

IMPACT OF GLOBALIZATION CRISES ON THE TOURISM AND HOSPITALITY ECONOMY

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KEY WORDS

crises, economy of tourism, welfare, financial losses

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1 INTRODUCTION

Today, globalization of the modern world has covered almost all spheres of human existence: economics, politics, culture, social relations. The development of the tourism industry, as a consequence and cause of globalization, and in a sense also its implementation, is significantly affected by such processes as enlargement of information technology, social differentiation of society, climate change. It is also

worth noting that European and Ukrainian investors have faced an unprecedented situation – the threat of pandemics, which complicate and sometimes make it impossible to operate not only small but also medium and large businesses because of market positions weakening, losing consumers, and as a consequence – declining profits, reduction or even complete closure of enterprises.

2 MATERIAL AND METHODS

The purpose of this investigation is to analyze the impact of world crises, specifically coronavirus pandemic COVID-19, on the functioning of tourism and hospitality agencies and firms. The materials of official statistical data of Eurostat, OECD countries, UNWTO, reports of the Tourism and Resorts State Agency of Ukraine and State Border Guard Service of Ukraine were used in the work.

The analysis of the literature has shown that there are different approaches to the implementation of crisis management in the activity of enterprises under such conditions. Wenqin Fan, Weixian Dong Jie Luo (Wenqin and Weixian, 2018) and Malewska K. (2003) studied the impact of crises on the

activities of international enterprises and focused on the development of the concept of crisis management.

Central and Eastern Europe has become an attractive market for the development of the hotel business. It was found that the growth of travel to Central and Eastern Europe has increased hotel profitability and made the region a hot spot for investment. During the five-year period from 2013 to 2017, hotel transactions in the Czech Republic alone were estimated at more than a billion euros. Problems concerning internal tourism development of Ukraine in 2020 were detected, suggestions for the application of crisis management were submitted.

3 RESULTS

The global hotel and restaurant industry is influenced by the travel and tourism industry, that contributed \$8.81 trillion to the global economy in 2018. But today these spheres already indicate significant financial losses due to the coronavirus pandemic (COVID-19) in the first quarter of 2020 to a fraction of what they were in 2019. Available data points to a double-digit decrease of 22% in Q1 2020, with arrivals in March down by 57%. This led into a loss of 67 million international arrivals and about \$80 billion in receipts. The impact of coronavirus on world tourism and the predictions of scientists and pro-government structures are based on previous experience of such crises, such as the spread of SARS or H1N1 viruses. It is forecasted that global travel and tourism revenue due to COVID-19 in 2020 will be \$447.4 billion, global employment loss in the sphere – 100.8 million, region with the largest loss in travel and tourism is Europe.

The ukrainian tourism and hospitality industry was also hit by the pandemia crisis, because of reduction in incoming tourist flows. Losses from quarantine and pandemics for the tourism industry

of Ukraine were estimated at \$3–5 billion. Approximately 80% of hospitality establishments in Ukraine were small businesses, sole proprietors, that didn't survive the quarantine. It was revealed that internal tourism in Ukraine experienced a surge, which, however, can not fully replace foreign because of the average higher prices and often worse service than in popular tourist countries.

Representatives of the global tourism and hospitality industry expect that due to the coronavirus and the introduction of quarantine restrictions, the decline in the industry in 2020 will be 80% compared to 2019.

Different market segments require different models and approaches to meet consumer needs. The tourism, hotel and restaurant spheres have already proved the need of building their business on the basis of information and communication technologies. In order to survive the time of the crisis firms of service industry need to optimize their costs, conduct strategic control, form an insurance funds and receive subsidized state support.

4 CONCLUSIONS

The tourism industry has faced an unprecedented conflict of threats: on the one hand – fear for human health and life, and on the other – economic losses from quarantine measures, which lead to the impoverishment not only of individuals but also of entire nations. The situation is complicated by the

fact that investment problems of leading industries have to be solved in a crisis conditions, when the freezing of funds for specific projects has a very negative impact on the efficiency of the entire economic system and, consequently, nation's welfare.

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