

ECONOMIC STRATEGIES FOR THE DEVELOPMENT OF SOCIETY  
**SECTION 4. ECONOMICS AND MANAGEMENT OF THE  
NATIONAL ECONOMY**

**4.1 The impact of tourism development in the hotel business in the context of management**

As defined by the United Nations World Tourism Organization (UNWTO), international tourism includes the activities of persons who travel and stay outside their place of residence for a period not exceeding 12 months, for leisure, business and other goals. Based on this broad definition, the tourism industry includes all socio-economic activities that directly and / or indirectly participate in the provision of goods and services to tourists. The Standard International Classification of Tourism (SICTA) identifies 185 supply-related activities that have significant links to the tourism sector. These include services in various sectors, such as transport and communications, hotels and housing, food and beverages, cultural and entertainment services, banking and financial activities, advertising [48].

It should be noted that the hotel business is part of the tourism sector, which, in turn, is an important strategic sector of the economy (partly one of the most profitable, tourism revenues account for a significant share of GDP and exports [49]), which stimulates the development of elements infrastructure, causes an increase in the revenue side of the budget and has ample opportunities to attract foreign currency and various investments, contributes to the diversification of the economy as a result of the formation of the tourism industry serving the tourism sector.

Given the above, it is necessary to identify and justify the trends that generally characterize the current state of this area and have an impact on the economic development of the world in general and the hotel business in particular. Such trends include:

*1. Unstable dynamics of increasing the number of tourists.* Yes, according to table. 1 the total number of tourists increased during 2014-2019 by 27.26% (from 1147 to 1459.7 million people), but in the countries that are most popular for tourism, the number of tourists to Thailand increased the most (60.48%), Mexico 53.58%) and Italy

## ECONOMIC STRATEGIES FOR THE DEVELOPMENT OF SOCIETY

(32.72%), to Ukraine – by 7.09%.

Table 1. The number of tourists to the world and their growth rate

TOP-10 most popular countries for tourism / years	Number of tourists, million people					
	2014	2015	2016	2017	2018	2019
Total	1147,0	1202,4	1243,6	1333,0	1408,8	1459,7
Growth rates	X	4,83	3,43	7,19	5,69	3,61
France	83,7	84,5	82,7	86,9	89,4	90,2
Growth rates	X	0,96	-2,13	5,08	2,88	0,89
Spain	64,9	68,2	75,3	81,9	82,8	83,7
Growth rates	X	5,08	10,41	8,76	1,10	1,09
USA	75,4	77,8	76,4	77,2	79,7	79,3
Growth rates	X	3,18	-1,80	1,05	3,24	-0,50
China	55,6	56,9	59,3	60,7	62,9	65,7
Growth rates	X	2,34	4,22	2,36	3,62	4,45
Italy	48,6	50,7	52,4	58,3	61,6	64,5
Growth rates	X	4,32	3,35	11,26	5,66	4,71
Turkey	39,8	39,5	30,3	37,6	45,8	51,2
Growth rates	X	-0,75	-23,29	24,09	21,81	11,79
Mexico	29,3	32,1	35,1	39,3	41,3	45
Growth rates	X	9,56	9,35	11,97	5,09	8,96
Thailand	24,8	29,9	32,5	35,6	38,2	39,8
Growth rates	X	20,56	8,70	9,54	7,30	4,19
Germany	33	35	35,6	37,5	38,9	39,6
Growth rates	X	6,06	1,71	5,34	3,73	1,80
UK	32,6	34,4	35,8	37,7	36,3	37,5
Growth rates	X	5,52	4,07	5,31	-3,71	3,31
Ukraine	12,7	12,9	13,6	14,4	14,2	13,6
Growth rates	X	1,57	5,43	5,88	-1,39	-4,23

*Source:* Formed and determined on the basis of data [50-52].

2. *Redistribution of income from international tourism.* Yes, according to table. 2 total revenues from international tourism during 2014-2019 increased by 15.40% (from 1281.0 to 1478.3 billion US dollars), but in countries such as France, China, Germany and the United Kingdom there was a decrease in revenues from international tourism, which is especially noticeable in 2019 and indicates the redistribution of global cash flows from countries that have traditionally been in demand among tourists to less traditional tourist centers. Thus, during 2014-2019, Thailand's revenues from international tourism (73.85% in 2019 compared to 2014) and Mexico (51.85%) grew steadily, while the revenues of European countries, including Italy, although increased during this period (9.01%), but in 2015 compared to 2014 there was a significant decrease, which amounted to 13.41%. It should be noted that such dynamics of cash flows from the tourism business was typical for almost all

## ECONOMIC STRATEGIES FOR THE DEVELOPMENT OF SOCIETY

countries, the most popular among tourists.

Table 2. Revenues of the world from international tourism and their growth rates

TOP-10 most popular countries for tourism / years	Revenues from international tourism, billion dollars					
	USA					
	2014	2015	2016	2017	2018	2019
Total	1281,0	1223,0	1249,8	1347,1	1457,4	1478,3
Growth rates	X	-4,53	2,19	7,79	8,19	1,43
France	71,7	58,3	55,2	58,9	66,0	63,8
Growth rates	X	-18,69	-5,32	6,70	12,05	-3,33
Spain	71,6	62,5	66,8	75,3	81,5	79,7
Growth rates	X	-12,71	6,88	12,72	8,23	-2,21
USA	191,9	206,9	206,7	210,7	214,7	214,1
Growth rates	X	7,82	-0,10	1,94	1,90	-0,28
China	44	45	44,4	38,6	40,4	35,8
Growth rates	X	2,27	-1,33	-13,06	4,66	-11,39
Italy	45,5	39,4	40,2	44,2	49,3	49,6
Growth rates	X	-13,41	2,03	9,95	11,54	0,61
Turkey	29,6	26,6	18,7	22,5	25,2	29,8
Growth rates	X	-10,14	-29,70	20,32	12,00	18,25
Mexico	16,2	17,7	19,6	21,3	22,5	24,6
Growth rates	X	9,26	10,73	8,67	5,63	9,33
Thailand	34,8	41,2	44,8	52,4	56,4	60,5
Growth rates	X	18,39	8,74	16,96	7,63	7,27
Germany	43,3	36,9	37,5	39,9	43	41,6
Growth rates	X	-14,78	1,63	6,40	7,77	-3,26
UK	51,5	50,8	47,9	47,5	48,6	50,4
Growth rates	X	-1,36	-5,71	-0,84	2,32	3,70
Ukraine	1,6	1,1	1,1	1,3	1,4	1,6
Growth rates	X	-31,25	0,00	18,18	7,69	14,29

*Source:* Formed and determined on the basis of data [51,53].

At the same time, it should be noted that the generalized negative trends in general indicate the development of the tourism industry in the world as a whole and individual countries, the most popular among tourists. In particular, it is advisable to conduct an in-depth analysis, which would show the level of GDP in the world as a whole, and the most popular countries among tourists and the share of income from the tourism business. Thus, in general during 2014-2019 there was an unstable increase in GDP of the world, in particular, according to table. 3, it increased by 9.70% during 2014-2019 (from 78944.5 to 86598.8 billion USD), but the GDP of countries such as France, Italy, Turkey, Mexico, Germany and the United Kingdom decreased. Thus, in France, GDP decreased by 5.24% in 2019 compared to 2014, Italy – by 7.73%, Turkey – by 20.38%, Mexico – by 3.07%, Germany – by 0.69, Great Britain – by 9.64%

## ECONOMIC STRATEGIES FOR THE DEVELOPMENT OF SOCIETY

respectively.

However, only the US GDP grew steadily during 2014-2019 (22.32% in 2019 compared to 2014). It should be noted that this situation indicates a slight dependence of GDP on the development of tourism and, as a result, an increase in the number of tourists and incomes of the world from international tourism.

Table 3. GDP of the world and its growth rate

TOP-10 most popular countries for tourism / years	GDP of countries in current prices, billion dollars USA					
	2014	2015	2016	2017	2018	2019
Total	78944,5	74779,48	75823,65	80262,2	84929,51	86598,8
Growth rates	X	-5,28	1,40	5,85	5,82	1,97
France	2856,7	2439,44	2472,28	2591,78	2780,15	2707,07
Growth rates	X	-14,61	1,35	4,83	7,27	-2,63
Spain	1379,1	1199,69	1238	1317,1	1427,53	1397,87
Growth rates	X	-13,01	3,19	6,39	8,38	-2,08
USA	17527,3	18224,78	18715,05	19519,4	20580,25	21439,5
Growth rates	X	3,98	2,69	4,30	5,43	4,17
China	10534,5	11226,19	11221,84	12062,3	13368,07	14140,2
Growth rates	X	6,57	-0,04	7,49	10,83	5,78
Italy	2155,15	1833,2	1869,95	1950,7	2075,86	1988,64
Growth rates	X	-14,94	2,00	4,32	6,42	-4,20
Turkey	934,08	859,45	863,39	852,65	771,27	743,71
Growth rates	X	-7,99	0,46	-1,24	-9,54	-3,57
Mexico	1314,57	1170,57	1077,91	1156,95	1222,05	1274,18
Growth rates	X	-10,95	-7,92	7,33	5,63	4,27
Thailand	407,34	401,27	412,41	455,32	504,93	529,18
Growth rates	X	-1,49	2,78	10,40	10,90	4,80
Germany	3890,1	3362,24	3468,19	3664,51	3951,34	3863,34
Growth rates	X	-13,57	3,15	5,66	7,83	-2,23
UK	3036,31	2897,06	2669,11	2640,07	2828,83	2743,59
Growth rates	X	-4,59	-7,87	-1,09	7,15	-3,01
Ukraine	130,57	90,49	93,31	112,13	130,86	150,4
Growth rates	X	-30,70	3,12	20,17	16,70	14,93

*Source:* Formed and determined on the basis of data [51,54-55].

According to the analysis of the data in table. 1-3, it is considered appropriate to supplement the study by determining the share of revenues from international tourism in GDP in general and the world's most popular countries among tourists.

Table 4.

The share of revenues from international tourism in the GDP of the world

TOP-10 most popular countries for tourism / years	Share of revenues from international tourism in GDP, %					
	2014	2015	2016	2017	2018	2019
Total	1,62	1,64	1,65	1,68	1,72	1,71
France	2,51	2,39	2,23	2,27	2,37	2,36
Spain	5,19	5,21	5,40	5,72	5,71	5,70
USA	1,09	1,14	1,10	1,08	1,04	1,00
China	0,42	0,40	0,40	0,32	0,30	0,25
Italy	2,11	2,15	2,15	2,27	2,37	2,49
Turkey	3,17	3,10	2,17	2,64	3,27	4,01
Mexico	1,23	1,51	1,82	1,84	1,84	1,93
Thailand	8,54	10,27	10,86	11,51	11,17	11,43
Germany	1,11	1,10	1,08	1,09	1,09	1,08
UK	1,70	1,75	1,79	1,80	1,72	1,84
Ukraine	1,23	1,22	1,18	1,16	1,07	1,06

Source: Formed and determined on the basis of data [51,53-55].

In general, the decrease in the share of revenues from international tourism in GDP according to table. 4 (which is observed during 2014-2019 in almost all countries, despite its unstable increase over the years, and in general in the world and especially noticeable in 2019) could be considered a relatively positive trend, as it could lead to other things being equal to increase the competitiveness of world economies and stimulate the development of infrastructure of countries and in general, in the long run – to increase the level of development of their economies through the accumulation of efforts and redirection of funds for the development and preservation of tourist centers. However, in the current conditions of the world economy, this has a negative impact on the development of tourism in the world as a whole and countries in particular, the most popular among tourists.

And due to the spread of coronavirus (COVID-19), which has spread to almost all countries, according to forecasts [56], the demand for travel in 2020 will decline by 5% in North America, 10% in Europe and 25% – in the rest of the world. The losses for the economies of the world in general and those that are most popular among tourists should be quite significant, because this industry provided 300 million jobs in 2018 alone in 2018, and due to the coronavirus pandemic losses could reach 50. According to the World business travel association global tourism sector could lose up

## ECONOMIC STRATEGIES FOR THE DEVELOPMENT OF SOCIETY

to \$ 820 billion USA on canceled business trips, conferences and exhibitions. Such cancellations of trips lead to the loss of all elements of the tourist infrastructure, in particular such as transport carriers, representatives of the hotel business, retail chain, etc. And given their significant interconnectedness and interdependence in the field of tourism, it should be noted that the hotel business, not being able to recoup its losses from the reduction in the number of foreign tourists at the expense of domestic bears significant losses. Thus, it should be noted that in modern conditions, the hotel business is going through difficult times; problems that arise in its operation, due, on the one hand, the crisis in the world, and, consequently, the reduction of the solvency of the population; on the other hand, the intensive development of information technologies and, as a result, the reduction of consumers' dependence on hotel services, for which a significant motivating factor is the increase in the pandemic caused by coronavirus infection. In general, it should be noted that this situation in the tourism sector leads to a widening gap in the development of world economies and certain sectors directly related to the functioning of the tourism sector, in particular the hotel business, which largely due to investments aimed at improving hotel services or expanding hotel activities.

The main factors leading to the modernization of hotels, expanding supply and improving the level of services are: high competition, increasing consumer needs, the need to attract more guests. Given the general conditions of the hotel industry, location and brand of the hotel should be considered important factors among economic factors. The most important factors that determine the development of the hotel business are: climatic and geographical location of the state; economic and political situation in the country; attractiveness of the state and its regions; the state of the security environment and the development of communications; richness of culture, integrity of tourists; state of development of domestic and international tourist transportation; needs of the hotel business, given the demand for hotel services. Recent trends in the tourism business require the creation of an attractive, innovative and large-scale hotel product that would be available to a wide range of consumers [57].

## ECONOMIC STRATEGIES FOR THE DEVELOPMENT OF SOCIETY

Improving the efficiency of the hotel industry requires significant changes in the concept of hotel business management, in particular in the context of increasing investment in this area in the main areas of investment. Such areas include: investing in the construction of new and purchase of already built hotels, reconstruction of hotels; investing in the purchase of hotel rooms and apartments; investing in hotel management, modern technology, staff training, etc.; purchase of a well-known brand (franchise) [57].

However, despite the trends outlined above that affect the economic development of the world in general and the hotel business in particular, in the countries surveyed there is a wide range of opportunities for sustainable international tourism business, which requires clearly defined long-term strategies. as well as agreed plans and programs at the national level for the short term perspectives that would be accompanied by the process of creating a favorable environment for cooperation at the regional level and at the level of international cooperation [48], which would result in an increase in the level of development of world tourism and would have a positive impact on the development of the hotel business.