

ESSENCE AND SPECIFIC OF REGULATION OF UKRAINIAN TRAVEL SERVICES MARKET

Lyudmila RESHETNIKOVA

*Kyiv national trade and economy university, Kyiv, Ukraine
reshetnikova1986@mail.ru*

Abstract

This article analyzes the nature and specificity of the regulatory mechanism of the tourist services market. Investigated the state role in the formation of regulation mechanism of Ukrainian tourist services market. In the article described the organizational framework of the tourism industry of Ukraine and analyzed the levels of appropriate control system.

Key words: *regulation, mechanism of state regulation, tourism market, organizational and institutional framework.*

JEL Classification: *L88*

I. INTRODUCTION

At present, the tourism industry has become one of the leading and the most dynamic sectors of the economy of many countries. Tourism affects the development of such sectors as trade, transport, construction, agriculture; provides employment growth and acts as a catalyst of socio-economic development of the country.

To date, Ukraine, with its huge tourist potential, has rather small share of the world tourism market. The complexity of modern socio-economic status, its instability coupled with the need for economic reform significantly affects the development of the tourism industry. Highly uncertain market environment, the seasonal volatility of demand for tourism services, intense competition in the travel industry, the lack of financial resources, lack of proper customer focus, the poor quality of the tourism product and others factors are sources of increased regulatory complexity of tourism business. A necessary condition for the development of tourism has become a strategic approach that should be embodied in the program of action specifying the objectives and means of implementing the necessary public policy.

II. TOURISM AS AN OBJECT OF STATE REGULATION

The complexity of the study of tourism as an object of control due to the fact that among theorists and practitioners in the field of tourism there is no single point of view about whether the tourism sector of the economy and whether the tourism industry itself. For example, the United Nations Statistical Commission provides the following definition of the industry sector of the economy – the aggregate of all production units mainly engaged in the same or a similar type of industrial activity [3]. Industry is characterized primarily as a set of homogeneous production units that serve the economy and as the objects of branch administration and management subjects are the line ministries.

Today the definition of the terms "governance" and "government regulation" of tourism is debatable. I. Valentyuk understands under state control of tourism activity of the state the essence of which is the implementation of management organizing influence on this area by using the powers of the executive authorities and local self-government through the organization of the implementation of laws, implementation of management functions to the comprehensive development of domestic tourism, as well as to ensure the implementation of state tourism policy. In turn, government regulation of tourist industry is a collection of methods of state governance and provides a system of legislative, executive and controlling nature, which are carried out by public authorities in the field of tourism in order to stabilize domestic tourism and adaptate it to permanent changes in society. State regulation is part of the state tourism policy and includes a system of mechanisms for the coordination the tourism sector [9].

In fact, tourism is a new diversified complex, which includes companies from various sectors of the economy that gives us the right to defend the concept of interdisciplinary and complex nature of tourism. The study of tourism as the only area or industry is, in our opinion, somewhat one-sided, since tourism is not determined from the position of all of its public tasks and functions, but only from the standpoint of its software for the

realization of these objectives. In other words , only the proposal, excluding the demand (without regard tourism with the specific needs of the people, objectives and functions of tourism in relation to man and the development of his personality) [4].

Regulation is one of the most important factors in the functioning and development of the tourism market that is constantly updated in line with the objective requirements of the development of tourism services and the increased role of the human factor. It must be emphasized that the regulation of the tourism industry has specific nature and differs significantly from the control of other sectors. A combination of social, economic, legal and other relations that arise between people in the production and sale of the tourist product are the object of regulation in this area.

The object of regulation in the sphere of tourism is quite broad and multifaceted. Firstly, it is the economic mechanism and organizational structure. Secondly, marketing, information and advertising technologies. Third, HR-managers, specialists and other components of the control system. Close interaction between the elements of the control system making change one of the elements without proper adjustment of others perspectiveless.

As a tool for the study of tourism as an object of regulation, we used the method of system analysis, which allowed us to determine tourism as a coherent set of interconnected subsystems and elements united by a common purpose, and to identify specific features of tourism as a system object of regulation. Thus, we have identified and classified the following characteristics of tourism as an object of regulation (Table 1).

Table 1 Characteristics of tourism as an object of regulation*

Distinctive feature	Characteristic
1. Intersectional and interregional nature tourism industry	Tourist service includes a range of services (tangible and intangible) that are created by companies from different sectors of the economy, and the complex, which is a specific tourist product. During the consumption of tourism products tourist visits one or more tourist regions outside the permanent residence have differences in resources, laws, etc. And therefore the role of co-operation between the regions in the field of tourism enhances.
2. The presence of several hierarchical levels of management	Management of tourism conducted at the state, regional, local and organizational levels. At the state level, tourism management is implemented as an integrated system, the regional management entity is a part of this system - the local regional tourism - at the community level, the organizational - management of specific tourist enterprise.
3. The significant influence of the human factor	Regional authorities are working with a large number of stakeholders who influence them. In addition, within each group there are its own interests, so the authorities cannot be expected from members of the tourist market the same behavior, as there are some contradictions between the hotel owners, local residents and tourists.
4. Versatility of the tourism product	Goods in tangible form (food, clothing) exist independently of the manufacturer, while the travel service is inseparable from the source of its creation. Given that the tourism product is realized most often in the form of services, its binding characteristics - the presence of the consumer and the impossibility of maintaining this service.
5. Limited impact on the tourist supply of the authorities	At the regional level local governments have rather little impact on the tourism industry enterprises, since those are separate and independent business entities. Only through well-established communication and motivation on the basis of mutually beneficial cooperation, regional authorities can indirectly affect individual companies and thus contribute to the development of tourism in the region.

* Developed by the author

Thus, the regulation of tourism activities is focused on the impact of government on tourism businesses to target the satisfaction of human needs and desires in tourism services, improve operational efficiency and achieve an acceptable level of profitability.

III. MECHANISM OF STATE REGULATION OF THE TOURIST MARKET

As it is known, any development is implemented through a set of mechanisms. In general, treatment, the mechanism – «is the system, device, method of determining the order of a certain activity, or an internal device of the machine, equipment, etc. – system of certain parts and components, which leads them into action» [6]. The mechanism describes the structure in action, that is, it describes the relationship between the elements, their internal organization [6].

The most common domestic and foreign scholars define "government regulation" through the disclosure of its contents in the context of the mechanism of state regulation. For example, L. Didkivska considers that government regulation is a system of controls that consist of the following elements, as market regulators, the levers of government influence on the economy, corporate governance, the Institute of Social Partnership [2]. E. Kozlowski concept of the mechanism of state regulation in the field of tourism regards as the set of organizational and economic methods and tools with which the following functions related to sustainable tourism development [5].

M. Bil, D. Tretiak, O. Krainik in their scientific development argue that the mechanism of state regulation of the tourism industry – a complex system of artificially created with a clear structure and relationships, which consists of subsystems (the subject and object management, methods and forms of implementation, organizational, informational, human, scientific, methodological and logistical support) as a result of their interaction have a corresponding impact on the industry itself, and the socio-economic situation of the whole territory [1].

The mechanism of the formation and implementation of state tourism policy has several key components that represent separate mechanisms incorporated into the system of legal, institutional, organizational, financial and economic tools that should be used in combination to ensure the objectives of regional policy and increase its effectiveness [7].

The legal mechanism establishes the rules and regulations that govern all matters arising in the process of formation and implementation of state tourism policy, thereby determining the legal environment and the legislative instrument of a government, and business entities. The institutional mechanism covers the activities of elements that represent entities of the state tourism policy of different status with a different purpose and role in the process of its formation and implementation. The organizational component of the mechanism of state regulation in the broad sense is a set of rules and procedures, staffing, organization consultancy, providing material and technical resources, information management, etc. The financial and economic components of the state tourism policy aims to create conditions for attracting financial resources for tourism development through the formation of multi-channel financing [7].

These features of tourism as an object of regulation indicate that this area differs from others, so the mechanical transfer of findings and management models in other areas of economic activity in tourism is impossible.

IV. STRUCTURE OF TOURISM MANAGEMENT IN UKRAINE

The implementation of public management tasks in tourism sector makes the need for the formation of industry management at the state level. Since 1991, Ukraine formed the structure of controls, intended to make the management processes in this area appropriate requirements of the modern market. However, recognizing the role of the state we should also mention the possibility and the need for closer integration of subjects of tourism market to defend corporate interests. Policies for the integration of existing efforts in tourism entities and their coordination in the interests of the strategic priorities of the tourism industry may be the mechanism that would allow adequately implement the growing responsibilities of regional structures. Among the main targets of such coordination is necessary to note the following: lobbying recreation areas at regional and national levels (including tax, investment, etc.), an effective system of regional marketing, providing an enabling environment and implementing effective investment schemes in the tourism industry conducting coordinated pricing and product policy and others.

Formation of the market environment in the tourism industry makes the need for implementation at both the state and the level of individual enterprises new approaches must consider changes in the structure and areas of tourist market, leading the trend of socio-economic development, which form the tourist demand and give priority attention to ensuring competitiveness in this regard – a new management technology and investment priorities.

In the politics of regulation of tourism in Ukraine there is no consistent application of the concept of strategic management. Until recently, the Ukrainian authorities did not have a clear position on the scope of which include the tourism industry. At various times it was in charge of various departments. All of this inconsistency prevented taking important steps in the development of not only a policy, but take much-needed legislation.

Characteristics of organizational bases of tourism industry in Ukraine should be started with an analysis of the appropriate level of management. In Ukraine, the formation of appropriate organizational structures for the development and implementation of tourism policy significantly compounded by constant structural changes in tourism.

At the national level tourist activities organized and coordinated by the Ministry of Infrastructure of Ukraine and the State Agency of Ukraine for Tourism and Resorts. Structure regulation of national tourism industry is presented in Fig. 1.

Today the State Agency of Ukraine for Tourism and Resorts is the executive authority that carries out regulation, inter-regional and inter-sectoral coordination in tourism, management of state assets and public services in this area of activity.

At the regional level tourism management exercised by the respective authorities, usually in the form of regional committees or specialized departments (offices). They perform the following functions: defining tourism potential of the region, the selection of priority areas for tourism development in the region, the communication between all tourism enterprises territory, raising funds in the development of its infrastructure and distribution costs. We consider it an important issue to ensure effective cooperation between state and regional frameworks in such areas:

- a) creation of standard public programs for the system of continuous training for the tourism industry, as well as facilitate the organization of Advanced Training in tourism enterprises;
- b) market research of tourist market, the establishment of national centers for the study of tourism, information support of tourism enterprises;
- c) the establishment of representative offices and branches abroad;
- d) the development of rules, laws, conditions of economic incentives for the protection and restoration of natural resources, restoration of historical monuments.

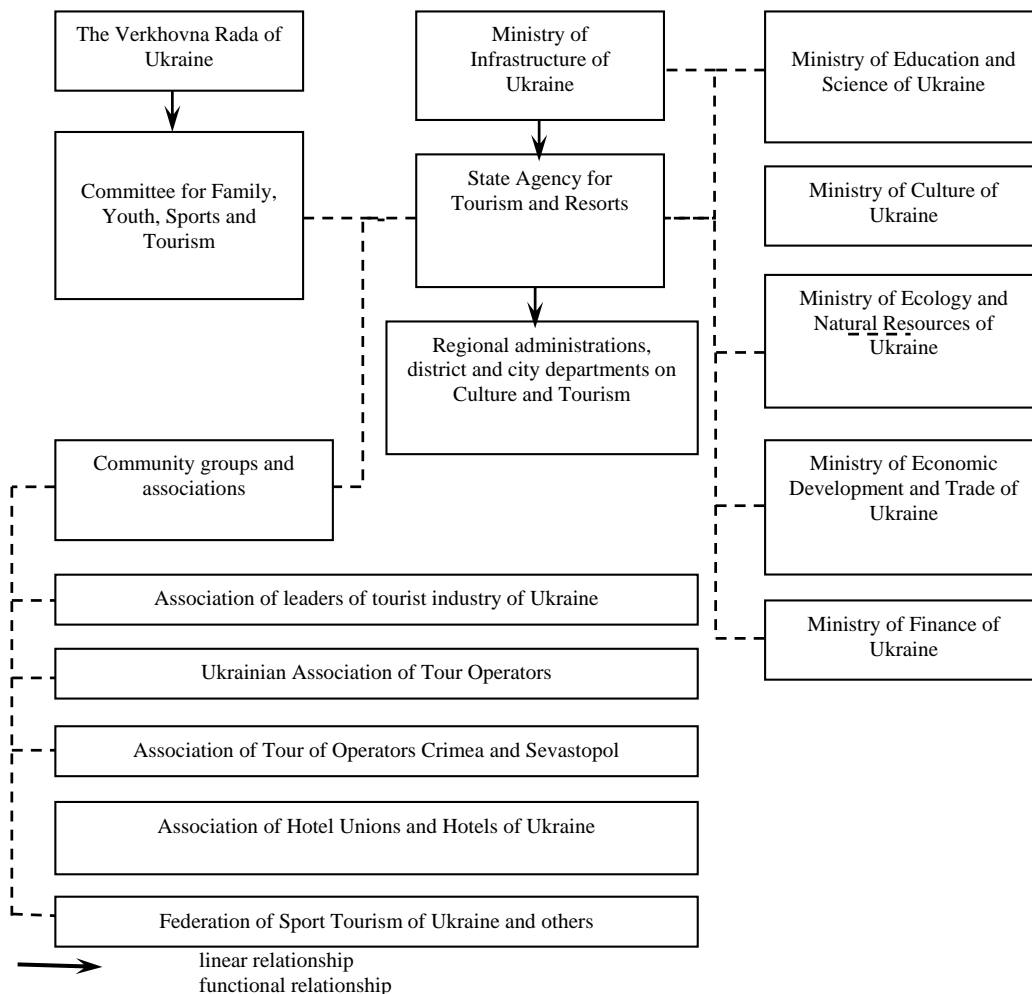


Fig. 1. Regulatory structure of tourism in Ukraine *

* Developed by the author

At the local level tourism management system is presented mainly in the departments of administration.

Thus, organizational and institutional framework of regulating the tourism market is a collection of various organizations and institutions operating in the tourism sector. The leading role is played by the above-characterized controls. Apart from these, collectively refer to the above, first, actors directly engaged in economic activities: hotels and other accommodation facilities, facilities of spa treatments and relaxation, catering, and other cognitive structures, business, medical and health, physical education and sports, entertainment and other purposes. Secondly – the infrastructure elements in the form of transportation organizations, communication institutions, etc. Third – the institutions of civil society in the form of professional associations and organizations, initiative groups, committees, chambers of commerce, etc. Fourth – service structures involved in the tour operator and travel agency activities, as well as organizations providing services of guides, tour guides and interpreters, guides and instructors.

V. REFERENCES

1. Bil M., Tretyak G., Krainyk O. (2009) *Mehanizm dergavnogo upravlinnya turystychnoyu galuzzyu (regionalnyi aspekt): nauk. rozrobka / Mechanism of the state administration of tourism sector (regional aspect): the scientific development*, NADU, Kyiv, 40 p.
2. Didkivska L. (2003) *Dergavne regulyuvannya ekonomiky: navch. posib. / Government regulation of the economy: the manual*, Znannya-Pres, Kyiv, 214 p.
3. International standard industrial classification of all economic activities, Revision, Statistical Papers, Series M, № 4, Rev.3 (United Nations publication) [electronic resource] - Access mode: http://unstats.un.org/unsd/publication/SeriesM/seriesm_4rev3_1r.pdf.
4. Kovyneva L. (2005) *Regionalnyi turizm: monografiya / Regional tourism: monograph*, Habarovsk, Publ. DVGUPS, 111 p.
5. Kozlovskiy E. (2008) *Dergavne regulyuvannya v galuzi turizmu: stanovlennyya ta rozvytok v Ukraini: avtoref. dys... kand. nauk z derg. upr.: 25.00.02 / State regulation in the area of tourism: formation and development in Ukraine*, Kyiv, p. 7-8.
6. Mochernyi S. (2001) *Ekonomichna encyklopediya u 3 t. T.2 / Economic encyclopedia: in 3 v. V.2*, Publ. "Akademia", Kyiv, p. 355.
7. Myrna N. (2009) *Opracuyuvannya kompleksnogo mehanizmu dergavnoi regionalnoi polityky / Processing a complex mechanism of the state regional policy*, [electronic resource] - Access mode: <http://www.kbuapa.kharkov.ua/e-book/db/2010-1/doc/2/09.pdf>.
8. State agency of Ukraine of tourism and resorts [electronic resource]. - Access mode: <http://www.tourism.gov.ua>.
9. Valentyuk I. (2005) *Organizaciyno-ekonomichni mehanizmy dergavnogo regulyuvannya turystychnoi sfery Ukrainy: Avtoref. dys...kand. nauk z derg. upr.: 25.00.02 / Organizational-economic mechanisms of government regulation of the tourism sphere in Ukraine*, National academy of state management under the President of Ukraine, Kyiv, 19 p.
10. World Tourism Organization UNWTO / [electronic resource]. - Access mode: <http://www2.unwto.org>.