

# The problems of development of the Ukrainian tourist market and ways of their solutions

**Viktoriia Riashchenko\*, Marga Zivitere, Liubov Kutyriva**

*ISMA University, Lomonosova Str. 8, LV-1019 Riga, Latvia*

*\*Corresponding author's e-mail: viktoriia.riashchenko@isma.lv*

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## Abstract

Nowadays tourism rightfully can be called the most promising business in the world in general, and in Ukraine. Tourism is important social and political phenomenon. The tourism industry can safely be called one of the most important components of the global economy. In Ukraine, the hotel business is one of the most promising and successful businesses. Also, the Ukrainian hotel business is very lucrative sector for investment. Tourism is the most important part of the global economy, nowadays. Hospitality Industry headed by its hoteliers seeks to improve living conditions and services. For every person who travels to another city or country, it is important to feel the comforts as at home. This is the goal of hoteliers. Ukrainian tourism industry is no exception and also developing rapidly from year to year. This article were analyzed the situation at the Ukrainian market of hotel services, its macro- and microenvironment. The article reflects the pressing problems of development tourism industry in Ukraine. In the present article displayed overall Ukrainian tourist market and analyzes the main problems.

*Keywords:* tourism, market, services, economy

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## 1 Introduction

Topic of the article: the problems of development of the Ukrainian tourist market and ways of their solutions. Relevance of the topic is much important for Ukraine, because the economic situation is extremely critical nowadays. If to draw attention to this topic, it can help to improve the country's economy. However, due to political situation in Ukraine, as of today, the relevance of the theme of tourism development takes a back seat.

The purpose of this study - is the main reasons and problems existing in the Ukrainian tourism. The main idea of the project is formation of the problems for tourism development in Ukraine, and their rationale.

The object of study serves the market of the tourism industry in Ukraine in this article. For studies conducted in the prepared article, were used datas from the website of the State Statistics Service of Ukraine, the government portal and the site of the Verkhovna Rada of Ukraine, and many other web sites, covering the economy and the situation in the country as a whole.

Study and analysis of the literature showed that the scholars, which working above the development of the Ukrainian tourist market, in its works do not give an answer about the prospects for the development of tourism in Ukraine. "Evaluation of the possibility of Ukraine's participation in international tourism" V.B. Artyomenko describes quite good prospects in the development of the tourism market in Ukraine, based on the encouraging examples of neighboring CIS countries that have already gone through the development of tourism.

However, in my opinion it is impossible to compare countries with each other and focus only on that. Since, in different countries are different mentality, different natural and human resources and its own way to the development of the tourism industry.

I suppose that the biggest plus of Ukraine - rich natural resources. Every city in Ukraine is special and has its own attractions and cultural heritage. Artemenko VB noted the steps that will help the development of tourism:

- simplification of visa and customs procedures;
- improvement of tourism infrastructure;
- development of state programs for the development of tourism.

An indisputable fact, that the state of Ukraine pays little attention to tourism. I presume that this is an extremely important part of the economy. Ukraine has potential. It is necessary to develop and support it. Also, should not ignore the international tourist market. Unconditionally, Ukrainian tourism has its advantages, but it is not enough. Ukraine should learn properly position itself in the international market. Kaplun I.G. distinguishes two components of tourism development - natural aesthetics and local history. In his work, he pays much attention to these components and gives meaning to uncertainties. In more detail, these same factors are considered Kravtsiv V.A. However, in his work, he pays more attention to the issue of regional tourism. Kravtsiv VA offers to consider the specifics of the region and the features of the territory, using them as an advantage region or city.

The problems of tourism development in Ukraine are engaged in such practices and scientists as M. Boruschak, V.V. Khudo, T.I. Tkachenko, L.M. Shulgina and others. But despite of this, the Ukrainian tourism industry still lags behind other countries.

For the most countries, the tourism industry is the most profitable and fast-paced. France and Spain can be called the most profitable in the tourism market. For example, the income from tourism in Spain was 10.2% of GDP and 11.5% of the total, revenue is up 7.1% in France and 4.9% in the same proportion. In the top 10 countries with developed tourism, includes countries such as USA, Spain, France,

Italy, China, Germany, United Kingdom, Australia, Turkey and Austria. The tourist industry often becomes a source of income to the budget of many countries, as the tourism industry generates income not only business owners, but also the state as a whole. Industry, trade, construction, transport, agriculture, domestic service, small and medium business - the profit of almost all sectors of the economy is largely dependent on tourism, which acts as a catalyst for socio-economic development of the country. Tourism - a dynamic industry, and to identify the current conditions of its efficient functioning, the tourism industry requires constant supervision.

Fiscal and Border Guard Service of Ukraine confirms the growth of the tourist flow in Vinnytsia, Volyn, Dnipropetrovsk, Zhytomyr, Ivano-Frankivsk, Kiev, Nikolaev, Odessa, Poltava, Rivne, Sumy and Chernivtsi region. Like many European countries, the most powerful is the tourist flow between the neighboring states. Also, the neighboring countries and provide powerful streams of day tourists, particularly transit, the number of which is increasing annually.

The World Tourism Organization (WTO) predicted to Ukraine increase tourism to 15 million people. The State Statistics Committee of Ukraine in their reports shows that the hotel business in Ukraine is developing successfully and dynamically. The main problem, and brake of the development of tourism in Ukraine - the lack of attention and support to the industry by the authorities.

Ukrainian tourist market is still in the beginning. Exacerbates the development of Ukrainian tourism a low level of infrastructure, weak investment by the state, economic and political instability in the country. Travel resources of Ukraine are not used to the full, which is also quite weighty problem for tourism development. There is also a large number of obstacles for tourists such as - old vehicles (airplanes, buses, and trains), meticulousness customs and border services, groomed airports, train stations in Ukraine. These problems can not be solved without government support.

However, the Verkhovna Rada of Ukraine abolished the State Committee of Ukraine on tourism, which was responsible for the development of tourism defined as the branch in Ukraine. The Cabinet of Ministers of Ukraine did not pay enough attention to the tourism, although the tourism industry is a multi-faceted economic system, which helps to develop such defined as the branch of the economy such as agriculture, construction, industry, insurance, culture, art, communications and many other industries.

Tourism has all the capabilities to help Ukraine to pass the economic crisis, or at least mitigate this period, and to help all sectors of the economy bounce back. Ukraine has a lot of natural, historical and cultural resources that can help in the fight against the crisis. There are examples of countries which "live" thanks to the tourism industry. For example, Turkey - overcome the economic crisis and the collapse due to the development of tourism. Turkey is famous for its spas. Not only because of the seas. However, tourism needs the support of the state. The motto of the World Tourism Organization - "Where tourism is develops, poverty retreats." This motto is correct and logical for Ukraine. Tourism development is a very topical issue for Ukraine. An Ukrainian tourist often refuses to itself in the

vacation due to economic instability and lack of free money on travel.

Not so long ago, the Ukrainian government strongly supported the theme of "social tourism". The aim is to provide social tourism socially vulnerable groups the opportunity to rest and travel, leisure travel subsidies for poor citizens. However, at this time the state does not pay enough attention to this problem. For example, in 2002, single mothers were given the opportunity to purchase a ticket to Truskavets (spa resort city in the Lviv region) for 24 days at a cost of 600 hryvnia (at the rate of 1 EUR = 5.53 Ukrainian Hryvnia) for the mother and child at the minimum salary in the amount of 165-190 hryvnia. What about today, like tour packages for mother and child will cost about 9000 hryvnia (at the rate of 1 Euro = 35 Ukrainian Hryvnia.). Accommodation for child under 12 years old is free. However, the minimum wage in Ukraine today is 1200-1500 hryvnia. Which suggests that, unfortunately, in Ukraine afford to travel to a health resort can only rich people, politicians or businessmen.

Of course, in Ukraine there are other, cheaper options for recreation. For example, in the Poltava region there is a resort village New Sanzhary. The cost of holidays at the resort of New Sanzhary will be about 2,000 hryvnia. For the average citizen is an adequate price. But it's worth noting that the level of pensions is much lower than in Truskavets. If exacerbated the issue of social tourism can be identified that the best period of development of social tourism is the time of USSR. That time, more than 70% of vouchers was paid by trade unions and the state. Now this proportion of the budget is much lower. That itself speaks about the problems in the tourism industry.

The state should pay more attention to tourism. Tourism is a promising industry that will bring economic benefits to the country.

To identify opportunities and threats for the company analyzes the external environment. The external environment is the source of nourishes the company with the resources necessary for its operation. The company and the external environment interact with each other, making it possible to survive in the market. For the enterprise is extremely important to maintain external relations. For example, under the phrase "external relations" should understand the supply chain, and sales.

Macro Environment due to the following factors:

- Economic factors;
- Socio-cultural factors;
- Technological factors;
- The international dimension.

So, I suggest you to consider the factors and their implications for the enterprise in Ukraine.

The economic factor shows the state of the economy. Ukraine's economy, unfortunately, is not in a good condition nowadays: high unemployment, rapid inflation and exchange rates, the economic crisis. All this affects to the level of prices, profitability, solvency and the level of living of the population.

In my opinion, the most important factor in tourism - the economic. Since, a stable economy in the country is the most important condition for the functioning of tourism. An important factor for the development of the tourism industry are international relations, foreign economic activity of the

country, the state of solvency of the country, which affects the development of all sectors of the global economy. When there is a stable economic situation in the country and there is the growth of incomes in the population, people are spending more money on vacation, and accordingly on the trip. Financial instability, inflation, strengthening customs requirements, interest rates, and changes in exchange rates lowers the activity of tourism.

Nowadays, Ukrainians spend money only for buying food for about 70% of their income. This situation has a very negative impact on the development of tourism. For years, Ukraine is trying to survive in a lack of money. But be that as it may, in any case, every year in the country increases and wage payments, and pensions, and social assistance. Ukraine is trying out of its way to reach a higher, European level. And even in the face of a deep economic crisis, the level of tourism is increasing every year. The number of tourists is growing. This is certainly a good opportunity to develop and pushes Ukrainian tourism industry. Due to the recent military and political developments in Ukraine, experts predicts deflation since deteriorated manufacturing and agriculture, increase in foreign exchange rates, the annexation of the Crimea, and it should not be exclude the unsafe situation in the south-eastern Ukraine. Ukraine has all the factors for the development of tourism, but today tourism potential has not been revealed until the end, as evidenced by the 1.5 - 2.5% of the GDP of the country. Economic, social, cultural and environmental factors are the obstacles in the development of the tourism industry in Ukraine. The dynamics of growth of tourism in the period 2005-2010 was almost no variation, as evidenced by the coincidence with the dynamics of GDP.

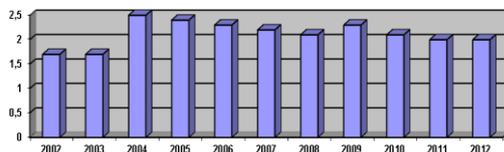


FIGURE 1 The share of direct revenues from the tourism sector to GDP in the Ukraine

Social and cultural factors shape our lifestyle, work, consumption, reflect habits, traditions, according to which they exercise their consumer spending and have a significant impact on virtually all organizations. New trends create the type of consumer and, therefore, cause the need for other goods and services, identifying new strategies for the organization. Socio-cultural factors also affect the products or services that are the result of the company. People are often willing to pay more for prestige because they think it will give them extra weight in the society.

The growth of the population, the aging of the society, later marriage, increased the number of single people, increasing the number of working women; the planning birth a baby, the growth in the number of childless couples also directly affects the development of tourism.

It can be listed the main socio-cultural factors that organizations often face: the birth rate; the mortality; intensity factors of immigration and emigration; coefficient of average life expectancy; disposable income; lifestyle; educational standards; shopping habits; attitude to work;

attitude to rest; related to the quality of goods and services; demand control of environmental pollution; energy savings; attitude towards the government; problems of inter-ethnic relations; social responsibility; social welfare.

It is worth noting that in recent years has been increased the duration of leisure time, due to the reduction of working time, crushing and increase the duration of annual leave, which, together with an increase in the standard of living directly affects the influx of new visitors. In connection with the new trend of dividing vacation trips are frequent, but shorter.

Studies have shown that the level of propensity to travel directly related to the education of the population. This, of course, suggests that higher levels of education, culture and meet aesthetic requirements relate to the development of tourism and socio-cultural factors.

According to statistics the greatest tendency to active forms of tourism are showing people aged 18-30 years. Studies show that unmarried people are more mobile than family, and women are more interested in tourism than men. Demographic factors relating to population, placing it in selected countries and regions, gender and age structure (with the release of the working population, students and pensioners), marital status, family composition, have a direct and permanent impact on the development of the tourism industry.

According to the web-site banker.ua to the end of 2014, the flow of tourists in the Odessa region decreased by 15%, and the Lviv region - 5%. Lviv administration has made every effort to attract tourists. However, the administration confirmed the fact that the flow of tourists from Europe declined. The strongest Drop tourist flows in Kiev - 30-35%. In comparison with 2013, when foreign tourists visited Kiev - 1 million. 215,000, in 2014 there were 704,000. What about internal tourists - 651,000 and 406,000 respectively.

Technological factor involves changes in technology, innovations that are upgrading or re-orienting production organization. The introduction of IT-technologies in the field of tourism and the development of information and telecommunications network the Internet have made many types of tourism services able to trade. Tourism product is one of the most frequently requested online.

His influence on the organization often so obvious that they are considered the main engine of industrial and social progress. Revolutionary technological changes and discoveries of recent decades, for example, the production with the help of robots, penetration into the daily life of computers, new types of communication, transportation, weapons, and more, are great opportunities and serious threats, the impact of which managers should be aware of and evaluate. Some discoveries can create new industries and close old.

The impact of technological factors can be viewed as a process of creating a new and destruction of the old. Accelerating technological changes shorten the average length of the product life cycle, so organizations need to anticipate what changes bring with them new technologies. These changes can affect not only production, but also to other functional areas, such as personnel (recruitment and training of personnel to work with new technologies or the problem of dismissal of surplus labor is released as a result of the introduction of new, more efficient production

processes), or, for example, for marketing services, to whom the task of developing methods for the sale of new products.

Technological factors associated with progress in engineering and technology, to a large extent influence the development of tourism, have opened doors for new types of services, their sales and improve customer service. The development of science and technology contributes to the improvement of mass production of tourist services (hotel management, transportation, travel).

The significant increase in tourism and the expansion of its social base to provide logistical factors. Scientific and technical process has been strongly forward. Including in the hospitality industry. In today's world, information is available in more than. Development of telecommunication technologies has led to the creation of computerized reservation systems, which allow to book a place in accommodation facilities in the on-line. Global systems provide easy access to millions of users. At the moment, for almost any man who knows how to use the Internet and the computer will not be difficult to find a hotel, buy a plane ticket or develop your route of travel. On the client side open access to complete information about the hotel - well. However, if we consider this achievement on the part of the competition should assume that such openness and accessibility can play in favor of the owner. Because it can threaten copying of certain innovations.

Today, the consumer is quite difficult to surprise anything. In hotels network Starwood hotel room can be opened using a smartphone the iPhone, chains Aloft visitors will serve robot butler, and Ushuaia Ibiza Beach Hotel in Spain can pay via fingerprint. This is not the whole list of innovations in the hotel industry. However, research conducted by me innovations in the industry have led me to a new channel of communication with potential customers. This so-called, «Digital Signage». Digital Signage - it displays various sizes and types, which are mounted inside the wall or installed as stand-alone information stands. These stands and displays translate text and image ads, slides, videos and high definition video HD. Also, Digital Signage can be used to display the circuits of the city, route maps to local attractions. By placing these boards can be without the help of the hotel staff to direct guests in any room of the hotel: sauna, restaurant, conference room.

Managing such a display uncomplicated, and the work of all the boards in the hotel can be controlled with just one computer. The display can be programmed in the months ahead, and all information from the Internet automatically updated: schedule of arrival and departure of aircraft, weather forecast, international news, currency exchange rates.

Digital screens in hotels used for advertising, online sales of internal services, event planning in conference rooms, to inform guests and delegates of the place and time of the conference.

International factor also plays an important role in planning activities. The company may use the materials and resources of another country to apply foreign technology. Various factors legislative and governmental nature may affect the level of existing opportunities and threats in the organization.

National and foreign governments may be for a number of organizations, the main regulators of their activities,

sources of subsidies, employers and customers. This may mean that these organizations assessment of the political situation may be the most important aspect of the analysis of the external environment. Such an assessment is carried out through the details of the political and legal factors affecting the organization. Such factors much more of their various combinations, so select and list the most common in the analysis of the external environment: changes in tax laws; alignment of political forces; the relationship between business and government; patent law; legislation on the protection of the environment; government spending; antitrust law; monetary policy; government regulation; federal elections; political conditions in foreign countries; the size of the state budget; Government relations with foreign states.

Some of these factors affect all commercial organizations, such as changes in tax legislation. Others - only a small number of firms operating in the market, such as antitrust laws. And others - are essential, especially for political organizations, such as the balance of political forces or the results of the elections to the State Duma. However, in one way or another, directly or indirectly, political and legal factors affect all organizations. For example, the manufacturer of toys will affect standards of toy safety, changes in the rules of the import and export of raw materials, equipment, technologies and products, changes in the tax policy of the state, etc.

A significant impact on the development of tourism have political and legal factors: the political situation in the world and individual countries; open border policy; easing administrative control in the tourism sector; harmonization of fiscal and monetary policy. Tourism activity essentially depends on the political situation. Stable political situation contributes to the development of tourism and, on the contrary, the tense situation causes low growth rate and even clotting.

Nowadays, the political factor in Ukraine has a negative impact on the tourism industry. Due to the self-proclaimed world annexation of the Crimea, has suffered direct impact on the economy of Ukraine. Since, in the summer of Crimea was very popular among tourists. However, after the annexation of almost 90% of Ukrainian tourists declined principally from trips to the Crimea and chose to go on holiday abroad or spa resorts of Zakarpathia.

Cooperation of neighboring countries and not only provides an immediate opportunity for tourism development. The international dimension, as well as all an integral part of and basis for the development of tourism. Interaction between countries is leading to higher costs for the tourism industry and increasing the flow of tourists between the two countries. Tourist and economic agreements between the two countries make it possible for tourists to cross the border without a visa, or simplification of visa. What is important for the tourist and also a very positive effect on the hotel business? For example, due to the cancellation of the visa regime between Ukraine and Turkey and the flow of tourists to Turkey from Ukraine, as well as to Ukraine from Turkey increased. Consequently revenues increased hotels.

Also important factors that influence the development of the tourism industry, are factors such as environmental factors and seasonality.

Environmental factor has a direct impact on tourism, as

the environment is the foundation and the potential of tourism activities. Different types of pollution, such as radiation and chemical emissions are a deterrent to tourism development in such areas. Preservation of the environment of a tourist region - the main goal and task of the state. Tourists are attracted by pristine nature and cultural heritage of the area for tourism. Not for nothing today all dynamically developing a tourism destination as ecotourism.

TABLE 1 Statistical data of the State Statistics Service of Ukraine in 2013

	Number of collective accommodation facilities, units	Number of beds, units	Number of occupancy
<b>Accommodation facilities, total including</b>	<b>6412</b>	<b>586636</b>	<b>8303183</b>
<b>Hotels and similar accommodation including</b>	<b>3583</b>	<b>179100</b>	<b>5467915</b>
hotel	1761	116003	4492864
motels	151	4391	140221
hostels	24	662	33299
campgrounds	24	604	11177
hostel for visitors	144	10342	150028
tourist camps, mountain shelters, student summer	1479	47098	640326
<b>Specialized accommodation, total including</b>	<b>2829</b>	<b>407536</b>	<b>2835268</b>
sanatoriums	282	92921	1030002
children's sanatoriums	158	30384	218733
pensions with treatment	37	9107	62799
child care improvement year-round	17	8977	65949
children's centers	165	15487	130252
sanatorium	4	540	5433
Spa clinic, mud baths, balneology and mud baths (including children)	27	2734	31340
holiday homes	244	54715	329679
holiday resorts	1882	191028	947244
recreation, and other facilities	13	1643	13837

In Ukraine, there are plenty of eco-friendly resorts such as Bukovel, Truskavets or Zenkov, whose territories are attractive because of their medicinal properties and natural resources.

Seasonality has a special place among the factors affecting the development of tourism. Seasonality important specific problem, which determines the concentration of places of tourist flows due to climatic conditions. Seasonally also affect traditions, fashion and other psychological factors.

Throughout 2013 in Ukraine there are 6412 collective accommodation facilities that 370 (6.2%) of the enterprises more than in the previous year. Number of seats increased by 3037 (0.5%) and amounted to 587 thousand units. An increase in the number of placed in collective accommodation facilities with 7,893,100 people in 2012 to

8,303,200 people in 2013 (5.2%). The activities of collective accommodation facilities characterized by the data in the Table 1.

During the first 9 months of 2014 according to the Ukrainian administration State Border Service of Ukraine was visited by about 10 million tourists. Compared to the same period in 2013 the number of tourists from Belarus and Russia fell almost half. However, in 2014 increased the flow of tourists from Hungary, Slovakia, India and Egypt.

According to the site of a single national agency of Ukraine "Ukrinform" concept of the program of development of tourism and resorts up to 2022 is to increase the flow of inbound tourists in Ukraine twice, and increase the number of jobs in tourism to 1 million. Deputy Prime Minister Alexander Vikulov focused on the fact that the implementation of this program will significantly improve the performance contribution of tourism to the economy. Also on the site "Ukrinform" says that tourism in Ukraine gradually become the industry, which has an impact on the economy of Ukraine. Given the unique opportunities of Ukraine, tourism can become one of the points of the increase. Already, according to National Geographic, the city of Lviv took second place in the ranking of "best cities for weekend ENDA in Europe" in the publication «Lonely Planet» in 2013. Also, in 2013 the world's largest travel site «Tripadvisor» put Kiev in the ranking on the 1st place in Europe and No. 3 in the world.

WTO World Tourism Organization released data that in 2013 the cost of Ukrainian tourists increased by 15% compared with 2012. For comparison, in 2010 the cost of Ukrainians that travel abroad totaled \$ 3.8 billion in 2011, residents spent on tour \$ 4.5 billion in 2013 - nearly \$ 6 billion. With these indicators Ukraine has entered the top ten countries with the growth spending on foreign tourism. According to the State Statistics Service of Ukraine in 2013, more than 23 million Ukrainians went abroad. And in this regard, tourism organizations expect that in 2014, tourists will not slow down the pace and increase revenue. However, the devaluation of the hryvnia and activities taking place over the past year, the bounce of inbound tourism and outbound. In view of this situation Ukraine has lost a lot of foreign tourists. Statistics and analysis of the tourism industry portend Ukraine situation such as in Egypt. Because of the fear of the political situation in the country, people do not go on vacation.

## Conclusions

Government of Ukraine should think that the tourism resources of Ukraine - a source of revenue to the state budget finances. Anyway, it is necessary to change the Ukrainian market of tourist services and move towards international standards, which will undoubtedly affect the budget increase. Ukraine has rich tourist resources, and it is important to develop tourism as it can "bump" the economy in the country. The state must do everything to facilitate international cooperation and build strong economic and institutional international relations to improve Ukraine's economy through the development of the tourism industry.

At the moment, Ukrainian tour operators are increasingly paying attention to advertising foreign tourism, domestic tourism and advertising there is little, except for

the well-known areas such as the Carpathians and the Crimea. This is also the reason for the weak development of domestic tourism.

Undoubtedly, Ukraine has all chances to become a developed and strong state. Due to its rich natural resources of the tourism industry in Ukraine can be developed at a level no worse than in other more developed countries.

However, to date the development of tourism is compounded by the economic and political situation, which occurs in the south-east of the country.

Settlement of these problems mentioned in the article, will affect how to improve the economic and social development of the country.

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Authors	
	<p><b>Riashchenko Viktoriia, 20.02.1977, Ukraine.</b></p> <p><b>Current position, grades:</b> Dr. oec., as.professor.  <b>University studies:</b> ISMA University, Riga.  <b>Scientific interest:</b> management, HR, strategic management, innovation management.  <b>Publications:</b> 35 papers.</p>
	<p><b>Marga Zhivitere, 1935, Valmiera, Latvia.</b></p> <p><b>Current position, grades:</b> rector, professor in ISMA University of Applied sciences, Latvia, Riga.  <b>University studies:</b> Doctor of economics sciences (Dr.oec.), Latvian University, Latvia, Riga, 2002.  <b>Scientific interest:</b> Human resources management.  <b>Publications:</b> 140 papers.</p>
	<p><b>Liubov Kutryieva, 07.02.1992, Ukraine.</b></p> <p><b>Current position, grades:</b> Bachelor of Business Administration.  <b>University studies:</b> ISMA University, Riga.  <b>Scientific interest:</b> tourism, management, business administration, hotel management.  <b>Publications:</b> 1 paper.</p>