

SOCIO-ECONOMIC ANALYSIS OF THE EFFICIENCY OF IMPLEMENTATION OF THE TOURIST AND RECREATIONAL POTENTIAL OF THE ZAKARPATTIA OBLAST IN THE FIELD OF RURAL GREEN TOURISM

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Abstract. The article presents the results of a study of the tourism and recreational potential of small and micro-enterprises in the sphere of rural green tourism in the Zakarpattia Oblast in the context of crisis and instability. It analyses the social factors influencing the development of this sector of the state economy, identifies problematic aspects in their activities that may negatively affect the development of tourism in general, as well as the impact of such crisis phenomena as COVID-19, its consequences and martial law. The authors have identified the factors that have a destructive impact and the factors that would contribute to overcoming the crisis. The *aim* of the research is to conduct a socio-economic study of the development of tourist and recreational potential of rural green tourism in the region and identify ways to unlock the potential of this sphere of the region's economy, which will be effective for their practical implementation in the activities of accommodation and catering enterprises. *Methodology.* The study was conducted on the basis of a survey of managers and owners of rural green tourism enterprises through a personal questionnaire, as well as an analysis of statistical indicators of the performance of temporary accommodation enterprises, based on official statistics of the Zakarpattia Oblast for 2020 and 2021 and provided by the Main Department of Statistics in the Zakarpattia Oblast. The monitoring covered private peasant farms in the region, namely 90 owners of such tourist farmsteads, of whom 70% were middle-aged (36-55 years old), 58% of them combine employment in the tourism sector with their main job in the public sector, and 6% have their own business other than the service sector. The results of the study demonstrate that the activities, development and general existence of rural green tourism in the region are affected by such destructive processes as crisis phenomena such as COVID-19, political instability, martial law and other macro- and microeconomic factors, which can be overcome or at least minimised by their impact on the tourism services sector to increase the viability of small businesses, which, as is known from international practice, is one of the elements of overall economic growth in the region and the state as a whole. According to the results of the study, the factors influencing the activities of enterprises, the behavioural patterns of owners of rural green tourism institutions in the context of the crisis were identified and mechanisms for minimising and overcoming the consequences of the crisis were developed, such as: diversification of business and expansion of the types of services that can be provided to potential consumers, introduction of an effective management and marketing system, adoption of European experience in the field of green tourism and proposals for improving the legislative framework for businesses to leave the shadow economy.

Keywords: efficiency, economy, rural green tourism, crisis, COVID-19 pandemic.

JEL Classification: P47, R13, R14

1. Introduction

The Zakarpattia Oblast enjoys a very favourable geopolitical position, being located in the centre of

Europe and bordering 4 European countries. It is this favourable geographical location and the availability of tourist and recreational resources that makes it

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possible to develop various areas of tourism activity. The recreational resources of the Zakarpattia Oblast constitute a unique recreational and social potential, which has led to the formation of balneological and climatic resorts with healthcare facilities of various forms of ownership.

In the Zakarpattia Oblast, due to natural and economic factors, rural green homesteads are the main economic entity in the tourism services market. The realisation of the tourism and recreational potential of these entities is based on the region's private peasant farms (hereinafter referred to as PPFs), which operate mainly in rural areas and provide accommodation and catering services to tourists. To date, more than 600 tourist estates are officially registered in Zakarpattia Oblast, but their actual number is significantly higher than this. Objectively, most tourist estates in the region are located in recreational, health resort areas and near ski resorts, which creates an additional opportunity for their stable operation and development. At the same time, the lack of a perfect legislative and regulatory framework governing the activities of PPFs in the field of rural tourism hinders the development of this form of management, the realisation of the potential of owners of tourist estates and the development of entrepreneurship in the tourism and recreation sector in general, both locally, nationally and internationally (Yarema, 2020).

Research in the field of tourism in general and the specifics of its infrastructure has been carried out by many scholars and practitioners, such as: L. Sechi, R. Moscarelli, and P. Pillery (Sechi, 2020). B. Liu-Lastres, D. Marisca, X. Tan, and T. Ying consider tourism as one of the main levers for the development of territories that demonstrate their potential and, at the same time, improving the living standards of the population in such territories (Liu-Lastres, 2020). At the same time, the impact of the pandemic on the tourism sector, changes in the behaviour of consumers of tourism services in crisis conditions and the impact of such destructive factors on attendance were studied by C. Mertzanis and A. Papastathopoulos (Mertzanis, 2021) and I. Storonianska, A. Duba, O. Graftska, I. Hrynchyshyn, O. Bilaniuk, A. Piersenyak (Storonianska, 2021).

In order to analyse and evaluate the effectiveness of the tourism and recreational potential in the field of rural green tourism in Zakarpattia Oblast, a sociological monitoring of the owners of tourist estates was conducted by conducting a personal survey of the owners of enterprises providing services in the field of tourism and recreation, as well as analysing statistical data on the volume of services sold by enterprises by their size and type of economic activity in Zakarpattia Oblast.

2. Social Aspect of Realisation of Tourism and Recreation Potential

In the course of the study, more than 90 owners of rural tourist farmsteads operating in rural areas of the region were interviewed. The monitoring revealed that the vast majority of rural tourist guesthouse owners (70%) are middle-aged (36-55 years old). More than 58% of them combine employment in the tourism sector with their main job in the public sector. In addition, 7% of them sell the products of their farms, and 6% have their own business.

The majority of tourist farmsteads in Zakarpattia Oblast have been operating in the tourism services market for a relatively short time. In particular, 40% of the owners of tourist farmsteads have been providing services to tourists for 1-5 years, 35% – from 5 to 10 years, and only 21% of respondents indicated that they have been in business for more than 10 years. These data indicate that many rural entrepreneurs have only recently started to realise the tourism and recreational potential of their community or region and started their own business in the provision of tourism services.

During the period of quarantine restrictions and the COVID-19 crisis in 2020–2021, 4% of the PPFs started providing tourism services. This indicates the positive impact of this type of economic activity on employment, especially in crisis situations, and shows the potential of rural tourism as a source of income in rural areas (Pitjulich, 2021).

A survey of the main motivations for PPF owners to engage in tourism revealed that 52% of respondents started their tourism business because of favourable conditions for tourism development in their locality, such as tourist attractions and natural resources. For 26% of the surveyed entrepreneurs, the example of friends and relatives who successfully operate in the tourism and recreation sector was an important motivating factor for opening their own tourist farmstead. For 24% of respondents, the main motivation was their own desire to engage in the tourism business. The results of the analysis showed that the realisation of the tourism and recreational potential by the rural population can to some extent relieve tensions in local labour markets – for example, 23% of respondents started providing rural tourism services due to unemployment and the lack of alternative employment in their community (Pitjulich, 2021).

The unofficial nature of employment of rural homestead owners is another specific feature of their activities, as indicated by the results of the sociological survey. According to the results of the monitoring, 55.4% of the surveyed rural homestead owners noted that their homesteads are not officially

registered in legal terms, i.e., their tourism business is conducted unofficially. This means that they do not pay taxes and do not submit reports on their activities. However, this situation is ambiguous: on the one hand, it relieves the owners of the estates from tax liabilities and bureaucratic reporting. On the other hand, it complicates the process of accounting for jobs in the region's tourism sector and leads to a decrease in tax revenues to local hromadas' budgets. This situation requires the development of effective strategies for state and regional policies to stimulate and develop rural tourism, which would help ensure more effective control over their activities and increase tax revenues.

The sociological monitoring identified the main problems that, in the opinion of the owners of rural tourist estates, hinder the development of rural green tourism in the region, in particular, taking into account the impact of the COVID-19 crisis. Among them, respondents named the following:

1. Low consumer demand (68%). During economic crises or pandemics, consumers tend to reduce their spending on entertainment and recreation. This can affect travel plans and preferences, including the use of rural tourism services. In some settlements, low demand for tourism services may also be due to the lack of interesting tourist destinations to visit or other socio-economic factors.

2. Underdeveloped road transport infrastructure (43%). Poor quality roads make rural areas difficult to access for tourists and can deter potential visitors, while the lack of convenient and reliable transport links also makes it difficult for tourists to get to rural farmsteads and other tourist attractions, which can be a serious obstacle to the development of tourism in rural areas.

3. The high cost of resources required to run a tourism business (43%) is another important challenge for rural guesthouse owners, in particular, the cost of building and equipping guesthouses, advertising and marketing, staff training, purchasing necessary equipment for tourists, as well as the cost of environmentally sustainable technologies and infrastructure can lead to higher prices for tourism services, which may lead to a decrease in tourist flow and a reduction in potential customers.

3. Analysis of the Economic Potential of Rural Green Tourism

The provision of services in the field of rural green tourism is one of the most powerful tools for diversifying the source of income of the rural population. At the same time, the results of the sociological survey showed the existence of difficult economic conditions faced by the owners of rural

tourist estates, in particular: the main source of income for most owners of tourist estates is the salary at the main place of work, as indicated by 56% of the respondents; low share of income from tourism, i.e., for most rural homestead owners, income from tourism activities constitutes a small share of total PPF income (10-30%), which indicates low profitability of this activity; high PPF consumer expenditure – most owners of rural homesteads spend more than 90% of their income on daily consumer needs, which indicates that net income from tourism is not sufficient to meet their needs and cover the costs of running their own business.

As noted, the activities related to rural green tourism are mainly carried out by small and micro enterprises, whose activities in 2020 amounted to: small enterprises – 106,116.1 UAH, which corresponds to 35.0% of the total volume of temporary accommodation services sold, and micro enterprises – 52,188.7 UAH and 17.2%, respectively. Compared to pre-crisis 2019, these figures were as follows: for small enterprises – 212,982.0 UAH thousand, and for microenterprises – 61,638.4 UAH. Based on the above, there is a clear decline in the economic performance of accommodation companies due to the coronavirus crisis. As for 2021, the overall performance indicators for the sector's enterprises amounted to 214,730.6 UAH. Such changes demonstrated growth, which was caused by the adaptation of the tourism business to the current conditions. So to speak, the "surviving" companies have become more adapted to such crisis phenomena. It is worth noting that this sad experience came in handy in the future, as in 2022 Ukraine faced a new crisis caused by martial law and all the consequences it entailed (Official website of the State Statistics Service of Ukraine, 2024).

At the same time, a study of the level of competition among tourism service providers in rural areas showed that more than half of the surveyed owners of rural tourist estates have more than 10 competitors in their locality. 15% of respondents indicated that the level of competition in their settlement is insignificant and ranges from 5 to 10 tourist guesthouses, while about a third of respondents indicated that there is no competition in the market of tourist services in their settlement. On the one hand, this situation may indicate an uneven development of the tourism services market in the region, on the other hand, it is an opportunity for individual tourist estates to be a kind of "monopoly" in their own locality, which to some extent contradicts the principles of a market economy and requires the development of effective organisational and economic measures and mechanisms to support the development of rural tourism at the local and regional level (Cheer, 2020).

In the tourism sector, the seasonality factor plays a special role, which has a significant impact on the level of income of entrepreneurs and the profit of owners of tourist resorts. Thus, in 2020, the quarterly fluctuation in the volume of temporary accommodation services sold to the population in the Zakarpattia Oblast was as follows: for the Q1 – 35,438.5 UAH, for the Q2 – 14,686.4 UAH, for the Q3 – 55,300.0 UAH, and for the Q4 – 22,429.7 UAH. Compared to 2020, in 2021, the following quarterly figures were as follows: for the Q1 – 32,094.1 UAH, for the Q2 – 47,690.6 UAH, for the Q3 – 79,483.2 UAH, and for the Q4 – 55,462.7 UAH (Figure 1). Summing up, it should be noted that there was an increase in the financial and economic performance of accommodation enterprises by 86,876.0 UAH, which is a rather positive phenomenon and demonstrates the growth of consumer demand for relevant services (Official website of the State Statistics Service of Ukraine, 2024).

At the same time, the survey found that PPF owners receive the bulk of their income from tourism activities in winter (82%) and summer (53%), while only 44% of entrepreneurs receive income in the off-season. This distribution indicates the need to expand the range of tourist services during the low season to ensure an even distribution of income throughout the year, reducing the impact of seasonality, unpredictable socio-economic phenomena and crisis situations. The monitoring results showed that more than 90% of respondents indicated a decrease in tourist demand during the coronavirus crisis (for most respondents in this category, the decrease in demand was 70%-100%).

Research has confirmed that the COVID-19 conditions have become a serious challenge for rural estate owners, as they have found it difficult to adapt

to new situations and market challenges (Mertzanis, 2021; Storonianska, 2021). This is confirmed by the results of sociological monitoring and answers to questions about the range of tourist services provided to holidaymakers, as well as by statistical data on the sales of services by tourism enterprises. According to the survey, half of the respondents provide accommodation and catering services for tourists, 43% provide overnight accommodation, and only 17% of the respondents can offer additional services such as hunting, fishing, sheep grazing, picking forest plants and berries, cheese making, master classes in authentic cooking, transfers, excursions, etc. The uneven distribution of revenues from tourism activities depending on the season, time of year and unforeseen circumstances requires owners of tourist estates to develop strategic solutions aimed at diversifying their business and implementing effective management to help neutralise the negative impact of destructive factors during low seasons and crisis situations. This will not only ensure stability in the tourism services market, but will also help maximise the profits of owners of tourist estates in the face of uncertainty and socio-economic turmoil.

4. Travel Services in Crisis Conditions

The survey determined the conditions in which tourists rest in rural estates and how the owners of tourist estates organise their everyday life. Accordingly, the following characteristics and interdependencies have been identified: more than 90% of tourists who prefer to rest in rural areas on the basis of tourist farmsteads are people aged 35 to 55 years; a small share of consumers of tourist services in a rural farmstead is accounted for by young people, students, and people of retirement age;

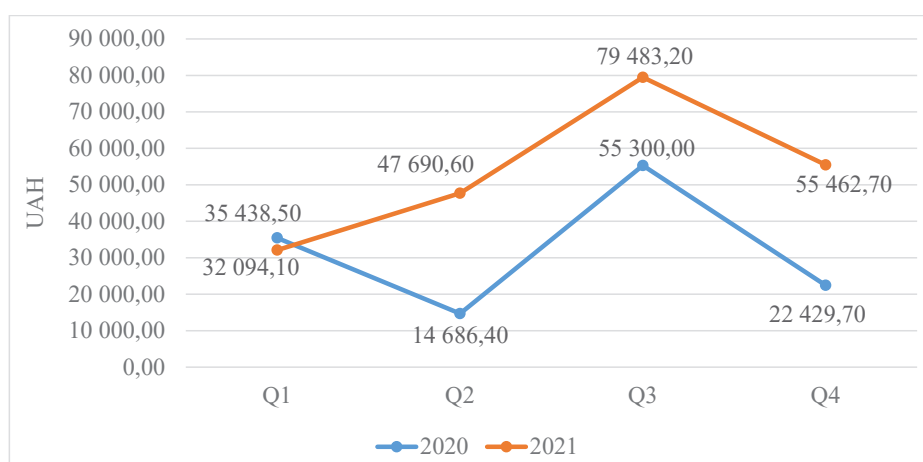


Figure 1. Fluctuations in the volume of temporary accommodation services sold in Zakarpattia Oblast in 2020–2021

Source: developed on the basis of (Official website of the State Statistics Service of Ukraine, 2024)

the vast majority of tourists who prefer to rest in a rural farmstead are domestic tourists.

It should be noted that more than 70% of respondents provide accommodation and overnight services for tourists in separate houses with additional services (gazebo (70%), banya or sauna (20%), barbecue (80%), additional household appliances). It is also worth noting that more than half of the surveyed owners of tourist estates indicated that they can accommodate up to 10 people at a time, while about 40% of hotel-type estates are oriented towards receiving a large number of tourists (mostly mini-groups of 10 to 30-50 people). The monitoring also revealed that more than 90% of tourist estates are not officially registered as business entities and do not pay taxes and fees to local budgets, while the low level of income of a significant number of estates does not encourage their further development and diversification.

The study of the future plans of rural entrepreneurs in the tourism business showed that there are no positive forecasts for the development of rural tourism in the region in the short term. Thus, approximately 24% of entrepreneurs have expressed their intention to expand their presence in the tourism segment, while 11% of owners of rural tourist estates plan to cease operations and functioning of their own estates.

For comparison, according to the UHRA survey, in the context of the crisis (in particular, the COVID-19 crisis), "most hotel owners and managers in their feedback and responses to the survey demonstrate hope for the best and, in the end, have few alternatives but to survive the crisis and emerge stronger", while at the same time, the monitoring recorded a significant number of business entities that intended to reduce, completely close or even sell their business (Survey of Ukrainian hotel market players on the consequences of the COVID-2019 pandemic, 2021). In particular: 70% of entrepreneurs indicated plans to operate in the tourism services market despite the restrictions; 20% of respondents plan to operate in a limited format (transferring employees to part-time work, refusing to provide certain types of services to visitors, etc.); 7% of respondents indicated that they see no point in staying open in the crisis, they have already suspended their business or plan to do so in the near future; 2% of respondents have put their property up for sale or are in the process of preparing to sell their business.

As noted in the research of scientists who have studied the socio-economic development of rural green tourism in the Zakarpattia Oblast, in the context of COVID-19, owners of rural estates have suffered significant losses due to the inability to respond flexibly to new situations and market

challenges, and at the same time, the unevenness of income depending on the tourist season, time of year and various unforeseen circumstances requires owners of tourist estates to develop strategic solutions for running their own business, focusing on business diversification and implementation of effective management and measures oriented towards business diversification and implementation of effective management and measures that would offset the impact of destructive factors, thus ensuring stability in the tourism services market and maximising profits (Kudak, Levkulych, 2021).

According to the UHRA survey, the majority of hospitality and tourism businesses that experienced a decline in turnover and business income during the crisis took the following measures to optimise their business: 66% of respondents reduced staff, thereby optimising the costs of running a tourism business; 67% of respondents reduced prices for tourism services; 63% of tourism business owners worked to improve tourism products and increase the level of service and quality of service; 33% of respondents have introduced digital and marketing tools in the course of running a tourism business; 27% of respondents have introduced alternative types of services; 7% of tourism business owners have re-profiled part of their premises for purposes other than providing tourism services (Survey of Ukrainian hotel market players on the consequences of the COVID-2019 pandemic, 2021).

At the same time, tourism businesses that demonstrated an increase in revenues and visitor flow during the crisis introduced digital and marketing tools to improve their tourism products and services.

5. Conclusions

The study confirms that crisis phenomena in the socio-economic life of society have a serious impact on consumer habits, which affect the structure and methods of consumption of goods and services, including objective changes in the tourist preferences of the population, as well as changes in the structure of household budgets, in particular, a reduction in the share of expenditures on recreation, as indicated by about 40% of respondents.

The survey confirms that in the crisis economic conditions, the vast majority of consumers of tourism services reorient their choice to domestic tourism, which is the main driver of the preservation and revival of the tourism and recreation industry. About 30% of respondents choose rural tourism as an alternative holiday option in times of crisis. Nevertheless, it would be useful to recommend introducing measures to stimulate the development of such entrepreneurial activity, since the

accommodation and food services industry is one of the most promising sectors of the state economy, which demonstrates its potential for both the regional and national economies.

It is proven that during times of crisis, tourism and recreation entities experience significant losses due to their inability to respond flexibly to new situations and market challenges. Therefore, it is necessary to develop strategic solutions that focus on diversifying the tourism business and implementing effective management and marketing measures. These measures will help offset the effects of destructive factors and maximise profits. Examples of such measures include introducing new types of tourism activities, expanding the range of tourism services, and implementing digital and marketing tools to improve the tourism product.

It is worth noting that stimulating the development of rural green tourism in the Zakarpattia Oblast will help to increase employment and, accordingly, the standard of living of the oblast's population.

According to the authors, the provision of grace periods and improvement of the legislative framework aimed at stimulating the development

of green tourism will allow small businesses in the tourism sector to come out of the shadows and legalise their activities, which will eventually bring profit to local communities in the form of taxes.

It is believed that in terms of green tourism, Ukraine should follow the experience of European countries, where such entrepreneurial activity has long been the main source of income, but as it is known, in order to get something, one must first invest something. That is why the allocation of funds for small businesses in the field of accommodation and catering services may eventually bear fruit.

Discussion. Due to the martial law in Ukraine, the authorities are unable to devote the necessary attention to the development of rural green tourism, and entrepreneurs themselves are unwilling to take risks by introducing new approaches to management, preferring to "wait out" the crisis. According to the above, further research in the field of green tourism potential development in Zakarpattia Oblast should focus on the development of functional economic models for such green tourism activities as mountain fishing, hunting, ethnic cooking, rafting, herbal medicine, apitherapy and balneology.

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