



Ukrainian Economy

Galyna TRILLENBERG

**INNOVATION-CLUSTER APPROACH
TO DEVELOPMENT OF TOURISM UKRAINE
UNDER CONDITIONS OF GLOBALIZATION**

Abstract

This work reveals the essence of tourism as a component of the economy as a whole, and as a specific means of spiritual self-enrichment of the individual. Here is going to characterize tourism potential of Ukraine, allocate objects included in the UNESCO World Heritage List, as well as those that are attractive to tourists.

Special attention is paid to the historical and cultural heritage and museums. This article will substantiate causes of inefficient usage and possible solutions. Among the last ones stands out innovative cluster approach to the development of tourism. Nature tourism cluster and its components are covered quite extensively. Particular attention is paid to the role of this cluster in generating innovative environment area.

Intended ways to accelerate the development of tourism cluster on the basis of innovation. It is emphasized that to achieve this it is important to ensure innovation, new technologies in each of the components of the tourism cluster.

© Galyna Trillenberg, 2014.

Trillenberg Galyna, Cand. of Economic Sciences, Assist. Prof., Ternopil National Economic University, Ukraine.

Key words:

Innovation, innovative environment, tourism cluster, globalization, tourism market, management, marketing.

JEL: O31, L83, M31.

The relevance and research of theme. One of important activities in the world is a tourist activity that in many countries the researchers consider as a tool to achieve sustainable development and economic diversification. Tourism is a large sector of the last one. Professionals associate GDP growth with the development of tourism, to meet the needs of the population. However, in the world it is considered as a specific means of spiritual self-enrichment of the individual, aesthetic pleasure, environmental education, and patriotic education of generations.

In fact tourism has become the norm of modern life. The tourism provides up to 8% of GDP in the world. It annually creates 2500 new jobs. To provide the necessary services at an appropriate level only for one tourist, requires the creation about 6–9 new working places.

The introduction of new technology in tourist services is without prejudice to staff reductions. The invested funds in tourism quickly paid off.

So it is not strange that a lot of world countries especially in crisis situations tie the improvement of social economic situation to activation of development the tourism industry at innovative cluster basis. And great deal of scientists dedicated their researches to problems of this area of economics.

Works of J. Harrison, R. Sabella, M. Porter, M. Gryazev, M. Rasin, A. Shahov, Y. Sidelnikova and others are merited for attention in this field.

However, published studies have paid insufficient attention to tourism development in cluster-based innovation, the formation of the tourist market in the context of sustainable development. The purpose of our research is finding ways of forming the cluster approach to tourism development based on innovation in the context of sustainable development.

The main material. Ukraine is known, has significant tourism potential. In particular, it is one of the leading countries in Europe for a number of historical and cultural heritage. We should say that on state supports 150 thousand immovable monuments of history and culture, including 57206 archaeological sites, 51364 historical monuments, 16800 architectural buildings and urban planning (Titova, 2009, p. 5).

The list of World Heritage Sites includes:

- The Saint Sophia cathedral with complex of monastic buildings (Kyiv);
- Lavra (Kyiv) ;
- Historical architectural complex of the central part of the city with hill the High Castle and St. Yuriy Cathedral ensemble;
- -Residence of Bukovynian Metropolitans. Now it is a main building of the Chernivtsi National University named after Y. Fedkovych (Chernivtsi city).

There are other objects which are attractive for tourist and our country proposed to expand the list of cultural and natural heritage.

Among them:

- The Bakhchisaray palace;
- Reserves «Ascania Nova» and «Kherstones»;
- Cultural landscape and canyon in Kamyanets-Podilsky;
- Historical center of the Chernihiv city;
- Park «Sofiyivka» (Uman city);
- Kaniv nature reserve «Taras Shevchenko's grave»;
- National historical and cultural reserve «Stone Tomb» which is one of the oldest archaeological sites not only in Europe but also in the world. After all, there were found rock paintings depicting humans, wild and domestic animals, dating from the beginning with the Stone Age (22–14 millennium BC).

However, not all objects of historical and cultural heritage are in good condition for their use in tourism activities. For example, from the whole number of castles that can be used for tourism is only 75 are in the public account. About 200 fortifications or their ruins are taken under state protection but not surveyed, (except mentioned above). They are an important factor for the development of castle tourism in Ukraine.

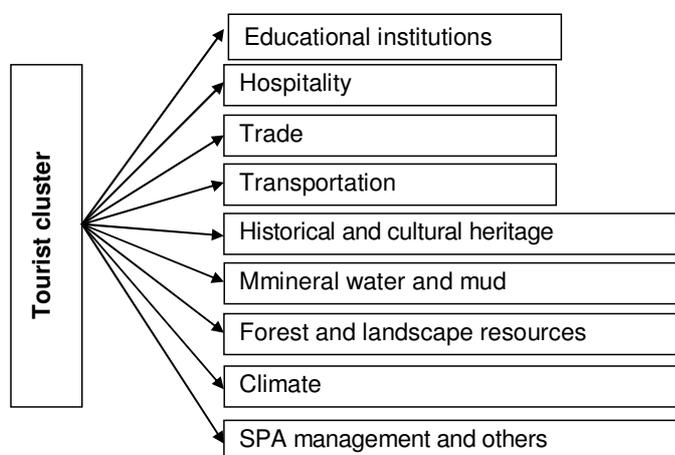
This situation is not unique for this part of historical and cultural heritage, but also, for example, museums. Recently, together with castles not only the preservation the historical and cultural heritage is provided, but a historical memory is bringing to the public knowledge about the past.

In Ukraine there are about 5 thousand museums. But only 570 of these museums are of the state and communal ownership. We may compare, for example, Poland has 1075 such museums, Austria – 1600, UK – 1811 and Canada cares about 2500 museums. Negative impact on tourism activities has a fact that due to lack of display space there are only a small portion of funds which can be seen.

Among the reasons for the last one is the chronic underfunding of museums. After a total of 85% of funding goes for salaries, 15 percent are utilities, while in the civilized countries of labor takes only 5–10% of the total budget. Such financial support doesn't allow updating the material and technical basis of museums over the years, there is no possibility to implement their activities in modern technology, which affects the level of service to visitors and the number of the last ones. As world experience shows to solve these and other problems it is necessary to create tourist clusters (fig. 1)

Figure 1

Main parts of tourist cluster



International experience confirms that the company (organization) which have joined the cluster, and are able for more adequate and quick responding to the needs of consumers of tourism services, tourism product produce better quality. Indeed, in a cluster, the conditions for better joint marketing are easier to access to specialized inputs (equipment, personnel, and services).

Kyfyak V., V. Kiptynko, V. Kravtsiv, I. Shkola, G. Bondarenko, A. Kurek, A. Panasyuk, D. Sergeyev, A. Ilyashenko and others made an important contribution to the development of tourism clusters. In the works of these authors clearly visible regional approach to the formation of clusters, the link between the ability of one sector to develop and to progress in other areas including economic.

This is confirmed by the fact that all existing UN regional economic commissions paid considerable attention to issues related to the development of tourism. Statistics show that for every dollar paid by tourist to the company, is \$ 7 he (tourist) spends additionally in the temporary residing place (for purchase of souvenirs, books, etc.). This is achieved thanks to the cluster approach in tourism development. M. Porter examines cluster as concentrated geographical group of interconnected companies, specialized suppliers and service providers; firms' relevant industries and their related activities of organizations (universities, standardization agencies and trade associations) in particular fields that compete but also are working together.

There are many definitions of the cluster today. For example, D. Yadov considers a cluster as a supply chain, manufacturing, consumer, industrial infrastructure elements, research institutes, interconnected in the creation of added value; A. Mhraryan thinks that cluster is a concentration of the most effective and complementary products through joint efforts; T. Tcihan considers cluster as a set of companies, closely related industries, promoting the growth of mutually competitive with each other; A. Yakovleva-Chernysheva believes that cluster is a set of geographically localized relations of competitive organizations that interact with each other and also with the governments, educational and scientific institutions in providing recreational services based on the effective use of the recreational potential of others.

Almost all the authors agree that the cluster approach allows, for the first, to identify potential of participants of the economic clusters, and secondly, is the most appropriate form of their relationship. Thus clustering forms not spontaneous concentration of various scientific and technological inventions, and a system

* The tourist product is a set of products and services that meet the specific needs of tourists during the journey and are paid by tourists (hotels, transportation, tours, domestic, municipal, and other intermediary). The tourist product is characterized by the usual value, i. e. the useful ability to meet the specific needs of tourists in recreation, leisure, entertainment.

of dissemination of new knowledge and technologies. An important condition for the formation of clusters is to ensure stable relations between all parties cluster.

Cluster approach to tourism development allows you to:

- Identify new opportunities for increasing the volume of services and increase their quality and productivity;
- Provide a flexible combination of manufacturing services with a high level of specialization;
- To respond to changing consumer demands;
- To promote coordination of joint actions on the emergence of positive externalities near accommodation facilities that provide related services in the tourism sector, including through the integration of cultural institutions, science, travel industry;
- To reduce the cost of providing services and businesses adequately and quickly respond to the needs of consumers of travel services (Gryazev, 2012, pp. 35–40; Gryazev, 2012, pp. 9–13).

Actually a tourist cluster has to combine the elements of the economy, ensuring the effectiveness of forms such as integration, industry, financial and intellectual capital. Availability of cluster shows that it creates the conditions for innovation and industrial growth, to improve the quality of tourism services, and hence their competitiveness; to achieve synergy in which revenues from resource sharing is growing more rapidly than the sum of individual.

Therefore, it is important to create favorable conditions for further development of tourism clusters. This should facilitate the further activation of small and medium-sized businesses in the tourism sector, diversification of the economy through stimulating the development of sector clusters. In other words, the formation of the tourism cluster to create a supportive environment for innovative development of tourism activities, accelerate the diffusion of innovations.

Among the factors that accelerate the formation of innovative tourism clusters should include the following:

- Active interaction within the cluster of tourist types of services and other segments of the national economy that promotes basic indicators of the sphere;
- Access to new technologies used in different areas included in the tourism cluster;
- Participation in the innovation process as the manufacturer of the goods and services and their consumers.

That cluster approach in the development of tourism is a kind of new management technology that allows significantly increasing the efficiency of not only the tourism industry, but all industries that are part of the cluster, as well as the economy as a whole. Today, unfortunately, Ukraine, even in the post has a low rating on competitiveness (table 1).

Table 1

Ratings of the international competitiveness of the post-Soviet space*

Country	2005	2009	2013	2005–2013, +,-
Azerbaijan	69	39	46	– 20
Armenia	79	97	82	+ 13
Kazakhstan	61	66	51	– 10
Kirgizia	116	127	127	+ 11
Moldova	82	95	97	+ 15
Russia	75	51	67	– 8
Tajikistan	104	116	100	– 4
Ukraine	84	72	73	– 11
Latvia	44	54	55	+ 11
Lithuania	43	44	45	+ 2
Estonia	-	32	34	–

*Rating is done without Belarus Turkmenistan and Uzbekistan.

Source: (The Global Competitiveness Report).

The main purpose of tourism cluster is the efficient use of recreational resources. Because cluster approach allows participants to use the same transport, municipal engineering, market infrastructure (consulting, logistics, etc.), infrastructure support business (industrial parks, business incubators, technology transfer centers, venture funds). Participation in the cluster provides the benefits of coordination in the creation of added value, which allows us to offer one another the most optimal model (for example, the specification for release of goods, convenient logistics). In other words, tourist clusters create innovative environment territory in the long run; determine the prospects for the economy and specialization area.

It is necessary to use wider the experience of the other countries for better development of tourist cluster. As after getting acquainted with best practice and international standards will let in future to form a layer of specialists who are able

to create in the tourist area of new product with high added value. Partnership with foreign companies gives impetus to the development of small innovative businesses in the tourism sector to higher productivity, reduction of services to improve their accessibility to the public.

The world experience proves that existence of good competition that is a stimulus for development of any economical activities and also helps to activate the tourist cluster. The Competition at the market of tourist services will stimulate enterprises, which are parts of tourist cluster, to create better conditions for specialists, increase salary. Focus on cheap labor doesn't give positive effect. The high price of labor encourages employees to actively introduce new technologies to improve services. So the constant upgrading of tourist industry is one of the ways attracting in this sphere of highly skilled professionals capable of converting scientific ideas to the product available to consumers on the market. This means that the integration of science, education and travel industry can most effectively be implemented in a cluster (Table 2).

At the time when the current legislation are not set requirements for tour operators, cluster and innovative approaches to tourism development will improve the quality of the service, to bring them into compliance with current applicable standards.

As table 2 shows, the operation of the cluster affects all aspects of social, economic and ecological state of the territory, which features a cluster. Cluster approach has positive impact on the level of use of tourism infrastructure available in a particular area. However, according to official statistics, most hotels and accommodation facilities takes place in the Crimea, which concentrates the largest number of hotel rooms, they have jobs. However, the region can't boast by the highest number of visitors, who are served by them. The last figure in the region in 2011 was 2.7 times lower than, for example, in Kiev. In Crimea capacity rate of usage of hotels and similar accommodation by visitors is low (more than the Ukrainian average one). Overcoming of these problems would contribute not only to the activation of the development of tourism and other economic sectors, including hotel management, catering, transport systems, handicrafts, trade, cultural institutions, museums and revival of investment activity.

In today's globalized world the internal and external environment has a direct impact on the development of a tourist complex. Among the first we can name: implementation of the Concept of state programs for the preservation and usage of castles for 2006–2011, which was approved by the Cabinet of Ministers of Ukraine in 2005; the welfare of the population; development of the media, including the Internet.

Our researches show a direct relationship between the increase in advertising costs and future revenues from tourism. American researchers have found that increased spending on advertising on \$ 1 provides plus to the country state budget of \$ 493 from spending foreign tourists and about 74 dollars received

from tax revenues; expansion of foreign economic and trade relations between countries and continents. Search for new sales markets leads to increased international contacts (tourism every year is becoming more widespread); well-developed network of routes and convenient transport links of Ukraine with other countries; developed recreational structure, a high level of fund allocation tourists and others.

Table 2

Influence of the tourist cluster into the regional development

Subjects	Influence on the area of economic development		
	Economic	Social and cultural	Environmental and natural
Region and enterprises	Diversification of enterprises activity of the region expansion for local goods and services	Warning of migration, especially in remote rural areas	Making the preconditions for sustainable development of the region on the basis of environmental management
Economics and social structure	Infrastructure development of the regional economics: insurance, banking sector, transport and service	Cultural development of (concert and theater), exhibition and sports field region	Development of environmentally-friendly forms of agriculture producers and processors
Science and culture	Increasing of innovational activity of enterprises; development of science and education	Contribution to the national culture and local traditions, preserving cultural monuments	Preservation of natural monuments and unique natural features
Specialization, crafts and alternative medicine	Expanding participation in inter-regional and international division of labor	Support for traditional forms of management and folk crafts	The development of traditional medicine, herbal medicine, aqua therapy and others
Budget, nature conservation	Employment growth of the local population and revenue to the budgets of all levels	Environmental development of the region	Support research on nature protection

Source: (Pecherytsa , 2013, p. 15).

The impact of these factors increases significantly. A lot of segments of the population started joining tourism increasingly, especially now there is a big demand for economical travel with full service organized by special travel companies. Travel becomes a necessity much of the population, and for some people it is a norm of their life. In fact socio-economic factors determine the formation of public demand for tourist services.

The last one contributes to the implementation of new technologies in servicing tourists. This confirms the results of tourist flows visiting museums:

National Art Museum, Museum of Art named after Bogdan and Varvara Khanenko, which use widely modern technology services are virtual tours. However, it is still a single event. For increasing the level of innovation in the museum field, it is necessary:

- to create the mechanisms to optimize financing primarily museums and monument areas;
- to form in Ukraine Institute of charity, actively involving the funds patrons and sponsors. For sponsorship and patronage weakly manifested even in the development of tourism, which is almost done through government regulation that provides for accessibility of tourism in the country. Social tours for orphans and children from poor families, the disabled and veterans made in Ukraine, usually under the budget expenses;
- to accelerate the modernization of the tourism industry;
- to provide a prestige of museum professionals, including by raising wages.

Equally important, in our view, is the active development and promotional activities aimed at showing the most attractive places for tourism in Ukraine.

By the way, under the recommendations of the World Tourism Organization and the International Bureau of Tourism for a national interest it should maintain an optimal ratio of 4 : 1. That is on one traveler abroad must be 4 travelers who use domestic tourist routes. This ratio promotes the flow of foreign currency earnings. This ratio promotes the flow of foreign currency earnings. According to the results of our research in Ukraine the ratio of «inbound – outbound» tourism had not the benefit of our country. All this suggests that the current tourism market needs to be improved. So main role can play an improvement of public management, including the protection and preservation of cultural heritage (70% historical and cultural heritage needs to be repaired or restored), and it will help to expand the range of services and improve living standards.

Recently innovative elements are included in each part of tourism cluster. So it is not surprise that the cluster can develop by upgrading each part of this

cluster. As a result, tourism cluster is formed on the basis of innovation and is a network of complementary business entities combined participation of each entity in the chain of creation of value. Thanks to the wider spread of specific technologies there is an increasing of volume of tourism services and improvement of their quality. However, the result of networking components of the cluster is to accelerate innovation. To achieve this you need to create a mechanism that will ensure cooperation between the state and private business, contribute to the development of competitive service standards, development of new niche in the domestic tourism market, the formation of the tourism product that would be valuable to maximize majority of the population, as well as a mechanism that can attract this mass market, including in the context of this kind of tourism as ecotourism associated with the development of environmental ethics, protection of natural and cultural resources and humanistic (environmental nature and soul in tune), oriented to internal values.

Today it is essential to create innovative tourism cluster in the countryside, in the center of which is rural (green) tourism. The development of rural tourism is changing the way of life in rural areas accelerates the formation of private interests and market competition, the overcoming disparities in living conditions between rural and urban areas, that nowadays is accompanied by deepening social, demographic degradation of rural areas, deterioration of human capital, the aggravation of social problems of rural inhabitants and more.

Tourist village cluster includes trade, construction, agribusiness, involves the development of civil society, local government, the activity of which depends on primarily provided tourist information, refer to tourist sites, routes, tourism facilitates collaboration with other entities (water supply and sanitation), which should play the primary role in enhanced teaching, educational and cultural work with rural youth. This should speed up the establishment of rural business incubators, technology parks, and creation of socially oriented agricultural production. However, this positive impact on the sustainable use of natural resources, maintaining tourist values and customs of indigenous people, their identity, hospitality, reducing migration of rural population to the cities; let revive the sectors that recently in rural areas are almost lost, including the scope of consumer services. «The rules of consumer services» are approved by the Cabinet of Ministers of Ukraine; they provide an equal opportunity to meet the necessary requirements for residents of all units of Ukraine (Decree of the Cabinet of Ministers of Ukraine from May 16th 1994 «About approval of rules of consumer services. № 313). The development of rural tourism will result in the discovery of objects of consumer services, and in considerably improve the health care of residents of rural areas.

As we know Ukraine has a decree issued by Cabinet of Ministers of Ukraine «On Approval of the program of citizens guaranteed by the state free medical care» all citizens of Ukraine regardless of their place of residence are entitled to receive medical care in all health care institutions. However, villagers are unable to take advantage of this right that is why we have low health status of

rural areas and a high mortality rate. According to experts, 65% of deaths in rural areas could be avoided only through timely and qualified service provided to the population (Medical care in rural areas is undergoing a reform process.). Therefore, accelerating the temps of rural tourism clusters development is directly dependent on the provision of social conditions of life of rural residents. We have to understand that tourists (with all other equal factors) will go to the places where they will be comfortable.

Conclusion. So we can say that Ukraine has all the prerequisites for forming of tourism clusters on the innovation basis (healing mineral waters, beautiful beaches and mountain areas for winter sports organization, favorable climate, beautiful landscapes, wide network of academic and research institutions). However, its development requires further intensification, particularly innovative component, including through more active development of educational and scientific tourism. Recently, it has increased primarily due to the Bologna Process, transnationalization of Education, which contributes to the acceleration of information technology and computer science, the expansion of the individual to access the latest information.

European countries are very attractive for multinational science, including the tourism sector. There is a growing need for knowledge which meets recognized quality standards internationally. It will guarantee further development of youth tourism. In this context, noteworthy is the experience in Germany, where there are great opportunities for travel around the Europe. International students during these journeys have multilinguistic education; get acquainted not only with rich culture, but also science and technology to other countries.

As you know, now in many countries (especially in Australia, Asia, Latin America) it is a popular health services such as plastic surgery, heart surgery, organ transplants, dental, diagnostic, etc. Today Ukraine also offers medical services of high quality at low prices. Particularly, in the world of high demand of dental service, treatment with stem cells, and the services provided in reproductive clinics in Ukraine. These medical tourism organizers provide a variety of programs, providing comfortable accommodation, healthy food, sports recreation, entertainment and so on.

Activation of inbound medical tourism in Ukraine should lead to improving of the environment. It is well known that only one car annually consumes 4000 liters of oxygen, emits 800 kg of carbon monoxide, oxides of nitrogen 40 kg, 200 kg of hydrocarbons. In addition, the noise pollution has negative impact on our environmental.

Adapting to noise pollution, the human body loses a lot of energy, causing nervous and mental disorders. All this affects the development of medical tourism, including inbound. By the way, the whole Ukraine is an important area of international tourism. 21.4 million of foreign citizens visit our country every year that is 0.5 of foreign tourists per one Ukrainian man. About 20% of foreign tour-

ists visit our country for the first time. Therefore, to accelerate development in Ukraine this type of tourism should follow the recommendations that were made in the report of the Secretary General's session of the Commission on Sustainable Development (New York, 1999) «Tourism and Constant Development». One of the main ideas of the report is that the main task of any national government is paying special attention to the negative environmental impacts of road and air traffic and to take measures to ensure that tourism development was based on the use of environmentally sustainable modes of transport.

Bibliography

1. Amosha O. A man and environmental: economic problems of the ecologic safety of production / Amosha O. – Kyiv : Scientific thinking, 2002. – 306 p.
2. Markova V. Marketing services / Markova V. – Moscow : Finance and Statistics, 1996. – 128 p.
3. Lavrok K. Marketing services: personal, technology, strategy / Lavlok K. (trans. from English). – Moscow : Vilyams, 2005. – 1008 p.
4. Lebedyk T. Features of formation of the market of innovative services in Ukraine / Lebedyk T. / Formation of Market Relations in Ukraine. – K., 2005. – Issued 2 (45). – Pp. 13–17.
5. Titova O. Some actual question about keeping of cultural heritage of Ukraine/ Titova O.// Kyiv, 2009. – P. 5.
6. Gryazev M. Analysis of synergies in motor clusters/ M. Gryazev, S. Vasin, A. Shahov, Y. Sedelnikov // Finance and credit. 2012. – № 8. – Pp. 35–40.
7. Gryazev M. Regional clusters of motor companies: innovation and synergy / Gryazev M., S. Vasin, A. Shahov, Y. Sedelnikov // Regional economics: theory and practice. – 2012. – № 7. – Pp. 9–13.
8. Pecherytsa E. Main directions in development of tourism cluster on the region of North-Caucasus Federal District / Pecherytsa E. // Regional economics. – 2013. – № 11 (290). – P. 15.
9. Decree of the Cabinet of Ministers of Ukraine from May 16th 1994 «About approval of rules of consumer services. – № 313. – <http://Zakon.rada.gov.ua>
10. Medical care in rural areas is undergoing a reform process. – http://www.gov.ua/portal/soc_gim/Vpu/Ekon/2009_7/46.pdf.
11. The Global Competitiveness Report.