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## **POSSIBILITIES FOR IMPLEMENTING THE CLUSTER MODEL IN THE TOURISM INDUSTRY OF UKRAINE**

The first one and a half decades of the 21<sup>st</sup> century have been exceptional for the global economy and the travel and tourism sector. Highly increased international mobility and curiosity of people all over the world have caused “the evolution from border-defined geo-nations to now boundaryless global neighbors” [4]. But the incredible excitement of growth in tourism sector, which has a potential to play a vital role in the global economic renewal, is not exclusively about travel and travelers. It is about the underlying the economic, environmental, social and cultural impacts, both beneficial and otherwise, which it is having on our world. With more than a billion people traveling each year, the concepts of global stability become a strong reality.

“Tourism has proven to be a surprisingly strong and resilient economic activity and a fundamental contributor to the economic recovery by generating billions of dollars in exports and creating millions of jobs. This has been true for destinations all over the world, but particularly for Europe, as the region struggles to consolidate its way out of one of the worst economic periods in its history,” said Taleb Rifai, UNWTO Secretary-General, opening the Spain Global Tourism Forum in Madrid [5].

In view of this, tourism is considered to be the largest industry in the world and one of the most rapidly changing sectors of the global economy. Actually, it is an activity able to stimulate improvements in equipment travel (accommodation, food, communications and so on), to influence business services (business, health, leisure), to increase the size of economic sectors designated to meet tourism demand [2]. By tourism we can evaluate the specific items such as picturesque landscape, salubrious climate, therapeutic mineral waters, culture and other factors that cannot be recovered in other fields. Thus, it is provided the progressive development of areas, less rich in resources, to empower their industrial development based on natural and human tourism resources, attracting tourists and leading to the emergence and the development of tourist resorts.

It could be argued that nowadays the biggest exporters of tourism services are the industrialized countries. However, tourism is also very important in a considerable number of the developing countries, where it is often among the most significant sectors in terms of foreign currency earnings and employment. Since tourism is extremely labor intensive, the developing countries have a revealed strong potential comparative advantage.

One of the ways to achieve drivers of innovation and competitiveness in the light of globalization is the association and cooperation of enterprises in the cluster. This term was introduced by an American economist Michael Porter, who described it not only as an analytical concept but also an effective tool for achieving the competitiveness of various economical branches and spatial units. In general, cluster theory argues that those companies, which are closely located in geographic proximity, usually generate positive externalities and economies of scale, and then these agglomeration effects can contribute

to their overall productivity.

According to the last research of the tourism clusters, published by Melisidou S., Papageorgiou A. et al [3], clusters differ from other forms of cooperation and networks in that the key players involved in a cluster are linked in a value chain. The cluster concept goes beyond “simple” horizontal networks in which firms, operating on the same end-product market and belonging to the same industry group, co-operate on aspect such as demonstration programs, collective marketing or purchasing policy. Clusters are similar to cross-sectoral networks, made up of various firms specializing around a specific link or knowledge base in the value chain. As a result, cluster can be defined as an efficient management and marketing tool for modern tourist destinations. It is worthwhile to mention that these tools must be used in appropriate manner in order to facilitate at achieving sustainable tourism development and related business objectives.

Obviously, tourism cluster is a concentration within a limited area of interconnected firms and organizations interacting in the process of creation, production, promotion and sale of tourism product, as well as in activities related to tourism and recreational service [1]. The boundaries of any cluster do not follow the existing administrative frontiers, such as municipalities or even countries. Conversely, clusters are quite dynamic with frontiers, able to change themselves if new companies or new linkages appear and others disappear.

Many debates related to the tourism development in emerging nations and less developed regions have focused on the evaluation of its influence on the general state of the economy. However, the tourism industry is rapidly growing and many countries and regions have already started to see tourism as a guide to support their economy which usually lacks resources, skilled labor and capital. From that perspective they should focus on productively introducing sustainable tourism development in a way that minimizes the negative effects and maximizes the positive effects; rather than focusing on the short term gains of hasty tourism development. Consequently they should look to tourism cluster development as an appropriate strategy. Our country is not an exception to the rule.

Ukraine is the country with unusually appropriate conditions for the tourism development. However, its inner differentiation in terms of prerequisites necessary for the development of tourism is often emphasized. Attractive regions of our country traditionally alternate with those that are not capable of attracting potential visitors. This problem takes place both in the big cities and in rural areas that undergo great functional changes. Unfortunately, the powerful value chain of tourism in Ukraine, except to some extent, is not built. This raises the question of standards, quality of service and loyalty to Ukraine as a long-range tourist destination.

According to the Travel & Tourism Competitiveness Report 2013 [6], Ukraine’s current rank (76th) is not much higher than those of the 2007 – 2008 indices (78th and 77th positions respectively), but this result is rather just a recovery of positions lost after the crisis. The key development goals and interests of Ukraine in the field of tourism are as follows: to promote a sustainable economic growth, employment and high quality of life of all residents through the development of foreign tourism; to ensure the development of their own positive international image; to ensure long-term protection and integrated management of natural and cultural resources in the interest of sustainable tourism development; to ensure international quality standards of tourists protection according to

the famous European practice.

Through this research we have come to certain conclusions. On the threshold of a new period of tourism development, Ukraine is faced with the need for rapid revitalization of the inherited structure and the wise use of many untouched attractions and design of new products. Ukraine is the crossroads where the place intense adaptation to European integration and where to show a strong growth in the competitive capacity of institutions, companies and individuals. Tourism in this context, there is such an essential complex with increasing potential untapped. Ukrainian coach potentials are far underutilized, because tourism has never been a serious subject of development policy of Ukraine. On the other hand, many states with similar or even lower potential in recent years have made efforts that brought them to the world tourist map of important countries. Examples of Republic of Hungary, Czech Republic, Bulgaria, Romania and Poland confirm it the best. Ukraine today has only comparative advantage in tourism, because it has a variety of tourist structures, located near the traditional and emerging tourism markets, has a long history and a general recognition, preserved natural resources, and the proportion of good communication has great human potential. The transformation process of comparative into competitive advantage in the tourism industry of Ukraine is a part of the reform process, as well as the political attitude towards tourism as an important creator of national prosperity.

The main factors of the tourism cluster on an individual and system level constitute the cluster and support the competitiveness of tourism destinations. These factors are indices of domestic and regional environments where destinations are located and where the tourism cluster is formed. They include core resources and attractions, destination management, complementary conditions, and demand conditions. When these environments support and permit sufficient inputs such as skilled labor, assets, attractive resources, and provide better information about products and tourist needs to the relevant suppliers, tourism destinations gain a competitive advantage.

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