

Strategic Analysis of Domestic Tourism Development in Ukraine

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ABSTRACT

The current study aimed at investigating the current situation of domestic tourism industry in Ukraine. Strategic analysis which is presented in this thesis consists of the examination of the importance of tourism sector, determination of structural problems and challenges which industry currently face. Moreover, present study explores the future strategies for further domestic tourism development.

This research was designed as a qualitative case study which involves methodology with a particular sample of 20 major tourism experts from public and private sectors with at least 8 years of managerial experience. In order to reach the purpose of the study in-depth open-ended interview questions were conducted. In addition, content analysis method was used to analyze the gathered data.

The results of the study revealed that tourism sector is one of the leading sectors for the economy of Ukraine. According to the results of the study tourism industry has a strong competitiveness in the market. However, it was defined that lack of policy and planning, political and economical instability are the major obstacles for tourism development. Finally, the results of this research revealed a number of essential implications for sustainable tourism development in Ukraine.

Keywords: Domestic tourism, strategic analysis, tourism development, sustainable, Ukraine

ÖZ

Bu çalışma, Ukrayna'daki yerel turizm endüstrisinin günümüzdeki durumunu arařtırmayı hedeflemektedir. Bu tezde sunulan stratejik analiz, turizm sektörünün önemi ile turizmdeki rekabetin incelenmesini ve yapısal sorunları ve endüstrinin günümüzde karşılařtığı zorlukları içermektedir. Ayrıca, bu çalışma gelecekteki yerel turizmin gelişmesi için gerekli yönergeleri ve stratejileri arařtırmaktadır.

Arařtırma, devlet sektörü ve özel sektörde en az 8 yıl yöneticilik tecrübesi olan 20 ana turizm uzmanından oluşan belirli bir örneklemin yer aldığı bir yöntemin kullanıldığı niteliksel bir durum çalışmasıdır. Çalışmanın amacına varabilmek için katılımcılara açık uçlu röportaj soruları sorulmuştur. Ayrıca, toplanan bilgilerin analizi için içerik analizi yöntemi kullanılmıştır.

Çalışmanın sonuçları ortaya çıkarmıştır ki turizm sektörü Ukrayna ekonomisi için önde gelen sektörlerden biridir. Arařtırma sonuçlarına göre, turizm yöneticileri Ukrayna turizm endüstrisinde güçlü bir rekabetin olduğunu rapor etmişlerdir. Her nasılsa, politika, planlama, yatırım ve politik istikrar eksikliği turizmin sabit bir şekilde gelişmesini önleyen esas sorunlardandır. Son olarak, arařtırmanın sonuçları Ukrayna'da istikrarlı bir turizmin gelişebilmesi için bazı öneriler açığa çıkarmıştır.

Anahtar Kelimeler: Yerel turizm, stratejik analiz, turizm gelişmesi, istikrarlı, Ukrayna.

I would like to say Thank you to my beloved mother Roma, who always gives me infinite support and inspiration. Thank you for believing in me! Strengths and skills that you developed in me will always lead me to success.

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Chapter 1

INTRODUCTION

This chapter presents the information concerning the issue of research philosophy, aim and objectives of the study and its importance to domestic tourism development in Ukraine. In addition, methodology and outline of the thesis are proposed in present chapter.

1.1 Research Philosophy

In the last decade hospitality and tourism industry have been developing with a dynamic speed. This increasingly fast tendency has brought unique opportunities and benefits for the ones who understood how to manage and use resources efficiently (Gunn, & Var, 2002; Malska, Antonuk, & Ganuch, 2008;). According to the World Tourism Organization forecast tourists expansion will have a stable growth, notwithstanding many cataclysms and political upheavals that recently happened.

Any stage of tourism development requires sufficient performance measurement, and analysis (Formica, & Kothari, 2008; Lawal, 2009; Masoudifar, 2008). Why is it necessary? Nowadays, in this high developing era, rapidly changing environment and harsh competition in the market it became a big challenge to gain desired targets.

Since there are no sufficient studies conducted and published in the field of domestic tourism development in Ukraine, this study is believed to provide significant knowledge and understanding to guide related authorities and managers in making right decisions and being on the same path with rapidly changing tourism industry. Moreover, this study can be considered helpful to raise awareness of governmental and private sectors about the development of tourism industry in Ukraine as a whole, as well as decision making processes, strategies, employed techniques and applied practices specifically for continuing improvement. Notably, understanding and improving domestic tourism is important for international trade, closer relationship across borders and better economic construction of the country. Therefore, this study attempts to fill the gap by focusing on strategic analysis of domestic tourism development in Ukraine.

1.2 Aims and Objectives

The core goal of this study is to analyze domestic tourism in Ukraine based on in-depth interview results with the major tourism experts from public and private sectors. First of all, the present study will examine the importance of domestic tourism industry and its contribution to the economy of the country. Secondly, it focuses on analysis of the current situation of domestic tourism in Ukraine, its competitiveness, advantages and disadvantages. Thirdly, to identify the structural problems and factors which determine strategic position of the industry in the market. Fourthly the aim of this research is to explore the challenges that may arise during the domestic tourism development process. Fifthly, this study tries to determine future directions for further domestic tourism development in Ukraine. Finally, the present study will identify strategies

that are supposed to be implemented for the sustainable domestic tourism development in Ukraine.

1.3 Contributions of the Thesis

Nowadays, Ukraine is a developing European country with high domestic and international tourists turnover. Domestic tourism in Ukraine is a leading sector with more than %80 of domestic travelers (Malska, Antonuk, & Ganuch, 2008). Strategic analysis is essentially important to keep sustainable process of the industry development (Athanasopoulos, & Hyndman, 2008; Buhalis, 2001). Therefore, present thesis has high importance on managerial implications and gives an explicit understanding of current stage of domestic tourism development in Ukraine.

1.4 Research Methodology

This study uses qualitative approach based on in-depth open ended interview questions (Krippendorff, 2004; Patton, 1990). This approach is highly efficient in obtaining specific data about the value, opinion and social issues of particular people (Altinay, Var, Hines, & Hussain, 2007; Hejri, 2006). In this thesis purposive sampling method was used in order to select targeted sample size and obtain necessary data. Interview questions were administered to the 20 major tourism representatives with at least 8 years managerial experience from public, private and non-profit organizations in Ukraine. Finally, present study conducted content analysis method to organize and categorize obtained data into meaningful and efficient information, based on explicit rules of coding (Krippendorff, 2004; Patton, 1990; Weber, 1990).

1.5 Outline of the Thesis

The present study is comprised of six (6) chapters. Chapter 1 presents information about research philosophy and objectives of qualitative study. Present chapter also presents information about contribution of the thesis and its research methodology.

Chapter 2 is the literature review. This chapter consists of significance of tourism industry and its contribution to the world economy. In addition it concerns the issue of domestic tourism its planning and sustainable development. Finally, information about strategic analysis, particularly SWOT analysis and its importance are presented in this chapter.

Chapter 3 consists of major information about Ukraine and its tourism industry. This chapter presents the basic statistical data of tourism turnover, information about location, natural resources, opportunities, international relationships and current developments in Ukraine.

Chapter 4 consists of information about the methodology of the qualitative study. It includes interview questions, purposive sampling method as tool for setting samples and data collection. Content analysis method is also presented in this chapter as a data analysis tool.

Chapter 5 presents information about findings of the study regarding to the interview questions results.

Chapter 6 presents information about discussion and conclusion of the findings, limitations of the study and recommendations for further research and implications of the study.

Chapter 2

LITERATURE REVIEW

This chapter presents literature review regarding the current tourism trends and developments, contribution of tourism sector to the economy and development of the country in general. In addition, it concerns the issue of domestic tourism its' planning and sustainable development. Finally, information about strategic analysis, particularly SWOT analysis and its importance are presented in this chapter.

2.1 Tourism Expansion

In general terms, tourism can be divided into domestic tourism which embraces inside of the country and international tourism when tourists travel to another country. Both of them have high importance for each country and especially for those where tourism is a major economical sector. Domestic and international destinations exceedingly depend on each other (Malska, Hudo, & Cubuh, 2005). If domestic tourism in the country has low number of tourists, this destination has also low attractiveness for international travelers. And vice versa, if country has high number of international arrivals it means that this destination is also attractive for local citizens (Djachenko, 2007).

In past, there were many political and governmental issues that had negative impact on the world tourism expansion. Nowadays, a lot of countries applied new laws, attended partnerships and created unions that gave a chance to create new stage of world tourism

development, thus they increased freedom of people's choice. Today's potential travelers are full of independency to travel which consequently leads to tourism growth. Tables presented below demonstrate these expansion of worldwide tourism development.

According to the World Tourism Organization, ten countries illustrated below are considered as having the majority of tourists around the world. Regarding the popularity of the countries mostly visited, European continent continues to be on the top of the list. On the other hand, Asian countries can probably be considered as being secondary choice for tourists to visit. To illustrate, Table 1 show that in 2009 France had 74.2 million of international tourist arrivals. However, China had 50.9 million of international travelers.

Table 1: Top 10 Countries with International Tourism Arrivals from 2006 – 2009

Rank	Country	2006 (million)	2007 (million)	2008 (million)	2009 (million)
1	France	78.9	81.9	79.3	74.2
2	USA	51.0	56.0	58.0	54.9
3	Spain	58.2	58.7	57.3	52.2
4	China	49.9	54.7	53.0	50.9
5	Italy	41.1	43.7	42.7	43.2
6	UK	30.7	30.9	30.2	28.0
7	Ukraine	18.9	23.1	25.4	20.7
8	Turkey	18.9	22.2	25.0	25.5

9	Germany	23.5	24.4	24.9	24.2
10	Mexico	21.4	21.4	22.6	21.5

Source: WTO (2010) Average Annual Growth Rate

Table 2 below demonstrates countries with international tourism receipts from 2006-2009. According to the World Tourism Organization, European continent yet is at the top of the list of having the highest rate of international tourism receipts. Several significant changes which are explained below can be observed among the countries with international tourism receipts.

Table 2: Top 10 Countries with International Tourism Receipts from 2006 – 2009

Rank	Country	2006	2007	2008	2009
1	USA	\$85.7 billion	\$96.7 billion	\$110.1 billion	\$93.9 billion
2	Spain	\$51.1 billion	\$57.6 billion	\$61.6 billion	\$53.2 billion
3	France	\$46.3 billion	\$54.3 billion	\$55.6 billion	\$49.4 billion
4	Italy	\$38.1 billion	\$42.7 billion	\$45.7 billion	\$40.4 billion
5	China	\$33.9 billion	\$37.2 billion	\$40.8 billion	\$39.7 billion
6	Germany	\$32.8 billion	\$43.6 billion	\$40.0 billion	\$34.7 billion
7	UK	\$33.7 billion	\$38.6 billion	\$36.0 billion	\$30.0 billion
8	Australia	\$17.8 billion	\$22.3 billion	\$24.8 billion	\$25.6 billion
9	Turkey	\$16.9 billion	\$18.5 billion	\$22.0 billion	\$21.3 billion
10	Austria	\$16.6 billion	\$18.9 billion	\$21.6 billion	\$19.4 billion

Source: WTO (2010) Average Annual Growth Rate

As illustrated in Table 1 and Table 2, there is a sustainable dynamic of international tourist's growth and its receipts. However, statistics of 2009 revealed decline of international tourism arrivals. The major reasons that caused the decrease of tourism arrivals are global financial crises and worldwide economical recession. Despite, negative impact of the world crisis on expansion of international and domestic travelers, tourism industry has a positive tendency in 2011 (WTO, 2010). World Travel and Tourism Council forecasts show that global economy will have a dynamic growth approximately 4.5% yearly and will lead to new 66 million jobs opportunities by 2020.

According to the World Tourism Organization (2010) tourism activity involved over 880 million people all around the world and it continues growing approximately 3% each year, therefore WTO forecast that international arrivals will reach over 1.6 billion by 2020 year. Tourism can also be considered as a major sector that has the highest level of employment (WTTC, 2004). According to World Travel and Tourism Council tourism industry involve more than 300 million direct and indirect tourism related jobs.

As Coccossis & Mexa (2004, p.3) noted, "Tourism is a complex socioeconomic phenomenon for recreation and leisure that has become a major economic activity worldwide". Therefore, tourism industry is considered to be one of the fastest growing sectors with a prominent importance for the economy development of the country (Ayres, 2000).

2.2 Tourism and Economy

For many countries tourism has already become an integral part of economy that contributes to the gross domestic product of the country (Ritchie & Crouch, 2003). The model which is presented on the next page demonstrates those primary and secondary benefits that tourism industry leads.

As shown in Figure 2, domestic tourism certainly has economic benefits which can be divided into indirect and induced benefits. Indirect benefits are caused by primary business expenses and investments. On the other hand, induced benefits are made from spending primary income. These then lead to government receipts, business receipts, employment, and bring income. On the whole, domestic tourism provides chances for investment and employment, thus enhancing the venture of the country.

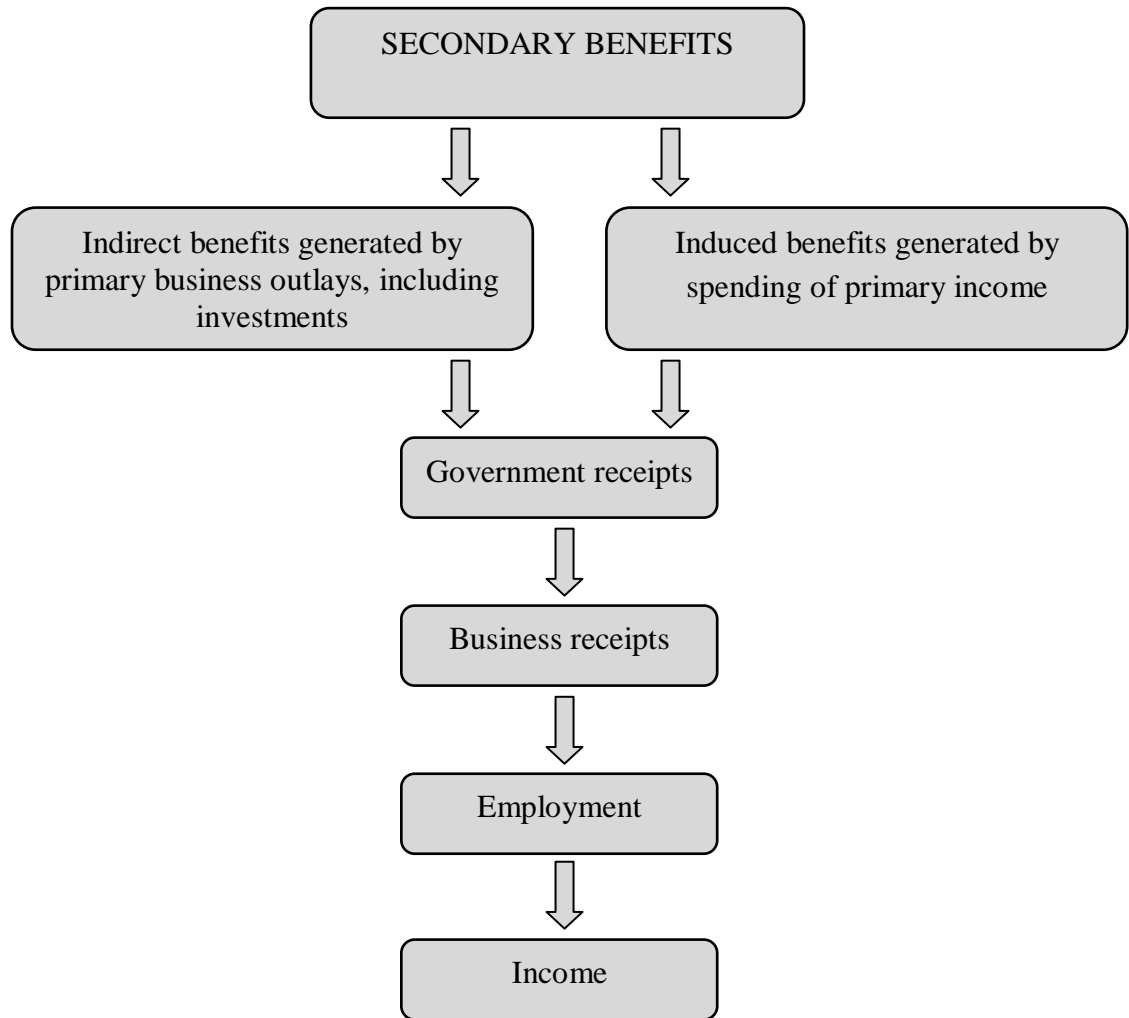


Figure 2: Economic Benefits of Domestic Tourism

Source: Gunn, & Var, (2002)

With the popularity of tourism, its challenges and competitiveness in the market increased also. Nowadays, with the increase of tourism opportunities, requirements of tourists are also increased. Tourism destination is supposed to provide something distinctive and beneficial to meet tourist needs and expectations. Therefore, in last 10 years there appeared a high competition among countries that invest huge financial resources to gain a leading position in the world ranking.

As shown in Table 4, the countries listed below are considered as being on top among the ones paying the highest amount of money on international tourism. Germany ranks first among other countries having \$81.2 billion of expenditure on international tourism expenditure in 2009. USA follows next having spent \$73.2 billion in 2009. The last country listed is Russia with \$20.8 billion of expenditure on international tourism in 2009. According to World Tourism Organization, these countries spend the biggest amount of money on international tourism and are considered to be the top ten on the list around the world.

Table 3: Top 10 Countries with the highest International Tourism Expenditure

Rank	Country	2006	2007	2008	2009
1	Germany	\$73.9 billion	\$83.1 billion	\$91.0 billion	\$81.2 billion
2	USA	\$72.1 billion	\$76.4 billion	\$79.7 billion	\$73.2 billion
3	UK	\$63.1 billion	\$71.4 billion	\$63.5 billion	\$50.3 billion
4	France	\$31.2 billion	\$36.7 billion	\$43.1 billion	\$38.5 billion
5	China	\$24.3 billion	\$29.8 billion	\$36.2 billion	\$43.7 billion
6	Italy	\$23.1 billion	\$27.3 billion	\$30.8 billion	\$27.9 billion
7	Japan	\$24.9 billion	\$26.5 billion	\$26.9 billion	\$25.1 billion
8	Canada	\$20.5 billion	\$24.7 billion	\$20.5 billion	\$24.2 billion
9	Russia	\$18.2 billion	\$22.3 billion	\$24.9 billion	\$20.8 billion
10	Netherlands	–	\$19.1 billion	\$21.7 billion	\$20.7 billion

Source: WTO, (2010)

2.3 Domestic Tourism

Domestic tourism as an international tourism has an essential importance for the economy of many countries (Hejri, 2006; Tosun, 2001). Domestic tourism keeps national currency inside of the country so that it prevents inflation and increase cost of goods (Buhalis, 2001). The significance of impact of tourism industry on development of the country cannot be simply measured. It influences many industrial sectors such as; suppliers, transportation companies, attractions, lodging, special events, cultural-historical organizations, government and destination management organizations and finally it can be considered as an index of life quality in the country (Malska, Antonuk, & Ganuch, 2008).

Obviously, domestic tourism as any other industry in the market faces many problems and challenges that major tourism developers must be aware of. According to Buhalis, (2001); Hejri, (2006); Tosun, (2001); Yasarata, Altinay, Burns, & Okumus, (2010); Athanasopoulos, & Hyndman, (2008); Su, Huan, & Aimin, (2009); there are major pitfalls which prevent sustainable domestic tourism development:

- Absence of comprehensive plan of tourism development
- Lack of planning and policy
- Lack of investments
- Low technological development
- Lack of high quality infrastructure
- Bureaucracy
- Lack of efficient land use and natural resources use

➤ Failure to create competitive tourism product

Nowadays, many countries experience low local tourists turnover and as a result low stream of international arrivals. Local tourists prefer going abroad because domestic destinations cannot meet their expectations (Malska, Antonuk, & Ganuch, 2008; Ritchie, & Crouch, 2003). For that reason, these factors must be highly considered to gain sustainable domestic tourism development in the country.

In order to determine the prospective of domestic tourism for a sustainable domestic tourism improvement, a thorough tourism planning is required. This can include analysis of economic, social, cultural sectors and etc. In other words, certain preparation should be arranged to anticipate problems and actions taken to improve them.

2.4 Tourism Planning

With regard to planning, it involves a process of pondering and involvements, which may require additional cost and extra recourses. Planning procedure has equal importance for the final result as an implementation of the strategy and evaluation of the achievement (Formica, & Kothari, 2008; Gunn, & Var, 2002).

As Hall (2000, p.7) indicated, planning process is “a kind of decision making and policy making. However, it deals with a set of independent and systematically related decision rather individual decisions, therefore planning is only part of an overall planning decision – actions process”.

Undoubtedly, any desirable goal or objective requires previous cogitation and plan of action to make procedure efficient and productive. If the matter is tourism development, plan of strategies are critically required.

According to Ayres, (2000, p.118) “tourism planning is especially important in the countries which are highly dependent on the tourism sector and which have limited space capacity and natural recourses”.

As for Solovyov, (2010) sustainable tourism planning based mostly on public sector cooperation. However, there are several counties that put these duties on private sector. In such a condition, there may occur a number of gaps and appear incorrect direction of sustainable tourism sector development. In this case, sustainable tourism development become crucial as it ensures constructive practice for the environment and the society.

2.5 Sustainable Tourism Development

Tourism development process is not only about increasing tourists turnover and developers performance on it. It is also something more comprehensive and wider that has direct and indirect impact on different types on society, community and environment. Hence, tourism planning and development should involve all sectors of the community to be able to produce something efficient based on political, economical, social and environmental issues.

In a study by Tosun, (2001) analysis of sustainable tourism development and its challenges was carried out. During investigation researcher identified and analyzed 6 major challenges that influence tourism development process:

1. Priorities of the national economy
2. Lack of a contemporary tourism development approach
3. Structure of the public administration system
4. Emergence of environmental matters
5. Emergence of over commercialization
6. Structure of the international tourism system

Results of the study demonstrated that listed challenges play very critical role on industry development. According to the Tosun, (2001) there are many approaches of sustainable tourism development, but not all of them can meet desirable goals. Therefore, national priorities and cultural specific differences must be considered by the major tourism developers. Researcher also mentioned that social, economical and environmental problems are highly important issues that efficiently must be managed with enhancing tourism development programs. Finally, close collaboration of state and all branches of private tourism organizations are exceedingly required.

Moreover, Tosun (2001, p. 293) stated that “the factors that have emerged as challenges to sustainable tourism development related to priorities of national economic policy, the structure of public administration, an emergence of environmental issues, over commercialization, and the structure of international tourism system”.

Yasarata, Altinay, Burns, & Okumus, (2010) investigated the main obstacles, which prevent effective planning and implementation of sustainable tourism development. The main focus of the article was on practices and principles that sustainable tourism development requires. Investigators applied different type of approaches which consisted of attendance of 3 tourism advisory meetings and 16 sub-advisory committee meetings to gather comprehensive and qualitative data. Interviewed participants were chosen with different stakeholder groups, such as hoteliers, travel agents, ministers, members of parliament, operators, and airline company representatives in order to gathered sufficient data for the current research.

Tourism experts identified that government policy is not always clear towards tourism development in the country. Implications of the study showed that different development projects and investments, social programs were implemented without local community agreement. High level of bureaucracy is one of the most significant current problems that have impact on sustainable tourism development. Tourism leaders also determined that politicians usually adopt management system based on their own point of views; therefore it does not bring expected significant results. (Yasarata, Altinay, Burns, & Okumus, 2010).

According to the implications of Yasarata, Altinay, Burns, and Okumus's (2010) research, sustainable tourism development should be beneficial not only to their direct investors but also for the local community, like new employment opportunities and environmental issues. When government establishes goals and objectives for national tourism development, their strategies are supposed to meet short-term and long-term

aspirations (Yasarata, Altinay, Burns, & Okumus, 2010). Implications also revealed that development of effective long-term educational program in order to growth new competency generation with sufficient knowledge of sustainable tourism development are also essentially required (Yasarata, Altinay, Burns, & Okumus, 2010).

Hall, (2000, p. 41) defined that “sustainable tourism industry requires a commitment by all parties involved in the planning process to sustainable development principles. Only through such widespread commitment can the long-term integration of social, environmental and economic, as well as cultural and political goals be attained”

In developed countries main responsibilities of tourism policy and planning are on key players in the industry, such as parliament, government, private sector and finally regional politics (Altinay, Var, Hines, & Hussain, 2007).

Related studies in the field have been carried out in relation to sustainable tourism, planning and strategic analysis of domestic tourism development with the application of different methods of analyses. Several studies are explained in the next section.

2.6 Strategic Analysis and its Types

Hejri, (2006, p. 62) highlights that “Strategic analysis is able to assess opportunities within the context of wider tourism strategies and development policies, using both qualitative and quantitative methods”.

Athanasopoulos, & Hyndman, (2008) conducted a research on modeling and forecasting domestic tourism development. The aim of the study was to analyze and evaluate the significance of domestic tourism market and its impact on economy of Australia. During investigation researchers developed three TFC, ETS, and ETSX models. Investigated models revealed its high significance in modeling and forecasting process. Moreover, a number of benefits to the major tourism planners were identified.

Other researchers Su, Huan, & Aimin, (2009) applied Boston Consulting Group Matrix (BCG) to analyze and forecast national tourism market development. This study mainly focused on examining the current situation, competitiveness, advantages and disadvantages of domestic tourism market in China. Results of the study revealed that Boston Consulting Group Matrix (BCG) is a useful tool for strategic analysis and market examination. Finally, the results of the study demonstrated that BCG Matrix can be used as an efficient instrument for domestic tourism analysis and evaluation of its competitiveness in the market (Su, Huan, & Aimin, 2009).

Gilstrap, (2000) studied on strategic analysis and planning for Alaska tourism. The purpose of this study was to identify strategies and policies for future industry improvement. It included such activities as a strategic marketing analysis and setting new objectives for further market development. During investigation researchers applied 50 face-to-face SWOT style interviews to determine internal strengths and weaknesses and external opportunities and threats in tourism sector (Gilstrap, 2000). Key interviewed respondents were major tourism developers from public and private sectors.

Results of the study revealed that advertisement and promotional programs are essential tools to attract loyal and potential tourists. Building close cooperation between private and public tourism organizations is critically required. According to Gilstrap, (2000) SWOT Matrix demonstrated high efficiency and is a dominated tool for comprehensive market analysis.

Another study by Hejri, (2006) employed SWOT matrix to identify internal strengths and weaknesses and external opportunities and threats of Iranian tourism industry. Core objectives of the research were to evaluate the competitiveness, advantages and disadvantages of national tourism industry. In addition, researcher examined structural problems of the industry and developed list of strategies for sustainable tourism development.

Method of this research was based on in-depth open-ended interview questions. According to the interview results researcher constructed SWOT Matrix. Applied method provided deep analysis of national tourism market and defined a number of directions for future tourism development. Designed approach demonstrated high effectiveness for current research.

Buhalis, (2001) investigated the research of strategic analysis and challenges in Greece tourism market. Mainly author focused on determination of effective evidence for further national tourism sector development. SWOT Matrix was conducted to identify internal and external country's advantages and disadvantages which are the critical factors for strong positioning in the market. Comprehensive analysis confirmed

consequences and efficiency of the results. This study demonstrated the relevance of investigated approach and its significance for strategic tourism analysis.

As a result it can be suggested that SWOT analysis is the most frequently employed method of evaluation in the field of tourism since majority of the conducted researches have based their investigation on SWOT analysis.

2.7 SWOT Analysis

The SWOT analysis is a useful instrument for exploration and evaluation current situation of targeted object. SWOT Analysis is capable of recognizing structural problems, evaluating current strategy and gaining competitive advantage in the market place David, (2009). Well prepared SWOT analysis is an sufficient instrument for efficient evaluation of required object (David, 2009; Hejri, 2006; Gilstrap, 2000).

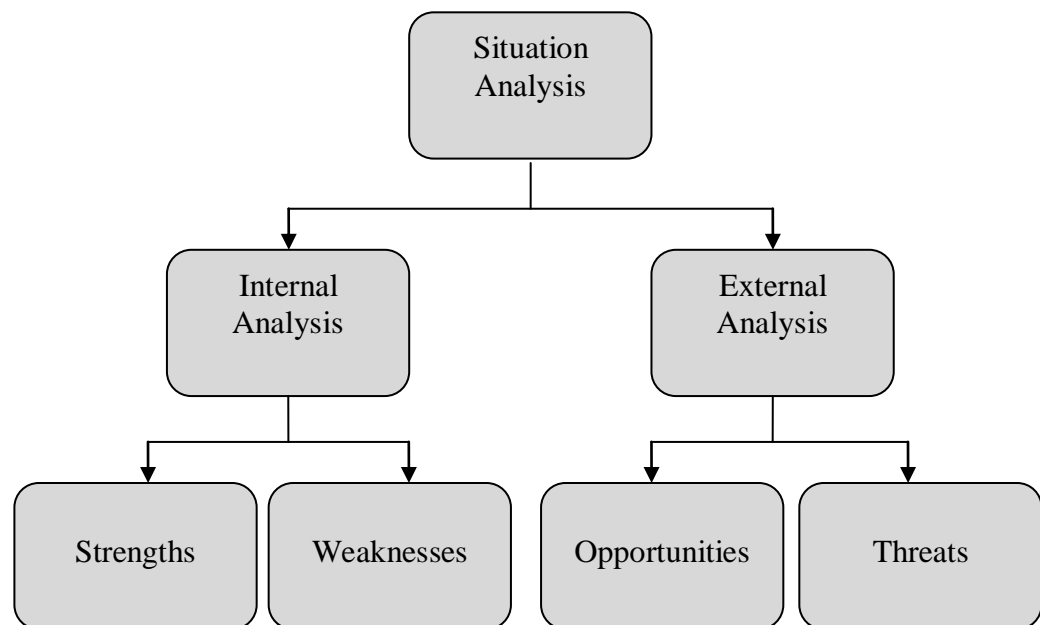


Figure 3: SWOT Analysis Model

Source: David, (2009)

As shown in Figure 5 above, SWOT analysis includes internal and external analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. As for the strengths and weaknesses, they are included in the internal analysis. On the other hand, opportunities and threats are considered as external analysis. SWOT analysis can be defined as a strategic planning technique which is employed to assess the strengths, weaknesses, opportunities and threats likely to be in any company/business enterprise. Strengths are facilities, resources and favorable aspects which assist companies in attaining its aims. Whereas weaknesses are harmful factors influencing overall practices of companies. Opportunities include positive aspects from outside the company which may be used to reach goals. Lastly, threats involve negative effects of external factors to the company's development (Armstrong & Kotler, 2008, p. 52).

Main goal of SWOT analysis in present study is to identify internal strengths and weaknesses and external opportunities and threats that exist in national tourism industry. According to David (2010) external opportunities and threats refer to economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends that can significantly benefit or harm the destination. Opportunities and threats are largely beyond the control of destination. It is all about the strategy and policy that the country chooses. Proper planning and efficient forecasting may transfer external opportunities and threats into advantages David (2010).

In contradistinction to opportunities and threats, internal strength and weaknesses "are controllable activities that are performed especially well or poorly. They arise in the

management, marketing, finance, operations, research and development, and management informative systems activities of the country” David, (2010).

To sum up, chapter 2 revised related researches and methods of analysis utilized in tourism literature. Issues regarding tourism expansion, tourism and economy, tourism planning, strategic analysis, SWOT analysis in relation domestic tourism developments were discussed and related tables and figures were demonstrated. Next chapter presents overview of Ukraine in terms of history of tourism development, natural resources, investments, tourism development strategy between years of 2002-2010, and international relations of Ukraine in details.

Chapter 3

UKRAINE

This chapter presents the information about Ukraine, tourism development in Ukraine, current trends and perspectives. In addition, the issues regarding competitiveness of tourism sector, development strategies and international relationships of Ukraine, are also proposed in this chapter.

3.1 Ukraine Overview

The territory of Ukraine covers 603 700 km², representing %5.7 of Europe and %0,44 of the world.



Figure 4: Map of Ukraine

Source: Wikipedia Encyclopedia, (2010)

Today, the population of Ukraine is about 47 million people (Wikipedia Encyclopedia, 2010). Ukraine is the largest country located in Europe after Russia. According to one of the measurement methods, the geographical center of Europe is Ukraine. Ukraine borders with seven countries, on the north by Belarus in the north and east - by Russia in the west - Poland, Slovakia, on the south – west – Hungary, Romania and Moldova. In the south, Ukraine is washed by the Black and Azov Seas (Wikipedia Encyclopedia, 2010). The length of the coastline within the boundaries of Ukraine is 1758 kilometers.

Table 4: Major Tourism Destinations of Ukrainian Tourists

Place of Holiday	2007 (%)	2008 (%)	2009 (%)	2010 (%)
Domestic sea resort	10.7	13.3	20.1	21.3
International sea resort	3.6	5.1	1.9	2.9
International trip	3.2	4.9	1.3	1.7
Domestic trip	10.1	9.8	6.4	8.3
Village, country house, camp	11.1	10.6	13.8	14.0
Lake, river	4.6	4.6	1.4	3.9
Home	31.8	29.8	41.4	37.3
Different	3.8	4.1	1.2	1.5
No vacation	21.1	17.8	12.5	9.1

Source: State Statistics Committee of Ukraine

3.2 History of Tourism Development in Ukraine

Development of tourism contributed a good geopolitical location of Ukraine, which is located at the crossroads of many important trade routes. A large number of foreign merchants, who were impressed by Ukraine for its rich natural, hospitable people and interesting traditions, were basically the first beginners of international tourists in Ukraine. In the first half of XIX century stable stream of tourists emerged among main Ukrainian intelligentsia (Malska, & Burdun, 2003).

After independency in 1991, begins a new period of tourism development in Ukraine. Complex and unstable political situation caused a negative impact on reputation of national tourism market. In the first years after independence national tourism market experienced big financial losses (Malska, Hudo, & Cubuh, 2005). The volume of tourism activities in the domestic market decreased four times and the number of the foreign tourists who visited Ukraine dropped by 80%. Only 120 thousand foreign tourists were registered in 1992 (State Statistics Committee of Ukraine, 2010).

In 1995 situation in national tourism industry started to change. Parliament of the country initiated new reforms, laws and programs of tourism development. State also identified tourism as one of the major contributor to the economy development in Ukraine. New tourism policy and planning defined the basic principles, priorities and funding sources and led to sustainable industry development.

Table 5: Outbound, International and Domestic Tourism in Ukraine during the period 2000-2010

Year	Outbound Tourism (million)	International Arrivals (million)	Domestic Tourists (million)
2000	13422320	6430940	1350774
2001	14849033	9174166	1487623
2002	14729444	10516665	1544956
2003	14794932	12513883	1922010
2004	15487571	15629213	1012261
2005	16453704	17630760	1123185
2006	16875256	18935775	1039145
2007	17334653	23122157	1455316
2008	15498567	25449078	1386880
2009	15333949	20798342	1094170
2010	16867164	21203327	1426753

Source: State Statistics Committee of Ukraine

Ukraine has a large number of tourism assets and facilities that give a great advantages and opportunities in the market (Djachenko, 2007). Today, Ukraine owns over 3500 institutions of rehabilitation and recreation, nearly 1700 hotels, motels, campgrounds and etc. (State Tourism and Resorts Organization, 2010). There are over 3000 hospitality enterprises for tourists and tourism related activities; therefore there is a stable demand growth on national tourism product in Ukraine (Solovyov, 2010). Table presented below demonstrates stable establishment of different types of tourism accommodations in Ukraine.

Table 7: Accommodation establishment in Ukraine during the period 1995-2010

Year	Accommodation	Rooms
1995	1396	62360
1996	1368	60601
1997	1375	58464
1998	1328	55487
1999	1326	51450
2000	1308	51012
2001	1258	49966
2002	1254	51107
2003	1218	50412
2004	1192	50414
2005	1232	51686
2006	1269	53645
2007	1420	62165
2008	1595	71580
2009	1684	76019
2010	1731	81914

Source: State Statistics Committee of Ukraine

3.3 Natural Resources

Ukraine has a favorable geographical and geopolitical location, unique natural and climatic resources, historical and cultural heritage. Ukraine's territory expanded to numerous mineral water spas and medicinal mud of all types. Hydro resources are widely and effectively used in different regions of Ukraine. The existence of diverse

natural resources helped to create over 3.5 thousands multifunctional health institutions in Ukraine (Djachenko, 2007).

One of the major tourist attractions in Ukraine is Crimea. Unique climate, varied landscapes, interesting historical and cultural monuments and healing power of the Black and Azov Seas contribute to the special status of Crimea (Malska, Antonuk, & Ganuch, 2008). With its resorts and recreational potential, Crimea attracts a high number of various investment projects from many countries.

Western Ukraine is different from the other regions of the country with its advantageous transport-geographical location. Through this region twelve railway lines connect Ukraine to five neighbor countries: Poland, Slovakia, Hungary, Romania and Belarus. Western Ukraine has a large number of diverse natural and cultural tourism resources. Mountain ranges the Carpathians attract a large number of tourists for hiking, skiing and water entertainments each year.

3.4 Investments

Currently, major international investors in tourism sector are from Switzerland - \$ 35.9 million (20,4% of total direct investment), Russia - \$ 33.4 million (18,0%), the Virgin Islands, British Isles - \$ 28.1 million (16,2%), Cyprus - \$ 24.1 million and Austria - \$ 10.4 million (5.3%) (State Statistics Committee of Ukraine, 2010).

Table 5: GDP, DTR and GNP development in Ukraine

Place of Holiday	2007 (%)	2008 (%)	2009 (%)	2010 (%)
Gross Domestic Product	7.7	2.7	-7.3	4.2
Domestic Tourism Revenue	23,6	12.3	-16.9	8.1
Gross National Product	5.3	9.3	1.3	6.5

Construction of ski slopes, cable cars, sports and recreation complexes are recently so popular in Ukraine. Especially Carpathian Mountains is the main region of Ukraine which has all opportunities for winter tourism. Nowadays in Zakarpattya region which is located in the west part of Ukraine has over 57 ski trails resorts (State Statistics Committee of Ukraine, 2010). Zakarpattya is considered to be one of the 5 major tourism and investment attractions in Ukraine (Malska, Hudo, & Cubuh, 2005).

Ukraine is located at the crossroads between Europe and Asia. Major railways, highways, ports of the Black and Azov seas, and air network are capable to provide intensive multilateral cooperation with many countries (Solovyov, 2010).

All regions of Ukraine have huge investment potential. This is supported by major resorts, recreational, historical, cultural, natural resources and advantageous geographical location (Djachenko, 2007; Malska, Hudo, & Cubuh, 2005). Large numbers of tourism assets and facilities in Ukraine have a strong capability to satisfy cognitive, leisure and spiritual needs of domestic and foreign tourists (Coccosis, & Mexa, 2004; Malska, Antonuk, & Ganuch, 2008). Finally, integration of Ukraine to

European Union is an advantageous opportunity for tourism sector to attract European investors, implement new development programs and increase competitiveness of national tourism in the market.

3.5 Tourism Development Strategy 2002 - 2010 years

Tourism in Ukraine as one of the major contributor to the economy development, started to gain significant improvement after independency in 1991. Establishment of the State Committee for tourism was the first page in the history of the national scope of travel services. Involvement of the international experience, with the consideration of peculiarities of the national economy led to sustainable tourism development and increase of its competitiveness in the world market. (Djachenko, 2007; Solovyov, 2010). In 2002 government approved several programs of national tourism sector development. Presented strategies mainly were determined for domestic and international tourism development till 2010:

- state enhancement of domestic and international tourism
- phased privatization of tourism objects and its infrastructure
- new constructions and upgrading of existing tourist facilities
- financing and restoration of architectural and cultural sightseeing
- green tourism development
- health, sport, environmental and adventure tourism development
- Ukrainian tourism product promotion in the international market
- strong marketing programs development
- efficient use of natural, historical and cultural resources

- tourism infrastructure development
- promotional programs development
- law and regulation development

3.6 International Relations of Ukraine

Since 1997, Ukraine is a member of the World Tourism Organization (WTO), from 1999 - WTO Executive Council - the governing body that forms the world's travel policy, oversees budgetary matters. Ukraine takes part in promising programs of cooperation in tourism, and is initiators of new tourism technologies implementation (State Tourism and Resorts Organization, 2010). Furthermore, participate in personnel training programs according to international standards and involve global information network (State Tourism and Resorts Organization, 2010).

In 2001 Kyiv became a member of Business Council in World Tourism Organization (State Tourism and Resorts Organization, 2010). Incidentally, besides the capital of Ukraine, have such status only Paris, Madrid and Moscow. Ukrainian's partners recognize that with its strong tourism and recreational potential Ukraine has all chances to become one of the main tourism destinations in the Europe (Djachenko, 2007).

The primary focus of the State Tourism and Resorts Organization (STRO) is building the legal framework of foreign relations especially with countries that are generating Ukrainian tourism market. Right now 44 intergovernmental and interdepartmental agreements on cooperation in tourism sector are approved. Moreover, STRO developed a number of program of intergovernmental cooperation with many international partners.

Recently, Ukraine is in a close cooperation with all major tourism destinations all around the world, including North and South America, Africa, Europe, Middle East and Asia.

In addition, State Tourism and Resorts Organization of Ukraine, signed a memorandum of cooperation with the Committee of the investments in order to create supportive investment regulations and involve private sector into tourism development process.

Today, a key focus of the State is European integration. Integration to European Union (EU) is an effective mechanism for creating an enabling environment for all levels of tourism development (Djachenko, 2007; Solovyov, 2010). Integrating of Ukraine into the European community, will lead to effective use of tourism resources, promotion of national tourist products in the global market, infrastructure development, and economy development in general (Malska, Hudo, & Cubuh, 2005).

Chapter 4

METHODOLOGY

Current chapter contains information about issue of qualitative approach. The sample size of the study that are representatives of tourism sector in Ukraine are introduced in this chapter. This is followed by descriptions of data collection procedure, interview questions, measurement and analysis method.

4.1 Deductive and Inductive Approaches

Deductive approach involves analysis made from the "general" to the "specific". This is also called a "top-down" approach. Logical conclusion is achieved by using existing information. The process includes theory, hypothesis, observation and confirmation. The deductive approach works as a theory about topic and then narrows it down to specific hypothesis. Narrowing down further to collect observations for hypothesis in order to accept or reject hypothesis.

On the other hand, inductive approach works the other way; it works from observations toward generalizations and theories. This is also called a "bottom-up" approach. The process includes theory, uncertain hypothesis, pattern, and observation. Inductive approach starts from specific observations or measurements and formulate hypothesis that can work with and finally ended up developing general theories or drawing conclusion. Inductive approach is open-ended and exploratory especially at the beginning. Conclusion is possibly based on hypothesis leaving doors for vagueness.

On the whole, the main distinction between the two approaches is the idea of reasoning; deductive reasoning and inductive reasoning. Deductive reasoning is best explained in terms of formal logic and objectivity. Pre-specified outcome-oriented questions are used. Conclusions are made by the use of statistics and inference. On the other hand, inductive reasoning includes subjectivity, open-ended and process-oriented questions. Analysis is in the form of narrative description.

Present study uses Inductive approach in order to obtain detailed data from small group of people and finally come up with a number of supported theories. (Buhalis, 2001; Charmaz, 2006; Gilstrap, 2000; Krippendorff, 2004). Qualitative research is one of the methods of scientific research which has a purpose to describe the stages of basic social process over time (Njenku, 2011). Basically, it is the way to learn and analyze required subject from direct representative of the searched area (Krippendorff, 2004; Patton, 1990).

4.2 Qualitative Research

Present method is highly efficient in gathering specific data about the value, opinion and social issues of particular people. Current method is typically interested in factors that have any effect on people's life, such as; culture, age, power, knowledge and social structures (Berelson, 1952; Njenku, 2011).

Qualitative method is considered to be a very effective tool for analysis ethical challenges and political issues. The advantage of this method is its capability to provide valuable and sufficient information about focused subject matter (Njenku, 2011).

Qualitative method is considered to be very flexible in contradistinction to quantitative method (Krippendorff, 2004; Patton, 1990).

Essentially, qualitative method is concerned with the quality and essence of human experiences, perceptions, behaviors, beliefs, emotions, relationships and what does these phenomena mean to them. Therefore, qualitative research tend to contain ‘what’, ‘how’ and ‘why’ type of questions rather than ‘how much’ or ‘how many’ (Njenku, 2011).

4.3 Interview Questions

In accordance with the purpose of the study, the following interview questions are proposed. Presented interview questions were obtained and modified from Buhalis, (2001) research.

1. Why is domestic tourism important in Ukraine? – the purpose of this question was to examine the importance of domestic tourism industry in Ukraine.
2. Where are we now? – this question led me to evaluate current situation of domestic tourism and analyze competitiveness, advantages and disadvantages of tourism industry in Ukraine
3. Why are we there? – the purpose of this question was to identify structural problems and factors which determine strategic position of the industry.
4. What are the implications of domestic tourism in Ukraine? - this question explored challenges that may arise during the national tourism development process in Ukraine.

5. Where do we want to go? – this question enabled me to determine directions for further domestic tourism development in Ukraine.
6. How are we going there? – present question identified strategies and tasks which are supposed to be implemented to achieve desired goals. It serves as a plan of evidences for sustainable domestic tourism development in Ukraine.

4.4 Sample size

In this thesis, purposive sampling procedure was used (Patton, 1990). Purposive sampling is an important tool of setting sample size in qualitative research, especially when there is a need to attain targeted sample size and obtain necessary data (Hejri, 2006; Yasarata, Altinay, Burns, & Okumus, 2010). This method enabled me to select sample size according to the searched area.

“Purposive sampling targets a particular group of people. When the desired population for the study is rare or very difficult to locate and recruit, purposive sampling may be the only option” (Hejri, 2006, p. 67).

Target sample size were major representatives of tourism sector in Ukraine, from public, private sectors and nonprofit organizations with at least 8 years experience.

Table 6: List of interviewees

Interviewees	Organization	Job Title	Education	Experience
R1	Ministry of Tourism	Director of national tourism product development	Master degree	11
R2	Ministry of Tourism	Director of tourism marketing and promotion	Master degree	16
R3	City council	Tourism planning officer	PhD degree	13
R4	Regional Council	Director of regional tourism development	Master degree	10
R5	Regional Council	Director of tourism planning and policy development	PhD degree	12
R6	National University	Head of tourism department	Professor	32
R7	National University	Lecturer	Assistant Professor	16
R8	University of Economic and Tourism	Head of tourism department	Professor	24
R9	University of Economic and Tourism	Lecturer	Associate Professor	19
R10	National Tourists	President of association	Bachelor degree	9
R11	Pilgrim Travel Agency	Owner	Master degree	15
R12	Air-West Travel Agency	Owner	Bachelor degree	12
R13	Galicia-Tour Travel Agency	Manager	Master degree	8

R14	Mist-Tour Travel Agency	Manager	Bachelor degree	16
R15	Grand Hotel	General manager	Master degree	21
R16	George Hotel	General manager	Master degree	14
R17	Veronica Restaurant	Owner	Bachelor degree	15
R18	Videnska Kava Restaurant	Manager	Master degree	13
R19	Ukraine International Airlines	Regional director	Master degree	23
R20	Ukrainian Railways	Regional marketing manager	Master degree	20

4.5 Data Collection

Present study administrated exploratory in-depth interview questions to the twenty respondents (Buhalis, 2001; Charmaz, 2006; Gilstrap, 2000). Questions in this qualitative research are open-ended and consequently it gives an opportunity to the researcher to administrate interview questions according to obtained information.

Charmaz, (2006, p. 25) stated that: “an intensive interview permits an in-depth exploration of particular topic with a person who has had the relevant experiences”. Main task during the investigation process was to gather qualitative and sufficient data from small group of people.

All respondents of this research consists of permanent residents of Ukraine. Data was gathered in two-weeks time period from January 2011 to February 2011. Interviewed respondents were major tourism planners, managers and experts from public and private sectors and nonprofit organizations.

4.6 Data Analysis

Present study conducted content analysis to analyze the qualitative data (Hejri, 2006; Patton, 1990; Weber, 1990). Typically, qualitative data requires systematical analysis, therefore content analysis was applied. This method enabled me to organize and categorize data into clear and sufficient information based on explicit rules of coding (Berelson, 1952; Krippendorff, 2004).

Data analysis through content analysis method is a meticulous procedure, but has highly significant inference (Krippendorff, 2004). Content analysis as a rule focuses on specific words, from large volume of data which play critical role in the research (Patton, 1990).

Gathered interviews were attentively read in order to obtain essential information. Necessary data was divided into 6 groups according to the interview questions. Major groups were separated in categories in order to specify analyzed data. Categorizing gave an opportunity to organize obtained data into efficient and meaningful information.

CHAPTER 5

ANALYSIS AND FINDINGS

5.1 Findings

1. Why is domestic tourism important in Ukraine? (Examination the importance of domestic tourism in Ukraine and its contribution to the economy development)

17 respondents indicated that domestic tourism is one of the major sectors which significantly contribute to the economy development in Ukraine. Professor from National University stated that “Domestic tourism is considered to be a one of major financial sources for the economy of the country”. While manager of travel agency indicated that “Tourism in Ukraine is one of the most profitable sectors among all industries in the country; it means it has direct contribution to the economy of the country. This is a unique industry that combines many other sectors such as; transportation, trade, communication, construction and production thus, leads to its development”.

14 respondents reported that domestic tourism leads to Gross Domestic Product growth. Director of regional tourism development stated that “Domestic tourism in Ukraine plays a vital role for Gross Domestic Product growth”.

Another group of 13 respondents defined that domestic tourism attracts investors, while 12 of them indicated that it leads to infrastructure development. Director of tourism marketing and promotion from Ministry of Tourism stated that “Sustainable domestic tourism development in Ukraine attracts new investments. Stream of investors to the country, leads to service quality, tourism products and infrastructure development, thus increase of competitiveness in the world market”. At the same time President of tourism association indicated that “Infrastructure and its development is a fundamental component of whole tourism system of the country. Domestic tourism in Ukraine is an essential instrument that affects this development process”.

9 respondents also stated that tourism sector in Ukraine is one of the major employer in the country. According to the regional director of Ukrainian Airlines “Tourism industry in Ukraine is considered to be the sector with one of the highest level of employment in a private and public sectors. Every year it establishes a large number of new work places in the industry and related organizations”.

Finally, several participants mentioned that domestic tourism keeps national currency inside of the country so that it prevents inflation and increase cost of goods.

Where are we now? (Analysis the current situation of domestic tourism in Ukraine, its competitiveness, advantages and disadvantages)

13 respondents revealed that domestic tourism in Ukraine is considered to be a highly competitive destination. Lecturer from National University reported that “Nowadays,

domestic tourism in Ukraine is in a high progress of development. Every year there are positive tendencies of increase of international and domestic travelers”. While Director of the travel company mentioned that “Currently domestic tourism in Ukraine is on the development stage. After obtaining a right to organize the Europe football championship in 2012, government applied many development programs that revealed a positive signal for sustainable tourism development”.

Director of national tourism product development reported that “According to the World Tourism Organization we are in top 10 most visited countries in the world, which means that Ukrainian tourism industry is considered to be very competitive destination”. Regional director of tourism planning and policy development supported previous respondent and stated that “Ukrainian tourism industry is able to compete with many popular international destinations. However, to consider her as one of the leaders in the world market we cannot. I believe that tourism industry in Ukraine is a leading destination among post-soviet countries”.

However, 7 of the participants agreed that it is still quite low competitive tourism destination. Owner of the chain of the restaurants indicated that “Competitiveness of Ukrainian tourism industry is lower among main European competitors, although currently we have quite high stream of tourists, main reason is that national destination is much cheaper for domestic tourists”. With the same opinion Regional marketing manager of Ukrainian Railways said that “Domestic tourism in Ukraine is low competitive in comparison to the Western Europe”. In addition, owner of the travel agency mentioned that “Domestic tourism has a good indexes of tourists’

turnover, however competitiveness, service quality, and tourism infrastructure are wished to be better”.

Major advantages of Ukrainian tourism industry according to the interview results are: high number of tourist attractions 17 respondents. Tourism planning officer reported that “Ukraine is considered to be the center of Europe; therefore our strategically important geographical location already exists as an advantage for tourism and many other industries. Moreover, business, religious and medical tourism become increasingly significant for tourism sector development. Ukraine with its long history, rich culture and recreational potential is an attractive tourism destination for both domestic and international tourists.”

Ukraine has rich natural resources according to the 15 respondents and big choice of tourism opportunities in accordance to 11 respondents. Head of tourism department stated that “Major advantage of Ukraine is a large territory of the country which has a huge number of natural resources. Thanks to favorable climate, seas, rivers, caves, mountains, wealth nature and etc., Ukrainian tourism destination are appropriate for any touristic purposes over the year”. Manager of tourism agency reported that “Tourism in Ukraine has a long history, for the many years of stabile development tourism sector gained a huge number of tourism assets. Different types of resort complexes, sanatoriums, pensions, rich nature and high variety of tourist attractions have created a great opportunities for summer and winter tourism”.

A few respondents reported that prices of tourism products are cheaper in comparison to major competitors, therefore it was identified as an advantage of national tourism industry in Ukraine.

17 of the respondents agreed that economical and political instability in the country are major factors that prevent sustainable domestic tourism development. Particularly, general manager of the hotel indicated that “Economical and political instability in Ukraine are the major obstacles for tourism and other economic sectors development. Instability in Ukrainian economy causes high level of inflation and very low stream of new investments”.

8 respondents mentioned that national tourism industry has relatively low prestige in comparison to European destinations, thus it creates prejudice to domestic market. Manager of the travel company mentioned that “Lack of the interest of the state towards tourism development process, caused low prestige of national tourism in Ukraine. Unfortunately, high number of domestic tourists prefer international market rather domestic destination, and now, it is a big challenge for the state to move those tourists back to national market”.

Why are we there? (Determination of structural problems and factors which determine strategic position of the industry)

Major obstacle for sustainable domestic tourism development is lack of planning and policy. 16 respondents determined 10 core factors that are directly related to the lack of planning and policy of national tourism sector.

1. Theft of the budget funds
2. Low state and parliament support
3. Low promotion
4. Inefficient resources use
5. Lack of budget expenses control mechanism
6. Lack of performance measurement
7. High level of inflation
8. Absence of state integrity policy of tourism regulation and development
9. Lack of competency specialists
10. Inefficient land use regulations

According to 14 respondents lack of investments is the second factor that determines current position of domestic tourism industry.

1. Low technological development
2. Low infrastructure development
3. Lack of state financing
4. Low prestige of national tourism industry

5. Slow development of main tourist necessities (accommodations, transportations, catering, entertainments)

12 respondents determined that corruption and bureaucracy is the third factor that negatively affects national tourism industry. Particularly Director of tourism marketing and promotion from Ministry of Tourism said that “Perhaps corruption and bureaucracy are the most destructive factors which are negatively affect sustainable tourism development, economy and country development in overall”.

Finally, 8 respondents defined that service quality of tourism products is quite low. Respondents clarified that low service quality in tourism industry mainly based on 3 major factors.

1. Service quality stereotypes
2. Prices do not respond quality
3. Outdated national resorts and other tourism related organizations

What are the implications of domestic tourism in Ukraine? (Exploration of the challenges that may arise during the domestic tourism development process)

According to the 13 respondents, major challenge that domestic tourism industry may face during development process are: lack of planning and policy. Owner of the restaurant chain reported that “Lack of planning and policy is the first challenge that public sector will face during tourism development process.

11 respondents reported that another challenge which may arise is high cost of development programs and projects. Lecturer from National University commented that “High financial cost is one of the major problems that may occur during tourism development process. At any level such as; strategic analysis, implementation and evaluation of gained result require huge financial support, therefore it may be an immense challenge for all sectors of development process”.

10 respondents stated that lack of competency and experienced cadres is another challenge for sustainable tourism development. Regional director of Ukrainian Railways reported that “Effective performance is always based on effective cadres. In my opinion competencies cadres is a fundament of the final results, and this is what we lack”.

8 respondents supported the challenge of lack of efficient performance measurement and control mechanism. Professor from National University indicated that “In tourism development process control and evaluation of all sectors of industry will be required, and it may occur as a challenge in terms of doing it efficiently. Performance measurement is a highly important issue that must be involved in development process to reduce theft of budget funds, corruption, inflation and increase of efficiency”.

Finally, gaps are considered to be one of the important challenges that may arise between state policy and private sector developers according to the 7 respondents. General manager of travel agency stated that “During tourism development process it is difficult to involve all sectors into desired plan of development. In this case many gaps may appear between state policy and tourism developers. The point here is that, how can

new state policy of tourism development be clearly understood and delivered to all levels of tourism sectors”.

Also, some of the respondents reported that high taxation is a reason of slow private sector development. Key focus for the state policy must be private sector support and defeat of high bureaucracy in the country.

Where do we want to go? (Determination of future directions for further domestic tourism development in Ukraine)

According to the results, 15 respondents identified that political and economic stability must be a major priority for the state during sustainable tourism development. Director of national tourism product development mentioned that “First priority for the state must be political and economical stability in the country. It is a fundamental issue that must be gained by the all levels of state authority in order to stimulate investors’ interest, and gain stabile economical development”.

Second direction, which was supported by the 12 respondents, is the increase of competitiveness of tourism services and products. Particularly, tourism planning officer indicated that “Domestic tourism should focus on the increase of competitiveness and tourists turnover of industry. State is supposed to create appropriate conditions and benefits in order to make local citizen chose domestic market as a major tourism destination”.

In addition, 9 respondents agreed that there is an urgent need of development of demand on domestic tourism and its products. Regional director of tourism planning and policy reported that “Domestic tourism must become number one destination for local citizens. State should develop regional tourism, according to the each region and specific differences, to be able to build strong demand on national tourism product”. Director of tourism marketing and promotion from Ministry of tourism mentioned that “Many Ukrainian tourists prefer going abroad, because domestic destination cannot meet their expectations. Therefore, state together with private sector cooperation should use the experiences of the developed countries and focus on quality standards to be able to attract and satisfy local and international tourists’ needs”.

Moreover, 7 respondents determined that development of alternative types of tourism opportunities can be a very effective tool to increase competitiveness of the market and attract potential tourists. Director of regional tourism development said that “Alternative types of tourism opportunities may give a great chance for national tourism industry to increase stream of international tourists. One of the focuses for tourism developers can be medical and green tourism development”.

Finally, particular respondents reported that state is supposed to use the experience of developed countries accurately according to the specific changes and cultural differences apply it to national development programs. Furthermore, suitable investing conditions, new service quality standards and increase of promotion of national tourism product must be created.

How are we going there? (Tasks and strategies for sustainable domestic tourism development in Ukraine)

According to the result of the last interview question, respondents identified a number of strategies for sustainable domestic tourism development. Respondents agreed that public and private sectors are equally important components of sustainable tourism development. Moreover, tourism experts supported the idea of development comprehensive Master Plan in a close cooperation of state and private sector in order to be aware of potential gaps during tourism development process.

Interview results revealed urgent need of development new tourism policy and planning by adaptation reforms, supportive laws and regulations. Most of the respondents also agreed on stabilization of high level of inflation, creation of stable economical and political conditions and development of infrastructure and related tourism facilities in the country.

Finally, major tourism planners determined that state within private sector cooperation continuously are supposed to emphasize on implementation of training programs, environmental protection, efficient resources use and promotion of national tourism market.

Table 7: Strategies for Sustainable Domestic Tourism Development

- Action – this column demonstrates a number of tasks that are supposed to be implemented to gain sustainable domestic tourism development.
- Responsibility – current column reveals major organizations and institutions that are responsible for tourism development in Ukraine.
- Recourses - this column indicates key instruments that are essentially required to gain sustainable domestic tourism development.
- Time – in this column necessary period (years) for domestic tourism development is presented.

№	Action	Responsibility	Recourses	Time
1	Strategic analysis of tourism industry	Public and private sectors cooperation	Competency cadres	1-2
2	Reforms, supportive laws and regulations	Parliament and government	International experience	2-5
3	Investments	Private and public sectors	Finance, supportive laws and regulations	2-10
4	Promotion and advertisement	Public and private sectors	Finance, International alliance and partnerships	Always
5	Infrastructure development	Public and private sectors	Finance, supportive regulations	2-10
6	Improve of qualification and staff training	Public and private sectors cooperation	Competency cadres, finance, international experience	Always

7	Master Plan development.	Public and private sectors cooperation	Competency cadres, finance, international experience	1-3
8	Efficient land use	Parliament and government	International experience, laws and regulations	Always
9	Efficient resources use	Parliament and government, private sector	Laws and regulations, international experience,	Always
10	Renewing and restoration of historic-cultural sightseeing	Public sector, partnerships	Finance	1-5
11	Reduction and stabilization of high inflation level	Parliament and government	Competency cadres, supportive laws	2-5
12	Mechanism for budget funds expenses control	Parliament and government	Laws and regulations, international experience	1-2
13	Regional tourism development	Parliament and government, private sector	Finance, international experience, supportive laws and regulations	2-7
14	Green tourism development	Parliament and government, private sector	Finance, international experience, supportive laws and regulations	2-5
15	Environmental protection	Parliament and government, private sector	Laws and regulations	Always

5.2 Conclusion

Results of the study demonstrated that each interview question carried a high significance for present research. Each interview question enabled to follow the purpose of the thesis and obtain necessary information. Accordingly, results of the study revealed that tourism industry has high importance for Ukraine and direct contribution to the gross domestic product and economy growth. Findings also demonstrated that domestic tourism in Ukraine is considered to be a highly competitive destination. However, some of the experts supported that it has low competitiveness in the market. Several respondents more specifically determined that national tourism industry has a strong positioning in the market due to its natural resources wealth, high number of tourism assets and low cost.

Major tourism experts indicated that economical and political instability and lack of policy and planning are the major problems in national tourism industry. Therefore, it was agreed that these obstacles must be the main priorities for the state to resolve in order to gain sustainable tourism development in the country. Strategies which were defined by the respondents were based on public and private sector contribution. Majority of the experts supported development of new tourism laws and regulations. Consequently, national tourism sector should focus on efficiency of resources use, increase of promotion and advertisement and international experience implementation.

5.3 SWOT analysis

Present research is conducted by the use of SWOT analysis which is one of the prominent tools that is capable to interpret and clarify the indentified results. The SWOT

analysis is a useful instrument for exploration and evaluation of the current situation of domestic tourism in Ukraine. Moreover, it is a sufficient instrument for efficient evaluation of required objects. Present study aimed to identify internal strengths and weaknesses and external opportunities and threats that exist in national tourism industry. As it is believed to help to recognize structural problems, evaluate current strategy and gain competitive advantage in the market place. (David, 2009; Hejri, 2006; Gilstrap, 2000).

Table 10: SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ➤ Rich natural resources (15) ➤ Cultural and historical attractions (14) ➤ Competitive destination (13) ➤ Increase in tourists' turnover (13) ➤ Favorable climate (12) ➤ High variety of tourism products (11) ➤ Community support for tourism development (9) ➤ Low cost (7) 	<ul style="list-style-type: none"> ➤ Economical and political instability (17) ➤ Lack of planning and policy (16) ➤ Low infrastructure development (15) ➤ Lack of investments (14) ➤ Corruption and Bureaucracy (12) ➤ Lack of advertisement and promotion (12) ➤ Lack of competency cadres (11) ➤ Management (9) ➤ Low prestige (8) ➤ Service quality (8)

Opportunities	Threats
<ul style="list-style-type: none"> ➤ European Union support (13) ➤ European football championship and potential Olympic Games (11) ➤ International investments (9) ➤ Increase in tourism demand (8) ➤ Strategic location (7) ➤ Adaptation of international experience (7) 	<ul style="list-style-type: none"> ➤ High competition (15) ➤ Financial crisis (13) ➤ High cost of tourism development (11) ➤ Technological development (9) ➤ Economic recession (7) ➤ Environmental impact (6) ➤ Natural disasters (6)

5.4 Conclusion of SWOT Analysis

SWOT analysis as one of the effective tools of strategic analysis identified major advantages, problems and challenges of national tourism sector in Ukraine. In this study, SWOT analysis was constructed according to the interview results. Each of the items in the table was put according to the frequency order (supported by the number of respondents). Respondents agreed that Ukraine has rich natural resources (15) and considered to be a strong competitive destination (13) in the market place. Increase in tourists' turnover (13), high variety of tourism products (11) and low cost (7) were supported by the participants as other major strengths of national tourism market. Strengths which were determined in the SWOT analysis table revealed that tourism industry in Ukraine has all essential components for sustainable industry development.

However, due to lack of planning and policy and failure to create effective management mechanism, industry faced with a number of problems that negatively influence quality of tourism products and related tourism facilities. Current trends and perspectives give a positive signal for national tourism sector development. Finally, essential findings demonstrated indispensable implications and pointed were major tourism developers should focus on.

Chapter 6

DISCUSSION AND CONCLUSION

In this chapter, the results of the study in relation to the interview questions are discussed and concluded. Then, practical implications of the study are explained, and limitations as well as recommendations for further research are suggested.

6.1 Discussion

The findings of the study revealed that domestic tourism has high importance for Ukraine. Major tourism experts reported that domestic tourism has strong contribution on gross domestic product and economy. The results are in line with previous study (Buhalis, 2001; Masoudifar, 2008; Solovyov, 2010). Moreover, tourism sector is considered to be a major employer in the country and its strong positioning leads to stable new work places development in tourism sector and related tourism organizations. High demand on domestic tourism product, contribute to the budget of the country, keeps national currency inside of the country, thus deter growth of inflation rate and cost of goods (Gunn, & Var, 2002; Ritchie, & Crouch, 2000).

According to the results, domestic tourism is indispensable tool to attract investors and implement new development programs in the country and is also consistent with other study (Formika, & Kothari, 2008; Malska, Hudo, & Cubuh, 2005). Some of the participants clarified that domestic and international investments lead to infrastructure

development, construction of high quality accommodations, caterings, highways and airports. Moreover it leads to restoration of culture-historical sightseeing and increase the quality of national tourism product.

Analysis of current situation of domestic tourism demonstrated that national tourism market is considered to be quite competitive destination (Djachenko, 2007; Malska, & Burdun, 2003). Positive tendency of high indexes of tourists' turnover shows that national tourism industry has a great development potential. According to the regional director of tourism planning and policy development "Ukrainian tourism industry is able to compete with many popular international destinations. However, to consider her as one of the leaders in the world market we cannot. I believe that tourism industry in Ukraine is a leading destination among post-soviet countries".

However, several respondents supported that national tourism industry has low competitiveness in the market. Findings showed that many tourism products in Ukraine require urgent restorations and modernizations. Tourism experts agreed that new investments will create strong tourism product thus increase competitiveness in the market. Manager of the travel company mentioned that "Lack of the interest of the state towards tourism development process, caused low prestige of national tourism in Ukraine. Unfortunately, high number of domestic tourists prefer international market rather domestic destination, and now, it is a big challenge for the state to move those tourists back to national market".

The results of the study demonstrated that major advantages of domestic tourism industry are large number of tourism attractions combined with a rich natural resources and favorable climate. According to the findings Ukraine has sufficient resources and all opportunities to become one of the leading tourism destinations in the world market (Malska, Antonuk, & Ganuch, 2008; Solovyov, 2010).

Economical and political instability was identified as a main disadvantage for tourism development process in Ukraine and it received support from a recent study (Tosun, 2001; Solovyov, 2010). Respondents reported that economical and political instability has a negative impact on tourism industry and the other tourism related and non-related sectors in the country. These impacts create prejudices towards national tourism market, thus causes low prestige of tourism industry in Ukraine.

The findings of the third interview question revealed that there are many structural problems which affect strategic position of Ukrainian tourism industry. According to the interview results, lack of planning and policy, corruption and bureaucracy are the major obstacles that prevent sustainable tourism development. Furthermore, high level of inflation, inefficient resources use, low promotion and inefficient land use regulations directly influence competitiveness of national tourism market (Buhalis, 2001; Hejri, 2006; Tosun, 2001; Yasarata, Altinay, Burns, & Okumus, 2010). Results also revealed that there is a lack of investment into infrastructure and technological development and other tourist necessities such as: accommodations, catering, transportations, airports, entertainments and etc.

The purpose of the fourth interview question was to explore the challenges that may arise during the domestic tourism development process. Majority of the respondents agreed that lack of policy and planning will occur as a major challenge during tourism development process. This is consonant with recent and past writings (Djachenko, 2007; Tosun, 2001; Hall, 2000;). Results of the study demonstrated that every stage of tourism development process will demand a high cost, therefore, these procedure require well pondered plan of actions, competency cadres, efficient performance measurement and clear understanding of targets in order to gain sufficient results. Lecturer from National University commented that “High financial cost is one of the major problems that may occur during tourism development process. At any level such as; strategic analysis, implementation and evaluation of gained result require huge financial support, therefore it may be an immense challenge for all sectors of development process”.

According to the fifth interview question which aimed to investigate the future directions for further domestic tourism development respondents reported that industry urgently requires political and economic stability in the country (Krippendorff, 2004; Malska, Antonuk, & Ganuch, 2008). Director of national tourism product development mentioned that “First priority for the state must be political and economical stability in the country. It is a fundamental issue that must be gained by the all levels of state authority in order to stimulate investors’ interest, and gain stabile economical development”.

According to the result of the study tourism industry in Ukraine is supposed to focus on increase of competitiveness of tourism industry in the world market. The findings demonstrated that national tourism industry is positioning as a quite competitive destination, therefore, it might easily focus on becoming one of the leading destinations in the European market. Particularly, tourism planning officer indicated that “Domestic tourism should focus on the increase of competitiveness and tourists turnover of industry. State is supposed to create appropriate conditions and benefits in order to make local citizen chose domestic market as a major tourism destination”.

In accordance to the sixth interview question was determined tasks and directions for further domestic tourism development in Ukraine. Findings revealed that tourism development should start from comprehensive strategic analysis of the industry (Solovyov, 2010). Several interviewers clarified that promotion and prestige of national tourism industry must be increased to be able to compete with major competitors in the market. Moreover, tourism experts highly emphasized on urgent development of strategic tourism facilities such as; infrastructure, transportations and accommodations (Buhalis, 2001; Hejri, 2006). Finally, state is supposed to create efficient resource and land use regulations based on environmental issues.

6.2 Limitations and Recommendations for Further Research

The present study used interviewing method to collect qualitative data from major tourism industry representatives in Ukraine. There were several limitations which are explained below.

First of all, one of the limitations of this research is that some of the interview results, which were obtained from public officials, could be more comprehensive. State representatives always had full work schedules, they were not accessible for interviewing or tried to make interviewing procedure shorter, therefore this data was under the impact of limited time. Thus, my recommendation for further research is to increase the time length of the interview with each respondent.

Secondly, some of the respondents were prejudiced to answer the interview questions honestly as they had fear that obtained information can be used against them in the future, thus it required additional explanation that the data will be used for educational purposes only.

Thirdly, the data could be obtained from different regions of the country in order to gain wider and more specific information. Each region in Ukraine is oriented on different type of tourists and has its own stage of tourism development. Therefore, such strategic analysis requires broader discussion to gain unerring results. Thus, my recommendation for further research is to gather data from different regions of the country.

Lastly, the number of interviewed respondents could be bigger. For this purpose interviews could be investigated to wider number of public, private and non-profit institutions in order to increase quantity of sample size. Therefore, for the further research, I would recommend that the number of sample size could be expanded.

6.3 Implications of the Study

Present study revealed that there is a lack of research on this subject in Ukraine. After independency, domestic tourism in Ukraine entered a new stage of tourism development and tourism turned out to be a leading sector for Ukrainian economy. Although, for many years domestic tourism has demonstrated sustainable growth, this industry has lack of efficient management.

Moreover, it is one of those rare studies which were investigated in Ukraine until now. Data was obtained in a way to gain as qualified results as possible. Present study has revealed a high relevance to domestic tourism in Ukraine and provided a great significance for further implementations. Therefore this study plays an essential role for tourism policy and planning developers.

In addition, the study revealed that tourism in Ukraine plays highly important and has dynamic role in the development process. Thus, it is, and continuously going to be a very advantageous sector for investments for both public and private sectors. Present research demonstrated significance of domestic tourism industry, where public sector may exploit as a substantial stimulator for economy and gross domestic product. For private sector, it is a large branded industry with a huge number of opportunities and benefits.

The results of the study also showed that there are a number of obstacles in Ukrainian tourism industry that must be resolved to gain sustainable tourism development.

Findings also revealed future challenges that industry may face during strategic tourism development process. The results of the thesis have demonstrated evidences that state and private sector must be aware.

Finally, present study primarily has focused on determination of the strategic targets and the task regarding to the comprehensive analysis of domestic tourism industry. Therefore, tourism policy and planning developers may significantly benefit from the outcome of the study in comprehension and identification of further domestic tourism development in Ukraine.

6.4 Conclusion

The core goal of this study was to analyze the domestic tourism in Ukraine, examine its importance and contribution to the development of the country. Strategic analysis enabled to explore competitiveness tourism sector in the market its problems and challenges. Finally, the purpose of this study was to identify a number of strategies for sustainable domestic tourism development in Ukraine. In order to follow the purpose of this thesis interview questions were administered to the 20 major tourism experts in Ukraine.

Results of the study demonstrated that each interview question carried on high significance for present research. Results of the study revealed that tourism industry has direct contribution to the gross domestic product and economy growth in Ukraine. Major tourism experts stated that domestic tourism is considered to be a highly competitive destination in the market. However, some of the respondents agreed that it has low competitiveness among main competitors. Several respondents supported that national

tourism industry has a strong positioning in the market due to its natural resources wealth, high number of tourism assets and low cost.

Interview results revealed that economical and political instability and lack of policy and planning, are the major problems in national tourism industry. It was agreed that mentioned obstacles urgently must be resolved for sustainable tourism development in Ukraine. Respondents also stated that tourism development process should base on public and private sector cooperation. Majority of the experts reported that tourism development programs are supposed to start from development of Master Plan and new tourism laws and regulations. In addition, national tourism developers should focus on increase of efficiency of resources use, increase of promotion and advertisement and international experience implementation. Finally, the results of this research revealed a number of essential implications that may significantly benefit major tourism developers during the further domestic tourism development in Ukraine.

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