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Trends in the functioning of the tourism sector in crisis conditions on the example of hotel enterprises of the Transcarpathian region, Ukraine

Abstract

The *purpose of the article* is to identify trends in the operation of hotels in the Transcarpathian region in the pre-pandemic and pandemic periods, based on the ratio of the indicators of the dynamics of tourist flows and the occupancy rate of enterprises. It is obvious that small hotel enterprises of Transcarpathian region make a significant part of the hospitality segment of the region – they are the ones who receive a large part of guests/visitors/tourists. The activities of most of them are diversified, small-scale and somewhat isolated, these factors have softened the impact of strict quarantine restrictions introduced at different times in 2020–2021. Therefore, the *research methodology* is based on a sample of questionnaires – interviews provided by 30 enterprises. The research was conducted in the period from January to April 2021, when the restrictions of the red quarantine zone were introduced in the Transcarpathian region of Ukraine during the COVID-19 pandemic. In addition, a literature review of scientific works of domestic and foreign authors was conducted, whose publications relate to some aspects of this research. Much of the research concerns the state and current functioning of the tourism or hospitality industry during the pandemic and the business innovations they employ during the crisis. The *results* of the survey reflect the highly indicative dynamics of tourist flows in the Transcarpathian region in the period 2000–2020, showing pronounced peaks in the number of visitors (2000, 2003, 2008) and their decline (2001, 2004, 2019), as well as periods of low tourist activity (2014–2016) due to the military and political situation in Ukraine. The study describes the occupancy trends of small and medium-sized hotels in the region for the period 2018–2020. These trends clearly show the consequences of the crisis phenomena that occurred in the economy and society due to the global pandemic. The *practical implications* of the study lie in possible further recommendations for management decisions that will allow to increase the competitiveness of the hospitality and tourism sector in the region, as well as to implement effective measures in possible crisis situations. *Value/originality*. Information about the reaction and details of the operation of hotel enterprises of the Transcarpathian region during the global pandemic crisis is useful for understanding the work of the tourism sector in general at different levels – from local to state.

Keywords

hospitality industry,
small hotel enterprises,
COVID-19 pandemic,
tourist flows,
hotel occupancy,
Transcarpathian region

JEL: M10, O16



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1 Introduction

In 2020–2021, one of the main factors influencing economic processes both in Ukraine and in the world was the spread of the COVID-19 pandemic (Ukraine: the impact of COVID-19 on the economy and society), and it became one of the biggest challenges the world has faced since the Second World War (Hotel Destination Consulting (HDC)..., 2021). The disease emerged in China in late 2019, from where the virus has spread to every continent, and as of January 2023, approximately 669 million cases and more than 6.82 million deaths have already been confirmed worldwide (Coronavirus infection..., 2023).

In addition to the difficult epidemiological situation, the pressure on the enterprises of the hospitality industry increased significantly on February 24, 2022, when a full-scale military invasion of Ukraine began. Therefore, it is important to understand the state, economic indicators, occupancy of hotel enterprises in the pre-war, pandemic period to assess the dynamics of tourist flows in the cross-section of the region for the period 2000–2020.

It is believed that Ukrainian tourism has received little systematic response from the government in the form of implementation of possible measures to support the tourism industry. The insufficient level of state support has further complicated the situation of small and medium-sized enterprises operating in the field of hospitality, tourism and recreation. In the Transcarpathian region, the development of tourism and hospitality is one of the priority areas of activity, which is why the economic downturn was particularly felt here. Information on the response of small and medium-sized hotel enterprises to the pandemic can deepen the understanding of the sector's adaptations to new, differentiated and unfavorable operating conditions, which have become even more complicated in 2022.

2 Analysis of crisis phenomena in recent studies and publications

In recent years, the number of scientific publications related to crisis phenomena caused by epidemics or pandemics has increased significantly, as their importance and relevance remain extremely high in the context of the spread of the SARS-CoV-2 virus. The spread of the COVID-19 infectious disease itself has contributed to the inclusion of the pandemic in multidisciplinary scientific research, since its consequences (economic, social, psychological, etc.) are significant and will be felt for an indefinite period of time.

In particular, the studies highlight the impact of the pandemic on the functioning of the labor market of Ukraine (Lavrynenko, Pyata & Akhmetov,

2020); changes due to the pandemic in the solvency of the population of Ukraine (Khayetska, Dolovanyuk, 2020); problems of the hotel industry that arose during the spread of the global pandemic (Korzh, Onyshchuk, 2020), as well as the reaction and adaptation of the educational systems of various countries to the consequences of the blockade, and even the national security of Ukraine through the prism of new conditions caused by the spread of the SARS-CoV-2 virus (Horbulin, Danyk, 2020).

Researches of foreign authors present a number of effective adaptations and measures, which can be extrapolated to the phenomena caused by the global pandemic also in Ukraine. A significant part of the research concerns the state and current functioning of the tourism or hospitality industry during the pandemic (Gursoy & Chi, 2020; Baum & Hai, 2020; Kumar, 2020) and business innovations applied by them during the crisis (Breyer, Kallmünzer, Klaus, Gast, Kraus & Tiberius, 2021).

Since 2022 there have also been many foreign and Ukrainian publications on the consequences of the war in Ukraine for various spheres of life in the societies of individual states (Wang, Buri, Farid & Dai, 2022; Kardas, Babitsky, Kravchyk & Mastalerts-Migas, 2022; Stepanova, 2022).

3 Survey methodology

In the past, conclusions about the functioning of the enterprises of the catering industry of the Transcarpathian region during the crisis events were drawn through the prism of the general trends observed in the country or even in the world in general. That is why it was important to find out how individual enterprises behave, which initially have different operating conditions (specialization, logistical position and connections, infrastructure network, possibility of forming clusters with enterprises of related sectors of economy). In order to achieve this goal, a questionnaire was developed containing a number of questions determining the details of the functioning of the enterprises in the specified period. In total, representatives of 64 enterprises of the hotel sector of Transcarpathia took part in the questionnaire, which was conducted online or in the form of an interview. For the purpose of writing this article the data of 30 small and medium-sized enterprises of the region were used. The survey was conducted in the winter-spring period of 2021.

4 Findings

Transcarpathian region is the only region of Ukraine that borders four countries (Poland, Slovakia, Hungary, Romania), its geographical

location creates extremely favorable conditions for the development and functioning of the tourism sector, this is also facilitated by the presence of a base of natural, historical and cultural resources on which the entire hospitality infrastructure of the region is formed (Slava, Chyniak, 2021).

The analysis of tourist flows in the Transcarpathian region (Figure 1) allows to conclude that their dynamics is unstable, there are clearly pronounced peaks (2000, 2003, 2008) and declines (2001, 2004, 2011), as well as periods of prolonged low activity (2014–2017); these trends are most pronounced for internal flows.

Recessions are explained by periods of economic instability in the state; the decrease in the number of tourists in 2014–2015 is associated with military conflicts in eastern Ukraine and Crimea (Slava, Chyniak, 2021).

The most unfavorable situation occurred with foreign tourists, whose number decreased significantly from 2010 and did not recover until 2019 (Slava, Chyniak, 2021).

As for 2020–2021, the biggest factor affecting absolutely all areas of human activity was the global COVID-19 pandemic. Tourism and the hospitality sector proved to be perhaps the most vulnerable in a situation where almost 100% of all world destinations were closed. Cancellation of transport links left a significant mark on the hospitality sector both in the world and in Ukraine (Slava, Chyniak, 2021).

The conducted questionnaire-interview also provided information about the number of guests,

who visited hotel companies in 2018–2020. The answers of 30 respondents were selected for the study, this set of data allowed to reflect the dynamics that took place during this period (Figure 2).

However, not only the number of "official" tourists is taken into account here, but also simply guests who had the goal of either continuing their trip abroad, or came to Transcarpathia for their own leisure. As can be seen, 2019 was one of the peaks when the number of tourists/visitors/guests showed an upward trend in the short term, however, the global pandemic that started at the end of 2019 and still continues until now, and the precautionary measures against its spread, brought unprecedented losses not only to the hotel enterprises of the Transcarpathian region, but also to the field of hospitality and tourism in Ukraine and the world in general.

As for Ukraine separately, the situation in 2022 can be considered catastrophic due to Russia launching a full-scale war on February 24, 2022. It is because of these events that hotel companies house internally displaced persons from the occupied territories or territories near the contact line.

In most of the enterprises from the sample for the above-mentioned study, the most significant number of visitors was observed in 2018, when the economic and political situation was relatively stabilized and the intensity of the flow of domestic tourists to the region began to increase. In 30% of

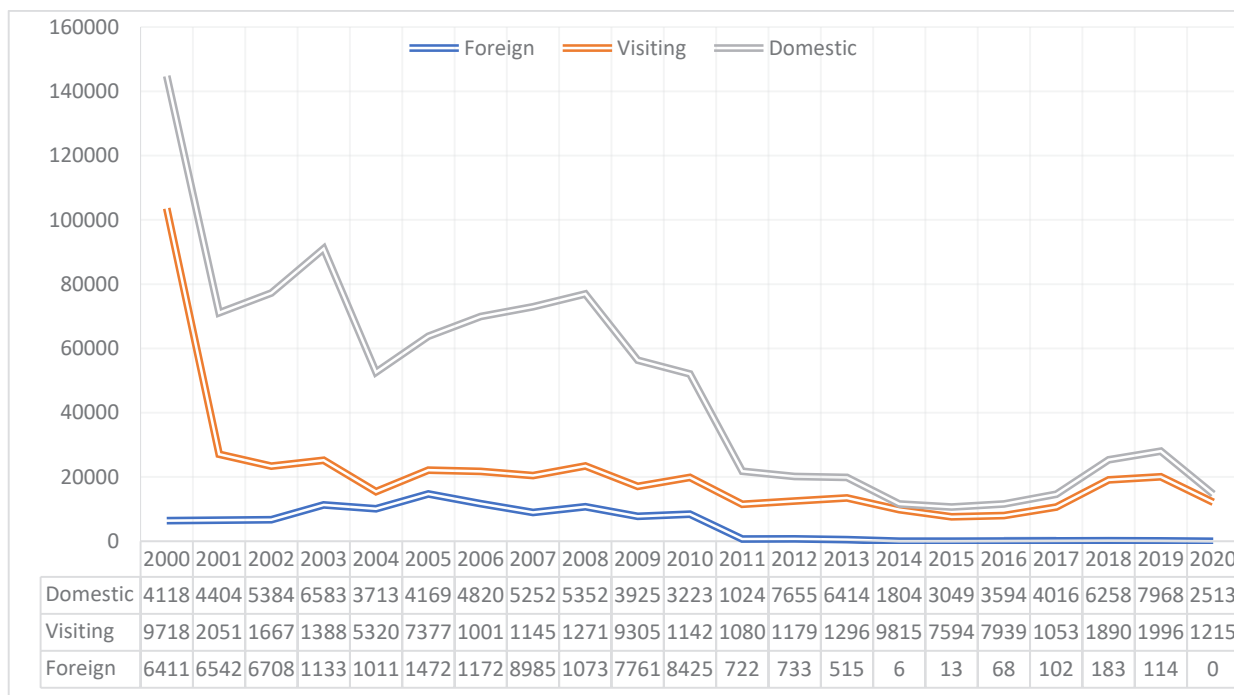


FIGURE 1 Dynamics of tourist flows in the Transcarpathian region, 2000–2020

Source: developed by the authors on the basis of the data of the Main Statistical Office of the Transcarpathian region (Holovne upravlinnia statystyky v Zakarpatskii oblasti, 2021)

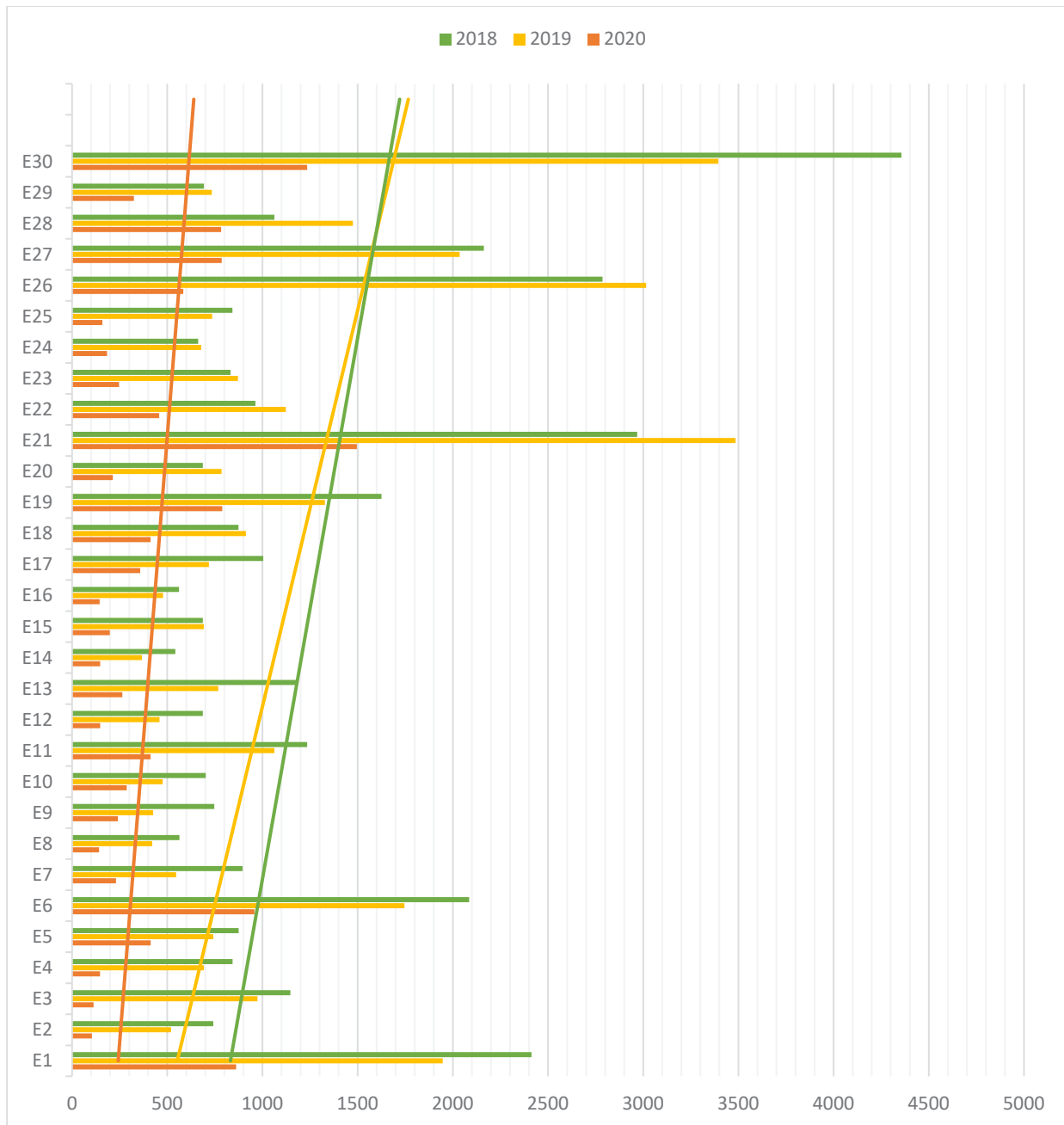


FIGURE 2 Dynamics of the number of visitors to hotel facilities in 2018–2020

Source: developed by the authors based on (Summary results of the survey of the effectiveness of factors of adaptation of enterprises to operate in a pandemic, 2021)

enterprises, on the other hand, a larger number of customers was noted in 2019 and was fully correlated with regional statistical indicators. However, in 2020, the overall indicators decreased in absolutely all hotel enterprises, the difference was only in percentages of the loss from the previous (2019) year (Summary results of the survey of the effectiveness of factors of adaptation of enterprises to operate in a pandemic, 2021).

Almost all of the hotels in the sample fall into the category of small enterprises, but the number of rooms and places of accommodation in them varies in quite wide ranges: from 10 to 150 units.

Analyzing the indicator of the total number of guests of hotel enterprises, which accounted for one bed/place for the period 2018–2020 (Figure 3), a number of features that were inherent in the activity of the hospitality and tourism sector in the specified period can be clearly observed:

- in 2018, the average number of guests per 1 hotel bed was 26.02 persons/bed (Chyniak, 2021);
- in 2019, this indicator was 22.9 persons/bed (as mentioned above, only about 30% of enterprises noted an increase in the number of guests in 2019) (Chyniak, 2021);

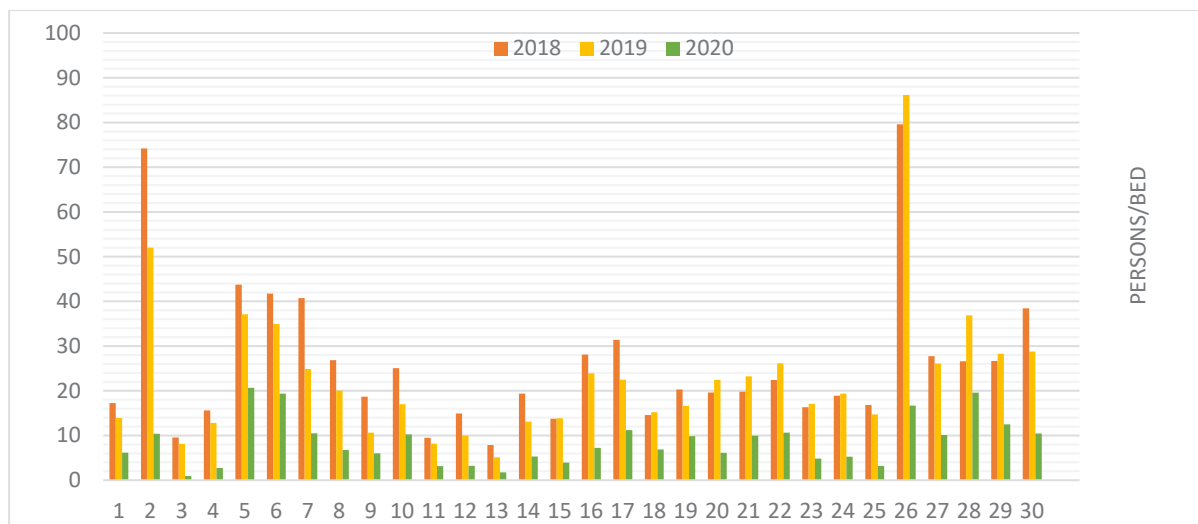


FIGURE 3 The total number of guests per hotel room in 2018–2020

Source: developed by the authors based on (Summary results of the survey of the effectiveness of factors of adaptation of enterprises to operate in a pandemic, 2021)

- in general, in this pre-crisis period, the average value of the ratio of the number of customers to the total number of hotel places in Zakarpattia region reached 24.58 persons/bed (Chyniak, 2021);
- with the beginning of the SARS-CoV-2 coronavirus pandemic (from the end of 2019 and throughout 2020), the value of this indicator decreased significantly and in 2020 was 8.52 persons/bed (Chyniak, 2021).

Respondents also identified the aspects that caused the greatest complications in their business operations. One of these aspects was recognized as the complete closure of the borders, because in the initial stages of the pandemic it reduced the flow of foreign tourists practically to zero. However, at the same time this reason turned out to be the least relevant for a number of small hotel enterprises, whose activities were more focused on providing services to domestic tourists coming to Transcarpathian region from other regions of Ukraine. The biggest and most negative impact on the work of the sector was the cancellation of transportation links (interregional, intercity, etc.), which was gradually introduced within the framework of differentiated restrictions in different quarantine zones.

Every significant recession is followed by a period of recovery of economic indicators to the pre-crisis level (Slava, Chyniak, 2021). At the moment it is impossible to make an accurate forecast of restructuring, because the economic situation and in the normal mode of operation are influenced by a large number of factors at different levels of influence, and the effect of such

levers as the difficult epidemiological situation in 2020–2021 and the war in 2022 will be felt even more significantly time.

5 Conclusions

The conclusions of the research conducted are that the Transcarpathian region has undoubtedly been significantly affected by the COVID-19 pandemic, the tourism and hospitality sector has been particularly vulnerable, which currently requires a significant infusion of budget funds for support and functioning, but this support is provided in minimal amounts in connection with military actions in Ukraine.

Small and medium hotel enterprises of Transcarpathian region form a special economic niche, therefore their reaction to fluctuations in tourist flows in the conditions of the pandemic is an important indicator of the adaptation of the industry to functioning in new, unfavorable business conditions.

In correlation with the dynamics of the number of tourists, the occupancy rate of hotels is also manifested. This indicator was the highest in 2018–2019, when there was an increase in the flow of visitors/guests visiting the region. However, since the end of 2019 and throughout 2020, the capacity has decreased by 2.5–3 times due to the implementation of quarantine measures or temporary closures.

The main reason for the impact of the crisis on hotel operations is the lack of transportation, as this factor has become a key factor in the economic downturn at various levels – global, national, regional and local.

The timing of the restoration of the functioning of the tourism sphere is difficult to predict in today's realities due to the extremely complex military and political situation, on which the long-term effects of the global pandemic are layered.

Future studies should consider and describe in more detail the consequences of coronavirus infection and the 2022 war on the functioning of hospitality enterprises both in Ukraine as a whole and at the regional level.

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