

SPATIAL DIFFERENTIATION OF TOURISM ACTIVITY IN UKRAINE

The main goal of the article is to reveal spatial patterns of tourism activity in Ukraine. We used both — general scientific and interdisciplinary methods of research. Among first group those were literature review, analysis and synthesis, generalization and formalization etc. Major results were obtained using interdisciplinary methods: mathematical, statistical, visualization approaches. We disclosed high concentration of tourist activity in Ukraine. Besides spatial disorder, our study revealed probable functioning of black market. We also exuded main centres of tourism activity, tourism mobility and productivity of labour in tourism. This study is the first attempt to analyse spatial patterns of tourist activity in Ukraine on the level of districts and cities of regional significance. Analysis of basic indexes (income, employment and productivity) founds the most essential peculiarities of local tourism development. The detailed research of real situation with tourism on local level serves further assessment on necessary improvements in legislative, organizational, spatial, business and other components of tourism activity.

Key words and phrases: tourism activity, income from tourist companies, employment in tourism, productivity of tourism, index of tourism consumption, spatial differentiation of tourism

Introduction. Starting from the beginning of XXI century tourism became one of the rapidest-growing sectors of Ukraine's economy. According to data provided by the State Committee of Statistics of Ukraine in 2012 income of tourist companies (tour operators and travel agents) made more than 4.7% of GDP (over ₴6.65 bln). This sum was earned by selling of almost 2 mln tour-packages to more than 3 mln Ukrainian residents and foreigners. (¹ ₴ — this symbol is used for hryvnia (Ukrainian national currency, ¹ bln – billion, mln — million

Meanwhile, there is a wide range of factors that hold the development of tourism sector in our country. Besides the imperfection of national legislation and regulation, as well as the insufficiency of state investments in tourism sector and infrastructure development, absence of National tourist offices, considerable spatial differentiation of tourism development and demand across the country makes deterrent effect. Demand for services provided by travel agents and tour operators clearly represents the level of local people wealth. At the same time, locals from large and developed destinations both host tourists and actively travel by themselves.

So, our study questioned the geographical peculiarities of tourist activity in all the districts of Ukraine, level of demand on tourist services, profitability and employment in tourism. Besides, we assumed the essence of spatial disorder on both demand and supply sides of tourism activity and probable functioning of black market within some territories of Ukraine.

Analysis of last researches and publications. Ukrainian scientific literature explored tourism activity generally on regional level. There are lots of works engaged in general and highly specialized researches of different

elements of tourism by region. Our elaboration is the first topical study with the goal of detailed analysis of local tourism development — within districts and cities of regional significance.

Unsolved problems. This study could make a background for solving such existing problems, as spatial concentration of tourism activity, underdevelopment of legislation, top-down tourism governance, blackening of tourism market etc.

The goals of the article. Our goals include the analysis of spatial patterns of local tourism development in Ukraine, determination of top destinations in terms of income, employment, productivity and other indexes, detection of local peculiarities of tourism activity, creation of background for further elaborations regarding specific questions of governance, market activity, legislation and localization of tourism.

Legislative background. Verkhovna Rada (the Parliament), the Cabinet of Ministers of Ukraine (the Government), the State Agency of tourism and resorts (central executive institution in tourism), the Verkhovna Rada and the Council of Ministers of the Autonomous Republic of Crimea, local state administrations, local authorities and other bodies within their competence govern the tourism activities in Ukraine. State control over the activities in tourism aims to evaluate the effectiveness of the state tourism policy. Accordingly, national tourism statistics grounds for the national and international monitoring of the development of this industry.

Organization of state statistical observations and collection of administrative data obeys the Law of Ukraine “On tourism”, the Law of Ukraine “On rehabilitation and recreation of children” and the State Standard 4527 “Tourist services. Accommodation. Terms and definitions”. These legislative documents determine forms and types of tourism, subjects of tourism activity, types of accommodation and recreation, requirements for collective means of accommodation and other norms of tourism functioning.

Methodological background. System of indicators for tourism statistics includes number of accommodation (including those for recreation of children) entities and allocated guests (including foreigners), capacity of hotels and other accommodation facilities, number of tour operators, travel agents and excursion bureaus with indexes of their financial and economic activity (employment, income, productivity, etc.). We based our study on a group of indicators representing activity of travel agencies and excursion providers.

The State Committee of Statistics annually collects data from travel companies (tour operators, agents and excursion bureaus) — legal bodies and physical bodies-entrepreneurs — by special form named “1-TURISM - Report on tourism activity in ... year” from all regions, districts and cities of Kyiv and Sevastopol.

Our study analysis statistics of 669 administrative divisions in total (all districts and cities of regional significance of Ukraine) in 2012. On one side, this year shows the agile tourist flow among Ukrainians — both within the country

and abroad — resulting from Ukrainian-Polish EURO-2012. On the other side, the successive developments are insecure without proper understanding of the phenomena. That is why income from tourism activity, average number of full-time employees in tourist companies and quantity of sold tour-packages are adjusted to per capita rates. In addition, we take into account the coefficient of employment, tourism activity among the locals, index of tourism consumption and labour productivity in tourism.

Summary of results. The analysis of *income from tourist companies* included tour operators, travel agents and excursion bureaus. It proves high rates of spatial differentiation across the country. Over 56% of districts and cities of regional significance in 2012 suffered without income, while 43% had the lowest income from tourism — below ₴100 th (th — thousand). The top profit yielded the city of Kyiv (₴4.8 bln) followed by the Crimean cities Simferopol (₴3.3 mln) and Sevastopol (₴3 mln). The main peculiarity we discovered is dotted location of income from travel companies within the country. Top cities and districts in terms of income located in Kyiv region (North), Crimea and Odesa region (South), Ivano-Frankivsk and Lviv regions (West), Donetsk and Kharkiv regions (East). The profit of top-ten districts sums more than 92% of total country's income from tourist agencies in 2012.

Distribution of income from tourism in Ukraine in 2012 is following:

- approximately 73% of districts had less than ₴100 th;
- over 6% of districts had between ₴100 and ₴200 th;
- another 6% of administrative divisions resulted in range from ₴200 to ₴500 th;
- approximately 4% of districts earned from ₴500 th to ₴1 mln;
- 7% of districts got from ₴1 to ₴10 mln of income;
- 3% of divisions profited from ₴10 to ₴332 mln;
- city of Kyiv (0.1% of districts of Ukraine) is the only that broke billion border with more than ₴4.8 bln profit from tourism.

On figure 1 you can see the results of top districts with income over ₴10 million.

Per capita income from tourist companies, however, puts forward Yaremche city with almost ₴10 th of income per person. Such a result caused by low population and high profit from tourism here. The territory of this district includes popular climate and ski resorts of Ukraine, such as Bukovel, Palianytsia, Yablunytsia, Vorohta and Tatariv. So, these small in population villages receive large number of tourists and, as a result, occupy leading position in per capita income from tourist companies.

Next two cities that are Kyiv and Truskavets, had approximately ₴1.7 and ₴1.1 th profit per person. Other administrative divisions didn't brake ₴1 th barrier. Distribution of per capita income from tourist companies resulted as follows:

- 0.1% of districts — approximately ₴10 th per person;



Figure 1. Income from tourist companies in top destinations of Ukraine in 2012

- 0.3% of districts — between €1 th and €2 th per person;
- 0.6% of districts — between €0.5 th and €1 th per person;
- 1.2% of districts — between €0.1 th and €0.5 th per person;
- 41.1% of districts — below €0.1 th per person;
- 56.7% of districts reported absence of income.

Both direct and per capita indexes of income from tour operators, travel agents and excursion bureaus disclosed that top profits have regional centres, Crimean coastal cities and popular tourist destinations (ski, balneology and climate resorts). On figure 2 is showed the value of per capita income from tourist companies in top districts with over €0.1 th profit per person.

Index of *employment in tourism* reflects the similar trend. Thereby, Kyiv city became an unconditional leader with almost 5500 employees in tourist companies in 2012. None of the other districts and cities of regional significance in Ukraine had over thousand employees in this sector of economy that year. Kyiv is the largest business, cultural, scientific and financial centre of the country. Besides, next to Kyiv located Boryspil airport — the international gates of our country. So, high employment in tourism caused by the objective need and demand on travelling and leisure among local people. Next follow Odesa and Kharkiv cities. Odesa (over 800 employees) is the grandest seaport and one of the cultural capitals of Ukraine. It's also popular coastal resort. Kharkiv city (over 650 workers) is an ex-capital and one of the largest cities of our country.

It's also one of the business destinations of Ukraine with comparatively high life standard. So, high employment in tourism in Odesa and Kharkiv caused by both — enough wealth for travelling among local community and popularity of these cities among international and domestic leisure and business tourists.

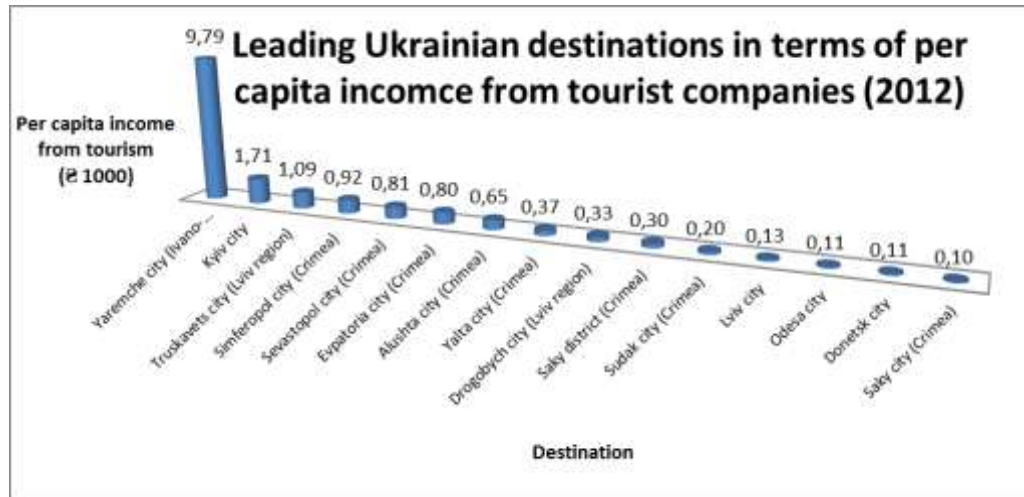


Figure 2. Per capita income from tourist companies in top destinations of Ukraine in 2012

Distribution of employment in tourism in Ukraine is following:

- 0.1% of districts (Kyiv) has over 5000 workers;
- 0.5% of districts have between 500 and 1000 employees;
- 2.8% of districts have from 100 to 499 earners;
- 1.6% of territorial units — between 50 and 99 workmen;
- 6% of districts have from 10 to 49 employees;
- 32.6% of units — lower than 10 workers.

It's significant to point out that approximately 56% of districts and cities of regional importance indicated that they had none employee who worked in tourist company in 2012. It means that over half of administrative unions of Ukraine didn't have any tourist company that was legally registered and functioned in a legal way. The possibility of absence of any tourist or excursion company in over than half of the country is quite inconsiderable and should be analysed more accurately. But, on our opinion, it's more likely that those regions' tourism activity functions violating Ukrainian law because of small scale of recreation activity. Moreover, comparing employment to income from tourism where we disclosed that 56.7% of districts stated null results in 2012, the problem of black market becomes more obvious.

Spatial differentiation in employment is the same with income from tourist companies. Accordingly, 3.8% of destinations with more than 100 employees engaged in tourism hire over 85% of all Ukrainian workers who labour in this sector of economy. Furthermore, 25% of districts state that have less than 5 employees. Top positions in employment go to regional centres, big

cities, Crimean and other regions' popular resorts. So, we could underline that indicator of employment much more clearly exposes the problem of high concentration and need of dispersal of tourist activity in Ukraine.

Employment coefficient (look at figure 3) is the ratio of quantity of employees to total population of district or city. This index enhances our suppositions about spatial concentration of tourism on definite territories of our country. The results iterated the trend of per capita income from tourism putting forward Yaremche city with index equal to 2.06%. Such a high value of coefficient leaves far away all the other districts of Ukraine and clarifies the specialization of local people on tourism sector. In our different elaboration we analysed employment in hotel sector. So, Yaremche also had one of the highest employment rates in hotel business, one of the largest quantity of accommodation facilities and capacity of hotels.

Partition of employment coefficient among Ukrainian districts is following:

- 0.1% of units (Yaremche) have coefficient over 2%;
- 1.8% of districts have coefficient between 0.1% and 0.4%;
- 42.1% of units have coefficient less than 0.1%.
- 56% of districts state null results.

Intensity of tourism and travel mobility of local people all over Ukraine represents *quantity of sold tour-packages*. This index makes possible to estimate the frequency of travelling of local populace. It's obvious that the top position went the city of Kyiv as destination with the largest income from tourist companies. The amount of sold packages here rose to over than 1.056 mln. Distribution of this index is stated below:

- 0.1% of districts — over 1 mln packages;
- 3.1% of units — between 10th and 100th packages;
- 6.3% of districts — between 1th and 10th packages;
- 30% of units — less than 1th packages.

The index of sold tour-packages strengthens the problem of blackening of Ukrainian tourism market. Thus, over 60% of districts didn't point out any sold package in 2012. Moreover, 3% of administrative divisions sold almost 90% of tours while another 37% of districts — only 10th part of packages. The top rating is shown on figure 4.

Index of tourism consumption is the ratio of total quantity of sold tour-packages to the local territory's population introduced in per cent. This indicator shows the frequency of travelling of local people and gives the possibility to compare tourism mobility of people in different regions of our country. So far, the results showed only one destination with the index over 100%. Top place went to Yaremche city with the index over 150%. It's not difficult to conclude that at least every person of this district bought a tour-package in 2012 while half of people travelled twice.

Of course, this evaluation is quite relative because some customers could buy more than 2 packages and some people didn't travel at all.



Figure 3. Coefficient of employment in tourist companies in top destinations of Ukraine in 2012

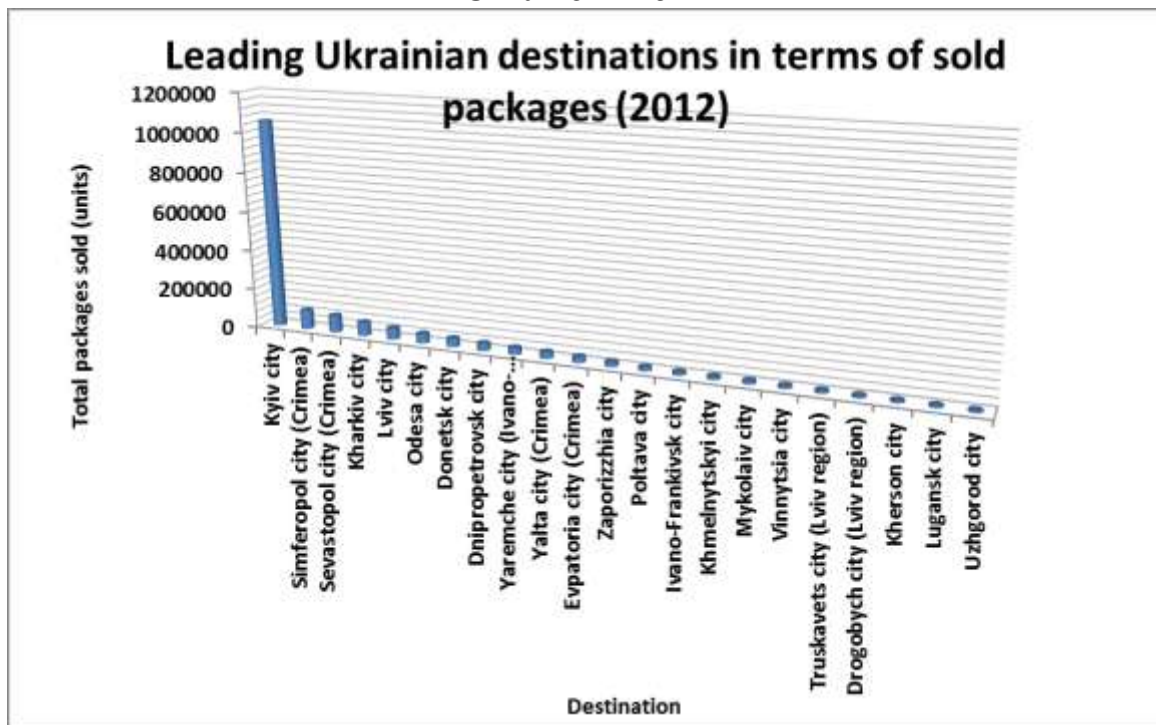


Figure 4. Top destinations in terms of sold tour-packages in 2012

Next position in tourism consumption went to Truskavets city that's in Lviv region. This resort with its mineral waters is one of the most popular balneology centres of Ukraine. It has the unique water named "naftusia" that is famous all over former USSR. Besides water, Truskavets has warm and temperate humid climate that pleasantly influences on human's health. Next goes Kyiv city where indicator of tourism consumption showed that only third part of

the populace used services of tourist companies in 2012. We can explain such a low consumption in Kyiv by the high number of citizens.

Succeeding top destinations are Crimean resorts. It shows that people from coastal areas use services of tourist agencies more often than people from big cities with developed economy and high life standards. The fact that people from resorts try to leave their places of living during the summer season to avoid the crowd increases tourism consumption index here. Besides, these destinations have fewer inhabitants than big cities, so the index obtains higher values.

One of the top positions also got Drohobych city and Volochysk district. Drohobych is the second city by populace and economic significance in Lviv region. It's an industrial centre of region with developed engineering and petroleum refining. As a result, local people have enough welfare to travel more frequently than people from other regions of Ukraine. Regarding the Volochysk district, that's in Khmelnytskyi region, we could say that it's developed industrial territory. For example, there functions an affiliate plant of PJSC "Motor Sich" — one of the largest engine manufacturers for airplanes and helicopters worldwide. Besides, the district has developed engineering, food industry and agriculture. These factors could influence on wealth of local people and their demand on tourist services.

To follow up we introduce the distribution of tourism consumption index:

- 0,1% of districts resulted with index over 150%;
- 1.3% of divisions had index between 10% and 50%;
- 10.3% of units resulted with index between 1% and 10%;
- 27.6% of districts had index lower 1%.

Top Ukrainian destinations with the highest tourism consumption index are shown on figure 5.

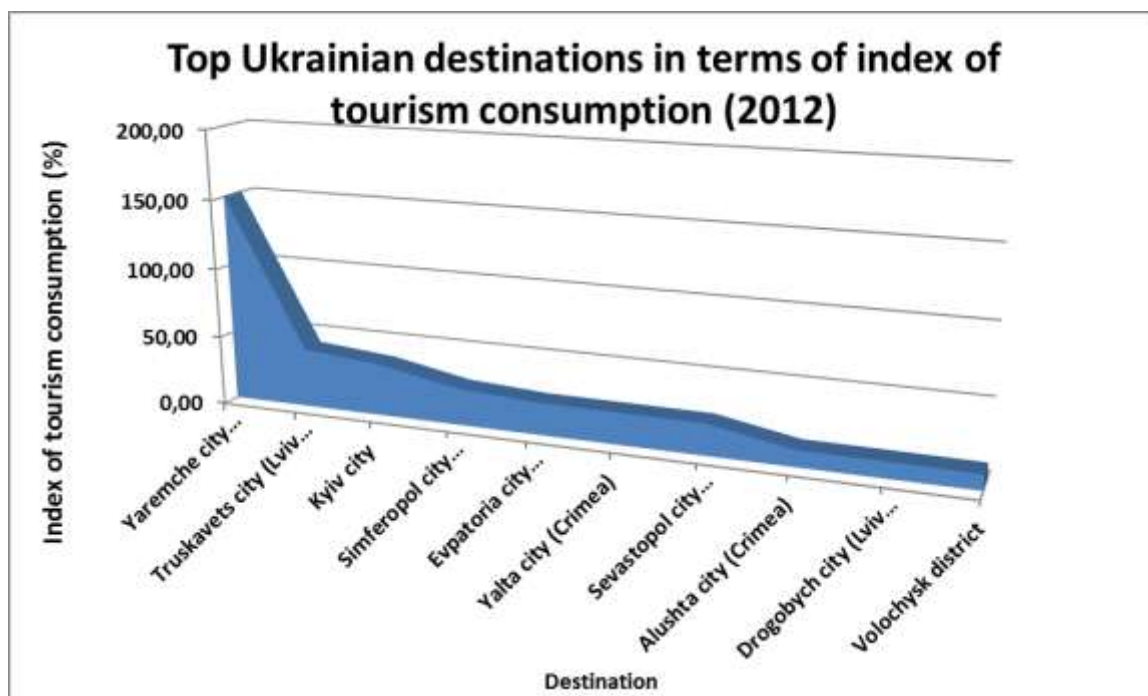


Figure 5. Top Ukrainian destinations in terms of tourism consumption index in 2012

Productivity of tourism shows the effectiveness of labour work in tourist companies in money equivalent. We calculated this parameter by dividing the total employment in tourism into the income from tourist companies. So far, we discovered three districts of Ukraine that resulted with over ₺1 mln of income per person. Those are Nyzhniogirsk and Saky districts of Crimea, and Yavorivsk district of Lviv region. These territories showed up as the most efficient in terms of personal contribution in tourism business.

To get a review we state the distribution of productivity of tourism among Ukrainian administrative divisions:

- 0.4% of districts had more than ₺1 mln per person;
- 0.7% of divisions had between ₺0.5 mln and ₺1 mln per person;
- 9.1% of units resulted between ₺0.1 mln and ₺0.5 mln per person;
- 26,6% of districts concluded between ₺10 th and ₺100 th per person;
- 5% of units had less than ₺10 th per person.

Relaying on mentioned, we can conclude that the productivity of work in tourism is mediocre. Though, there are a few territories with record results while other districts have low indexes of personal contribution. To clarify the numbers, according to UAH-USD (*Ukrainian hryvnia to US Dollars*) exchange rate in 2012: ₺1 mln = \$125 th. So, top Ukrainian destinations earn over \$125 th from each employee engaged in tourism. On the other hand, bottom territories earn lower than \$1250 per person a year. The results of our elaboration also discover a huge spatial differentiation in productivity of tourism.

Conclusions. Results of evaluation of income, employment and productivity confirmed our suppositions about spatial disorder in location of tourism in Ukraine. The main peculiarity we disclosed is concentration in limited list of destinations, such as big cities (Kyiv, Odesa, Kharkiv, Lviv etc.), municipalities and districts of Crimea (Yalta, Simferopol, Sevastopol, Evpatoria and others), and some unitary territories in other regions of our country. Moreover, for each analysed index top positions occupied inconsiderable per cents of territorial units while over half of the country stated null results. This fact forms basis for our hypothesis about probable problems with legalization of tourism activity and functioning of black market. Other trends we discovered are high profitability of tourism and intensive mobility of locals in popular travel destinations as well as strong disproportion of personal labour effectiveness of employees engaged in tourism. So, our study could be the starting point of detailed research with the goal of working up proposals for government directed for synchronization of tourist flow, diversification of geography of tourism consumption, legalization of black market activity, improvement of legislation on tourism, reformation of administrative structure of this branch etc. Besides, exploration of bottom level of tourism governance (districts and cities of regional significance) is the first step for localization of tourism administration and respectively reorientation on reception activity despite of supplying tourists to other countries.