After-COVID Development of Services in the Framework of Sustainable Development

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Abstract---The COVID-19 epidemic has hit the world economy hard, leaving no industry without consequences. The travel and tourism industries have been hit hardest by partial and complete lockdowns around the world. Exit from the recession and recovery of the sector should take place in the format of a new normal. In the framework of this study, it was argued that another framework for the development of tourism and hospitality is sustainable development. The necessity of rethinking the industry in the direction of sustainability is substantiated in connection with nature conservation, reassessment of the socio-cultural environment, and the benefits of active participation in the economy and local development. Emphasis is placed on the need for a solution that is primary - rethinking or rapid recovery. Underlined, that sustainable tourism should have a positive impact by improving the livelihoods of local communities. The most important thing is the employment of locals in the tourism business. Ensuring their financial security is important, especially during periods such as the decline in tourists caused by the pandemic. Sustainable tourism is financially profitable and profitable for stakeholders.
Keywords---local communities, nest normal, recession, sustainable development, tourism.

Introduction

To outline our study's scope and make sure that all terms will be treated the same, we will start with the definitions. So, as defined in the Encyclopedia Britannica (2021), the service sector is an industry in this economy that creates services, not material objects. Economists divide all economic activity into two significant categories, goods, and services. Also, in our study, we will focus on the economic aspects of the functioning of this area as a whole and specify for Ukraine. Therefore, it should be noted that the industry's general trend is characterized by a steady increase in the world economy the share of services - from 60 to 65% over the past 20 years (World Bank, 2020). Accordingly, Ukraine shows the same trend - rising from 39 to 56% over the same period. Over the past century, the services sector has expanded rapidly and has become crucial for the economy in most developed countries as a sector with higher added value. That is why a significant share of services in GDP is related to the level of socio-economic growth (for a developed economy, about 70-80%). The expansion of services results from increased knowledge, rapid technological evolution, and the development of quick means of communication and infrastructure that have taken place in recent decades (Kolumbet et al., 2019).

The current situation is affected by numerous factors, including - shutdown economies during COVID-19 and almost freezing the economic activities, a sharp rise in energy prices that signals the recession and even crisis altogether (Horowitz, 2021). Recession means that at the exact moment, we will observe the growth of unemployment level, increase in inflation, and decrease in GDP (point A, Fig. 1). According to the classical economic theory, the economy will return to long-run economic equilibrium at the intersection of long and short-run aggregate supply and aggregate demand (Aleksandrova et al., 2018). Governments cannot wait for a long time in the current situation because behavioral factors and negative expectations have become more powerful. The possibility of fastening the transition into the long-run equilibrium stimulates the demand (point B, Figure 1.). Thus, as AD includes consumption, investments, governmental spendings, and net export, we can develop the service sector as a stimulus for increasing investments and consumption. It is the only part of the solution but the important one, especially in the context of the importance of the sector for economic growth and movement to the advanced level (Appleby & McRae, 1986; Jacobson et al., 1980).
Achieving the SDGs requires success in implementing six major transformations:

- Quality education (SDG 4).
- Access to quality and affordable medical care (SDG 3).
- Renewable energy sources and the circular economy (SDGs 7, 12 and 13).
- Stable land and sea management (SDGs 2, 14 and 15).
- Sustainable urban infrastructure (SDGs 6, 9 and 11).
- Universal access to digital services (SDG 9).

Each of the six entities requires a significant increase in public investment. However, the need to finance these SDG investments is much greater than the financial space available to governments. Thus, countries will need a significant increase in the fiscal sphere, which will require a combination of domestic and global expansionary policies (Sachs et al., 2021). Recovery will occur in the next normal situation. The next normal concept is a term coined (Sneader & Singhal, 2021). This idea is based on the assumption that our world will not return to habits and norms of the inherent times at all levels, from socio-cultural to economic and environmental. Recovery will not be a return but a transition to a new state. Transformations began before the pandemic but were not systemic. Recent events have become a catalyst for change (Scheyvens, 1999; Reed et al., 2006).

According to UNESCO (2020), the way out of the pandemic will be accompanied by forgetting the lessons learned and the desire to return to "normalcy," ignoring the value of what we consider normal for our environment, economy, health. It is natural for all societies. UNESCO (2020), emphasizes that our previous reality can no longer be considered normal. It's time for a change. When we move on to the next normal, digital transformation is no longer a process or future goal. It is a need that will determine how organizations will survive in today's new era. The COVID-19 epidemic has hit the world economy hard, leaving no industry without an impact. The most affected sectors are travel and tourism due to partial and complete blockades worldwide. The travel and tourism industry and other related
industries have declined slightly compared to what they contributed to COVID-19 (Xiang et al., 2021). Sneader & Singhal (2021), tourism recovery model predicts a cumulative decline of $3 to $8 trillion before tourism spending returns to COVID-19. Recovery will be slow and due to the dependence of countries on domestic and non-flying traffic. Therefore, different countries should prepare differently for the recovery curves and rethink their tourism sectors (as well as the support they provide) (Binggeli et al., 2020). That is why in this study, we will focus on possible ways to restore the tourism sector based on the concept of sustainable development as a basis for further normalization (Figure 2).

Figure 2. Impact drivers provide a perspective on tourist behavior in light of the COVID-19 pandemic
Source: developed by the authors according to McKinsey (2021).

The sustainable-tourism backdrop

It is now clear that the concept of sustainability is an integral part of economic research. Therefore, we will also generalize the development of economic thought from these positions. Sustainable tourism began to gain popularity in the late 1980s (Liu, 2003). However, discussions on understanding this phenomenon have been heterogeneous, fragmented, and often distorted by erroneous assumptions and arguments. Moreover, in the 1990s, the study of tourism and hospitality was a non-consuming development option, particularly for developing countries (Nasution et al., 2021; Kasni & Budiarta, 2021). According to the concept of sustainable tourism of that period, it is believed that the negative social and environmental consequences can be avoided or minimized if the development of tourism is carefully planned and controlled (Gössling, 2000).

Clark (1997), wrote that there is a distinction between sustainable development and sustainable tourism. The latter concept, in his opinion, is not complete enough, primarily because it is focused on one sector. At the same time, he shared its right to exist. It is assuming that concepts will generate long-term perspectives: foster equity, stimulate the search for and evaluation of tourism, promote awareness of cross-sectoral links and foster dialogue between individuals and groups, whose prospects may seem contradictory at first glance, they are
useful catalysts in the search for better types of tourism that can contribute to long-term development, generally accepted (Pigram & Wahab, 2005; Griffin, 2012). In particular, to re-engage sustainable tourism development with parental concerns (those of sustainable development generally), an alternative, the extra-parochial paradigm, is proposed, whereby the remit of sustainable tourism development is re-conceptualized primarily in terms of tourism’s contribution to sustainable development (Hunter, 1995).

Recent studies confirm the need to rethink the relationship between man and the environment, given the misconception that more effort and greater efficiency will solve the problem of sustainable tourism (Hall, 2019). Researchers Sharpley (2020), have argued that environmentally friendly tourism development (sustainable tourism) is significant; however, sustainable development through tourism is unattainable. There is also controversy over the differences between sustainable tourism and sustainable development concepts, which suggests that the principles and goals of sustainable development cannot be transferred to a specific tourism context (Sharpley, 2000). Sustainable development tourism is tourism that develops so that the nature, scale, location and mode of development correspond to sustainability over time and where the ability of the environment to support other activities and processes is not compromised because tourism cannot be isolated from tourism other activities. Sustainable tourism is based on implicit values related to the desire to integrate economic, social, and cultural goals (Murphy & Price, 2005).

Thus, current research suggests that sustainable tourism development requires the conscious participation of all relevant stakeholders and strong political leadership to ensure broad participation and consensus (World Tourism Organization, 2005). Moreover, it is a continuous process that requires constant monitoring of the consequences and implementing the necessary precautionary and / or corrective measures. Sustainable tourism should also maintain a high level of tourist satisfaction and provide significant experience, raising their awareness of sustainable development issues and promoting sustainable tourism practices. In general, the basis of sustainable tourism is:

- Environmental resources, which are a crucial element in the development of tourism. Therefore, it is essential to support their optimal use, support critical environmental processes, and promote natural heritage and biodiversity preservation.
- Socio-cultural authenticity. Preserving its built and living cultural heritage and traditional values and promoting intercultural understanding and tolerance is the key to success.
- A viable economy capable of providing socio-economic benefits to all, including stable employment and income-generating opportunities and social services for host communities, as well as poverty reduction.

In general, we can say that from the standpoint of sustainable development can be distinguished: environmentally sensitive tourism (reducing the impact of tourism on the environment) and tourism that depends on the environment (using the environment as a resource base for tourism), the level of influence of which is summarized in Figure 3. So, sustainable tourism:
Minimizes negative social, economic, and environmental consequences
- Creates economic benefits for local people and improves the well-being of host communities
- Improves working conditions and access to the industry
- Involves local people in decisions that affect their lives and life chances
- Makes a positive contribution to the preservation of natural and cultural heritage, embracing diversity
- Is culturally sensitive, contributes to the preservation of local cultural, social, and environmental features
- Increases the inclusiveness of services (Goodwin, 2014).

Figure 3. Sustainable development tourist matrix by the level of environmental awareness
Source: developed by the authors according to Aal (2014)

The next normal for the tourism and hospitality sector

The Tourism Investment Report 2021 (UNWTO & fDi Intelligence) notes that the pandemic has hit the global tourism industry, with investment and job creation declining significantly in 2020. According to this report, the number of foreign tourists in 2020 decreased by 73% compared to the previous year, causing a loss of export revenue of $1.3 trillion and threatening 120 million direct workers (Syofiarti et al., 2021; Kryvylova et al., 2021). The trend has not escaped any country, mainly due to the cessation of numerous investment projects in 2020, the lack of trust of travelers, and the evolution of restrictions on travel. For a complete picture of industry distortions, before the pandemic, travel and tourism (including their direct, indirect, and induced impacts) created 1 in 4 of all new jobs created worldwide, 10.6% of all jobs (334 million) and 10, 4% of world GDP (the US $ 9.2 trillion). Meanwhile, the international costs of visitors amounted to 1.7 trillion US dollars in 2019 (6.8% of total exports, 27.4% of world exports of services). Thus, in 2020, the losses amounted to 62 million jobs, which is 18.5%, leaving only 272 million jobs worldwide in the sector, compared to 334 million in 2019. Expenditures on domestic visitors decreased by 45%, and on international - by an unprecedented 69.4% (WTTC, 2020).
Therefore, the short-term impact of the pandemic is the loss of millions of jobs, the closure of enterprises, and the reduction of entrepreneurial activity. In the medium and long term, the consequences are a deep economic recession, affecting tourism and hospitality (Butcher, 2020). Although wealthy countries can mitigate the negative economic impacts of unprecedented non-wartime measures, many tourist destinations in less affluent countries will suffer even more. It is underscored by the fact that they are less likely to pay attention to the domestic tourism market to compensate for the lower level of international leisure travel (Butcher, 2021; Chang et al., 2020; Fletcher et al., 2020). Modern scientific debates also emphasize that focusing solely on the rapid recovery of the industry is opposed to broader efforts to reform tourism to make it more ethical, responsible, and sustainable. The outcome of the consensus on this issue will determine the future of tourism practice (Higgins-Desbiolles, 2020). After all, rethinking the industry towards sustainability is associated with natural preservation, reassessing the social-cultural environment, and the benefits of active participation in the economy and local community (Tuan & Rajagopal, 2019). So we need to decide which is primary - rethinking or quick recovery. Thus, the new normal in the development of the tourism sector will include the following trends:

- Strengthening the trend of combining business travel and leisure. The growing interest in slow travel with confidence in the communities and places they visit.
- Self-booking, 63% of travelers prefer to book their trips Phillips-April (2021), and increase the degree of predictability and guarantees.
- Contactless technologies - as a continuation of social distancing and acquired downstream skills to purchase services and goods online.
- Ai and virtual assistants - data on usage for forecasting based on past behavior.
- On-demand testing as a necessary modern service (Lagodiienko et al., 2019).
- Up-to-date data on restrictions - ease of obtaining and confidence in their validity. As countries open and close borders and quarantine rules change in a pandemic, it is necessary to have a tool that notifies everyone.

The tourism and hospitality sector in Ukraine

What are the prospects for the development of industry in Ukraine? First, we need to analyze the current situation. In Ukraine, according to the State Agency for Tourism Development of Ukraine, the share of tourism is only 1.4% of Ukraine’s GDP, which is considerable potential for the tourism sector and economy. As shown in the global market trends, tourist flows are very sensitive to economic changes. For example, in Ukraine, despite the general trend of increasing the number of tourists, in Fig. 4. The reaction to socio-economic or political events is visible - the crisis of 2008-2010, the beginning of military aggression - 2014, the pandemic - 2019. At the same time, we note that the significant drop between 2013 and 2014 in the number of beds is significant reflects the change in the geographical coverage of Ukrainian data, in particular the exclusion of the Autonomous Republic of Crimea, the city of Sevastopol, and part of the
temporarily occupied territories in Donetsk and Luhansk oblasts (Pearce II & Michael, 1997; Tallaksen, 1995).

![Figure 4. Number of tourists dynamic](image)

Source: According to Trading Economics and World Bank

Based on such characteristics as the number of beds available in hotels and similar establishments of tourists, which is one of the indicators of the country’s ability to attract tourists, among the ENP-East countries Ukraine had the highest number of beds in hotels and similar establishments - 172,000 in 2019, which was 48% of the total number of beds in the six ENP-East countries. Analysis of tourism and hospitality in Ukraine showed a decline in domestic consumption of travel and tourism by 0.1% in 2019. Domestic expenditures on travel and tourism in Ukraine increased from UAH 7.4 billion in 2000 to UAH 113.6 billion. In 2019, it was growing at an average annual rate of 15.87%. However, the positive trend is restrained by the fact that the level of household expenditures on food, utilities, and other necessary items remains at the same time at 90% (Figure 5).

![Figure 5. Structure of total households expenditures](image)

Source: According to Ukraine Statistic Service
Since 2017, Ukraine has had the fastest growth rate of the Travel and Tourism Competitiveness Index in the Eurasian subregion, rising 10th to 78th worldwide. The index identifies countries with low ratings by critical pillars that need the most urgent solutions, enabling all stakeholders to work together to increase the competitiveness of the tourism industry in their national economies, thereby contributing to national growth and prosperity. Having only one area with an outstanding level and the rest with a bad assessment will have negative consequences, including sustainable development, as areas with low growth will slow down the overall progress (Rodríguez & Pulido-Fernández, 2019). The resulting tendency to improve all indicators - business environment (from 124th to 103rd place), security and safety (from 127th to 107th place), international openness (from 78th to 55th) and general infrastructure (from 79th to 73rd place) (Figure 6) - is positive. It confirms the possibility of sustainable and sustainable growth and development of the industry (Grebeniuk et al., 2017). And it shows that the focus needs to be on the environmental side.

According to Dickinson (2020), there is a tendency to intensify domestic tourism, which is the first step towards restoring tourism and hospitality. In particular, long weekends on holidays stimulate activity in the traditional tourist-attractive areas - in the resorts in the south of the country in Odesa, Mykolaiv, and Kherson regions, on the coast of the Azov Sea. At the same time, the growing interest in domestic tourism stimulates interest in new destinations (for example, the small village of Bilosarayska Kosa, located about 20 km from the frontline city of Mariupol, with the most significant increase with 177 percent visitor growth compared to last year). It opens a window of opportunity for local communities in this area. Thus, the development of domestic tourism will stimulate economic recovery in the country. The ideas of sustainable tourism development for Ukraine are summarized in Table 1.
Table 1
Sustainable development tourism concept

<table>
<thead>
<tr>
<th>Conserving Nature, the Environment and Culture</th>
<th>Strengthening of Social Values</th>
<th>Economic Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural wealth; The physical and cultural integrity of the landscape; Biological diversity; Clean environment and resource efficiency</td>
<td>Local quality of life and social values; Local control and commitment; Job quality for tourism employees; Guest satisfaction and security; Quality of experience</td>
<td>Economic sustainability and competitive tourism destinations; Economic sustainability and competitive tourism businesses</td>
</tr>
<tr>
<td>Chernobyl tourism</td>
<td>Urban tourism</td>
<td>Medical tourism</td>
</tr>
<tr>
<td>Green tourism</td>
<td>Industrial tourism*</td>
<td>Event tourism</td>
</tr>
</tbody>
</table>

Note: Industrial Tourism (Industrial tourism is becoming increasingly popular among tourists as it shows the unconventional beauty of the factory sites, mines, quarries, and steel manufacturing plants.) The most popular destinations for industrial tourism in Ukraine are Kryvyi Rih, PGZK quarry – one of the largest in the world.; Horishni Plavni; Drohobych salt mine; Odesa seaport.

Source: developed by the authors according to Innovation

Conclusions

Thus, we will summarize the vision of tourism and hospitality through the prism of sustainable development. The trajectory of this concept has gone through three main stages: tourism as a victim of sustainable development, tourism as part of the problem, and tourism as part of its solution. Currently, Ukraine is in a transition phase between the second and third (Moran et al., 2008; Mebratu, 1998). Still, it is worth building strategies for overcoming the recession and recovery after covid with a simultaneous focus on development - the transition to the third stage. Speaking of tourism as part of the solution, we can say that all types can become more sustainable, but not all kinds can be environmentally friendly. Therefore, it is necessary to talk about the industry’s development strategy, rather than automatically labeling certain types of tourism as "sustainable" and slandering others. The focus should be on rethinking the activities and values of tourism and hospitality. The main areas of rethinking can be the following: Review the role of volunteering. The development of volunteering, catalyzed in 2014, can also be the basis for responsible tourism development. Volunteering is a form of travel where one volunteer works on projects or for the community’s needs. Social isolation has also influenced the development of urban ecotourism (Luthe & Wyss, 2014; Boniface, 1998). Since 50% of the world’s population lives in cities, it is clear that sustainable urban tourism and overall sustainability and good governance need to be addressed. Therefore, rethinking attitudes towards urban tourism is essential. Intensify the role of tourism in the recovery of local communities through the introduction of simple trends that are directly aimed at supporting local businesses:
• Staying in local restaurants, staying in local hotels, and booking tickets with local tour operators. On the one hand, this will help support jobs and increase the income of local communities. On the other hand, the growth of competition will stimulate the improvement of service quality.
• Thoughtful use of resources - electricity, water, rejection of disposable kits, and waste sorting. This will combine the development of tourism with a moderate load on ecosystems.
• Introduction of a fee for tourists visiting national parks or other protected natural areas. It supports the environment and an opportunity to develop a new segment of services and develop new environmentally friendly routes.
• Support of local socio-cultural traditions by turning them into a part of the touristic industry. At the same time, it will contribute to the development of industry and the restoration of traditions.

To summarize, we emphasize that sustainable tourism is designed for the long term, so that future generations can also take advantage of it. In addition, this longevity is also a consequence of revising the principles on which the industry is developing. Strategic planning for the development of the industry and maximum involvement of communities in this process are also growing in importance. This is important because if growth is uncontrolled and ideas are spontaneous, then negative results (in the context of sustainable development, not current income) will outweigh positive results (environmentally, culturally, organizationally, etc.). We also emphasize that sustainable tourism should be focused on the person (not only visitors but also the inhabitants of the territories) and take care of the biodiversity of the planet. Therefore, the tourism industry should work within these capabilities (including resources) and not be overly exploitative (Suryasa, 2019; Tanwete & Kombinda, 2020).

References


WTTC. (2020). Economic Impact Reports.