

DEVELOPMENT OF RECREATION AND TOURISM AS ONE OF THE FACTORS OF FORMING THE INVESTMENT ATTRACTIVENESS OF BUKOVYNA

KYFYAK VASYL

*Chernivtsi Trade and Economics Institute of KNTEU, Chernivtsi, 58000, Ukraine
mel@chtei-knteu.cv.ua*

Abstract

In the article the recreation and tourist potential and competitive advantages of Chernivtsi oblast in the involvement of the investments to the recreation and tourism are defined, the main elements, which determine the forming of investment attractiveness of the region and the risks for both investors and recreation territories are ascertained.

Key words: *competitor advantage, investment attractiveness, region, recreation, tourism.*

JEL Classification: L83.

I. INTRODUCTION

An important factor which influences the socio-economic development of the region is the creation of the attractive investment climate and attraction of the investments. According to the famous Ukrainian scientist V.M. Vasylenko in his "Special Mode of Investing as a Tool of Transition Period" (Vasylenko V. 2001, pp. 45-51) of particular importance becomes the forming of a special investment regime. This approach is determined by the fact that investments are one of the important sources of financial and credit resources, trends of development stimulation and local disparities removal (Karpinskii B., 1999, p. 167), as well as an important mean of usage of the potential of the region.

II. RESEARCH PROBLEM

Investment attractiveness of the region is formed by many influence factors, including political and economic stability, favourable geopolitical and geographical position of the region, developed transport infrastructure, diversified economics, developed small and medium businesses, the high potential of agricultural land and reprocessors, abundant natural resources, presence of the unique recreational resources and attractions of history, culture, architecture, which ensure the development of almost all types of tourism and recreation, legal and staff provision of businesses and other structures functioning.

One of the key factors of investment attractiveness, as it has been already mentioned above, are recreation and tourism, especially for those regions where the level of natural recreational provision and other tourist resources is much higher than needed. These regions as well include Bukovyna.

The main aim of the study are the issues of analysis of the resources supply of recreation and tourism development, determination of strategic recreation and tourism potential of Chernivtsi region, distinguishing of competitive advantages, establishing of the basic elements of tourism potential and risks for both investors and specific areas, all of which causes forming of the investment attractiveness of the region.

III. ANALYSIS OF THE RECENT RESEARCHES

Estimation of the investment attractiveness of the territories is rather widespread in the world practice. In such a way, in USA there are regularly published indexes which characterize ratings of the states by different criterions and have different directions: political, economic, ecological. The number of famous scientific centers and investment companies periodically publish the rank list of countries by the level of investment attractiveness with the aim of orientation of the potential investors.

Today has noticeably increased the need in estimation of investment attractiveness of the regions of Ukraine, which according to D.M. Stechenko can be conducted by such generalized indexes: level of the general economic development of the region; level of the development of investment infrastructure of the region;

demographic characteristics of the region; level of the development of market relations and commercial infrastructure of the region; level of criminogenic, ecological and other risks (Stechenko D., 2006, p. 200).

The initiator of creation of the system of investment attractiveness of the regions in Ukraine was the company "OMETA-Invest", which under the guidance of I. Blank developed and conducted corresponding researches. According to this system, the estimation of the region attractiveness is conducted in the form of ranking by synthetic (generalized) groups of indexes (Blank I, 1995, p. 315-317).

Research of investment attractiveness of the region was conducted by the big quantity of national and foreign researches. Among them there are Aleksandr Nedelea, Andrzej Stasiak, A. Asaul (Asaul A., 2008, p. 53–62), I. Blank, V. Vasilenko, A. Gojko, V. Grinyova, T. Detyuk (T. Detyuk, 2009, pp. 31 - 33.), V. Koyuda, V. Krakivska (V. Krakivska, 2009, pp. 8-10), R. Lavrov (R. Lavrov, 2006, pp. 36-47), T. Lepeiko, M. Melnyk, A. Muzichenko, V. Papp (V. Papp, 2007, pp.40-42), D. Stechenko and many others.

The problem of forming the investment attractiveness and estimation of tourist regions or territories, which define the development of recreation and tourism as a priority still stays unsolved.

IV. THE MAIN IDEA OF THE RESEARCH

Investment attractiveness of the tourist region – is the totality of factors which define the receipt of investments to the tourist industry of the region including also human capital. Recreation and tourism as one of the main factors of investment attractiveness forming are defined by tourist potential and investment risk.

The researches conducted in Chernivtsi oblast indicate that recreation and tourist investment potential is the potential possibility of the tourism and recreation development in the region and readiness of the region to investments receipt with corresponding guaranties of capital preservation and income receipt by the investors. That, first of all, is the level of recreation and tourism resources supply and regional capacity.

In such a way in Chernivtsi oblast the "provision with natural recreation resources for 1 km² of the territory for 1 inhabitant correspondingly is in 1,4 and 1,8 times higher than at the whole territory of Ukraine" (Kyfyak V., 2008, p. 68-69).

Natural recreation resources of Bukovyna are represented by therapeutic mineral waters, therapeutic muds, climate, landscape, water, forest resources. The part of natural and recreation potential in total natural and recreation potential of Chernivtsi oblast is 13,7%, which is much higher of the corresponding index in Ukraine in general (9,5%) and yields only to Autonomous Republic of Crimea, Zakarpatska, Ivano-Frankiska, Kcharkivska and Lvivska oblasts (Fomenko N., 2007, p.256) and it doesn't include the part of mineral, water, forest resources which potentially can play the important role in organization of recreation activities. In the structure of recreation resources of the oblast 79% drop to the rest and tourism resources and 21% - to the resources of sanatorium and resort treatment (Rudenko V., 1999, p.103).

Besides the natural recreation resources the important component of the tourism potential of the region is cultural and historical heritage:

Chernivtsi oblast is one of not many oblasts of Ukraine which possesses architecture and town-planning heritage, rather various in ethnic, chronological, stylistic and typological attitude. The most valuable include Middle Ages fortresses, stone and wooden temples of unique "house" type, separate buildings and their complexes. In the oblast there are 631 monuments of history, culture, architecture and town-planning, included to the list of state registration, 112 of them are included to the list of State Register of national cultural acquirement (Resolution of the Cabinet of Ministers, 1992). And The Residence of Bukovyna and Dalmatian Metropolitans (Now: Yuriy Fedkovych Chernivtsi National University) is included to the UNESCO World Heritage List.

Important role in the structure of recreational and tourist potential of the region plays general and specific infrastructure. Bukovyna has direct transport links with 15 countries of near and far abroad. Railway and highway networks with hard surface are 423 km and 2863 km respectively. In Chernivtsi functions international airport.

Recreation and tourism infrastructure is rapidly developing. Only in recent years a series of sports and tourist and health centers enacted in the region. This is first of all the mountain and skiing complex "Mihovo" in the village Mihovo in Vyzhnytskiy district, sports complex "Mountain Park "Horbovo" in the village Horbovo, Hertsa district, tourist centers on Mount Tsetsino in Chernivtsi and the pass Nimchich in Putyla district. Due to cooperation of the investors and the authorities, Storozhetskyi district has also opened recreation center "Aqua Plus" and the first stage of the hotel-restaurant complex "Kolyba. Druzi moi." In the Chernivtsi appeared the modern hotel "George Palace", "Grafka Sadyba", "Kaiser", "Bulvar", "Knaus" chain of the hotels "Magnate" and others. Deliberately develops the infrastructure of Dniester Reservoir. This is building of the yacht club, tourist and recreational complexes in the tract Dubovo (village Neporotovo), tract Vyshneve (village Lomachyntsi) of Sokyrnyansky district and others. As of January 1, 2013, according to the Department of Infrastructure and Tourism in Chernivtsi, Regional State Administration in the oblast was registered 118 tourist enterprises and entrepreneurs, 33 of which are tour operators.

According to the results of the poll of 255 participants of investment forum conducted by the newly created investment foundation “Bukovyna”, besides natural, cultural and historical conditions and infrastructural supply, tourist potential of the region is defined by the following competitive advantages:

1. Convenient and advantageous geographic and transport location. Oblast is situated in the South West of Ukraine in three climatic zones with temperate continental climate, borders with Romania (226.4 km) and Moldova (178 km). As for Ukraine Bukovyna is a kind of gates to the countries of South-East Europe – through the region pass important motorways and railways of state and international significance.

2. National ethno-graphic peculiarity of the region, which is displayed in peculiar ethnographic culture. Except of Ukrainian here is preserved Russian, Romanian, Polish, Moldavian, Armenian, Austrian cultures, which provide some advantages in establishing of economic and cultural relations with correspondent countries.

3. Relatively propitious ecological situation, as Chernivtsi oblast is characterized by the little pollution after Chernobyl catastrophe and activity of industrial enterprises. Region has comparatively small level of territory industrialization, which can assist in widening of potential development possibilities of recreation and tourist sphere.

4. Not big square of the territory, which gives the possibility to arrange tourist trips within 2 – 3 days, including trips to neighboring oblasts, which, by the way, are rich with the places of cult pilgrimage and nature memorials.

Analysis of the competitive advantages on involvement of the investments to the tourist industry of Chernivtsi oblast assisted in estimation of the main elements of tourist potential among which:

- the level of the resource supply (natural recreation resources, cultural and historical heritage, cult and religious objects etc.);
- the infrastructural level (geopolitical and geographical location of the region, development of the general infrastructure – roads, railway stations, airports, communications, road blocks provision etc.);
- industrial level – activity of tour operators and tour agencies, rest homes, tourist centers, sanatorium and resort objects, animation and restaurant environment;
- innovation level of the region development (informatization level, scientific development level);
- institutional level – possibility of the region to conduct recreation and tourist functions. The level of institutional environment development;
- financial level – stability of the financial systems, equilibrium of the budgets, profitability of tourist industry;
- consumption level – need in recreation and tourist services, purchasing power of the population, tourist flows to the region;
- labour and intellectual level – labour resources, level of education, quality of human capital.

Important role for the development of recreation tourism in the region and increase of investment attractiveness plays the passed by the XIV session of the Chernivtsi Oblast Council Programme for the Development of Tourism in Chernivtsi Oblast for 2013 – 2015.

So, the defined tourist potential of the oblast and the passed Programme for the development of tourism in Chernivtsi oblast for 2013-2015 will assist in involvement of home and foreign investments to the development of both special and general infrastructure, at the same time creating new work places and intensifying the influence on the social and economic development of the region.

Foreign experience approves this. For example, the authorities of the little city Gostynin (Poland), having recreation strategic potential, has created special investment regime and only in 2010 involved 319 million 900 thousand zloty (102.5 million U.S. dollars) in the development of recreation park, balneal and tourist institutions (*Dzieje Gostynina od XI do XXI wieku*, 2010 p.719). That is why no one prejudices the fact that there is proportional dependence between investment attractiveness of the region and the level of its strategic potential.

Of course one can't avoid potential risks in recreation and tourist activity both for investors – possibility to loose the capital or possibility of profit of payments deficiency, and for certain territory or country in general.

Integral risk unites the following components:

- economic risk connected with the negative trends in economic development of the region;
- financial risk (level of the inflation, level of the budgets equilibration, the stability of the financial system);
- political risk (elections, change of government, the division of the political sympathies of the population);
- social risk (social tensions caused by unemployment, paying capacity, etc.);
- legislative risk (legal conditions for investments in tourist and recreation industry, changes in the regulatory and legal frameworks, etc.);
- environmental risk (increase of the anthropogenic impact on recreational territories, high level of environmental pollution);
- criminal risk (the crime rate in the region, raiding, etc.).

According to our research the main thing for the investors is the recreation and tourist potential of the region, level of recreation and tourist services, level of labouring supply, political and legislative risk. In other words investors are interested first of all in the possibility of the recreation and tourist resources usage, widening of tourist products and services rendering (selling) and work of local population.

On the basis of definition of the recreation and tourist potential and potential risks the rating of the oblasts of Ukraine is proposed, they can be examined as potential “growth poles” of the investment activity. They are:

- the first group of oblasts where maximum recreational and tourist opportunities combine with minimal risk;
- the second group of oblasts where the average recreational and tourist potential combine with moderate risk;
- the third group of oblasts where low potentials combine with high risks.

Chernivtsi region is included into the first group of regions with the Autonomous Republic Crimea, Lviv, Ivano-Frankivsk and Zakarpatska regions where, as it has been mentioned above, the provision with natural recreation resources is much higher than average indexes by the whole Ukraine.

Rating of the investment attractiveness of the regions of Ukraine confirms the tendency to the concentration of the flows (of both foreign and national origin) to the economics of the oblast and, in particular, to the development of tourist infrastructure. Only in 2011 for the hotels and restaurants building was invested 35,4 million UAH, which is twice more than in 2005 (*Туризм та відпочинок в області*, 2010, p. 27).

V. CONCLUSION

Analysis of the natural recreation resources, cultural and historical heritage, general and specific infrastructure and establishing of such elements of recreation and tourist potential as the activity of tour operators and tour agents, rest homes and tourist centers, sanatorium and resort objects, animation and restaurant institutions, level of the informatization and the level of scientific development, consumption, labour, institutional and financial level assisted in determination of competitive advantages of Chernivtsi oblast in investments involvement to the tourist industry.

On the basis of the analysis of recreation and tourist potential and potential risks was proposed the rating of the oblasts of Ukraine, which can be examined as the potential “growth poles” of investment attractiveness and the place of Chernivtsi oblast in this rating is defined.

In such a way one of the main factors of forming the investment attractiveness of the region for the Chernivtsi oblast is the development of recreation and tourism.

VI. REFERENCES

1. *** (1992) Resolution of the Cabinet of Ministers of August 12, 1992 N 466 "On ratification the Regulation on the State Register of National Cultural Property".
2. *** (2010) *Dzieje Gostynina od XI do XXI wieku*, Gostynin, 880 p.
3. *** (2012) *Turyzm ta vidpochynok v oblasti/Tourism and rest in the oblast*, Statistics, Chernivtsi, 78 p.
4. Asaul A. (2008) *Systematyzatsiya faktoriv, shcho kharakteryzuyut' investytsiynu pryvablyvist' rehioniv/Systematization of factors which characterize investment attractiveness of the regions*, Regional politics, №2, p. 53–62.
5. Blank I. (1995) *Investitsionnii menedzhment/Investment management*, Item LTD, Kyiv, 1995. — 448 c.
6. Detyuk T. (2009) *Investytsiynyy klimat v Ukrayini/Investment climate in Ukraine*, Ekonomika ta derzhava, №1, pp. 31 - 33.
7. Fomenko N. (2007) *Rekreatsiyni resursy ta kurortolohiya/Recreation resources and resortment*, Kyiv., 311 p.
8. Karpinskii B. (1999) *Pro otsinku investytsiynoyi pryvablyvosti ta ryzyky rehionu, Sotsial'no-ekonomichni doslidzhennya v perekhidnyy period (rehional'nyy aspekt)/About the estimation of investment attractiveness and risks of the region. Social and economic researches in transition period (regional aspect)*, X edn, Lviv, pp. 38–42
9. Krakivska V. (2009) *Investytsiyna diyal'nist' ta investytsiyna polityka v rehioni, Investytsiyni: praktyka ta dosvid/Investment activity and investment politisin the region*, Investytsiyni: praktyka ta dosvid, № 4, pp. 8–10.
10. Kyfyak V. (2008) *Orhanizatsiya turyzmu/Organization of tourism*, Knygy – XXI, Chernivtsi., 343 p.
11. Lavrov R. *Rol' bankiv'skykh ustanov v aktyvizatsiyi investytsiynykh protsesiv na vitchyznyanykh pidpryyemstvakh/Role of the bank establishments in the activation investment processes on national enterprises*, Aktualni problemy ekonomiky, № 6, pp. 36–47.
12. Papp V. (2007) *Priorytetni napryamy formuvannya rehional'noy innovatsiyno investytsiynoyi polityky/Priority directions of forming regional innovation and investment politics*, Economist, № 9, pp. 40–42.
13. Rudenko V. (1999) *Heohrafiya pryrodno-resursnoho potentsialu Ukrayiny/Geography of nature and resources potential of Ukraine*, Kyiv-Chernivtsi, 567p.
14. Stechenko D. (2006) *Rozmishchennya produktyvnykh syl i rehionalistyka/Location of productive forces and regionalism*, Vikar, Kyiv, 396 p.
15. Vasylenko V. (2001) *Spetsyal'n'iyy rezhym investyrovannya kak instrument perekhodnoho peryoda/Special regime of investment as the instrument of the transitional period*, Economist, №6, pp. 45–51.