

**DEVELOPMENT TRENDS OF HOTEL AND RESTAURANT BUSINESS
IN UKRAINE**

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***Abstract.** The article examines the dynamic changes in the number and composition of economic entities engaged in temporary accommodation and catering; the indicators of the volume of produced and sold products are analyzed, the volume of sold products in terms of consumer categories is revealed; the share of employees in this area is highlighted and their dynamics and share in the total number of economic entities of the country are revealed. Problems on the development of hotel and restaurant services in Ukraine are highlighted and ways to solve them are suggested.*

***Keywords:** hotel and restaurant business, business entities, temporary accommodation and catering, economic activity.*

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1. Introduction

Today, the service sector plays an important role in the Ukrainian economy, in turn, the sphere of "hotel and restaurant services" is quite attractive for those who are starting a business. This business category occupies about 3% of all registered business entities in Ukraine. The hotel and restaurant business as one of the components of the tourist infrastructure has a significant potential for the country in the form of stable revenues in the budgets of all levels. As a sphere of entrepreneurial activity, the management of temporary accommodation and catering performs social (satisfaction of consumer needs) and economic functions (production and circulation of products). This type of activity is a promising opportunity for capital investment and innovative development, as the return on investment is sufficiently quick. Given the above, the issue of development of the hotel and restaurant industry is relevant for both practical businessmen and scientists, thus requiring constant research.

2. Analysis of recent research and publications

The study of economic activity of Ukrainian enterprises in the hotel and restaurant industry was pursued by such researchers as V.V. Arkhipov, G.V. Dovgal, T.G. Kovalchuk, A.A. Mazaraki, M.P. Malska, A.O. Obozna and others. However, the problematic aspects related to the modern economic development of entrepreneurial activity of temporary accommodation and catering need to be investigated in detail.

3. The objective of the article

The objective of the article is to study the development of hotel and restaurant business in Ukraine and determine the prospects for its further development.

4. The main body of the academic paper

One of the main components of the tourism industry of Ukraine is the hotel and restaurant business, which contains a range of services to meet the needs of tourists. The development of the

tourist infrastructure, the competitiveness of the national tourist product at the domestic and world level depends on the success of the service sector.

To determine the level of development of the hotel and restaurant business in Ukraine, we use the available statistical data. When assessing economic entities by type of economic activity the State Statistics Service of Ukraine takes the "Temporary accommodation and catering" data into account for statistical accounting of this sphere of services.

The dynamics of the number of temporary *-accommodation and catering is demonstrated in Table 1. The total number of subjects of this type of activity: growth during 2013 - 2015, decline in 2016-2017 and from 2018 increase - by 7.3%. The total number of enterprises increased in 2018 and is equal to 7535 units, which is 12.2% of their total number (Fig. 1).

Table 1. Number of business entities by type of economic activity "Temporary accommodation and catering"

Years	Number of business entities, units			Share of the number of enterprises and natural persons-entrepreneurs in the total number of business entities, %	
	Total	Including		Including	
		Enterprises	Natural persons-entrepreneurs	Enterprises	Natural persons-entrepreneurs
2013	52077	10096	41981	19,4	80,6
2014	57553	7885	49668	13,7	86,3
2015	58436	7700	50736	13,2	86,8
2016	57696	6544	51152	11,3	88,7
2017	57578	7285	50293	12,7	87,3
2018	61761	7535	54226	12,2	87,8

Source: Prepared by the author according to [1, 3, 4] data.

Analyzing the activities of economic entities for temporary accommodation and catering, it should be noted that the share of enterprises in their total number is insignificant: in 2013 it was 19.4%, and already in 2014 - less than 13.7% (Table 1). More than 80% of economic entities in this type of economic activity are natural persons-entrepreneurs and their share has increased by 7% in 6 years since 2013.

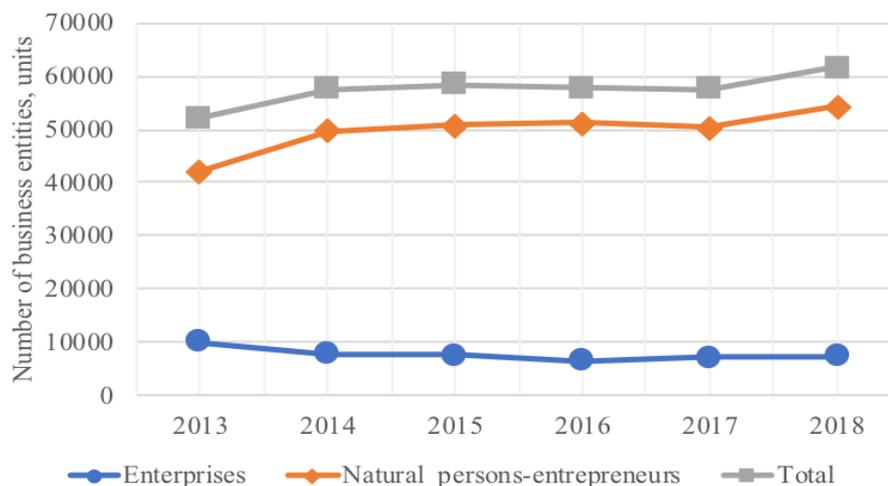


Fig.1. Dynamics of economic entities by type of economic activity "Temporary accommodation and catering"

According to statistics, the largest decline in the number of facilities in this area due to the crisis was observed in 2016 and continued into 2017. And only 2018 data show positive dynamics - growth in the number of institutions by 4183 units (7.3%).

Regarding the volume of products offered by economic entities for temporary accommodation and catering, it should be noted that this indicator determines the value of the products (goods, services) actually produced by the enterprise, which includes products manufactured and shipped (or intended for shipment) outside the enterprise, products made at their own expense to invest in the company, as well as ensure other non-financial income [5, p.12]. During the study period for all business entities (enterprises and individual entrepreneurs) in this area, the dynamics of decline in 2014 and gradual growth until 2019 is demonstrated (Table 2, Figure 2).

Table 2. Volume of products (goods, services) of business entities for temporary accommodation and catering

Years	Volume of products (goods, services) mln.,UAH			Share of volume of output (goods, services),%		Specific share of output volume (goods, services),%	
	Total	Enterprises	Natural persons-entrepreneurs	Enterprises	Natural persons-entrepreneurs	Enterprises	Natural persons-entrepreneurs
2013	19300,9	12579,1	6721,8	66,3	33,7	0,8	5,4
2014	16790,1	11134,4	5655,7	64,5	35,5	0,6	3,5
2015	19158,2	12355,0	6803,2	60,4	39,6	0,5	2,9
2016	26664,3	16109,1	10555,2	58,4	41,6	0,6	3,2
2017	37674,6	22002,5	15672,1	53,3	46,7	0,7	3,4
2018	47081,6	25079,3	22002,3	65,2	34,8	0,8	3,8

Source: Prepared by the author according to [1, 3, 4] data.

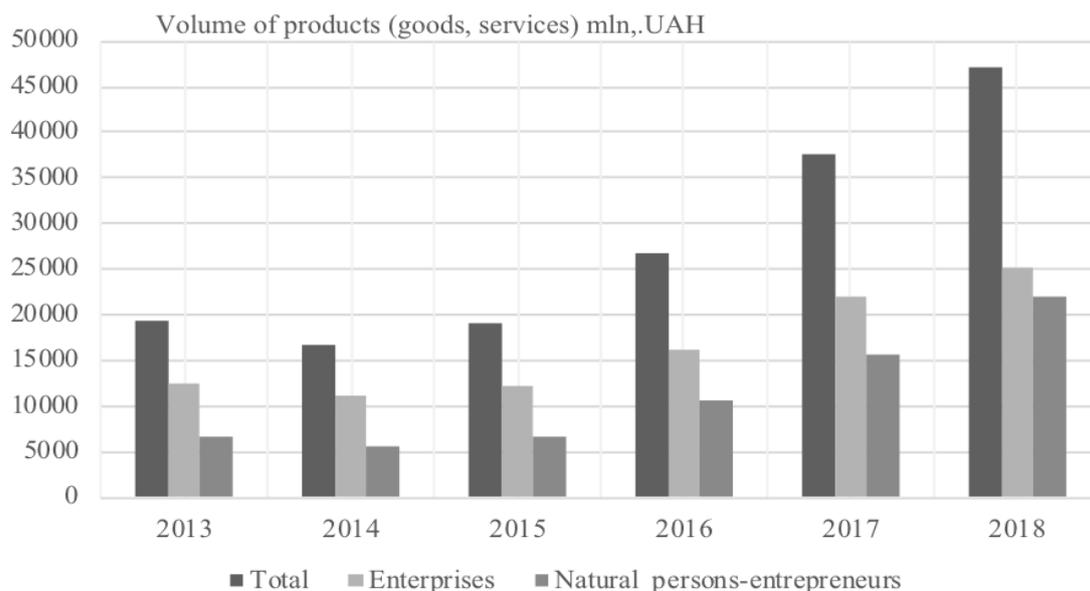


Fig.2. Dynamics of the volume of products (goods, services) of subjects of activity on temporary placement and catering 2013-2018.

The positive dynamics of the volume of products (goods, services) is present since 2015 and the annual growth is an average of 30%. In 2018, the volume of products produced by business entities for temporary accommodation and catering is UAH 47,081.6 million, which is 27% more compared to the previous year. A significant part of the output in 2018 was provided by enterprises - 65.2%, and natural persons-entrepreneurs - 34.8%.

The share of the volume of products of business entities by temporary placement and catering in the total volume of products in Ukraine is on average- enterprises - 0.7%, natural persons-entrepreneurs - 3.3%. It should be noted the increase in the share of output by service entities since 2015 and in 2018, this figure is the maximum, namely: enterprises - 0.8%, individual entrepreneurs - 3.8%.

The next indicator that characterizes the activities of the subjects by the main type of activity "temporary accommodation and catering" is the volume of sold products. The volume of sold products (goods, services) of the subjects of temporary accommodation and catering is the turnover of restaurants, cafes, bars, canteens, mobile food service providers, including the amount of trade margin, the cost of products spent on cooking, and the cost of purchased goods for sale and the cost of services provided by hotels, motels, rest homes, camps, campsites, and other facilities of temporary accommodation [5, p.11].

The volume of sold products of business entities for temporary accommodation and catering for the last 4 years (2015-2018) increased within 20-30%. The volume of sold products in 2014 decreased significantly (-25.1%), which may explain the decrease in the volume of manufactures products. In 2018, the volume of sold products amounted to 63,591.5 mln UAH, which is 30% more than last year (Table 3).

Table 3. Volume of sold products (goods, services) of business entities for temporary accommodation and catering 2013-2018

Years	Volume of sold products (goods, services), mln UAH			Share of goods sales (goods, services),%	
	Total	Enterprises	Natural persons- entrepreneurs	Enterprises	Natural persons- entrepreneurs
2013	30322,4	16726,9	13595,5	0,7	4,8
2014	22684,6	14346,3	8338,3	0,5	2,9
2015	29069,3	18250,0	10819,3	0,5	2,7
2016	37613,4	23083,8	14529,6	0,6	3,0
2017	48965,2	29548,2	19417,0	0,6	3,2
2018	63591,5	36700,0	26891,5	0,7	3,5

Source: Prepared by the author according to [3, 4, 5] data.

The positive dynamics of sales is present since 2015, with 25 % average annual growth. During the study period, the largest increase in sales was recorded in 2018, almost 30% compared to the previous year. A significant part of the sold products in 2018 was provided by enterprises - 57.7%, natural persons-entrepreneurs - 42.3% of the total production.

Among the volume of sold services by categories of consumers in % to the total for the last three years (2017-2019) the most services by temporary accommodation and catering sold to the population - more than 70%, about 27% - enterprises (institutions), other categories of consumers - only 2%. As of January 1, 2020, the volume of services provided by enterprises of the hotel and restaurant industry was 15% higher than in the previous year [1, 6, 7].

The economic indicators that characterize the activities of economic entities include the number of employees. The share of employees in the field of hotel and restaurant services in the total number of business entities in Ukraine is insignificant and averages 3% in the group of enterprises and 5% among individual entrepreneurs (Table 4).

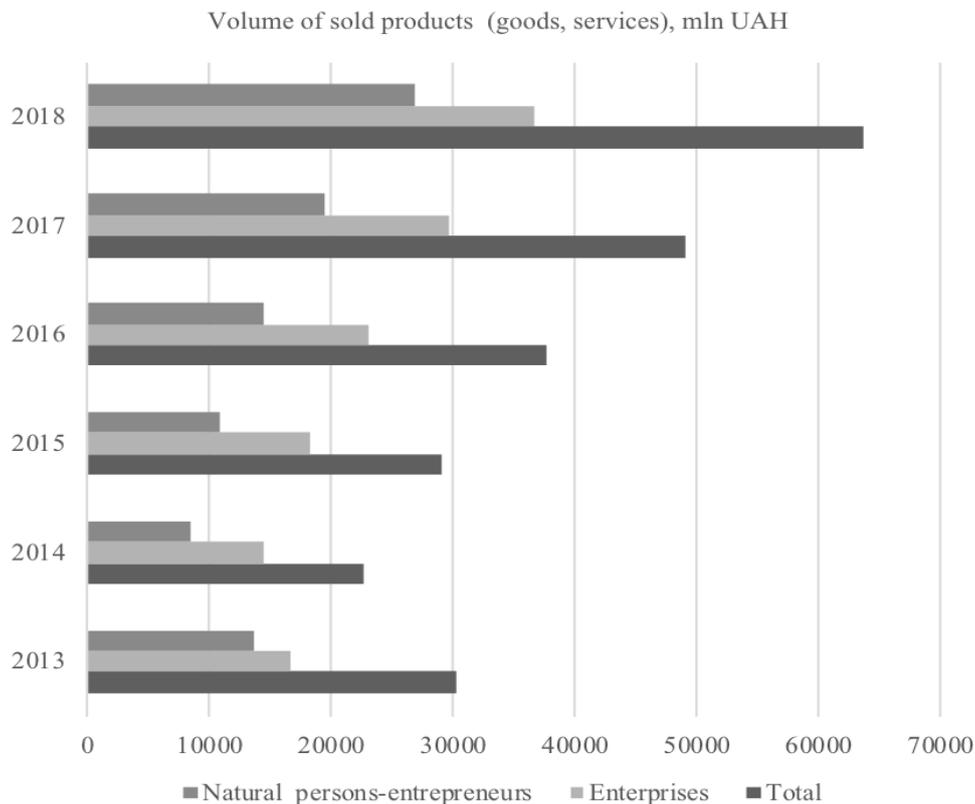


Fig.3. Dynamics of the volume of sold products of the subjects of activity on temporary accommodation and catering 2013-2018.

Table 4. Number of employees in the subjects of temporary accommodation and catering 2013-2018

Years	Number of employees in business entities, thousand people			Share of the number of employees in business entities,%	
	Total	Including :		Including :	
		Enterprises	Natural persons-entrepreneurs	Enterprises	Natural persons-entrepreneurs
2013	267,5	132,6	134,9	2,7	5,8
2014	213,2	101,5	111,7	2,4	4,5
2015	195,2	87,9	107,3	2,3	4,7
2016	207,9	90,3	117,6	2,5	5,1
2017	224,2	92,9	131,3	2,7	5,6
2018	269,8	98,7	171,1	3,1	6,6

Source: Prepared by the author according to [3, 4, 5] data

During the study period, the number of employees in temporary accommodation and catering has been increasing since 2016, the dynamics of reduction is present in 2014-2015. In 2018, the number of employees in the hotel and restaurant industry is 269.8 thousand people, which is 20% more than the previous year. It should be noted that the number of business entities is growing among

individual entrepreneurs and in 2018 the number of employees is 171.1 thousand people (+30%), while in enterprises the increase in this indicator is quite slow.

Among the business entities for temporary accommodation and catering, mostly small and micro businesses operate; their number is on average 99.5% and 95.2% of the total number of entities in this area.

Less than one percent are medium-sized businesses, and there are no large business entities in the service sector at all. This situation can be partly explained by a certain "shredding" in recent years of both medium and small enterprises. Today, for micro-enterprises there are relatively more attractive conditions for doing business: a simplified taxation system and greater "flexibility" of micro-business in critical conditions [2].

5. Conclusions

Hotel and restaurant business as one of the components of the tourist infrastructure has a significant potential for Ukraine, given the prospects of tourism for the country, which has with a rich historical, cultural and natural resource potential. Therefore, research in this area today is on the periphery of scholars and practitioners' interest.

The share of hotel and restaurant facilities in the total number of business entities in the service sector is insignificant and is less than 15% and about 3% of all registered business entities in Ukraine. More than 80% of temporary accommodation and catering businesses are sole proprietors and their share has increased by 7% in 6 years since 2013. Over the last five years, there have been fluctuations in the total number of entities in this type of activity: growth during 2013-2015, decline in 2016-2017 and increase from 2018.

Based on the analysis of the activities of business entities for temporary accommodation and catering it is established:

1). Positive dynamics of the volume of output, which is present since 2015 and the annual growth is an average of 30%. More than half of the output is provided by enterprises - more than 60%, natural persons-entrepreneurs account for 34.8%. The share of the volume of products produced by the hotel and restaurant business in the total volume of products produced in Ukraine is: by enterprises less than 1%, natural persons-entrepreneurs - about 3%.

2). The volume of sold products of business entities for temporary accommodation and catering for the last 4 years (2015-2018) increased within 20-30%. This indicator decreased significantly in 2014 (-25.1%), which may explain the decrease in output, and in 2018 it increased by 30% compared to last year. The share of the volume of sold products of the hotel and restaurant sector is slowly growing in the total volume of products produced in Ukraine since 2015 and on average it is: by enterprises - 0.6%, individuals - entrepreneurs - 3.4%.

The positive dynamics of the volume of services sold by enterprises for the last two years should be highlighted: 2018 - an increase of 13%, 2019 - by 15%.

3). More than 70% of hotel and restaurant services were provided to the population, about 27% - to enterprises (business), only 2% - to other categories of consumers. In 2019, the volume of sold services of hotel and restaurant enterprises is 15% higher than in the previous year.

4). The number of employees in the hotel and restaurant industry during 2013-2018 varies: the dynamics of reduction is present in 2014-2015, and since 2016 - the number of employees is growing; the figure for 2018 exceeds the previous year by 20%. It should be noted that the increase in the number of business entities is observed among individual entrepreneurs and in 2018 the number of employees increased by 30%), while in enterprises the increase in this indicator is quite slow.

Thus, the hotel and restaurant business in Ukraine is developing at a slow pace. Since 2017, there has been a gradual increase in the number of business entities for temporary accommodation and catering and the growth of economic indicators of their activities, indicating an improvement in the financial and economic condition of enterprises in the hotel and restaurant industry in Ukraine. The main reasons for the slowdown in the domestic hotel and restaurant market in certain years are: the political and economic crisis in Ukraine, hostilities in the east of the country, and the global crisis.

In our opinion, the priorities for the successful development of the domestic hotel and restaurant industry are as follows: 1) stabilization of the political and economic situation in the

country, which in turn will create favorable conditions for its investment; 2) increased welfare of the population to intensify the use of hotel and restaurant services; 3) innovative development of enterprises, which will ensure the progress of this industry not only in the domestic but also in the global market of services.

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