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## ORGANIZATIONAL AND ECONOMIC MECHANISM OF SUSTAINABLE DEVELOPMENT OF THE TOURIST BUSINESS OF UKRAINE AND ISRAEL DURING THE WAR

*Israel is the absolute leader in the number of tourist flows among the countries that are in the status of warring territories. As you know, the natural resources of Ukraine and its tourist potential are in no way inferior to Israel, and the geographical parameters are many times higher than the market leader. But the biggest challenge for the market of tourist services of Ukraine was the military invasion of Russia, which caused the stoppage of development and the biggest economic crisis in the entire history of the market. The work determined that the list of the main functions of the organizational and economic mechanism includes: economic, political, law enforcement, humanitarian, informational, international cooperation in the field of tourism, ecological and social. An important component of the organizational and economic mechanism of the functioning of the tourist services market in the conditions of war are the methods of sustainable development of tourism. These include: fiscal, innovative, amortization, monetary, moral conviction, organizational and economic. On the basis of this, it was determined that the purpose of creating an organizational and economic mechanism for the sustainable development of tourism during the war is to create favorable conditions for conducting financial activities in the field of international tourism, with the implementation of programs to optimize a favorable security situation for providing tourist services to external and internal consumers and obtaining social economic benefits. And accordingly, a visualization of the specified organizational and economic mechanism is provided.*

**Key words:** mechanism of change, Israeli experience, war, consequences of war, recovery economy.

**JEL classification:** H56

## ОРГАНІЗАЦІЙНО-ЕКОНОМІЧНИЙ МЕХАНІЗМ СТАЛОГО РОЗВИТКУ ТУРИСТИЧНОГО БІЗНЕСУ УКРАЇНИ ТА ІЗРАЇЛЮ ПІД ЧАС ВІЙНИ

*Війна, розпочата росією 24 лютого 2022 року мала глобальний вплив на усі сектори економіки України, включаючи ринок туристичних послуг. Так, військова криза стала найбільшим викликом для туристичної індустрії за усю історію, і зумовила нерівномірність регіонального розподілу галузі, кадровий дефіцит, анексію територій та туристичних ресурсів. На противагу українському досвіду, ринок туристичних послуг Ізраїлю, під час ескалації військового конфлікту на Близькому Сході, зазнав незначних змін у структурі та динаміці в'їзного та виїзного туризму. Саме цей факт послужив причиною дослідження особливостей організаційно-економічного механізму сталого розвитку туризму в Ізраїлі, під час активної фази війни. Порівнювати рівень розвитку туристичної галузі, інтерес туристів до держави та матеріально-технічний стан готельно-ресторанної індустрії України та Ізраїлю неможливо. Але ресурсний та соціально-економічний потенціали цілком співставні у двох перелічених країнах. Високий рівень розвитку гастрономічного, рекреаційного та паломницького туризму зумовив схожість характеристик ринків туристичних послуг. Проте основною відмінністю в реакції туристичної індустрії на військовий конфлікт стала історична складова, а саме вміння вести економічну діяльність впродовж тисячоліть, незважаючи на ескалації конфліктів у Ізраїлю. Абсолютним лідером по кількості туристичних потоків, серед країн, що знаходяться в статусі воюючих територій є Ізраїль. Як відомо, природні ресурси України та її туристичний потенціал нічим не поступається Ізраїлю, а географічні параметри в разі перевищують лідера ринку. Але найбільшим викликом для ринку туристичних послуг України стало військове вторгнення росії, що спричинило зупинку розвитку та найбільшу економічну кризу за усю історію існування означеного ринку. В роботі визначено, що до переліку основних функцій організаційно-економічного механізму входять: економічна, політична, правоохоронна, гуманітарна, інформаційна, міжнародного співробітництва у сфері туризму, екологічна та соціальна. Важливою складовою організаційно-економічного механізму функціонування ринку туристичних послуг в умовах ведення війни є методи сталого розвитку туризму. До них відносимо: фінансові, інноваційні, амортизаційні, грошово-кредитні, морального переконання, організаційно-економічні. Організаційно-економічні методи механізму сталого розвитку ринку туристичних послуг під час військового стану повинні забезпечувати високий рівень безпекової ситуації, а саме організація туристичних турів у відносно безпечній місцевості із системами укриття, та доставкою провізії при необхідності. На основі чого встановлено, що метою створення організаційно-економічного механізму сталого розвитку туризму під час війни – є формування сприятливих умов ведення фінансової діяльності у сфері міжнародного туризму, із реалізацією програм оптимізації сприятливої безпекової ситуації для надання туристичних послуг зовнішнім та внутрішнім споживачам та отримання соціально-економічної вигоди. І відповідно подано візуалізацію означеного організаційно-економічного механізму.*

**Ключові слова:** механізм змін, ізраїльський досвід, війна, наслідки війни, економіка відновлення.

**Statement of the problem.** It is impossible to compare the level of development of the tourism industry, the interest of tourists in the state, and the material and technical condition of the hotel and restaurant industry of Ukraine and Israel. But the resource and socio-economic potentials are quite comparable in the two listed countries. The high level of development of gastronomic, recreational and pilgrimage tourism led to the similarity of the characteristics of the markets of tourist services. However, the main difference in the reaction of the tourism industry to the military conflict was the historical component, namely the ability to conduct economic activity for thousands of years, despite the escalation of conflicts in Israel. The Ukrainian market of tourist services turned out to be unprepared for global upheavals, including the annexation of territories, armed terror, genocide of the population, and deliberate destruction of national authenticity and cultural heritage.

**Analysis of recent research and publications.**

A large number of domestic and foreign scientists, during their research activities, analyzed the development of the Ukrainian tourist market, during the war and beyond. Among the leading theoreticians of this direction are the following scientists: O. Bordun, V. Shevchuk, and V. Monastyrskiy [1], who in their own works analyze the losses and ways of saving the tourism business of Ukraine in war conditions, the researcher V. Rykhliitskiy [2], with a detailed analysis of modern trends in domestic tourism in Ukraine, as well as scientists Dvorska I [3] and V. Prysedka [4], with a description of the prospects for restoring the profitability of the tourism market in the post-war period, and other research internet publications [5–7]. However, the relevance of the research remains, due to the dynamism of economic and geographical processes in the market of tourist services of Ukraine.

**Objectives of the article.** The purpose of writing a work on the creation of an organizational and economic mechanism for the sustainable development of tourism during the war is to create favorable conditions for conducting financial activities in the field of international tourism, with the implementation of programs to optimize a favorable security situation for providing tourist services to external and internal consumers and obtaining socio-economic benefits.

**Summary of the main results of the study.** The rise of industrial society has transformed tourism into a mass leisure activity, while globalization and post-modernisation have created an increasingly fragmented, individualized and diverse sphere of tourism supply and demand. The current growth of tourism is largely the result of the strengthening of globalization, which has increased the number of main drivers in international tourism due to the growth of incomes, the appearance of new and cheaper means of transport, the development of communications [8, p. 9].

Based on all of the above, and the urgent need to expand the tourism industry and its integration into the world tourism market, we consider it necessary to study and follow the main dogmas of the development of tourism in the Israeli form. Based on which, during the escalation of the conflict, the tourism sector does not stop its own functioning, but on the contrary, increases its potential.

The reason for this is the significant contribution of the tourism industry to the formation of the country's GDP, the provision of jobs for thousands of citizens, the realization

of the opportunity for rest and rehabilitation of the citizens of Israel, and the glorification of the strength of spirit and indomitability inherent in the chosen nations.

The list of main functions of the specified organizational and economic mechanism includes: economic, political, law enforcement, humanitarian, informational, international cooperation in the field of tourism, ecological and social.

The economic function is implemented through the direct dependence of growth in the amount of consumer demand and tax revenues to the budget. Also, this function is realized by the availability of savings in the population, since tourist trips are not a necessity. Therefore, in countries with a higher standard of living and GDP per capita, citizens travel more often. An important secondary factor in the implementation of the economic function is the development of tourist infrastructure, which includes, first of all, temporary accommodation facilities, catering establishments, and transport hubs.

The political function of the organizational and economic mechanism of international tourism is responsible for ensuring favorable legislative conditions for economic activity and providing grants and subsidies for certain types of tourism. The political situation in the state during the war should be stable, promote the expansion of economic activity of profitable industries, and also protect both providers and consumers of tourist services.

Law enforcement is an addition to the legal function, its implementation consists in observing the rights and rules of ethical behavior and international and state legislation, when providing and receiving services in the tourist market. Also, its responsibilities include the formation of institutions for monitoring compliance with legislation and establishing state standards in the field of tourism.

The humanitarian function of the organizational and economic mechanism is implemented by providing the world's population with the opportunity to rest, increasing days off, and reducing stressful situations. Also, this function is used during the protection of cultural and historical memory, providing education to the population (through the practical study of customs and traditions in the territories of temporary stay). This is also the development of self-acceptance and self-affirmation, the understanding of authenticity in the unusualness of one's own country, through the opportunity to travel through it and get to know new countries or cities.

The information function provides reliable and timely information on all factors affecting the market of tourist services. During military operations in the territory of temporary stay of tourists, this function takes on an extremely important role, as it can save the life and health of travelers. During military tourism, it is necessary to have access to up-to-date information in order to understand the degree of risk of staying in a particular area.

The function of international cooperation in the field of tourism during the active phase of the war determines the degree of trust in the country and the possibility of helping tourists caught in unfavorable circumstances. International contracts make it possible to exchange experience, form the rules of behavior on the international tourist market in a balanced way, conduct correct pricing, fiscal and insurance activities. It is also an opportunity to train and reorientate personnel, monitor and follow global trends.

The ecological function is clearly one of the most important in the formation of the organizational and

economic mechanism of sustainable development of the tourist business during the war, since the preservation of natural resources is the basis of the future of the Earth and the tourism industry on it. The war destroys the natural and recreational potential of the state, adversely affects the quality of the soil and inland waters, flora and fauna. A significant number of territories will not be subject to restoration after the active phase of the war, so the task of the ecological function of international tourism is to protect nature and reduce the impact of the human factor on it.

The social function of tourism is responsible for creating conditions for recreation and recuperation of the socially vulnerable sections of the population. The question of tourism arises especially acutely during military aggression the issue of tourist support for military personnel and their families, as well as temporarily displaced persons, arises. The state, together with the private sector of the economy, should promote the possibility of recovery for war-affected citizens of the country.

An important component of the organizational and economic mechanism of the functioning of the tourist services market in the conditions of war are the methods of sustainable development of tourism. These include: fiscal, innovative, amortization, monetary, moral conviction, organizational and economic.

Fiscal methods are extremely important because they determine the macroeconomic importance of tourism. For example, in Ukraine, 1.4% of GDP consists of tourist receipts directly, or 9% indirectly, in Israel it is 6.5%, and in most countries of Europe and America it is 8–10%. The global average contribution of tourism to GDP is 10%, and exceeding this indicator indicates the direct dependence of the state's economy on the market of tourist services, which is dynamic and unpredictable, failure to reach the specified level is evidence of underdevelopment of the ministries of tourism or culture of a specific country or region.

Innovative methods are based on implemented modern complex solutions for solving conflicts and failures in the tourism industry. The most popular innovative projects today are online booking and reservation, contactless tourism, chipping, development of web maps and new tourist routes. The introduction of innovations fulfills the following goals:

- 1) reducing the cost of production and providing tourist services;
- 2) access to the international tourist market;
- 3) increasing the profitability of the travel company;
- 4) expansion of the list of services of a specific organization or the market of tourist services of the entire country;
- 5) facilitating the performance of tasks by employees of the tourism industry.

Depreciation methods are based on the gradual transfer of the cost of fixed assets to manufactured goods and services. Since the tourism business is 60% services and only 40% products, the basis of depreciation deductions will be aimed at covering the cost of resources for the development and provision of tourist services to the population. The most expedient in tourism will be the use of a direct system of deducting amortization payments.

Monetary and credit methods are the basis of successful economic activity by tourist companies. They guarantee the profitability of the main types of tourism in the case of

the correct use of their influence tools. Thus, in the absence of stability in the market, credit methods help to reduce the negative impact on the activities of tourism companies by obtaining loan funds. And monetary ones are determined by the accumulation of profits in favorable periods (high season, tourist boom), and use in less profitable times.

Methods of moral persuasion are extremely important in certain types of tourism. These include religious tourism, game and health tourism, as well as military tourism. It is important to note that when providing services from the listed types of tourism, it is necessary to comply with the current international legislation, so inciting conflicts in temples or behaving in a way that displeases the dogmas of a particular religion is strictly prohibited. The same applies to gaming tourism, as gambling should be conducted with the use of measures to prevent gambling addiction and contribute to the reduction of the criminogenic situation.

Health tourism should have a medical and recreational effect, with the use of medical prescriptions and recommendations of the tourist's family doctor. Military tourism, which is becoming especially important in Ukraine and Israel, must be safe and thought out down to the last detail, because the lives and health of tourists are more important than material rewards, or the possible expansion of services in the tourist services market.

Organizational and economic methods of the mechanism of sustainable development of the market of tourist services during martial law should ensure a high level of security situation, namely the organization of tourist tours in a relatively safe area with shelter systems, and the delivery of provisions if necessary.

Another component of the organizational and economic mechanism of sustainable development of the tourism business is the tools of influence on it. Basic influence tools include:

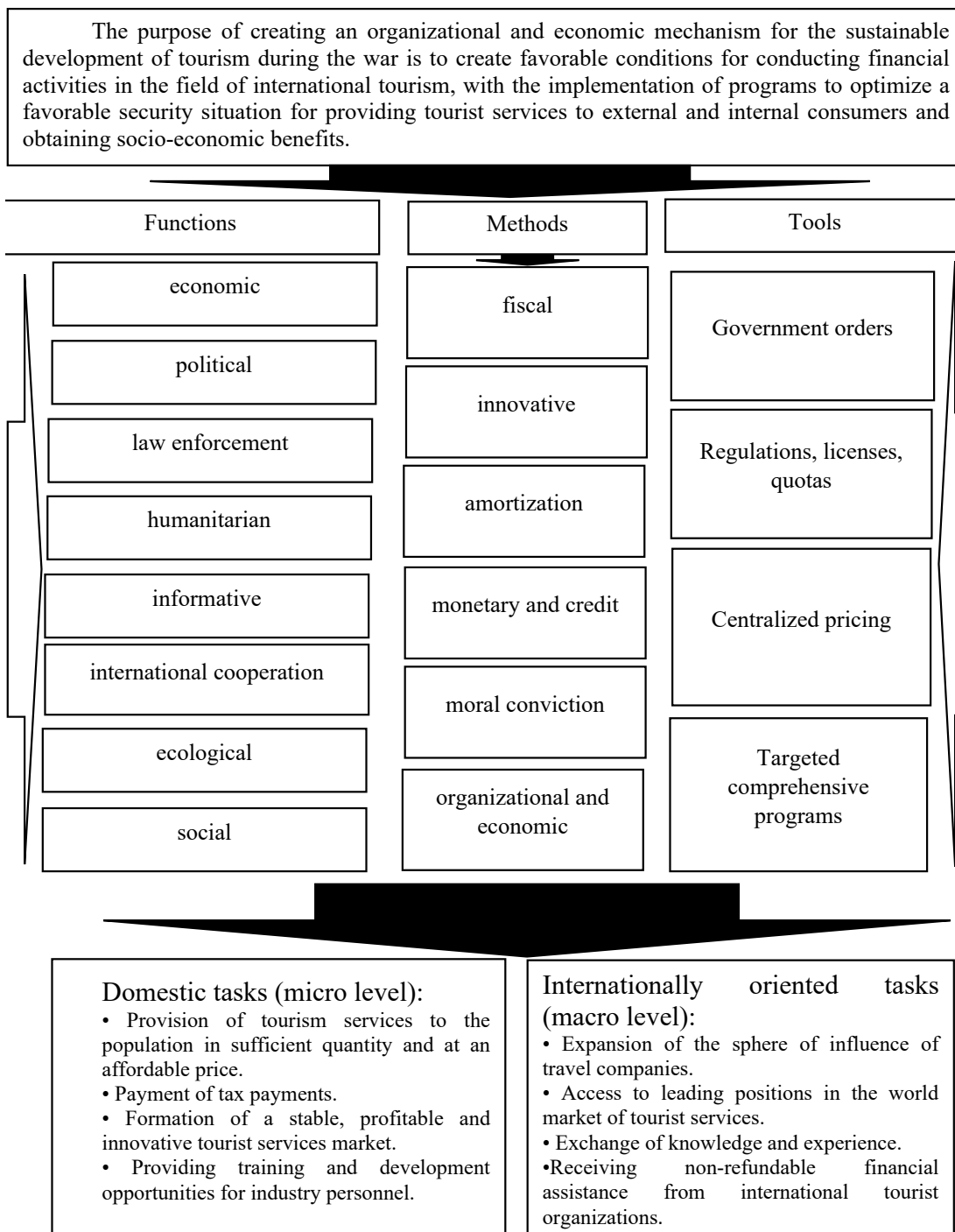
1) state orders – the work gave examples of new tourist destinations that can be implemented exclusively from budget funds, including nostalgic tourism for immigrants, adventure tourism for orphans, and health and recreation tourism for military personnel and their families;

2) target complex programs – a significant number of state-owned resorts and camps can cooperate with private tourism companies to increase recreation opportunities for socially vulnerable population groups;

3) standards, licenses, quotas – the state uses these tools to shape the offer of tourist services, influence the possibility of the state tourist market entering the international market of tourist services. Also, thanks to these tools, state authorities prevent the processes of monopolization and unfair competition.

4) centralized price setting – this tool can be used in countries with limited opportunities to enter the international tourist market, since exclusively directive economies have an influence on the formation of prices in the private sector, Fig. 1 Organizational and economic mechanism of sustainable development of the tourism business of Ukraine and Israel during the active phase of the war

**Conclusions.** Based on the parameters of the organizational and economic mechanism of tourist activity during the war period, shown in fig. 1. we consider it expedient to divide its main tasks into two levels of execution: at the micro-level and at the macro-level.



**Figure 1 Organizational and economic mechanism of sustainable development of the tourism business of Ukraine and Israel during the active phase of the war**

Source: compiled by the author

The first type includes uninterrupted, safe and profitable operation of the industry, the main purpose of which is to support the national economy, while preserving the authenticity of the industry and its financial independence. An important factor in this case is the rejection of opportunities to work "in the shadows", since the tax burden of the state is directly related to the possibility of quotas and subsidizing the industry, besides, entering the international impossible in case of unfair play in the market of domestic tourism services.

Not the last role in the process of sustainable development of the tourist business during the war is the education and re-profiling of the personnel of tourist enterprises. Today, "personnel hunger" is a global problem of the market, and it is connected with the low level of government orders of tourism business workers, the limitation of practical education programs and the lack of desire of iconic top managers to come to war-torn countries. Macroeconomic goals belong to the second group of fundamental tasks of creating an organizational and

economic mechanism for the sustainable development of tourism. The main of which is access to the international tourist market. The field of tourism is multinational in nature, and accordingly, the opportunity to conclude international contracts, exchange experience, acquire knowledge and skills, and receive financial assistance is a completely

natural process. However, it is worth remembering the monopolistic processes in the world tourist market and you should not count on quick leadership. The process of promotion and expansion of influence is quite long and complex and requires knowledge, efforts, government support and trust of consumers of tourism services.

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