

INVESTMENT POTENTIAL OF RECREATION AREAS: ESSENCE, COMPONENTS, DEVELOPMENT STRATEGIES, METHODS OF EVALUATION

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Abstract

Tourism, as one of the dynamic areas, requires constant investment, so investment provision and investment activities play a very important role in this process. Since investments are a factor that provides not only the functioning but also the future development, for the tourism and recreational sphere they are an indicator of its development. The key to the effectiveness of investing in the recreational sphere is the transformation of investment resources into the investment potential of recreation areas. Investment potential of the recreation area- the sum of objective conditions and prerequisites for investment, which depend on both the recreational potential of the territory (the presence of consumer demand) and the variety of investment objects (the relevance of investment proposals and projects) and their economic development level (availability of necessary resources for realization of the planned / factors of production / technologies) and are essential for formation the investment activity in the territory. It is important to emphasize that the analysis of investment potential is able to provide the investor with valuable information about potential investment opportunities. The investment potential of the recreation area is characterized by a set of elements, each of which represents a separate potential. Each of these potentials can be evaluated both quantitatively and qualitatively, as well as ranked according to generally accepted techniques. The investment potential of the recreation area can be viewed from two points of view, based on its components: formation of investment potential; using this potential. Formation and development of the investment potential of the recreation area occurs within certain limits or taking into account the principles that determine its use: 1. Taking into account the strategic goals of development of the region in the formation and expansion of the investment potential of the recreation area. The size of the potential should be sufficient to ensure the development of the recreation area, in accordance with the chosen investment strategy. 2. Provision of flexibility of investment potential to influence of factors of internal and external environment, prompt reaction to changes of investment climate, emergence of new investment opportunities. 3. Ensuring diversified use of investment potential, facilitating the redistribution of unused resources between different investment projects. 4. Consideration of the life cycle stage of the recreation area when using the investment potential. In the conditions of globalization of economic processes against the background of market environment dynamism, the basis of stable recreation area development and its effective functioning becomes the choice of investment development strategy taking into account the life cycle phase of the recreation area. Based on the analysis of successful international experience, we can identify the following effective strategies for investing in the development of recreation area: 1) an innovative strategy focused on the development of the territory as a tourist destination; 2) a motivational strategy aimed at improving the quality of tourism products and recreational services; 3) a supportive strategy with priority investment in clusters; 4) an evolutionary strategy focused on the creation of infrastructure for the use of a priority type of recreational resource with connection to the tourist routes network; 5) explanatory strategy, investing in development of strategic and programmatic development documents.

Keywords: recreation area, investment potential, investment strategies, life cycle, principles.

INTRODUCTION

The design of the complex development of the recreation area is the basis for the substantiation of the model of sustainable functioning of both tourist sites and complex recreational and tourist products. The basis of any recreational project is a balance between the terms and the budget of the project creation, which meets the needs of both potential tourist (a person involved in recreation) and the local population and is aimed at the comprehensive development of recreation and tourism. Any changes to the operation and development of a recreational facility or tourist product are generally associated with the use of recreational and economic resources that have price and value. That is why the task of rational use of limited resources, including investment, arises. Tourism, as one of the dynamic areas, requires constant investment, so investment provision and investment activities play a very important role in this process. Since investments are a factor that provides not only the functioning but also the future development, for the tourism and recreational sphere they are an indicator of its development.

RESEARCH RESULTS AND DISCUSSION

Investing in the recreational sphere is a process (a set of sequential actions) of attracting (motivating) an investor (or their totality) to putting in investment resources in the creation / operation / development of recreational facilities in order to achieve the effective development of the recreation area based on the harmonization of participants' interests in this process, which have advantageous socio-economic effects and benefits, including expected profitability in the form of material profit. Investing takes place through an investment project, the realization of which is organized according to a legally defined mechanism of investment activities. The key to the effectiveness of investing in the recreational sphere is the transformation of investment resources into the investment potential of recreational territories.

Investment potential of the recreation area – the sum of objective conditions and prerequisites for investment, which depend on both the recreational potential of the territory (the presence of consumer demand) and the variety of investment objects (the relevance of investment proposals and projects) and their economic development level (availability of necessary resources for realization of the planned / factors of production / technologies) and are essential for formation the investment activity in the territory. It is important to emphasize that the analysis of investment potential is able to provide the investor with valuable information about potential investment opportunities.

The investment potential of the recreation area is characterized by a set of elements, each of which represents a separate potential. Each of these potentials can be evaluated both quantitatively and qualitatively, as well as ranked according to generally accepted techniques.

The main components of the investment potential of the recreation area include:

1) Natural potential – a set of natural and cultural and historical factors that reflect the geographical features of the territory and characterize the resources that contribute to the development of the recreational zone:

1.1) provision of the territory with natural conditions and resources that have recreational properties and have recreational attractiveness (forests, water bodies, landscapes (geomorphological resources), climate, beaches, biodiversity, natural-reserved fund)

1.2) provision of the territory with natural healing resources (mineral waters, peloids, salt water, seawater);

1.3) favorable environmental situation for the recreation development;

1.4) providing the territory with cultural, historical and spiritual heritage;

II) Production potential – the aggregate result of economic activities in the recreation area:

2.1) provision of the territory with objects of recreational, resort and tourist infrastructure;

2.2) provision of the territory with resources (objects) for the development of non-stationary recreation;

III) Labor potential

3.1) provision with labor resources for the recreation development;

3.2) provision with labor resources for the implementation of the investment process;

IV) Infrastructure potential of the recreation area development

4.1) the level of development of transport and municipal infrastructure;

4.2) the level of development of social infrastructure;

4.3) the availability of institutions that facilitate the functioning of the investment mechanism;

V) Financial and consumer potential

5.1) the totality of accumulated financial resources that can be used to provide investment in the development of the recreation area;

5.2) aggregate purchasing power of the population;

5.3) demand for recreational services and products (tourist flows);

5.4) availability of investment projects / proposals, both potential and specific.

It should be emphasized that the natural-geographical potential has a decisive influence on the assessment of the investment potential of the recreation area. After all, the most important characteristic of investment potential is its prospect.

The prospects for investing in the tourism and recreational sphere have been sufficiently substantiated with scientific papers [1; 3; 4; 5] and analytical documents. The growing demand for wellness tourism is an undeniable argument.

The investment potential of the recreation area can be viewed from two points of view, based on its components:

– formation of investment potential;

– using this potential.

The formulation of the task of developing a recreation area may look like this: it is necessary to choose a development option in which the available potential allowed at least one way to achieve the expected results.

Formation and development of the investment potential of the recreation area occurs within certain limits or taking into account the principles that determine its use:

1. Taking into account the strategic goals of development of the region in the formation and expansion of the investment potential of the recreation area. The size of the potential should be sufficient to ensure the development of the recreation area, in accordance with the chosen investment strategy;

2. Provision of flexibility of investment potential to influence of factors of internal and external environment, prompt reaction to changes of investment climate, emergence of new investment opportunities;

3. Ensuring diversified use of investment potential, facilitating the redistribution of unused resources between different investment projects;

4. Consideration of the life cycle stage of the recreation area when using the investment potential.

In the conditions of globalization of economic processes against the background of market environment dynamism, the basis of stable recreation area development and its effective functioning becomes the choice of investment development strategy taking into account the life cycle phase of the recreation area.

Based on the analysis of successful international experience, we can identify the following effective strategies for investing in the development of recreation area:

1) recreation area of active attraction with sustainable development of tourist and recreational infrastructure – an innovative strategy focused on the development of the territory as a tourist destination, the formation of a complex recreational and tourist product and the development of a marketing model for its effective promotion to the domestic and world markets;

2) recreation area with developed tourist and recreational infrastructure but with great potential of unused recreational resources - a motivational strategy aimed at improving the quality of tourism product and recreational services, forming a portfolio of investment projects for the development of new types of recreational product for the territory;

3) a recreation area with significant recreational potential, but with a pioneering level of tourism and recreational infrastructure development - a supportive strategy, a priority type of investment into clusters;

4) recreation area with a unique set of recreational resources, but with a low level of tourist attractiveness – an evolutionary strategy focused on the creation of infrastructure for the use of a priority type of recreational resource with connection to the tourist routes network;

5) recreation area of future-oriented development in the long term - an explanatory strategy, investing in the development of strategic and programmatic development documents.

In order to evaluate the investment potential of the recreation area, one should take into consideration such factors as:

- the ability to attract investors' attention;
- availability of up-to-date proposals for investing in the project.

It should also be borne in mind that the investment potential of one area has a very close relationship with the potential of another. Interconnected, they form the investment potential of the region.

The main methodological approaches to the assessment of the investment potential of the recreation area and its components are the value approach, expert evaluation, evaluation based on a generic indicator, a comprehensive approach [2].

1. Cost-based approach, according to which the investment potential is defined as the difference between the future and the present value of the recreational object, although the change in value occurred as a result of the implementation of investment projects. This method most fully reflects the economic nature of the investment potential.

2. Expert assessment – involves the determination of the investment potential level by a group of professionals with the appropriate qualifications on the basis of a certain list of indicators. In this case, investment potential can be assessed both in general and in individual components.

3. Evaluation on the basis of a generic indicator – an indicator of the rational amount of additional investment of funds, which ensures the highest level of return on investment.

4. Comprehensive approach – involves a comprehensive assessment of investment potential based on a set of indicators with possible experts' involvement. Its advantage is the ability to fully take into account all aspects of the investment potential, the ability to improve the method taking into account the features of the recreational sphere. This method is widely used by investment funds and does not exclude the partial application of the above approaches. At the same time, various methodological approaches to assessing the performance of economic actors (graphic, matrix, factor analysis, etc.) are reasonably combined. They organically complement each other when evaluating different components of investment potential.

It is important to emphasize that investment potential is a motive for which, besides the owner of the investment resources, the actors in need of investment should be involved. Therefore, this process requires targeted coordination.

In the process of evaluating the investment potential of the recreational territories of the Odessa oblast, a comprehensive approach was used, which provided for a comprehensive assessment of the investment potential based on a group of indicators. The assessment of investment potential was carried out using the balance method, which is the basis for a comparative analysis of the investment opportunities of the territory according to certain blocks of indicators, which are taken for equivalent categories.

Specific features that were taken into account in the process of evaluating the investment potential of recreational territories of Odessa oblast:

- the selection of indicators depended on information security: official statistics and open data on the sites of rayon state administrations (Table 1);

- taking into account different units of measure and different directions of optimization, normalization of estimates was carried out for each selected indicator;

- the score for each of the blocks of indicators was carried out by summing the scores, taking into account the coefficients of significance;

Table 1. System of indicators to evaluate the investment potential

| Indicator | Data sources |
|--|--|
| <i>Block 1: Production potential</i> | |
| Production development | The volume of sold industrial production (goods, services), thousand UAH. per 1000 of the population |
| Development of agricultural production | Agricultural production indices,% to previous year |
| Entrepreneurship development | Profitability of operating activities of enterprises,% |
| The success of entrepreneurship | Proportion of loss-making enterprises (% of total enterprises) |
| Volume of retail turnover | Indices of physical volume of retail turnover of enterprises, (percent to the previous year) |
| <i>Block 2: Social potential</i> | |
| Population density | Population, 1000 people per 1000 hectares |
| Average monthly nominal wage | Average monthly nominal wage of full-time employees, UAH |
| The volume of housing construction | Indices of commissioning of the total area of residential buildings (percent to the previous year) |
| Provision of primary health care to the population | The share of the capacity of outpatient clinics establishments per 1000 population |
| Criminal situation | Number of detected crimes per 1000 population, cases |
| Unemployment rate | Load upon 1 vacancy, persons |
| <i>Block 3: Financial potential</i> | |
| Financial capacity of local budgets | The coefficient "financial capacity of local budgets" |
| The degree of influence of the state on the economy of the rayon | Subsidy dependence coefficient |
| Financial independence of local budgets | The coefficient of "financial autonomy of local budgets" |
| Local budget efficiency | Income stability coefficient |
| The level of budget performance | The amount of local budget revenues per capita |
| The level of financial support of the population with budget funds | The amount of local budget expenditures per inhabitant |

– each block consists of indicators that are adjusted by the coefficients of significance when it is necessary to reduce or increase the weight of the impact of the indicator on the overall assessment of the respective block, reflecting the degree of direct impact on investment processes in the recreational sphere. Thus, all indicators were divided into the main ones – key factors, the weight of which should be increased; neutral – significantly affect investment processes but do not need to be increased in significance, and minor, the weight of which should be reduced. The choice of significance coefficients reflects their corrective nature and does not allow significantly overlap the estimates;

– the distribution of points for each block depended on the maximum and minimum values in the blocks; the integral block estimate is calculated on the geometric average, which allows to take into account the multiplicative effect of the impact of indicators on investment processes.

Integral assessment of the investment potential of the recreational territories of the Odessa oblast allowed zoning of the territory with the allocation of 5 zones with

priority investment strategies: 1) an innovative strategy focused on the development of the territory as a tourist destination; 2) a motivational strategy aimed at improving the quality of tourism products and recreational services; 3) a supportive strategy with priority investment in clusters; 4) an evolutionary strategy focused on the creation of infrastructure for the use of a priority type of recreational resource with connection to the tourist routes network; 5) explanatory strategy, investing in development of strategic and programmatic development documents.

The practical implementation of the investment model of the complex development of recreational territories of the Odessa oblast is connected, first, with the use of investment resources of the territories that have their price and value. Therefore, the main principle of the model implementation is the principle of rational use of limited investment resources.

CONCLUSION

The aggregate of all resources of the recreation territory, capable of ensuring the stable growth of the main socio-economic indicators, is its investment potential, the current level of which is a decisive factor in the selection of types of investments and investment objects. Therefore, taking into account the principle of rational use of investment resources, priority areas of investment are those that will ensure the effective implementation main recreational functions by the recreational zone. The introduction of the investment model will increase the investment potential of the recreation area, which will make it possible to implement projects focused on ensuring the fulfillment of the territory of its secondary functions, and, subsequently, the development of the territory as a tourist destination, the formation of a complex recreational and tourist product and its efficient promote to the domestic and world tourist market.

Based on the above principles, depending on: life cycle stage of the recreation area; the level of its investment potential; major and minor recreational functions; defined investment strategies; the availability of unused resources, the investment objects were divided into groups:

- *priority investment objects, recommended in the short term aspect*, which correspond with the strategy of development of the recreation area in terms of its basic recreational function, and for which both investment potential and recreational resources are available; as well as facilities providing additional functions - only in the case of territories with sufficient investment potential (group of investment objects of 1st queue);

- *medium-term prospective investment objects* that correspond with the recreation area development strategy in terms of performing secondary functions for which recreational resources are available, but investment potential is insufficient at present; relevant investment projects can be implemented under conditions of sustainable development of the recreation area and increase of its investment potential; for territories with sufficient investment potential, projects aimed at utilizing untapped resources are also possible (group of investment objects of 2nd queue);

– *long-term prospective investment objects* that correspond with the recreation area development strategy in terms of performing secondary functions, for which there are unused resources (or additional research is needed to determine and measure the recreational value of those resources), but insufficient investment potential (group of investment objects of 3rd queue).

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