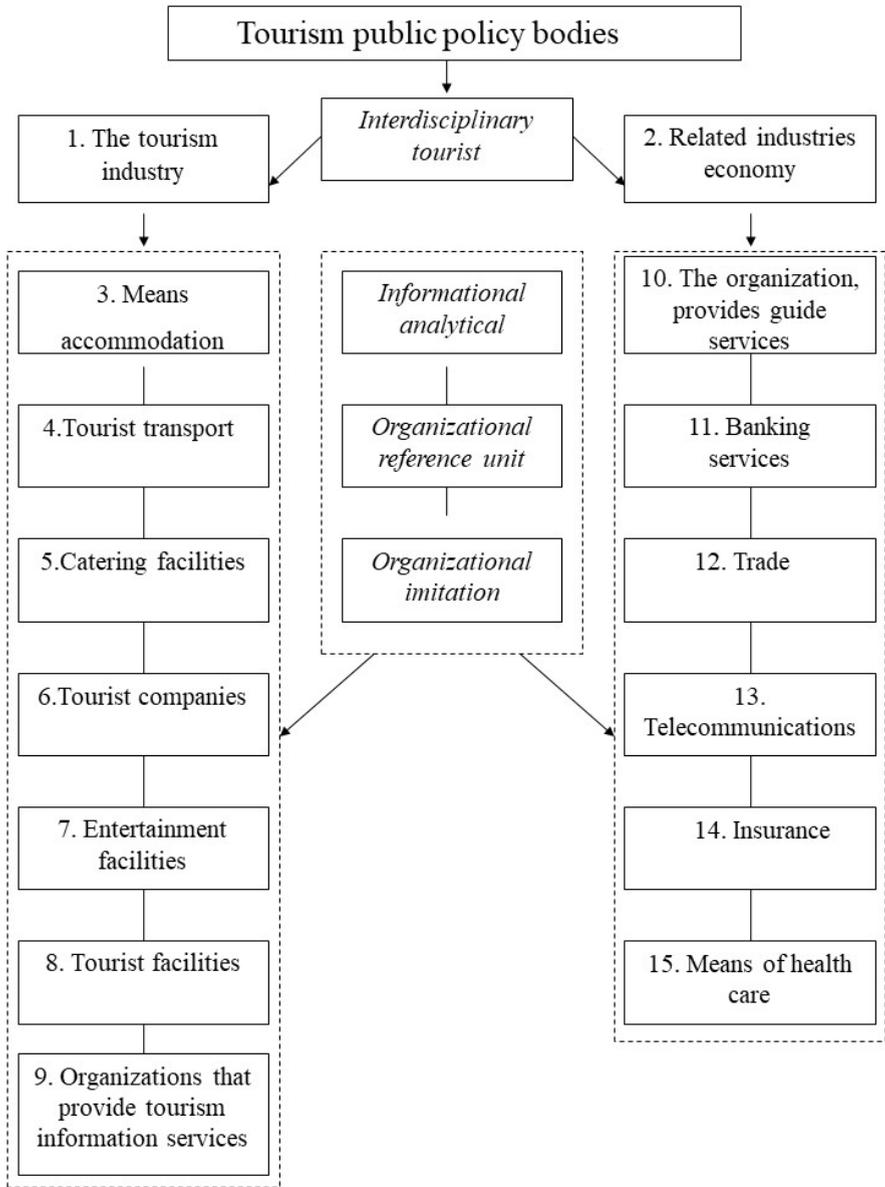


Fig. 1. Scheme of formation of the organizational-economic mechanism of the state policy of tourist sphere

(Own creation).

3.2. Innovative perspectives of the organizational and economic mechanism of public policy: the social aspect

Despite the change in the management functions' priorities in the tourism sphere towards activation of the public component and providing a set of tourist services, it is advisable to highlight the key models of public tourism policy, in particular socially-oriented tourism. Social tourism is traveling and recreation for socially vulnerable groups of population in order to restore their performance, physical and moral strength. It is fully or partially carried out at the expense of budgetary funds, state extrabudgetary funds (in particular, funds allocated under the State Social Assistance), as well as employers' funds. That is why any type of tourism (cognitive, resort, ecological, rural, etc.), which expenses are fully or partially paid from financial sources intended for social needs, can be considered social (Krapivina *et al.*, 2018).

It is based on three basic principles: providing rest and recreation for each member of society by attracting people with low incomes to tourism environment; subsidizing tourism trips of low-income citizens; participation of state and public structures in tourism development. The Manila Declaration on World Tourism (1980) points out that social tourism is a goal to which society should aspire for the benefit of less wealthy citizens. But despite the universality of recognition, wide dissemination and already quite a long history, about the unity in understanding of the social tourism nature and organizational and economic mechanisms of its implementation is still not said, which explains the variability of goals, objectives and tasks under the influence of variable social challenges.

To summarize, in the historical context we can talk about the development of the idea from the desire to attract to the tourist practices «... poor or disadvantaged elements of society» (Hunzike, 1957: 53) to engaging tourism in a social practice system aimed at ensuring greater justice, tolerance, and life satisfaction for all people (Haulot, 1982). The Montreal Declaration «Towards a Humane and Social Vision of Tourism» (1996) notes that social tourism should ensure the availability of tourist recreation for all, including families, young people and the elderly. Additionally, it is worth noting the moral nature of social tourism (Minnaert *et al.*, 2007).

The special importance of the social tourism development is not for the first time - the need for its support from the state has been repeatedly emphasized, based on the provisions of the Constitution of Ukraine about the social state, whose policy is aimed at creating conditions that provide a dignified life for the people and ensure free personal development, as well as considering the general trends of European social policy - rejection of rational and pragmatic thinking and appeal to the «mass» person (Bortnikov *et al.*, 2021b).

The central notion of the new approach to social structure has become social integration, the goal of which is to create a «society for all,» in which each individual, with his rights and responsibilities, plays an active role. The gradual increase in attention to the individual's interests as an object of national policy in various spheres culminated in the adoption of the UN Copenhagen Declaration on Social Development (1995), which proclaimed the care for people as the main condition for sustainable development, one of the most important goals of European social policy (Oleksenko *et al.*, 2017). Therefore, tourism, primarily domestic tourism, should be accessible to all segments of the population.

The adoption of a special legislative act on social tourism, which should create real guarantees for people (primarily vulnerable segments of the population) to realize their right to tourism (Opanasiuk and Ohrimenko, 2018) can help to establish the social tourism priority. Moreover, in the current conditions characterized by the economic system imbalance, new risks have also emerged: the objective impossibility of implementing state support for the tourist infrastructure functioning, as well as the decrease in demand (due to the population' real income reduction) (Zakharin, 2019).

Unfortunately, we have to admit that the legal status of social tourism in Ukraine has not yet been defined. But the leveling of social tourism as a factor in the development of Ukrainian society causes many negative social consequences. First of all, it is about the growth of social tension in the society, because the growth of incomes of the population «does not keep up» not only with the growth of tourism services, but also with the growth of other components of the standard of living of the population. As a consequence, people's need for recreation is the least satisfied as the main range of social needs. Potential clients of social forms of tourism are about 80% of the population, which, however, practices amateur ways of recreation (Krapivina *et al.*, 2018).

According to a survey of the demand for tourist products of different social and age groups in Ukraine, as well as the sentiment of the tourist dynamics in Ukraine, conducted by DART, the most popular type of recreation among Ukrainians is the beach (29.8%) (SATD: 2021-05-31). Meanwhile, dissatisfaction with the need for recreation deepens, if not causes, other problems: the preservation and prevention of health, vitality, healthy leisure, satisfaction of educational and cultural needs and the like.

Therefore, to coordinate the efforts to form a holistic and systemic tourism policy in the conditions of socialization of the economy, it is necessary to develop a social doctrine of tourism (Suppression *et al.*, 2020) The process of developing such a doctrine should involve a detailed scientific analysis of the socio-economic situation, objective assessment of previous experience in all areas of social life, study of external and internal factors influencing the course of social processes, analysis and borrowing

of leading trends in world development with their subsequent adaptation (Suppression *et al.*, 2020)

Note that the Law of Ukraine «On Tourism» does not even mention social tourism. Only in the Strategy for Development of Tourism and Resorts 2008 the task is «... To develop a mechanism of state support for the introduction of social tourist product» (Strategy, 2008). In the Strategy for the Development of Tourism and Resorts for the period up to 2026 (Strategy, 2017) in the section of strategic planning for the development of types of tourism based on their clear classification and prioritization at the state and regional level, social tourism is not mentioned again. However, the section of the Strategy «Development of tourism infrastructure» refers to «... ensuring the accessibility of tourist infrastructure facilities for persons with disabilities and other immobile population groups» (Strategy, 2017).

Given the goals for 2020-2022, defined by the Ministry of Social Policy, can solve tourism, these are: creating a favorable environment for people with disabilities; ensuring the protection of children's rights and support for families with children; social support for families in difficult circumstances and other categories of people; creating conditions for decent old age citizens (Order MSPU, 2020) and others.

The priority directions of social tourism development in Ukraine should include first of all health-improving and medical tourism as the most socially significant. The proper functioning of health and medical tourism depends on a number of external and internal factors, namely globalization; the level of socio-economic development of Ukraine; its image in the international arena, the investment climate, as well as the state of digitalization, bureaucratization and corruption of public policy and the like.

In order to reduce the negative impact of these factors it is recommended to establish a rule in the Law of Ukraine « About Tourism » (Law of Ukraine, 1995) norm about the implementation of strategic planning (medium and long-term), as well as the actualization of measures to ensure the development of health and medical tourism. Among the undeniable advantages of these tourism types are defined as follows:

- The social importance and relevance of medical and health tourism in the modern industrial relations system.
- The active development of the medical and health tourism sphere in the great majority of countries in the world due to the recent increase in the occurrence and spread of viral diseases.
- Availability of infrastructure facilities, especially in the medical and health tourism sphere, have a long history and their own established brand.

- Availability of highly qualified personnel in the social welfare, health care services, non-traditional medicine and balneology, which can be involved in the implementation of medical and therapeutic and recreational tours.
- Availability of training and production and scientific and practical base for the development of practice-oriented bases of recreation and medical tourism.
- Use the achievements of the digital economy to improve the efficiency and service quality in the implementation of health and medical tours
- Additional opportunity to develop exports of medical and health tourism to European countries and the like.
- In order to reduce the negative impact on the domestic tourism market it is necessary to focus on such promising areas of joint institutional activities in the field of tourism promotion in Ukraine and the CIS countries in terms of macro-level public policy:
- Improvement and unification of regulatory and legal support for the tourism functioning;
- Holding major joint international events aimed at promoting and popularizing tourism.
- Joint development of service exports and the statistical recording and analysis system of tourist flows.
- Promotion of interregional tourism projects in the Ukrainian border area, using the resource base and tourist infrastructure, in particular in health and medical areas;
- The possibility to obtain unified entry electronic visas for citizens of other states to visit the tourism facilities.

Meanwhile, certain subsidies for recuperation of children, rehabilitation of the military, persons with special social needs, etc. still remain more the exception than the rule. (Felenchak 2019: 120). Therefore, the successful functioning of the organizational and economic mechanism of the state policy of the tourist sphere of Ukraine should provide for improvement of the efficiency of functioning of organizations of medical and therapeutic and health tourism, i.e. the micro level of the tourist market.

On this basis, there is an obvious need for appropriate public policy, which should take into account current global trends, as well as opportunities for digitalization and the introduction of innovative technologies (DART 2021-05-24). In addition, there is a need to improve domestic legislation, taking into account the provisions of the CIS modular legislation in the

field of tourism. This is intended to ensure the formation of a unified legal framework for the process of organization and management of the sphere of tourism.

One of the most promising forms of ensuring sustainable competitive advantages in the sphere of medical and therapeutic and health tourism is the use of opportunities for formation of cluster structures in order to strengthen the market position of relevant services while increasing the share of an economic entity in various segments of consumers.

As defined by Michael Porter, a classical economic theorist, «...clusters are geographically concentrated groups of interrelated companies, specialized suppliers, service providers, firms in related industries, and related organizations (such as universities, standards agencies, and trade associations) in certain fields, competing with one another, but conducting joint activities (Porter 1993: 256). Cluster formation occurs naturally, but the process of accelerating its development requires a deliberate effort. Namely, the launch and development of a cluster initiative. Despite the fact that the cluster as a whole is not only a spatial formation, the territorial component proper in this case in terms of tourism development priority is the most important (Suppression *et al.*, 2020)

A tourism cluster is an integrated structure uniting a number of territorially and/or functionally interrelated organizations whose activities are aimed at design, provision, promotion and quality control of health and medical services in the tourist market based on efforts coordination for effective use of resource potential and consideration of permanent consumer demand monitoring. The main purpose of the cluster is to increase the effectiveness of services in the medical and health tourism on the basis of achieving a synergistic effect from the conduct of joint commercial activities. Therefore, the essence of the cluster approach as a relatively new management technology is that it allows increasing the competitiveness of a particular region and/or industry (Oleksenko *et al.*, 2021; Rybalchenko *et al.*, 2021).

That is, by applying the cluster approach, we increase the efficiency of functioning and competitiveness of regional enterprises (because the cluster is geographically limited) by coordinating and uniting efforts (including promotion of a predetermined joint product, in our case tourist product) not only the direct product producers, but also the auxiliary enterprises indirectly connected with the final product production of the cluster. In addition, there is also an increase in the enterprise efficiency through the introduction of innovative approaches and new, knowledge-intensive technologies (Yavorsky, 2015).

It is worth mentioning that in the mass consciousness of Ukrainians there is a widespread belief that the state should allocate funds for

the development of social tourism. This is probably an echo of social consciousness of the previous era, when all kinds of tourism had a social character. This desire to shift social tourism financing entirely on the shoulders of the state is erroneous. And it is not just a question of having or not having funds in the budget, but of «... such budget expenditures are almost unnecessary» (Kolotukha 2009: 126).

All over the world it is self-financing, and also considerably replenishes the state treasury: mass social tourism outweighs its cheapness by the total inflow and quick turnover of living money, increases employment, investments in tourism directly on the spot, and at the same time tax revenues (Kolotukha, 2009). The world experience of social tourism organization shows a variety of financial support (loans with low interest rates, subsidies, tax benefits, etc.), active social organizations participation (charity organizations, pension funds, trade unions, etc.), the use of social advances that raise the living standards and health service standards. On the other hand, tour operators are interested in a flexible discount system for people with low incomes. Low cost makes recreation available to the general public, and this significantly increases demand, brings income to tourism enterprises and allows to sell at a discount trips that did not find a buyer for the full price.

In most countries of the world direct financing by the state of social tourism is not provided. Let us remind that the Hague Declaration on Tourism (1989) states that the State cannot spend on tourism more than it expects to receive from it. But the sources of funding and material support for social tourism, except for budgetary funds, may be the funds received as a result of tourist and other activities of social tourism institutions, payments in the form of social tourist rents, voluntary contributions of legal and physical persons, including foreign ones to support social tourism.

However, Ukraine has not developed a regulatory document that would define a mechanism for obtaining social payments from the budgetary funds for social needs from the state authorities under the law. There is also no specific definition of who of the tourists, for which of their travels, where and when can receive financial support from the state for these purposes. Thus, the central problem of social tourism is to find its funding sources, and if there are any such available, the bona fide financial distribution system among low-income categories of persons who, according to one or another criteria, are preferentially entitled to benefits in it (Krapivina *et al.*, 2018).

Therefore, it is obvious that the priority for Ukraine and socially-oriented domestic tourism needs support from the state. It is appropriate to emphasize that the latest realities of the global tourism space related to the quarantine measures caused by COVID-19 became a serious reason and no less serious opportunity «... to put your own house in order, turning your

eyes to internal problems, to make attempts to restore social, economic and psychological stability» (Bortnikov *et al.*, 2021a: 613), stimulating renewed efforts to develop domestic tourism in Ukraine, as evidenced in particular by the appearance of numerous regional tourism development strategies. Tourism priorities have also changed: according to DART, the survey results of tourist products demand of different social and age groups in Ukraine, as well as the mood of the tourist dynamics in Ukraine showed that more than half of the respondents (53.1%) are planning to spend the current vacation in Ukraine, and only every tenth - to go abroad.

Now the legislators together with DART are working on amendments to the Law « About tourism » in the second reading, which will be a new impetus for the development of the industry. In particular, this will contribute to the introduction of transparent rules for the operation of tourism entities and unified consolidated statistics (SATD: 2021-05-31).

Conclusions

The state influence on the tourism sphere in Ukraine has a number of common with the world regulation of this sphere, such as: the tourism definition as an important branch of the economy; relations regulation in the tourism sphere at the legislative level; the existence of the central executive body dealing with tourism; application of legal, organizational, informational and other means of providing the tourism sphere. At the same time, the extent of their use abroad and in Ukraine is different, and hence the results of the development of the tourist sphere.

Improving the effectiveness in the implementation of the organizational and economic mechanism of the Ukrainian tourism state policy involves taking into account the requirements of the time, in particular the ubiquity implementation of digitalization and innovative technologies. In this context, the need for the e-tourism development in Ukraine, which specific implementation features are recommended to enshrine in the current legislation about tourism.

In addition, considering the needs of society due to the wide spread of viral and other diseases, substantiated the importance of the cluster structures development, aimed at providing high-quality services in the field of medical, therapeutic and other socially-oriented tourism in Ukraine. Given this prescribed improvement of the Tourism and Resorts Development Strategy in Ukraine (for the period up to 2026) by updating the priorities and public policy measures, should provide for the active implementation of tourism clusters as appropriate organizational and economic tools.

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UNIVERSIDAD
DEL ZULIA

CUESTIONES POLÍTICAS

Vol.40 N° 72

*Esta revista fue editada en formato digital y publicada en enero de 2022, por el **Fondo Editorial Serbiluz**, Universidad del Zulia. Maracaibo-Venezuela*

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