

Research Paper

The Impact of Tourism on Local Community Development

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ABSTRACT

The purpose of the article is to determine the impact of rural tourism on the well-being of territorial communities and to determine the economic effect of this development. The following scientific methods were used in the study: analysis and synthesis, economic and statistical analysis, deduction and induction, comparison method, survey, and graphical method. As a result of the study, a statistical overview of tourism in Ukraine was conducted, the share of tourism in Ukraine's GDP was investigated, and the number of inbound, outbound, and domestic tourists in Ukraine for the period from 2000 to 2020 was determined and the growth rate of the number of tourists for this period was compared. The structure of tourists by the purpose of the trip and the structure of non-resident tourists by the expenses they make when visiting Ukraine are outlined. The factors that promote and impede the development of rural tourism are presented.

HIGHLIGHTS

- The article aims to assess the influence of rural tourism on the well-being of territorial communities and examine its economic implications, utilizing various scientific methods such as analysis, synthesis, economic and statistical analysis, and surveys to analyze tourism in Ukraine, its contribution to GDP, tourist numbers, impact on local development, and factors influencing its growth and obstacles, ultimately identifying priority directions for regional tourism development.

Keywords: Development, Hotel Services, Infrastructure, Logistics, Recreation, Rural Areas, Tourism

In the context of globalization, tourism is an important driver of economic growth, and it is also a way to build relationships between citizens of different countries, help stimulate foreign investment and bring the country's cultural traditions to other countries. Ukraine has significant potential in terms of tourism development in the country. This is due to its geographical location, rich history, and the development of entertainment and tourism infrastructure, especially in large cities. The tourism industry should be developed based on the country's unique resources, as well as by

improving logistics, services, infrastructure, etc. Considering the Ukrainian case, rural tourism is a promising area of tourism development (Law of Ukraine..., 2020). One of the main challenges for rural tourism development in Ukraine is the lack of infrastructure and services in remote towns and villages. However, since 2014, Ukraine has launched a decentralization process that should stimulate the development of tourism in rural areas. In the

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first six years of the reform, 1070 consolidated territorial communities were formed, with 4,882 communities joining together on a voluntary basis. This consolidation gave the newly formed local governments the opportunity to obtain the necessary powers and resources that were available to cities of oblast significance before the reform (Decentralization reform, 2022; Voytenko, 2020).

J. Yang *et al.* (2021) study the impact of rural revitalization and the evolution of rural communities on rural tourism. The researchers note that rural revitalization is an effective strategy for promoting sustainable community development. A. Fotiadis *et al.* (2019) come to similar conclusions and note that improving rural welfare through rural tourism development will include increased income, job creation, and infrastructure development. B.C. Ibanescu *et al.* (2018) note among the positive effects of rural tourism development not only the improvement of the well-being of community residents, but also the stabilizing effect on the demographic situation in rural areas.

Z. Seneta and I. Dubovich (2021) study the level of rural tourism development in Ukraine by conducting a survey of 326 respondents from different territorial communities of the country. The researchers emphasize the importance of rural tourism development with statistics from the European Union (EU), where citizens choose this type of tourism for 30% of their vacations. Recommendations for the development of rural tourism are also contained in the work of J. Grynchuk and I. Romaniuk (2018), who pay much attention to the need to introduce special systems for evaluating tourist destinations, as well as to improve tourism marketing.

The purpose of the article is to determine the effect of rural tourism development on improving the welfare of territorial communities and to study the economic impact of such development in general.

MATERIALS AND METHODS

The methodological approach used in this article is based on an economic and statistical analysis of the indicators of the tourism industry in Ukraine. Economic and statistical analysis was applied to determine the impact of tourism on local community development. The literature on this topic was also

analyzed. Using the methods of deduction and induction, the priority areas of tourism development at the regional level are identified. Through a survey, the most appropriate measures for the development of rural and green tourism in Ukraine were identified.

The information base of the study is the data processed as a result of studying scientific periodicals of Ukraine and other countries, legislative acts. The study also uses data obtained through a survey of 146 respondents living in rural areas in different regions of Ukraine. Google forms were used for the survey, and its purpose is to identify the most appropriate recommendations for the development of rural and green tourism.

The study's limitations are related to the lack of separate statistical data on the temporarily occupied territories of Ukraine, as well as data earlier than 2019 on the population growth (decline) by region of the country.

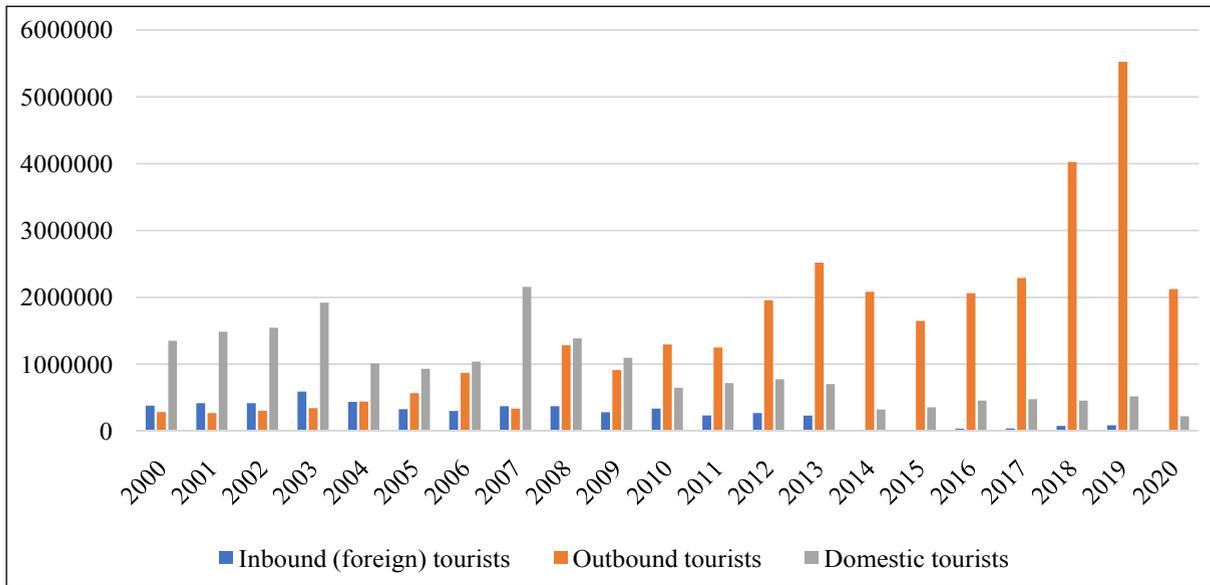
RESULTS

Statistical overview of tourism in Ukraine

The tourism industry is an important component of any country's economy, as its impact on national development is not limited to improving the financial component of such development. From a foreign policy perspective, tourism helps to stimulate foreign investment, create a positive image of the country, establish international relations, etc. For the citizens of the country, tourism is effective in the context of the exchange of experience, broadening horizons, improving the welfare of the population by creating new jobs, improving infrastructure, logistics (Klyuchnik *et al.* 2020).

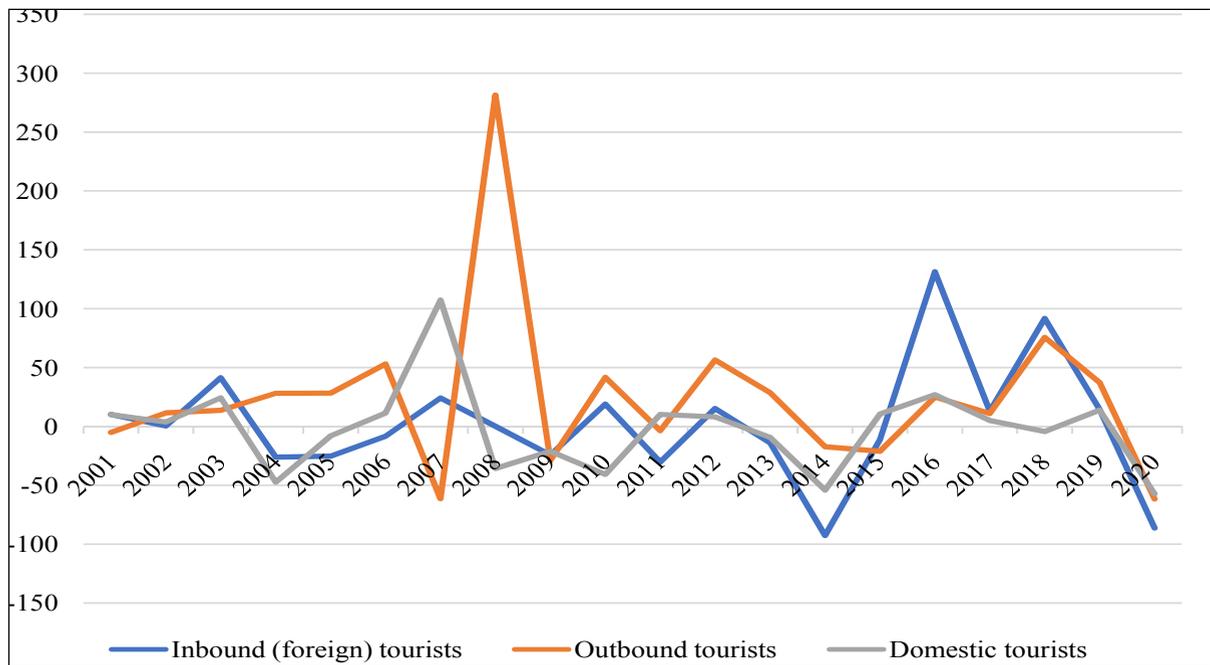
An indicative indicator of tourism development in a country is its share in GDP, which in Ukraine reaches 1.4% (Pidgirna and Filipchuk, 2020). Another indicator that quite clearly shows the interest of foreign tourists in a country is the number of tourists who have visited the country over a certain period of time (Fig. 1).

As can be seen from Fig. 1, the dynamics of the number of tourists visiting Ukraine by different groups is heterogeneous, with sharp jumps in certain periods. In this regard, E. Sass (2020) notes that the decline in the relevant period is mainly



Source: State Statistics Service of Ukraine (2022).

Fig. 1: The number of inbound, outbound and domestic tourists in Ukraine from 2000 to 2020



Source: State Statistics Service of Ukraine (2022).

Fig. 2: The growth rate of the number of tourists compared to the previous year

due to the exclusion of the temporarily occupied territories from the tourist flow.

The growth rates of the number of tourists in different groups are shown in the Fig. 2.

As Fig. 2 shows, in 2015-2020, all three groups of tourists mostly experienced an increase in growth rates, but in 2020, they plummeted. It is obvious

that an even greater decline is expected in 2022, after the beginning of the Russian-Ukrainian war (Pandey and Kumar, 2022). The review of statistics on tourism in Ukraine shows that the main obstacles to tourism development are significant socio-political events, such as the outbreak of hostilities in eastern Ukraine in 2014 with further escalation of the conflict in 2022, and the coronavirus epidemic.

Peculiarities of tourism development in rural areas of Ukraine

The decentralization reform stimulates the development of tourism in territorial communities, and tourism contribute to improving the living standards of the community. The development of tourism in the region necessitates the development of infrastructure and the improvement of logistics. An important indicator of the development of tourism infrastructure is the availability of roads with the high-quality pavement that are convenient for traveling to destinations. The highest rates are in Rivne (100.35 km/1000km²), Kharkiv (107.78 km/1000km²), Khmelnytsky (101.98 km/1000km²) and Chernihiv regions (104.85 km/1000km²). A low level of roads is recorded in Poltava (37.98 km/1000km²), Cherkasy (50.65 km/1000km²) and Zhytomyr regions (54.71 km/1000km²) (Ranking of regions..., 2022).

Another important indicator in the context of infrastructure development is the availability of the Internet in rural areas. The highest rates of Internet connection coverage are observed in Zakarpattia (92.2%), Ivano-Frankovsk (80.2%), Kharkiv (77.2%) and Lviv regions (72.9%). Chernihiv (39.7%), Kirovohrad (52%), Zhytomyr and Khmelnytsky regions (55.9%) have the lowest index.

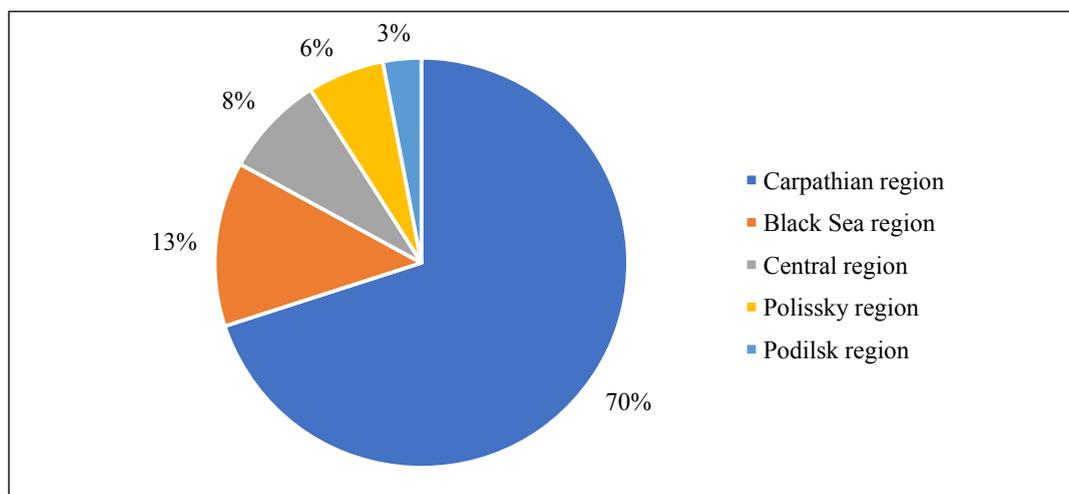
In terms of attractiveness for rural tourism, the western regions are also the most attractive (Fig. 3). The attractiveness of the western regions for rural tourism development is due to a rich in natural

resources, historical and cultural attractions, as well as a healthy environment and a wide range of tourist services and activities for any budget. Among the main advantages of rural tourism, based on the survey, the following were identified: medical and health-improving resources; affordable vacation price; possibility to eat organic food; opportunity to get acquainted with local culture and way of life, national cuisine; hiking, horseback riding, picking mushrooms and berries, fishing; picturesque scenery and cozy atmosphere (Seneta and Dubovich, 2021).

Priority areas of tourism development at the regional level. Green tourism. Innovations

Many researchers focus on the development of such areas as rural and ecological (green) tourism. In the most general sense, rural tourism is a type of tourism that is concentrated in rural areas. Green tourism can include any form of tourism focused on preserving nature and the environment (He *et al.* 2018; Pan *et al.* 2018; Qin and Yinhu, 2019).

In the context of rural and green tourism development, it is interesting to study the European experience in supporting and developing entrepreneurs engaged in these types of tourism. In certain European countries, the development of rural and green tourism is guided by specific directions. Germany, Poland, and Hungary prioritize highlighting national identity. France offers financial support to private investors and coordinates



Source: Z. Seneta and I. Dubovich (2021).

Fig. 3: The attractiveness of Ukrainian regions for rural tourism

them, dividing rural areas into recreation areas and green zones with developed infrastructure and attractions like waterfronts, wineries, horse farms, and fishing lodges. Spain and Italy provide a wide range of gastronomic and tasting tours, combining rural tourism with the resort business. Austria and Switzerland develop agricultural tourism, allowing tourists to engage in activities such as crop harvesting, cattle grazing, and dairy product-making, while promoting environmentally friendly food products. Scandinavian countries offer vacations in remote houses, allowing visitors to enjoy solitude in the lap of nature. Baltic countries receive significant financial support from the state, and in Great Britain, there is a high level of marketing development in the tourism sector (Ihnatenko *et al.* 2019).

The importance of applying innovations in tourism has been emphasized in many studies (Yekimov *et al.* 2022; Romaniuk, 2019; Hotra *et al.* 2021). I. Romaniuk (2019) identifies three main areas in which innovations can be implemented at rural and green tourism enterprises: introduction of organizational innovations, reorganization of the business structure, changes in the number of resources, capital, activities, introduction of innovations in financial accounting.

Based on the research and proposals, we have compiled a list of recommendations for the development of rural and green tourism in Ukraine (Fig. 4).

Thus, these areas can be recognized as priorities for the development of rural and green tourism in Ukraine.

DISCUSSION

Rural tourism in Ukraine has great potential, but its development is limited by the significant socio-political events that Ukraine has experienced. First and foremost, these include the outbreak of hostilities in eastern Ukraine in 2014, a full-scale Russian invasion in 2022, and the COVID-19 pandemic. In addition, there are internal obstacles related to restricted access to finance and credit, imperfect legal framework, and underdeveloped infrastructure and services in certain regions.

D. Mwesiumo *et al.* (2022) note that rural tourism can be defined as the most popular type of tourism, which the researchers explain in terms of shifting tourist preferences from mass tourism to personalized tourism. This statement coincides with the results of the author's research, as the opportunity to get acquainted with local culture, cuisine, and traditions, which are features of personalized tourism, was identified as one of the advantages of rural tourism. J. Yang *et al.* (2021) explain the need to develop rural tourism by explaining that this area is an effective stimulus for economic growth, as well as by creating new jobs and improving the well-being of local residents.

Z. Seneta and I. Dubovich (2021) note that the EU considers rural tourism as the main driver for

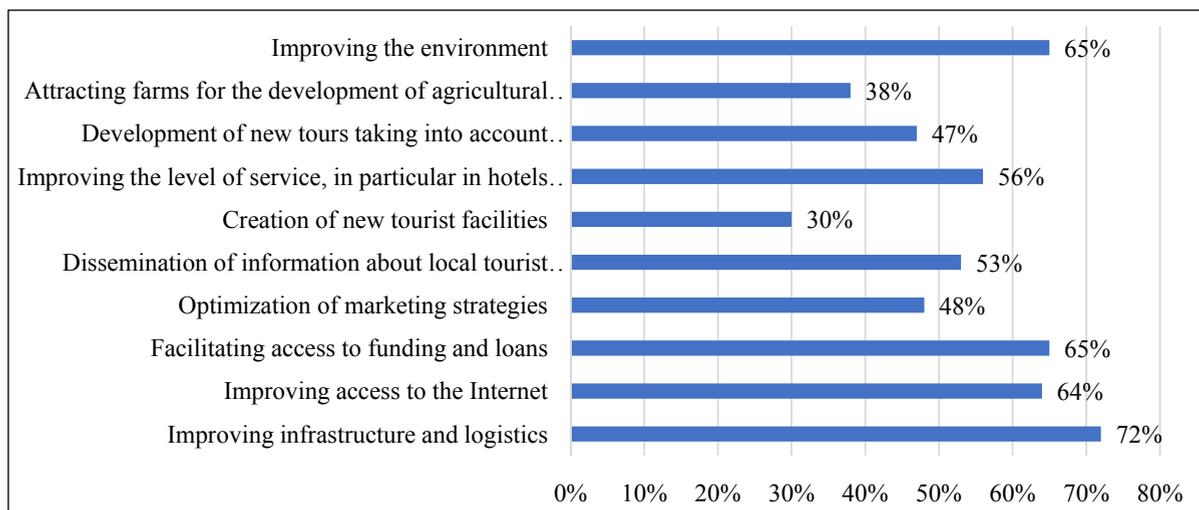


Fig. 4: Survey results on the most effective ways to develop rural and green tourism in Ukraine (own calculations)

rural economic recovery. According to researchers, attracting investments and creating new tourist facilities will stimulate the development of rural tourism in Ukraine. With regard to improving state policy in this area, the researchers found that effective measures should include attracting investors, developing economic and environmental programs, and adopting the Law of Ukraine “On Rural Tourism” (2021). In the author’s opinion, pricing policy is also one of the most important means of stimulating the influx of tourists.

The study by Z. Seneta and I. Dubovich (2021) allows us to assess the key obstacles to the development of tourism in rural areas. Of these, the first is insufficient state funding and lending, the second is difficult conditions for registering and doing business, the third is the insufficient development of the legal framework, and the fourth is the low qualification of tourism workers.

Thus, the study conducted in this article and the comparison of its results with the findings of other scholars allow us to confirm that tourism has a significant impact on the development of territorial communities. The results of the study allow us to identify the main advantages of tourism development for territorial communities, as well as key obstacles, opportunities and prospects for such development.

CONCLUSION

The article studies the impact of tourism on the local development of territorial communities. As a result of a statistical review of tourism in Ukraine, the dynamics of the number of inbound, outbound, and domestic tourists in Ukraine for the period from 2000 to 2020 is determined. It is established that the dynamics is significantly influenced by socio-political events, in particular, the outbreak of hostilities in the east of the country in 2014 with the subsequent escalation of the conflict, as well as the COVID-19 epidemic.

In determining the impact of tourism on local community development, the author characterizes the density of highways in the regions of the country, as well as the share of rural households with access to the Internet. The highest indicators are characteristic of the western regions of Ukraine, which, according to the study, are the most

attractive for tourism development. The factors that contribute to the development of rural tourism in the regions of Ukraine are noted: rich cultural heritage, environmental cleanliness, traditions, hospitality, and availability of accommodation and labour resources. The main advantages of tourism in rural areas include a picturesque and cozy atmosphere, the opportunity to go hiking, horseback riding, picking mushrooms and berries, fishing, and a chance to get acquainted with the local lifestyle and cuisine. The author notes the obstacles to the development of tourism in territorial communities: limited access to financing and credit, imperfect legislative framework, low level of services, and infrastructure development in certain regions.

The study outlines the priority areas of tourism development at the regional level, in particular rural and green tourism. The main directions of development of these types of tourism in some European countries are described. The identified areas can be developed in Ukraine by taking certain adaptation measures, as well as by widely introducing innovations in the organizational and marketing spheres, as well as in relation to the product.

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