

Rural tourism as a component of the innovative potential of Ukrainian rural areas

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DOI: 10.14595/CP/02/016

Abstract: Given the rich tourist and recreational resources of Ukraine, it is the development of tourism that should be considered as one of the ways to solve economic, social, and environmental problems. However, the available resource potential is not rationally used, so the study of innovative development prospects of rural tourism is extremely relevant. The article under consideration aims at the analysis of a state of rural tourism as an advanced innovative direction for strengthening of socio-economic development of rural areas by analyzing the level of development of rural tourism in the regions of Ukraine. The objective of the study is rural tourism. The article also casts light upon the evaluative peculiarities of the current level of development of regional tourist - recreational complexes. The notion of a category «innovation potential of a region» has been defined and structurally described. Peculiarities of attractiveness of Ukraine's regions have been determined. The level of development of tourism sector has been fundamentally estimated. Precise mechanisms for promotion of development of rural tourism by foreign countries have been provided. There have been singled out the following problems influencing the development of rural tourism in rural areas of Ukraine: poor auto-transport system, lack of access to Internet, insufficient marketing policy, strong competition with foreign businesses. The time scope in the analysis refers to the period 2018-2020. The following research methods are used in the article: dialectical, monographic, comparison, graphic, statistical analysis, method of integrated indicators construction, abstract-logical, economic modeling. The analysis showed that Ukraine has all the necessary resources for the development of rural tourism. The most promising areas for this type of tourism are Vinnytsia, Volyn, Zakarpattia, Ternopil and Ivano-Frankivsk regions.

Key words: rural tourism, innovative development, tourism, development of tourism, innovation potential

JEL: R11, Z32, Q16

Introduction

Present-day conditions of globalization and the increasing of competition in world markets determine innovative way of economic development as the most urgent and compulsory. This has been caused by intensification of processes in accumulation

and transformation of new knowledge, increasing scientifically-contained products, applying current technological solutions in various spheres.

Innovation development of rural areas is based upon innovative activity of business entities and their perception of modern achievements of science and technology. In particular, a great deal of rural enterprises and farms with high level of mobility and innovative adaptability mainly influences the formation of innovative potential of rural areas. Widespread use of innovations makes it possible to provide the competitiveness of agricultural products in the international market, to promote the organic production, and to overcome a significant number of socio-economic problems, including rural unemployment, low wages [Shevchuk & Shevchuk, 2017, p.28-29].

Methodology

Firstly, the article touches upon the analysis of the development of rural tourism in regions of Ukraine as a result of intensification of innovative processes in rural areas. Secondly, the most attractive areas of Ukraine for development of recreational and tourist infrastructure have been singled out. Finally, the article determines a number of problems which hamper the development of tourism business in rural areas. The activity of leading countries in the field of rural tourism has been briefly analyzed. The present research focuses mainly on the last three years. The analysis of dynamics and structure has been applied.

To achieve the goal of the study, a set of the following methods was used: dialectical – to analyze and comprehend the essence and content of the “innovation potential of the region” category; monographic – to highlight the views of scientists on the studied issues; comparison – to assess the state and dynamics of innovative development of rural tourism in Ukraine; graphic – to illustrate the trends of rural tourism in the regional context; statistical analysis, method of construction of integrated indicators – for ranking regions by the level of development of recreational and tourist complex; abstract-logical – for theoretical generalization and formulation of own conclusions; economic modeling – for the formation of a system of interaction between the state and entrepreneurs to achieve the goals of sustainable development of rural areas through the introduction of product, technological and marketing innovations.

Theoretical aspects of formation of innovative potential of rural areas

Innovative activity in rural areas is represented by a system of measures aimed at implementation of results of research works (other scientific and technical achievements) into a new product or improved technological process, having been applied in practice. The essence of innovative process, that has been oriented onto the development and mastering advanced technique (technology) is composed of the following stages: fundamental research, applied research, research and development works, mastering of advanced technologies.

Innovative policy is intended to provide the achievement of the purpose of innovative process as a set of measures aimed at increasing social and economic efficiency of innovative process in rural areas. Investment policy, in complex, is a part of state innovative policy, presenting the process of the state's influence on the distribution of resources and formation of productive proportions with a view to stabilize and ensure its sustainable development. This is realized by means of scientifically-grounded forms, methods and levers management, as well as staff qualification and requalification [Hanushchak-Yefimenko & Shcherbak, 2016, p.100].

Current times are characterized by regionalization of innovation processes, precisely by the location of innovation activity in some regions. From this respect, the study of peculiarities of innovation potential of the region becomes urgent.

The concept under consideration is not unanimously interpreted in scientific works. The term «innovation potential» has been introduced by K. Freeman, who considered it as ensuring the development of economic system through innovations. The most common are the definitions of innovation potential as a set of all resources applied in innovation activity.

Taking into consideration the analysis of numerous definitions, it is possible to state that scientists define «innovation potential of a region» as:

- a set of resources (Bilovodska O., Gryschenko O., Trukhin S., Kutsai N.);
- the ability to realize resources (Gorodnytskyi T., Shutenko V., Baklanova O.).

Innovative potential of the region is composed of market, information, financial and investment, production, research and development, marketing, staff potentials (Fig. 1).

Figure 1. Components of innovation potential of the region



Source: [Hotra, Ihnatko 2020, p. 88; Leshchukh 2019]

Market potential indicates the level of appropriateness of innovative ideas and objects of intellectual property to the needs of society and individual businesses in competitive scientifically-intensive products and services.

Information potential represents the level of information support of the region, technical equipment of innovation activity with computers, telecommunications.

Financial and investment potential represents the real state of financial system, which is able to ensure the process of development, implementation and commercialization of innovations.

Production potential is characterized by the presence of innovatively active enterprises, research institutions, labour tools and objects in order to ensure the innovation process in the region.

Research and development potential provides the emergence of innovations and characterizes the scope of research and development work in value and quantity, the structure of these works by sectors of economic activity.

Marketing potential is the region's ability to commercialize research results through the use of available resources, innovation infrastructure and innovation culture.

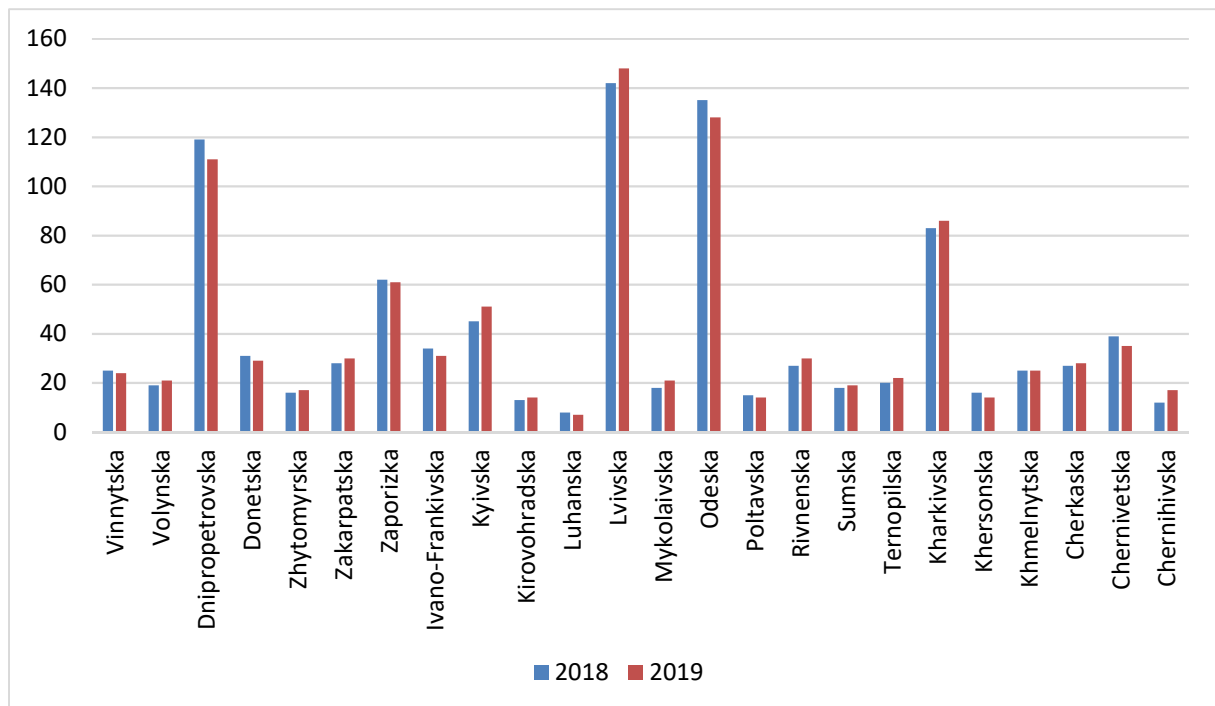
Staff potential characterizes generational opportunities for generation to assimilate and accept new ideas, bring them to the level of technology, equipment, organizational and management decisions.

Results

Innovation process in rural economy promotes the emergence of the following non-traditional business types: agritourism, biotourism, ecotourism, rural tourism, adventure tourism. They contribute to the increase of income of rural population, by means of providing jobs.

Rural tourism can be called one of the drivers of economic development of rural areas [Horban, 2020]. This type of tourism appeared long time ago (15-20 years), but is extremely popular nowadays, since the COVID-19 pandemic has influenced tourism business. People began to relax more and more actively near their homes, in an environmentally friendly area.

Figure 2. Number of subjects of tourist activity of Ukraine (2018-2019)

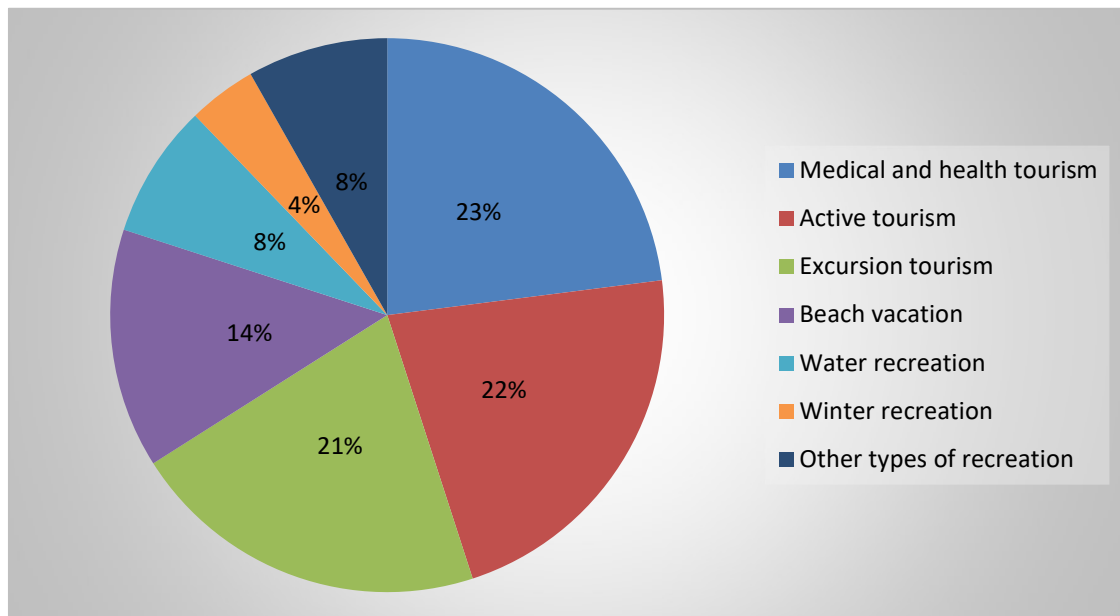


Source: own study, based on the State Statistics Service of Ukraine data (<http://www.ukrstat.gov.ua/>)

As it is seen in Fig. 2, the highest number of subjects of tourist activity of Ukraine is concentrated in regions of Lviv, Odesa, Dnipropetrovsk, Kharkiv, Zaporizhyya, Kyiv and Chernivtsi. In our opinion, this is due to the fact that the largest tourist “highlights” of Ukraine are concentrated in these regions. For example, tourists go to Odesa to relax at the Black Sea; Lviv, Chernivtsi, Kyiv are characterized by beautiful architecture and unique tourist sights; Zaporizhyya region is washed by the Sea of Azov and is the capital of the Ukrainian Cossacks.

Among the most widespread types of tourism in Ukraine are medical and health (23%), active (22%), excursion (21%) and beach vacation (14%) (Fig. 3).

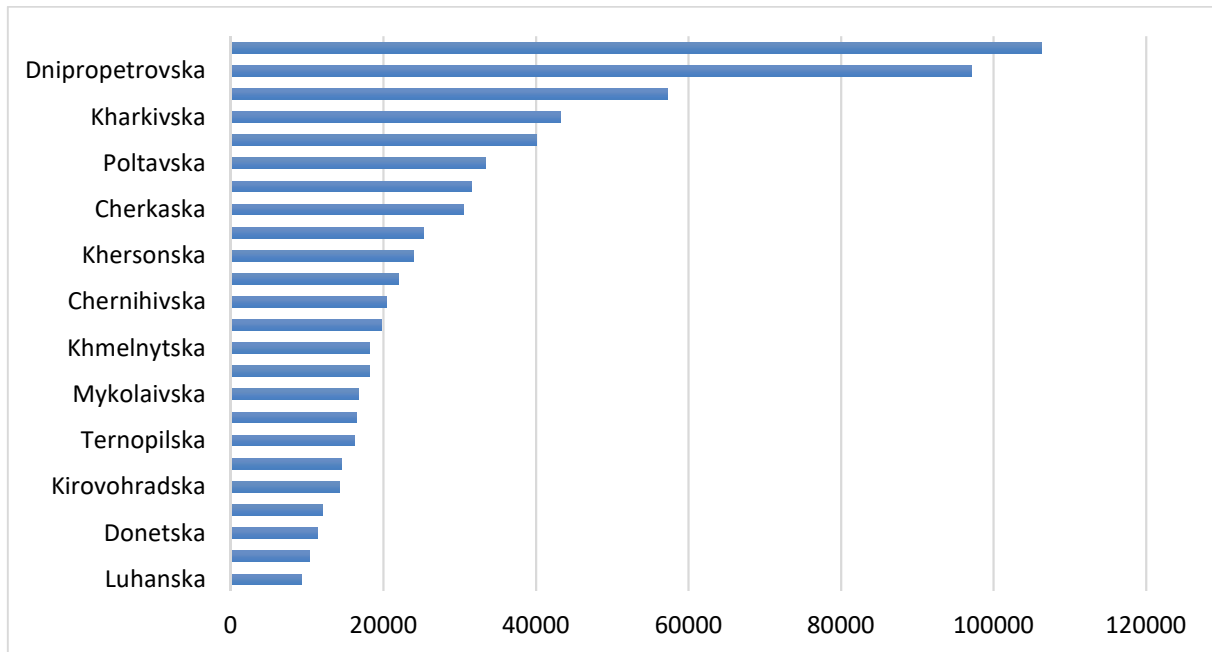
Figure 3. The most common types of tourism in Ukraine



Source: own study, based on the State Statistics Service of Ukraine data (<http://www.ukrstat.gov.ua/>)

In 2019, the greatest number of tourists was serviced in regions of Lviv (106,220 people), Dnipropetrovsk (97,156 people), Kyiv (57,270 people), Kharkiv (43,190 people) and Odesa (40,132 people).

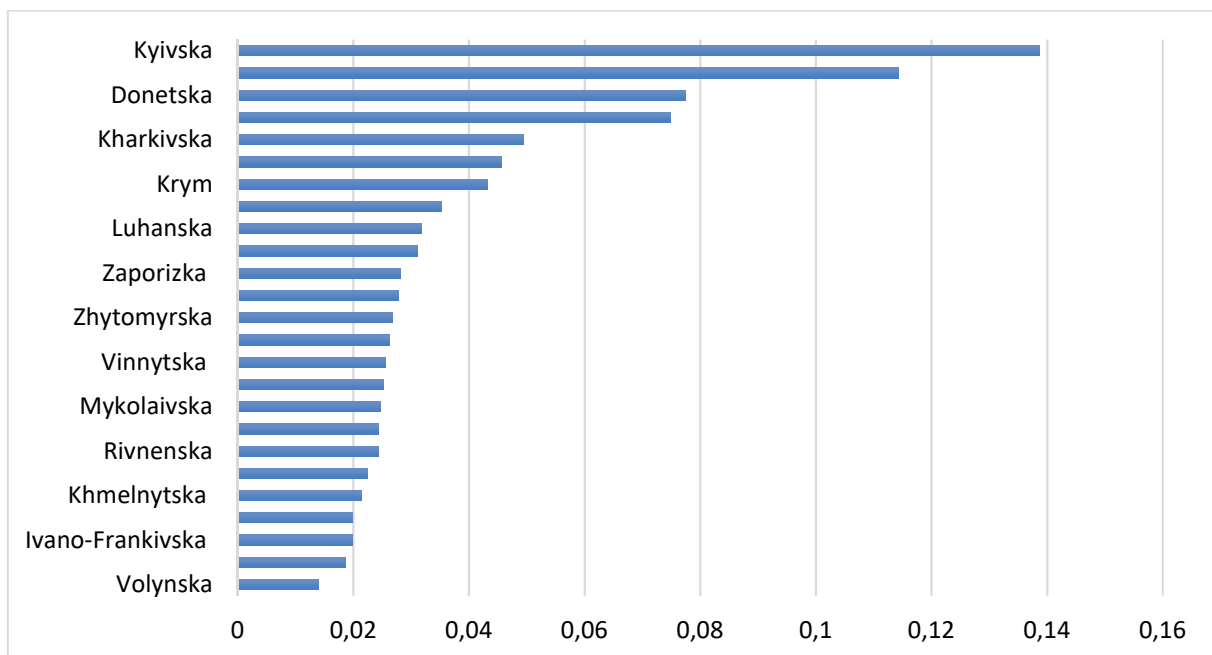
Figure 4. Number of served tourists in terms of regions of Ukraine



Source: own work, based on the State Statistics Service of Ukraine data (<http://www.ukrstat.gov.ua/>)

Figure 5 represents the ranking of recreational and tourist attraction of regions of Ukraine, with a systemic element of provision of agritourism services.

Figure 5. Ranking of regions of Ukraine by level of development of recreational and tourist complex



Source: own work, based on the State Statistics Service of Ukraine data (<http://www.ukrstat.gov.ua/>); Shpak 2013

The present ranking has been formed by applying the method of constructing integrated indicators. The essence of this method lies in the idea that for each of the selected indicators, all areas obtain a special rank (place), which is evaluated by the appropriate number of points (higher points for better indicators). Then standardized grades are calculated by dividing the actual grades by the maximum possible. Obviously, obtained marks are on the segment [0,1] and the higher they are, the better position (according to this criterion) is represented in the corresponding region. Integral mark of the level of development of recreational and tourist complex is calculated as an average arithmetic mean of estimates for all indicators.

The following indicators have been selected as indicators of development of recreational and tourist infrastructure: amount of accommodation organizations in the total number of enterprises and organizations; provision with rooms; relation of number of people (served in public accommodations) to the total number of population; amount of catering organizations in the total number of enterprises and organizations; access to museums; access to theatres; access to libraries.

Marks for every region, obtained in accordance with all the indicators mentioned above, have allowed to make a rating of regions on a level of development of a recreational and tourist complex and to single out 3 groups of regions.

Table 1 represents typification of regions of Ukraine by attractiveness for travelers and the level of development of recreational and tourist infrastructure

Table 1. Typification of regions of Ukraine by attractiveness for travelers and the level of development of recreational and tourist infrastructure

		The level of development of recreational and tourist infrastructure		
		High	Medium	Low
The level of attractiveness of regions	High	Lvivska		Vynnytska, Volynska, Zakarpatska, Ternopil'ska, Ivano-Frankivska
	Medium	Kyivska	Chernivetska	Zhytomyrska, Rivnenska, Khmelnitska, Cherkaska

	Low	Donetska, Dnipropetrovska	Kirovohradska, Luhanska, Odeska, Krym, Kharkivska	Zaporizka, Mykolaivska, Poltavska, Sumska, Khersonska, Chernihivska
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Source: [Shpak 2013]

The regions in the first column demonstrate the level of development of recreational and tourist complex close to the limit of their potential, so the return on their additional support will be minimal. In the considered table, the basic cell located at the intersection of the first row with the second column is blank. This is due to the fact, that the high level of demand in regions attractive for development of tourism and recreation has already led to the emergence of some objects of recreational and tourism infrastructure.

Thus, the most promising regions for tourism development, with maximum socio-economic effect of development of recreational and tourist industry, are: Vinnytsia, Volyn, Zakarpattia, Ternopil, Ivano-Frankivsk regions.

Transport connections, the quality of highways in particular, are significant factors that influence the development of rural tourism. Rating of regions of Ukraine by the presence of public roads is depicted in Table 2.

Table 2. Rating of regions of Ukraine by the presence of public roads

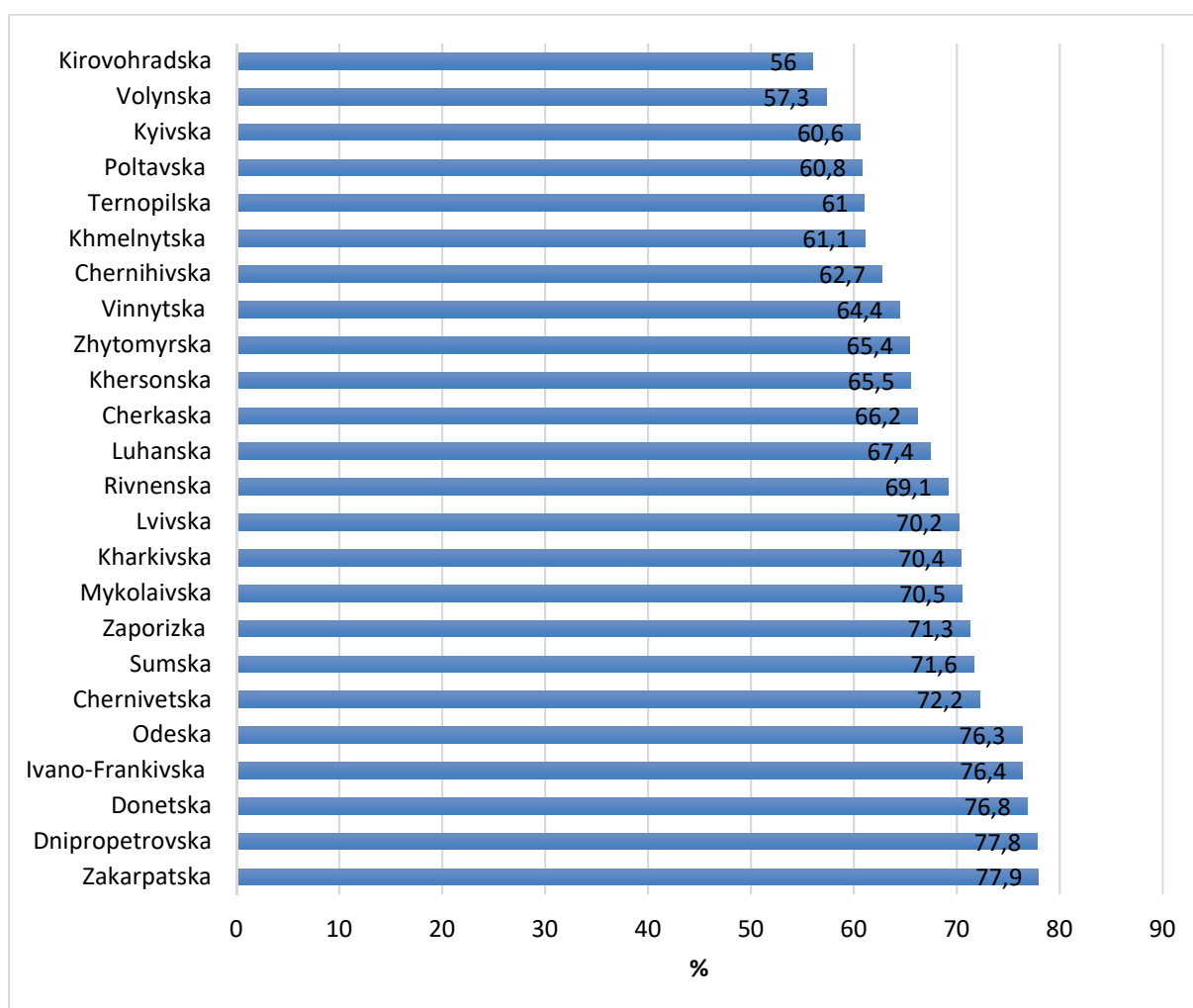
Region	Rating	Region	Rating
Lvivska	1	Cherkaska	12
Ternopilska	2	Dnipropetrovska	13
Vinnytska	3	Zhytomyrska	14
Chernivetska	4	Zakarpatska	15
Khmelnyska	5	Zaporizka	16
Poltavska	6	Rivnenska	17
Volynska	7	Kirovohradska	18
Kharkivska	8	Odeska	19
Sumska	9	Chernihvska	20
Ivano-Frankivska	10	Mykolaivska	21
Kyivska	11	Khersonska	22

Source: own study, based on the State Statistics Service of Ukraine data (<http://www.ukrstat.gov.ua/>)

As can be seen from Table 2, regions of Ukraine that are promising for tourism development, mainly the Zakarpatska region, are characterized by poor transportation, which greatly complicates access to tourist attractions. However, this problem is currently being solved by the state authorities. In 2020, the project «Great building» was started, with a view to build and reconstruct 6,500 km of roads along the whole country. It is based on the principals of high quality and energy efficiency. Most funds for the program have been allocated in Kyiv (UAH 273 million), Dnipropetrovsk (UAH 214 million), Odesa (UAH 199 million) regions, while the least amount - in Kirovohrad (UAH 24 million), Sumy (UAH 30 million) and Luhansk (UAH 32 million).

One of the factors that hamper the development of tourism business is low number of rural household with access to the Internet (fig. 6).

Figure 6. The share of rural households in Ukraine that have access to the Internet (2019)



Source: own study, based on the State Statistics Service of Ukraine data

(https://ukrstat.org/uk/druk/publicat/kat_u/2020/zb/07/zb__dd_in19.pdf)

Rather low level of Internet access is typical for all regions that are promising for tourism development, except Transcarpathian. In turn, this fact reduces their attraction, especially during the pandemic, since most of people work online.

In addition, a strong competition from neighboring countries that offer better infrastructure, connections and extensive use of up-to-date technologies has also been determined as a significant problem referred to the development of tourism industry in Ukraine.

Rural tourism contributes to the solution of a number of problems in underdeveloped regions and is an important element of rural development in many countries. For example, involvement into rural tourism activities is encouraged at the national level in France, the United Kingdom, the Netherlands, Ireland, Germany, and Spain. Countryside vacation is the second most popular holiday activity in these countries, overtaken only by vacations at sea. Rural tourism creates new jobs and brings real income to regions, as well as makes it possible to find means and ways for environmental protection. In many countries, development of rural tourism has become basic direction in protection and reproduction of rural landscapes.

The formation of rural tourism in Germany began with the concept development in peripheral regions. As a result, the market currently offers cheap outdoor recreation without expensive infrastructure, but with comfortable living conditions.

In Hungary, the law regulates «rural green tourism» relations out of normative regulations in the field of entrepreneurship. Accordingly, personal income of countrymen for providing their own homes for recreation is not taxed. There are also special benefits and advantages for family households that are engaged in (or have expressed a desire to be engaged in) activities in the field of rural tourism. This occurs under the condition of their location on the territory of rural settlements in economically underdeveloped (recognized as economically depressed) regions.

These benefits and advantages can be obtained on a competitive basis. These projects can be materially supported in the form of loans (up to USD 8 thousand), which, in case of successful project implementation, don't need to be paid back.

Latvia has extensive legislative experience in the development of agritourism. This is due to foreigners who are mainly among the contingent of tourists willing to spend vacation in local countryside. The government has immediately focused on this very promising type of tourism, which can solve the problem of unemployment in rural areas, and has

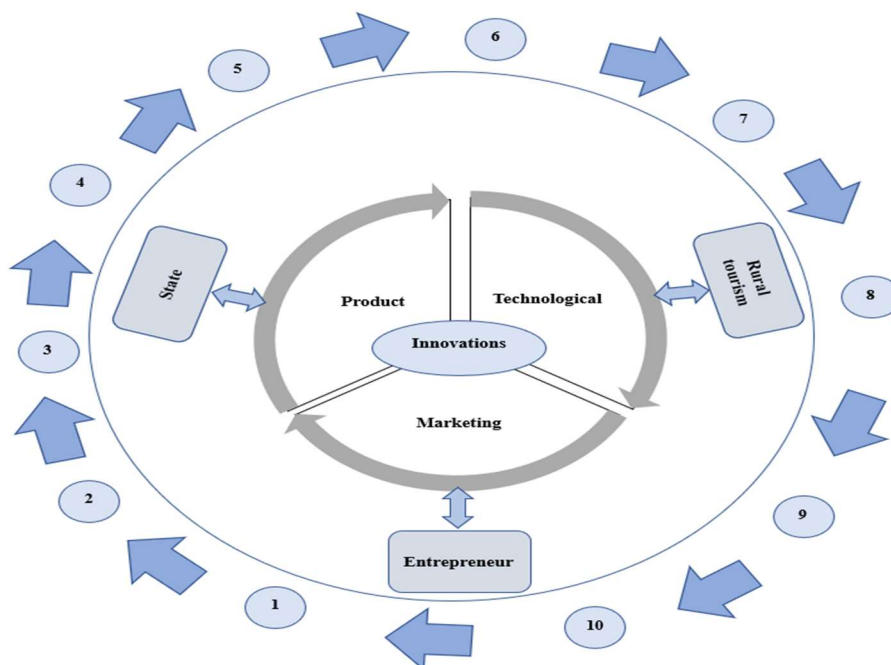
approved a number of relevant standards. According to the Latvian Rural Tourism Association, the number of tourist accommodation establishments in rural areas has increased almost tenfold over the last eight years, and the number of beds has increased in 19 times.

We consider marketing to be an important innovative instrument that contributes to the development of rural tourism. Among its precise components, there are SEO, SMM, context advertisement. Well-balanced marketing policy helps to promote own business online, to sell agricultural products, increase the competitiveness of subjects of business entity.

Bukovel, the biggest ski resort in Ukraine, can serve as a bright example of implementation of innovations in rural areas and development of rural tourism. It successfully competes with foreign resorts, is characterized by a developed infrastructure, effective marketing policy.

In Fig. 7 a model of interaction between the state and entrepreneurs to achieve sustainable development goals through the introduction of innovations in rural tourism is presented.

Fig. 7. Innovative rural tourism in the system of sustainable development goals



*1- overcoming poverty; 2 - reduction of social inequality; 3 - efficient use of natural resources; 4 - clean water and proper sanitation; 5 - renewable energy; 6 - decent work and economic growth; 7 - modern infrastructure; 8 - responsible consumption; 9 - conservation of marine ecosystems; 10 - conservation of terrestrial ecosystems

Source: own study

We suppose that intensification of innovation in rural areas requires the development of innovative programs that include coordination of organizational issues, creation and implementation of innovative products.

Program goals should be systematically implemented in economic sphere, investment, infrastructure, personnel and information and advisory support of agricultural producers, stimulating the development of fundamental science and intellectual capital, minimizing the risks of innovation [Hotra & Ihnatko, 2017, p. 19].

Rural tourism has definitely testified to be a significant factor for overcoming socio-economic problems of the countryside, particularly the growth of employment in rural areas, the development of rural infrastructure, countrymen obtaining stable and significant income, strengthening the budget of rural settlements.

Summary, recommendations

Intensification of innovation processes contributes to the emergence of new tourism types that are able to bring rural areas into a qualitatively new level of development (agritourism, biotourism, ecotourism, adventure tourism). One of them, according to the State Statistics Service of Ukraine, is rural tourism, which is becoming popular nowadays, since the COVID-19 pandemic has influenced tourism business. It allows to solve a lot of problems of the countryside, namely, unemployment and low material support. Ukrainian mountainous settlements are the examples of successful innovation implementation, resulting in the emergence of competitive business entities. In rural areas, there is the introduction of product innovations, which involve the implementation of business ideas for rural tourism services that are new to the market (Bukovel), the development of new types of tourism; technological innovations that involve the introduction of new approaches in the organization of rural tourism services and their planning using information technology (provision of tourist facilities with high-speed Internet, SEO, SMM, web pages), as well as the introduction of energy and resource-saving technologies; marketing (development of modern models of positioning and advertising of the tourist product and tourist-recreational territories). The introduction of institutional innovations through new ways of cooperation between business entities and various institutions interested in the production and provision of rural tourism services can play an important role in solving the problems of tourism business in rural areas of Ukraine.

The analysis of the state of rural tourism of Ukraine as an advanced innovative direction made it possible to distinguish regions in accordance with their tourist attractiveness. In particular, the regions were divided, according to the level of development of the recreational and tourist complex, into three groups -high, medium, low- considering the following indicators: amount of accommodation organizations in the total number of enterprises and organizations; provision with rooms; relation of the number of people (served in public accommodations) to the total number of population; amount of catering organizations in the total number of enterprises and organizations; access to museums; access to theatres; access to libraries. The prospective regions include: Vinnytsia, Volyn, Zakarpattia, Ternopil, Ivano-Frankivsk. While the Zaporizhia, Mykolaiv, Poltava, Chernihiv, Kherson, and Sumy regions are considered the least promising.

There are many problems in the development of rural tourism in Ukraine. The biggest obstacles hampering the development of tourism in rural areas, according to the State Statistics Service of Ukraine, are considered the remoteness of recreation centers, poor auto-transport system, lack of good advertising, low level of service provision, lack of integrated tourist offers of products for a new type of tourist and great competition from neighboring countries.

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