

## DETERMINANTS OF THE STRATEGY OF TOURISM BUSINESS DEVELOPMENT IN THE REGIONAL ECONOMIC AND SOCIAL DESTINATION

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**Abstract:** The article considers the determinants of the strategy of tourism business development in the regional economic and social destination, which are implemented according to the criteria for assessing the quality of components of the tourist flows. The purpose of the study was to implement these determinants and to develop the mechanism of regulation of the development of tourist business in regional economic and social destination of market type. An approach to the concept of a tourist product as a set of properties that determine its usefulness and form value and attractiveness for tourists was used allowing the reliability of its assessment as a commodity with the definition of promising areas of change in consumer behavior in regional blocs and their interaction with neighboring territories. The multi-attributive model of a tourist product in a regional economic and social destination was used. During the study, the necessity to form an optimal price mechanism for tourism products, which will give market regulators a targeted and less costly self-development of business structures in the tourism sector was found. The development of tourism business can help to create affordable conditions for continuous improvement of the business climate and competition. It was proved that the existing tools for assessing the tourism business are the levers of indirect influence on the state economy.

**Key words:** tourist business, regional economic and social destination, cross-border cooperation, tourist product, tourist flows

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### INTRODUCTION

Ukraine occupies one of the leading positions in Europe in terms of the level of valuable natural potential, able to meet the needs of travelers, and thus attract domestic and foreign tourists. It arouses interest in the country as a strategic partner that is able to ensure the development of international tourism for health, educational, leisure or other purposes without the implementation of paid activities (Trusova et al., 2020a). Ukraine's virtually unlimited tourism potential is currently unable to compete with developed tourism countries, due to the lack of cooperation between regions in selecting priority segments of the tourism market and creating functional tourist areas. This issue is especially acute in the border areas of Ukraine, which through the implementation of various forms of international cooperation, are able to develop the market of tourist services (Gorina et al., 2019; Trusova et al., 2020b) This, in turn, requires public authorities to address the needs of tourism businesses and the formation of new management mechanisms in an open international space. Prospects for Ukraine in the development of tourism business are geopolitical location, natural, historical, and cultural resources to ensure the maximum influx of tourists and meet their needs through an extensive network of tourist infrastructure in the regions of Ukraine (Trusova et al., 2020c; Hryenko et al., 2021). Spatial integrated forms of economic cooperation within the international space intensify the solution of national security problems, providing a powerful impetus for effective collective action for the development of tourism business. This leads to the emergence of a new system of interaction between the subjects of economic and social relations at the regional level, in which there is economic exchange and

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joint use of material, financial and human resources. Entities of tourist activity, territorial communities, local executive bodies, public organizations with relevant institutions of other states and international organizations to implement joint decisions in the field of tourism business form a tourist infrastructure with an extensive system of tourist routes in the territories and near it (Antonenko and Mykhailichenko, 2011; Biletska, 2011). At the same time, economic and social destinations in the tourism industry create favorable conditions for effective use of tourist and recreational potential of the country in the context of the concept of balanced development and increase the positive impact of the industry on socio-economic development of the regions (Carvache-Franco et al., 2022; Dutta et al., 2021). The theoretical foundations of the tourism business in the international environment are covered in the scientific works of economists, political scientists (Framke, 2002; Goeldner et al., 2000; Leiper, 1979; Lew, 1987). A significant contribution to the study of methodological principles of strategic management of tourism development in the spatial international system has been made by Antonenko and Mykhailichenko, 2011; Sazonets and Stoian, 2013. The priority of our study is the implementation of the determinants of the strategy of tourism business development in the regional economic and social destination of the country, which is based on criteria for assessing the quality of components of the tourism product and tourism flows.

## MATERIALS AND METHODS

The practical interpretation of the tourism business is usually limited by the amount of effective demand for tourism products and guest services. At the same time, like any other, this business must include three subsystems as: demand, which is formed by a set of consumers; the offer which is formed in tourism by a number of the enterprises on accommodation of tourists, food, the organization of leisure, etc., and also tourist intermediaries; tourist product. The tourist product in the regional economic and social destination of the country embodies a complex set of different goods and services required by the consumer (tourist) to carry out the planned trip to a particular destination (Gürdoğan, 2022). Given this, the cost chain of guest services in the tourism business in the regional economic and social destination of the country is characterized by three main factors:

- heterogeneity: the tourist business in the territory consists of a large number of ancillary enterprises (tourist attractions, hotels and other accommodation, tourist intermediaries, bars and restaurants, transport, etc.), which jointly provide tourists with guest services;

- pluralism: there is no single tourist product (even for the same destination), because different requirements of the tourist as a consumer in the regional economic and social destination of the country are satisfied by different sets of tourist goods and guest services;

- spatial variance: while consumers (demand) are located in one geographical area of the country, tourism products and guest services (supplies) are located in another area (where the tourist product is actually consumed), with the exception of travel intermediaries who normally work in the countries of origin of tourist flows.

Localization of tourist activity and formation of local tourist business determines a clear demand for a tourist product and its belonging to a certain regional economic and social system of the country, which is a place of tourist destination. It is within the region that tourism businesses are investors in economic and social destinations, as they have tourist and recreational resources and are a kind of complex tourism product with its own image, brand in the market. Their interaction in the region is in two directions:

- The target direction is to provide the needs of the population for guest tourism services, as a result of which distribution and consumer relations are formed between the producers of the tourist product in the regional economic and social destination and its consumers. In this case, both consumption and production of tourism products are territorially unlimited borders, i.e. any tourism business entity can develop and market any product, and consumers anywhere in the world can use it (Liu et al., 2020).

- Resource direction – ensuring the consumption of natural resources (conditions and resources) and cultural and historical resources in the regional economic and social destination by tourists. This is manifested in the formation of recreational connections. The parameters of these relationships (direction, magnitude, stability, etc.) depend on the uniqueness of the proposal, developed based on the uniqueness of resources. That is, theoretically, the spatial distribution of a unique offer in a regional economic and social destination is unlimited, as it attracts consumers from all over the world to resorts in neighboring countries. Then the formation of recreational relationships begins to be influenced by limiting factors in the optimization of consumer relations (distance, cost, comfort).

These features significantly affect the formation of the territorial structure of the tourism business, determining its dualistic nature (Kislali et al., 2020). This approach is due to the specifics of the tourist product, because it is primarily a consumer market (Moscardo, 2020). This allows us to highlight the inclusiveness of the functionality of the local tourism business in the regional economic and social destination of the country (Figure 1). Understanding the target guidelines of customers, the motives of their tourist and recreational activities allows to ensure compliance with supply and demand for tourism products, and as a result, increase the competitiveness of both individual enterprises and the tourism industry as a whole by meeting customer needs for certain tourism products (Chernega, 2021). To form methodological bases for assessing the competitive position of a tourist product in a regional economic and social destination, it is advisable to proceed from the concept of a tourist product as a set of properties that determine its usefulness and form value and attractiveness for tourists. The application of such an approach to the tourist product, in terms of its perception by consumers, allows the reliability of its assessment as a commodity with the definition of promising areas of change in consumer behavior in regional blocs and their interaction with neighboring territories. This is due to the effect of reducing barriers to the international movement of factors of production within the bloc, which stimulates cooperation in the tourism

business and ensures the mobility of citizens (Liu et al., 2020). Directions of international cooperation of countries within the regional blocks of economic and social destination for the development of tourism business are shown in Figure 2.

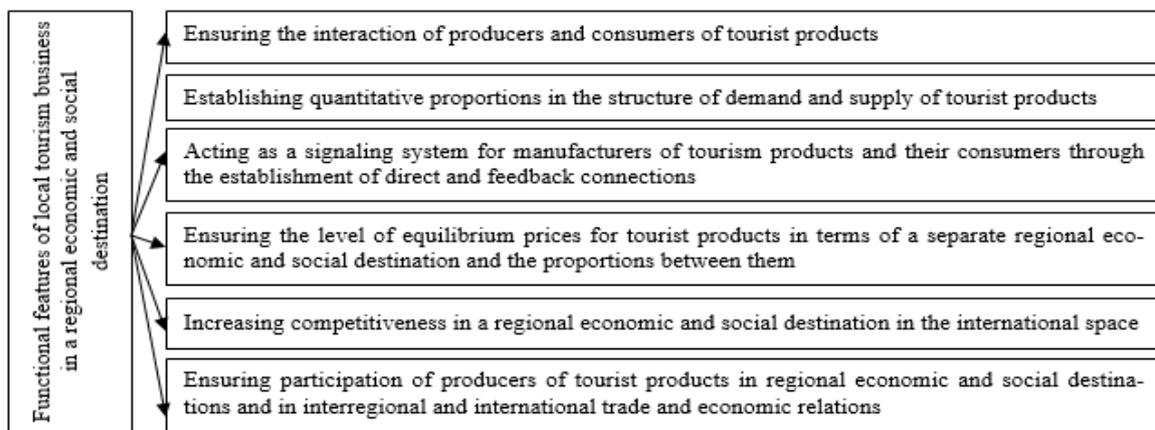


Figure 1. Inclusiveness of the functionality of the local tourism business in the regional economic and social destination (Source: Built by the authors according to Moscardo, 2020)



Figure 2. Directions of international cooperation of one country with neighboring countries within the regional blocks of tourism business (Source: Built by the authors according to Kotler et al., 1993; Bihus, 2012)

The experience of a number of regional integrated units, which are interconnected with the tourist economic and social destination and ensure the development of business in the country, shows that such associations have a direct and indirect impact on the development of the international market for tourism products. At the same time, expanding the boundaries of the tourism business, going beyond the territory to increase potential, requires the use of natural resources, biological and landscape diversity, minimizing the negative impact on the environment, ecology, culture and society. Increasing respect for natural ecosystems and biological resources, using the socio-cultural authenticity of the local population to preserve their cultural heritage and traditional values, intercultural understanding and promoting tolerance allows tourism businesses to ensure viability, long-term economic activity and socio-economic benefit. The division of the international market for the promotion of tourism products between countries stabilizes employment, provides income and social services to local communities and helps to overcome poverty. From the standpoint of a set of consumer characteristics, the tourist product offered in the regional economic and social destination is a multi-attribute product, which embodies a multi-attribute model. The basic provisions of this model are (Romero and Tejada, 2020):

- Consumers perceive a particular tourism product as a set of its characteristics, the importance of which is determined by a complex set of objective and subjective factors. When choosing a tourist product, consumers pay more attention to its shortcomings.
- For different consumers, the weight of different characteristics may differ significantly. From a methodological point of view, it is possible to assess the differences between the importance of different characteristics of the tourist product, their specificity and emphasis. The most important characteristics of a tourism product are those that are first perceived by potential consumers when they assess the attractiveness of the product.
- When choosing a tourist product, consumers are guided by certain ideas about its existing characteristics. Representations are formed under the influence of one's own experience of the product and are not an objective assessment, as the representations of a particular person may be formed as a result of selective perception or unconscious distortion of facts.
- The consumer consciously or unconsciously evaluates the usefulness of each key characteristic of the tourist product as a commodity. Utility is described by the utility function, which characterizes the level of expected satisfaction from the consumption of the product itself and its specific characteristics-attributes. The formation in the product of a “winning” combination of key characteristics with the highest level of usefulness makes it the most attractive from the point of view of the consumer.

– Assigning a level of usefulness to a tourist product allows consumers to identify their level of satisfaction with the level of availability of a certain characteristic in the product.

– The attitude of consumers to the tourist product is based on information and is formed as a result of their conscious or unconscious evaluation. The multi-attributive model of a tourist product in a regional economic and social destination is structurally formed from a set of elements listed in Table 1.

Table 1. Components of the multi-attribute model of the tourist product in the regional economic and social destination (Source: Built by the authors)

Objective properties – describe reality	Attributive characteristics	Evaluation of characteristics		Consumer value
		weight (priority)	presence (perception)	
B1 <sub>i</sub>	X1	P1	H1	U1
B2 <sub>i</sub>	X2	P2	H2	U2
...	...	...	...	...
Bn <sub>i</sub>	X <sub>n</sub>	P <sub>n</sub>	H <sub>n</sub>	U <sub>n</sub>

Assessment of the importance of the characteristics of the tourist product is carried out on an interval scale. The effective (integrated model) of the tourist product is formed from the components of utility and its total utility. The attributive characteristic of the tourist product determines the benefit, the utility that the customer wants to get from the consumption of the product. The value of the attributive characteristic for an individual is determined by a combination of two main factors that form the basis of the evaluation system: the weight (priority) of the characteristic and the perception of its presence. Subjective assessment of the value of individual characteristics of the product by different consumers characterizes the total utility of this attributive characteristic. It is defined as the product of the perception of the presence and importance (priority) of characteristics (Lew, 1987; Antonenko and Mykhailichenko, 2011).

$U_{ji} = P_{ji} \times H_{ji}$  (1) where,  $U_{ji}$  – individual utility and characteristics of the tourist product from the point of view of the  $j$ -th person;  $H_{ji}$  – assessment of the  $j$ -th person’s perception of the presence of the  $i$ -th characteristic in the tourist product;  $P_{ji}$  – assessment of priority and characteristics for the  $j$ -th person.

The total utility of a tourist product from the point of view of an individual tourist is assessed as follows (Lew, 1987; Antonenko and Mykhailichenko, 2011):

$U_{jy} = P_{j1} \times H_{j1} + P_{j2} \times H_{j2} + \dots + P_{jy} \times H_{jy} + \sum_{i=1}^y P_{ji} \times H_{ji}$  (2) where,  $U_{jy}$  – the total utility of the tourist product in terms of individual  $j$ -th;  $H_{ji}$  – assessment by the  $j$ -th person of the level of the available  $i$ -th characteristic in the tourist product, points;  $P_{ji}$  – assessment of the importance (priority) of the  $i$ -th characteristic for the  $j$ -th person;  $y$  – the number of defining attributive characteristics in the tourist product.

Attributive characteristics of the tourist product are independent features, so the integrative model of its utility has the form (Antonenko and Mykhailichenko, 2011; Lew, 1987):

$SZ_{jy} = \frac{U_{ji}}{SO_{ji}}$  (3) where,  $SZ_{ji}$  – integrated utility or level of satisfaction of the  $j$ -consumer in the  $y$ -number of characteristics of the tourist product;  $SO_{ji}$  – the sum of estimates of the importance of the characteristics of the tourist product for the  $j$ -th individual is determined by formula (4) (Lew, 1987; Antonenko and Mykhailichenko, 2011):

$SO_{jy} = P_{j1} + P_{j2} + \dots + P_{jy} = \sum_{i=1}^y P_{ji}$  (4) The use of such an approach to the evaluation of the tourist product makes it possible to determine the average indicators of the total utility of all the characteristics of the tourist product ( $SZ_{aver}$ ).

This criterion characterizes the competitiveness of the tourist product and allows from the consumer’s point of view to assess and analyze the attractiveness of its use in the regional economic and social destination as a whole and its main components (general condition of tourist services; quality of accommodation; quality of food; quality of excursion service, entertainment and other additional services). Authors are note that the most important is the assessment of the components of the tourist product, which gives an idea of its competitiveness. This allows to make decisions about improving certain defining characteristics of the regional tourism product (Lew, 1987; Antonenko and Mykhailichenko, 2011):

$SZ_{aver} = \sum_{i=1}^y SZ_{aver_i}$  (5) Assessing the competitiveness of a tourism product in a regional economic and social destination provides an overall assessment of the development of the tourism business. Unlike the initial subjective assessments from the point of view of individual consumers, such an assessment can be considered objective because it is based on weighted averages. High values of the level of satisfaction with the tourist product in the regional economic and social destination of the country indicates a higher probability of its choice by the client – the tourist.

**RESULTS AND DISCUSSION**

Demand for tourism products is particularly sensitive to security and health issues, and the industry is very sensitive to changes in the international political situation, natural disasters and epidemics (terrorist attacks, disease outbreaks, epidemics, tsunamis, volcanic eruptions, floods, landslides, hurricanes). These events lead to a sharp decline in the number of tourists in vulnerable countries or regions. Tourists’ concerns about health risks are growing. Infectious diseases, in particular, have a direct impact on the choice of tourist destination. In today’s conditions, this situation can be viewed on the positive side, as due to the closure of most borders, which makes it impossible to travel around the world, the number of domestic tourists is growing. Thus, according to Figure 3, the dynamics of tourist flow in Ukraine for 8 years (2013-2020) proves that the number of domestic tourists in 2013 was more than 0.7 million people. However, in 2014-2015, the number of domestic tourists decreased rapidly and since 2016 there has been a tendency to

gradually recover, which is gaining momentum. The largest number of domestic tourists in 2020 was – 0.52 million people. Given this trend, we can predict that in 2021 the indicators of domestic tourism will increase at least twice.

This is facilitated by the global pandemic COVID-19, which blocks international tourism, which is projected by the World Tourism Organization (UNWTO) to last from three to five years. This will provide an opportunity to develop domestic tourism business, where residents can better get to know their country, visit local history, health, cultural and historical sites, enjoy recreational resources, which in turn will lead to economic, social and health effects. At the same time, this is a clear example of the hysteresis effect, which makes it impossible to return the tourist flows of previous years under the impact of factors that influenced the development of tourism business in Ukraine (annexation of Crimea and occupation of Donetsk and Luhansk regions, global pandemic COVID-19).

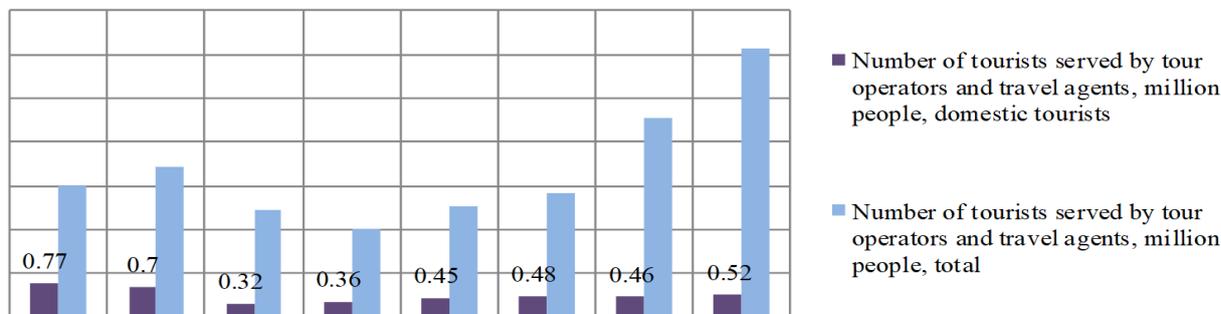


Figure 3. The scale of service of domestic tourists by tour operators and travel agents in Ukraine for 2013-2020 (Source: Built by the authors according to Cherchyk and Kolenda, 2008; The Global Economy, 2021; Tourist Streams, 2021)

Authors should note that the violation of the regional economic and social destination of the country can lead to three negative economic effects: the first is associated with a sharp decline in GDP, a rapid increase in both public and private debt (the emergence of financial instability); the second is related to the uneven blocking of the economy (aviation, tourism, leisure and retail trade in non-food products may experience a long period of stagnation); the third is related to the uneven and significant decline in household development (loss of work and income, isolation hinders the search for alternative jobs, which may be rare).

In order to mitigate the negative effects in the country, the development of tourism business in the regional economic and social destination should provide effective tools. They will effectively use the tourism potential of the territories through the mechanism of its regulation, which should function through three interconnected blocks (Figure 4). The functioning of the tourism business through partnership implies that a set of travel agencies and organizations in this field in the regional economic and social destination enter into relationships with consumers in the process of creating, promoting and selling tourism products and guest services. At the same time, the tourist service is a specific type of socio-economic activity aimed at obtaining a beneficial effect, while meeting the needs of consumers, business owners, employees, the state, society, territory and the natural environment (O'Connor, 2020; Sigala, 2020). In addition, the rational interaction of the state and tourism business structures should be based on the strategy of development of the tourism industry in the regional economic and social destination and include a universal information and analytical bloc with a system of quantitative and qualitative evaluation indicators, which should take full account of tourism potential in a certain area, provide monitoring and control of trends in the tourism industry and the regional tourism market, as well as strategic planning and forecasting of tourism development. The composition of the indicators of the information-analytical bloc through a system of indicators are presented in Table 2.

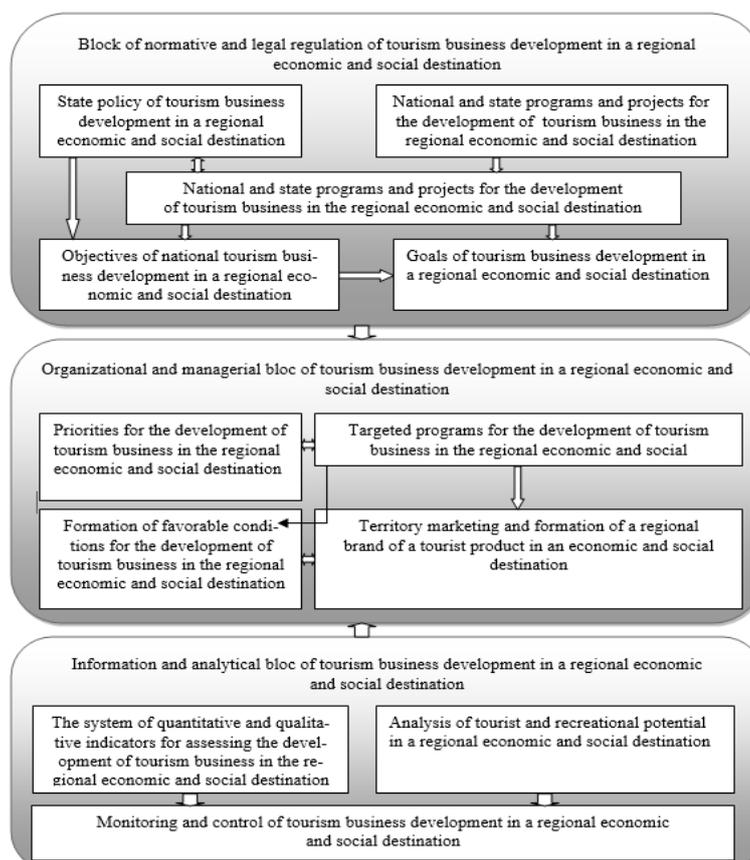


Figure 4. The mechanism of regulating the development of tourism business in the regional economic and social destination of the market type (Source: Developed by the authors according to Barabanova et al., 2020)

Table 2. The system of quantitative and qualitative indicators of tourism business development in the regional economic and social destination of the country (Source: Authors according to data from Gorina and Barabanova, 2019)

Indicators of investment attractiveness of the tourism business in the regional economic and social destination	Indicators of tourism business development in the regional economic and social destination	Indicators of the state of natural-climatic and ecological subsystems of the regional economic and social destination	Indicators of tourism infrastructure development	Indicators of efficiency of regulation of normative-legal and organizational-administrative subsystem of development of tourist business in regional economic and social destination
GRP, million EUR	Number of domestic and inbound tourist flows in the destination, pers.	Number of natural tourist sites in the destination, pcs.	The level of service for tourists in the destination, points	The level of development of the regulatory framework for tourism business in the destination
The population of the region, pers.	The average length of stay of tourists in destinations using guest services, days	Area of reservoirs, km <sup>2</sup>	The level of socio-cultural development of the destination in the international dimension, points	The effectiveness of tourism business regulation in a regional socio-economic destination
Number of operating travel agencies in the destination, pcs.	Number of travel agencies and organizations of the tourism industry in the destination, pcs.	Length of the coastline, km	The level of development of the entertainment and recreation industry, points	The effectiveness of the implementation of regional target programs for the development of tourism business in the destination
Production volume of industrial and agricultural products in the region, million EUR	Volume of paid guest services provided at tourist accommodation, million EUR	Area of protected areas, km <sup>2</sup>	Level of development of sports and health infrastructure, points	The effectiveness of marketing the territory in the tourist business of the destination
Retail trade turnover in the regional socio-economic destination, million euros	The average annual number of people employed in the tourist business of the destination, pers.	Duration of the holiday season, days.	The level of international transport accessibility of tourist destinations in the territory, %	The effectiveness of the regional brand of tourist product in the economic and social destination
The amount of budget funding for the destination, million EUR	The average level of wages in the tourist business of the destination, EUR	Average air and water temperatures in the holiday season, deg.	The level of internal transport accessibility of tourist destinations, destinations, %	The effectiveness of the use of information technology in the tourism business of the destination
Total investment inflows into the regional economic and social destination, million EUR	The amount of investment from the sale of tourist guest services in the destination, million EUR	Average humidity, %	The level of development of the transport infrastructure of the regional economic and social destination, points	The effectiveness of the organizational structure of tourism business regulation in the regional economic and social destination
Volume of foreign direct investment in a regional economic and social destination, million EUR	Number of outbound tourists to other regional economic and social destinations and countries, pers.	The level of air pollution in the destination, % concentration of pollutants	The level of safety of tourists in the destination, points	Budget efficiency of tourism business in a regional economic and social destination
The average payback period of investment projects in the region, years	Volumes of tax revenues to the regional budget from the tourism sector, million EUR	The level of water pollution in the region, % concentration of pollutants	Efficiency of using the natural resource potential of the region	Level of development of the tourism monitoring subsystem
Total savings of citizens of the region, million EUR	The average payback period of investment in the tourism business of the destination, years	Number of environmentally hazardous facilities, pcs.	Level of information development	The level of training and retraining in the tourism business of the destination

The general estimation of the criteria of effective development of tourist business in the regional economic and social destination is presented in Figure 5. The defined criteria allow to prevent crisis consequences that are characteristic of risks of social and institutional nature (level of petty and organized crime and violence, terrorism, social, political, religious conflicts, military actions); risks of travel agencies and related industries (transport, sports and trade, which may be dangerous for the tourist, his physical condition and economic interests); low standards of construction of tourist infrastructure (structures, fire resistance, environmental friendliness of materials); “gaps” in legislation, unfair competition and fraud; risks associated with the tourist (fascination with dangerous sports, careless driving, consumption of harmful food and beverages, visiting dangerous places, loss of personal belongings and documents, transportation of prohibited items, travel in an unhealthy condition); risks of a natural nature (ignorance of the natural environment of the destination (flora and fauna), lack of preventive medical care before the trip (vaccination), non-compliance with sanitary norms of food consumption (street food), likelihood of exposure to unforeseen natural disasters. Therefore, financial support is a priority for the implementation of the strategy of tourism business development in the regional economic and social destination, which is carried out at the expense of funds provided by the state and local budgets for the year.

At the same time, funds for the implementation of targeted programs within one territory are redistributed for the implementation of cross-border cooperation programs of the country. The tools for the implementation of such programs are the European Neighborhood Policy for 2014-2020, the Danube Transnational Program for 2014-2020, bilateral

agreements concluded by Ukraine with partner countries. In this case, financial support is provided subject to co-financing in the amount of not less than 10% of the total project funding from the local budget or other sources (Table 3).

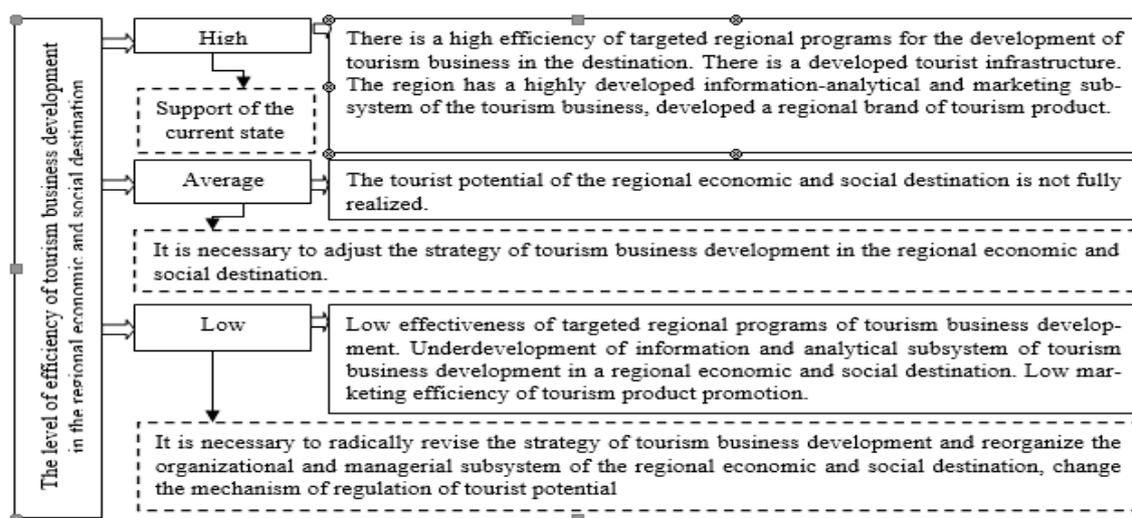


Figure 5. Criteria for assessing the level of effective development of the tourism business in the regional economic and social destination (Source: Developed by the authors according to Gorina et al., 2020; The UNWTO Tourism Dashboard, 2021)

Table 3. Border cooperation of Ukraine with Euroregions in the framework of the European Neighborhood Policy for 2014-2020 (Source: Authors according to data from Rosalina et al., 2021; Tourist Streams, 2021)

Name of the program	Regions of Ukraine participating in the program	Budget
Poland – Ukraine – Belarus	Volyn, Zakarpattia, Lviv regions – as the main regions; Rivne, Ternopil, Ivano-Frankivsk regions – as additional regions	175.799 million EUR
Hungary – Slovakia – Romania – Ukraine	Zakaarpattia, Ivano-Frankivsk regions – as the main regions; Chernivtsi region – as an additional region	73.952 million EUR
Romania – Ukraine	Odessa, Chernivtsi, Ivano-Frankivsk and Zakarpattia regions – as the main regions; Vinnytsia, Ternopil and Khmelnytsky regions – as additional regions	60 million EUR
Black Sea Basin Partner countries – Armenia, Azerbaijan, Bulgaria, Greece, Georgia, Romania, Moldova, Turkey, Ukraine	Odessa, Kherson, Mykolaiv, Zaporizhzhia and Donetsk regions	39.039 million EUR (from the European Neighborhood Instrument ENI + European Structural Development Fund ERDF) + 10 million EUR from the IPA Pre-accession Fund

Unfortunately, the underestimation of the role of cross-border cooperation (CBC) between Ukraine and the EU at the level of its perception by central, regional and local executive bodies of Ukraine as a branch of foreign economic activity in territorial (spatial) development leads to unregulated coordination and functionality of tourism business without using strict control. In accordance with Ukrainian legislation, tourism cooperation strategy (TCS) is considered one of the activities of the state, delegated to local authorities, which does not coincide with the provisions of EU legislation, which defines it as an element of regional policy for tourism development in economic and social destinations. For example, in Poland, the recognition by the voivodship of the subjects of the tourist sphere and the right to implement the regional policy of the state and the EU on the development and promotion of the tourist product in the economic and social destination is of fundamental importance. At the same time, in the Ukrainian regions this right remains with the state administrative units, to which certain powers can only be delegated by central state authorities (Rosalina et al., 2021).

Authors believe that the following steps are needed to improve the regulatory framework of the TCS: adoption of regulations after careful expert training and public discussion; clear definition of regulatory functions related to the development of cross-border cooperation and development of tourism business between different public authorities; prevention of institutional and legal conflicts in terms of regulating cross-border cooperation of regions in the context of decentralization of state power; institutional and legal support of the system of cross-border cooperation at the level of local communities and self-governing institutions for the development of tourism business; determination of criteria for evaluating the effectiveness of cross-border cooperation and introduction of relevant statistical indicators and indicators of tourism business development; improving the mechanism for coordinating the powers of local governments; in the preparation and approval of tourism projects (Hafurova and Siuiva, 2021). The state budget annually takes into account the costs of ensuring the implementation of measures related to the adaptation of Ukrainian legislation to EU law. As a result, the improvement of the legal framework for the implementation of new regulations for the implementation of the Association Agreement between Ukraine and the EU will encourage the intensification of foreign economic activity of regions and development of tourism business, development of tourism infrastructure, free labor and tourism migration,

exchange of best practices in the environmental, economic spheres of activity. The development of existing and the formation of new tourist Euro regions will contribute to attracting new investment in the national economy and will intensify cross-border activities between regional economic and social destinations.

Thus, in order to improve the financing mechanisms of TCS, we propose: obligatory contribution to the annual State Budgets of Ukraine of co-financing 10% of the amount of specific cross-border cooperation projects for Ukrainian participants in the tourism market; for the objectivity of determining the beneficiaries of cross-border tourism projects, it is desirable to create joint tender commissions with EU institutions and funding on a parity basis selected for the implementation of such projects; adaptation of financial procedures in the field of TCS to EU norms, which will provide an opportunity for more efficient use of funds within the budgets of tourism projects in the cross-border area; improving the system of monitoring the implementation of tourism projects in the cross-border area; creation of an effective system of cross-border statistics on accommodation of tourists and provision of guest services; stimulating legal income from cross-border cooperation in the tourism business (Myronov and Myronova, 2021). For strategic planning of tourism business development in a regional economic and social destination, it is necessary to form a general concept of its evaluation in terms of a systematic approach and analysis of alternatives. That is, it is necessary to do a comparative assessment of the economic and social effectiveness of alternatives for the promotion of tourism as a sector of the tourism business, taking into account their relationship with each other and with other sectors and sectors of the regional economy to take into account the impact of tourism on cross-border cooperation. Since the existing tools for assessing the tourism business are levers of indirect impact on the economy, so taking into account cross-border cooperation in this area will determine the criteria for optimal profits from tourism operators and tourism and its effect in the regional economic and social destination. This criterion  $\Delta Inc$  is generally presented in the following formula (6) (Cherchyk and Kolenda, 2008):

$$\Delta Inc = [Inc_1 + (1 + k) \times Inc_2] - C, \quad (6) \quad \text{where, } Inc_1 - \text{income of tour operators and travel agencies from inbound tourism, including cross-border cooperation; } Inc_2 - \text{income of tour operators and travel agencies from outbound tourism, including cross-border cooperation; } C - \text{costs of tour operators and travel agencies in the region for the development of tourism business in the regional economic and social destination, including cross-border cooperation; } k - \text{coefficient that takes into account the deduction of part of the income of tour operators and travel agencies from outbound tourism.}$$

Features of the presented methodical approach are the following:

1. Profit from the activities of tour operators and travel agencies  $\Delta Inc$  is a part of the profits generated in the tourism business of the regional economic and social destination, including cross-border cooperation, which remains in the territory and is used outside the tourism industry. That is, the part of the profit that is directed to the expanded reproduction of the tourism industry itself is not taken into account.

2. Revenues from inbound ( $Inc_1$ ) and outbound tourism ( $Inc_2$ ), including cross-border cooperation, are formed from tax revenues from the activities of tour operators and travel agencies, as well as from taxes paid by business structures of the related areas and sectors involved in tourist services. They should also include payment for loans provided by the state for the development of tourism in the regional economic and social destination.

3. The amount of costs ( $C$ ) takes into account regional investments in the development of tourist infrastructure, including from cross-border cooperation, which are returned after a certain period. Therefore, the sum of profits and expenses must be brought to the initial point in time by discounting them (formula 7) (Cherchyk and Kolenda, 2008):

$$\Delta Inc = \frac{\sum_{t=1}^t [Inc_1 + (1+k) \times Inc_2]}{(1+r)^t} - \frac{\sum_{t=1}^t C_t}{(1+r)^t} \quad (7) \quad \text{where, } r - \text{discounted rate.}$$

Thus, management decisions on the development of tourism business in the regional economic and social destination, including cross-border cooperation (including the coefficient  $k$ ) is a temporary function. The basic dependences of costs and revenues on the development of the tourism business in the regional economic and social destination, taking into account cross-border cooperation can be represented as follows: income and expenditure indicators ( $Inc_1$ ,  $Inc_2$ ,  $C$ ) are functions of inbound ( $TF_1$ ) and outbound ( $TF_2$ ) tourist flows. Criteria  $TF_1$  and  $TF_2$  are also temporal functions (formulas (8)-(9) and can be shown as follows (Cherchyk and Kolenda, 2008: 57-58):

$$TF_1 = f[SE_{1t}, I_{1t}, P_{1t}] \quad (8); \quad TF_2 = f[SE_{2t}, I_{2t}, P_{2t}] \quad (9) \quad \text{where, } SE_{1t}, SE_{2t} - \text{estimated indicators of economic and social conditions of the regional destination for inbound and outbound tourist flows, taking into account cross-border cooperation; } I_{1t}, I_{2t} - \text{indicators of the level of the development of tourist and service infrastructure of inbound and outbound tourism, as well as marketing activity of tour operators and travel agencies in the regional economic and social destination, taking into account cross-border cooperation; } P_{1t}, P_{2t} - \text{indicators of the effectiveness of the promotion of inbound and outbound tourist product on the market of tour operators and travel agencies in the regional economic and social destination, taking into account cross-border cooperation. Indicators } I_{1t}, P_{1t} \text{ are functions of expenditures } C_{1t} \text{ of government and local self-government for the development of inbound tourism infrastructure in a regional economic and social destination, taking into account cross-border cooperation. Accordingly, the values } I_{2t}, P_{2t} \text{ are functions of expenditures } C_{2t} \text{ of government and local self-government for the development of outbound tourism infrastructure in the regional economic and social destination, taking into account cross-border cooperation.}$$

Assessing the effectiveness of tourism development of the regional economic and social destination, taking into account cross-border cooperation requires the definition of dependencies  $Inc_1 = Inc_1(TF_1)$ ,  $Inc_2 = Inc_2(TF_2)$  and  $C = C(TF_1, TF_2)$ , as well as the definition of income and expenses related to  $TF_1$  and  $TF_2$ .

The option of formalizing the dependence of income generation on the development of tourism business of a regional economic and social destination, taking into account cross-border cooperation is presented in formula (10) (Cherchyk and Kolenda, 2008):

$$Inc_{1,2} = \sum_i Inc_{1i} [TF_{1i}] + \sum_j Inc_{2j} [TF_{2j}] \quad (10) \text{ where, } Inc_{1i} - \text{the } i\text{-th type of income coming to the}$$

budget from the development of inbound tourism in the regional economic and social destination, taking into account cross-border cooperation;  $Inc_{2j}$  – the  $j$ -th type of income coming to the budget from the development of outbound tourism in the regional economic and social destination, taking into account cross-border cooperation.

Stimulating the development of tourism business in the regional economic and social destination, taking into account cross-border cooperation requires public authorities and local self-governments to allocate certain funds for these purposes, both directly and indirectly. Most often, such investment is indirect and not always aimed at promoting the tourist product and guest services to consumers. These funds are allocated mainly for the development of the region's infrastructure, which is also used by the tourism sector. To assess the state of the development of the Ukrainian tourism business and compare with world leaders in the field of cross-border tourism cooperation, 9 countries were selected with high performance in the tourism industry worldwide. The countries are selected on a geographical basis (these countries represent all continents), on the difference between models and directions of the development and the degree of influence of states in the regulation of the tourism business. The impact of tourism on the economies of selected countries is shown in Table 4.

Table 4. The impact of tourism of the world countries on the economy (Source: Authors according to data from Country Analysis the World Travel and Tourism Council, 2020; The Global Economy, 2021)

Country	The country's GDP per capita, thousand EUR	Direct contribution of tourism to GDP per capita, thousand EUR	Total contribution of tourism to GDP per capita, thousand EUR	Capital investment in tourism, billion EUR	Average income per month, EUR	Population, million people
Australia	52.25	1.30	5.09	15.81	2231	19.78
Belgium	38.92	0.86	2.13	2.00	2594	9.58
Brazil	9.37	0.31	0.73	19.82	665	173.5
India	1.21	0.024	0.078	27.61	256	1076.9
China	5.61	0.13	0.55	2.65	573	1169.2
USA	42.73	1.20	3.78	124.5	2789	273.5
Ukraine	3.30	0.06	0.17	0.38	235	36.75
France	36.68	1.38	3.29	16.32	2467	54.70
Croatia	11.38	1.19	2.72	0.89	1501	3.59

The direct impact of tourism in sectors of the economy directly related to the formation of the tourist product (hotels and restaurants, spas and health facilities, transport, entertainment industry), while the indirect impact covers a much wider area, including construction, trade, banking and insurance, food industry and other branches of production and social infrastructure (Bovsh et al., 2020; Moscardo, 2020; Pas, 2021). Components of the total contribution of tourism to the country's GDP, according to the World Tourism and Travel Agency (Country Analysis the World Travel and Tourism Council, 2020), determine and ensure the implementation of the spatial distribution of funds in regional economic and social destinations by inbound and outbound tourist flows, which are presented in Table 5.

Table 5. Tourist flows and types of tourism in the world (Source: Authors according to data from Country Analysis the World Travel and Tourism Council, 2020)

Country	Inbound tourism (arrival) <sup>1</sup> , million people	Outbound tourism (departures), million people	The main types of tourism in the country
Australia	6.604	0.698	resort, extreme, ecological, culture, sports
Belgium	7.500	9.500	culture, sports, business
Brazil	5.677	8.119	ecological, resort, adventure, culture appropriate
India	6.578	14.920	religious, culture, beach, business
China	56.739	100.000	cultural and business tourism, medical, ecological, religious
USA	72.540	60.240	culture, resort, business, sports, environmental, entertainment
Ukraine	2.323	2.519	recreational, culture appropriate, rural, ecological
France	84.000	26.000	culture, beach, sports, education
Croatia	10.904	2.280	resort, rural, sports, religious

It should be noted that US inbound tourism is provided by the developed infrastructure of the network of entertainment facilities and geographical location. Inbound tourist flow in Australia is largely based on geographical location, the dominance of extreme and sports tourism is due to the heterogeneity of infrastructural and economic development of the country. Among the countries of the world, it is possible to find certain regularities, which explain a positive direction of tourist streams: tourists of the countries with steady economy prefer among foreign tourist destinations the countries with a similar level of economic development; preference is given to geographically close and/or culturally identical destinations. Countries with positive tourist flows are grouped by a high rate of return on tourism business in regional economic and social destinations, but, in turn, it is not the main sector of income and develops within the national strategy (Australia, France), and countries such as Croatia, where tourism is the main lucrative industry (The UNWTO Tourism Dashboard, 2021). It should be noted that countries with significantly higher GDP per capita (Australia, USA, France) have a positive

balance of tourist flows. Ukraine has the lowest ranking positions in the development of tourism business in regional economic and social destinations. In more detail, the components of the rating The Travel and Tourism Competitiveness Index of Ukraine on the main indicators are shown in Figure 6.

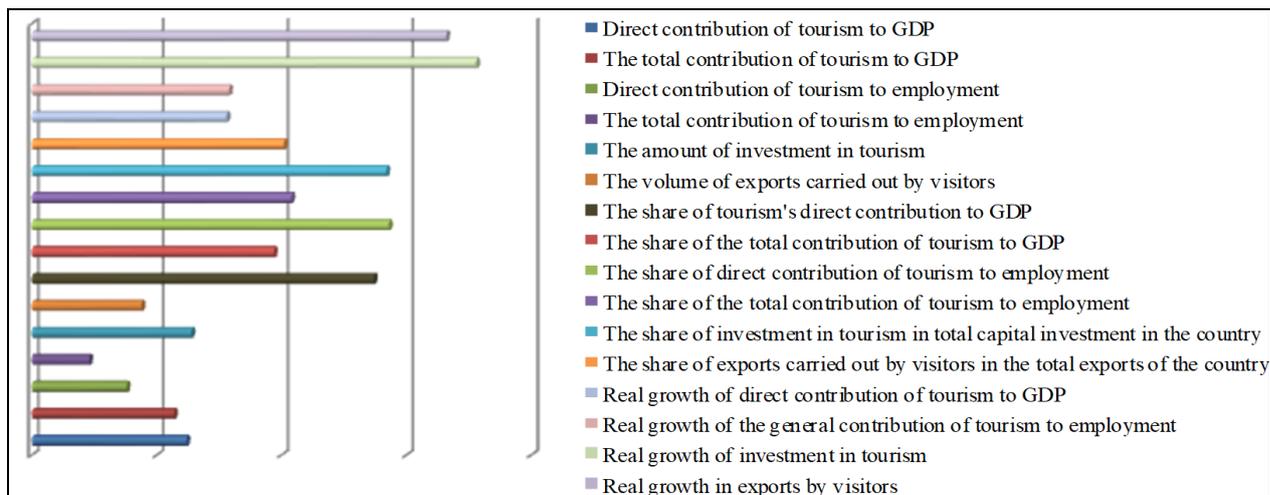


Figure 6. Ukraine in the World Travel and Tourism Council rankings according to the main indicators of the contribution of tourism to the country's GDP (Source: Built by the authors according to Country Analysis the World Travel and Tourism Council, 2020; The UNWTO Tourism Dashboard, 2021)

Thus, the tourism business can become the basis and “locomotive” of the development of a regional economic and social destination, given the cross-border cooperation of Ukraine with countries. For example, Croatia has common features with the country. At the same time, Ukraine lags far behind the leading countries in terms of total tourism business, GDP and population employed in the tourism industry. Among the leading countries in the world in terms of the total contribution of tourism to GDP, the leaders by a significant margin are Spain – 14.3%; France – 9.0% and the USA – 8.7%. The share of Ukraine's tourism business in GDP is 8.0%, behind China (8.5%) and ahead of Japan (6.8%) (Country Analysis the World Travel and Tourism Council, 2020).

## CONCLUSIONS

Thus, to achieve a strategy of effective development of tourism business in the regional economic and social destination of the country, through planning and forecasting a stable system of tourist flows, it is necessary to form an optimal price mechanism for tourism products, which will give market regulators a targeted and less costly self-development of business structures in the tourism sector. The creation and promotion of a tourist product not only within the framework of domestic regional policy, but also within the framework of cross-border cooperation with the countries of the world will allow the state to distinguish types of socio-economic relations at the local level.

Ensuring the optimal ratio between income and expenses for the promotion of marketing ideas for tourist travel within the border areas will improve the quality of life, activate national and foreign investors in the development of the tourism industry, and make conditions for job creation. In addition, the development of inbound and domestic, rural, ecological (green) tourism will expand international cooperation in the global tourism market, and the introduction of highly profitable tourism services among other sectors of the economy will help harmonize tax, currency, customs, border and other regulations. This will create affordable conditions for continuous improvement of the business climate and competition. Popularization of countries in the world, promotion of qualitative national tourism products in the world information space through the creation of a global information system in the field of tourism and resorts with integration into tourist information networks will develop sightseeing visits to natural areas and resorts for children, youth, the elderly, disabled and low-income citizens by introducing benefits to these categories of persons.

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