

## **Tourism Local Production Systems in the Central and Eastern European Countries** *Miestne produkčné systémy cestovného ruchu v krajinách strednej a východnej Európy*

**Kamila Borseková, Katarína Vitálišová, Mariia Lyzun, Ihor Lishchynskyy**

*Tourism local production system became an important part of producing GDP, in last decade especially in the countries of Central and Eastern Europe. The presented research aims at mapping the clusters in tourism industry and the factors that generate networking in order to provide inputs for tourism stakeholders in conditions of Slovakia and Ukraine. It identifies the various types of clusters as tourism local production systems, explains its origin and development. In conclusions, it presents a list of recommendations and best practice experiences (transfer of knowledge from Slovakia to Ukraine) for the further development of tourism LPS in both countries. The paper presents the outputs of the situation analysis in the tourism cluster development in two countries; covers less researched issues of tourism cluster formation in the Ukraine and by experience in Slovakia it identifies the possibilities of better utilization of tourism potential there.*

**Key words:** *Tourism local production system. Cluster. Tourism. Cooperation. Slovakia. Ukraine.*

*Lokálne produkčné systémy v cestovnom ruchu sa v poslednej dekáde stali dôležitou zložkou tvorby HDP najmä v krajinách Strednej a Východnej Európy. Cieľom prezentovaného výskumu je zmapovanie klastrov v sektore cestovného ruchu a faktorov, ktoré vytvárajú sieťovanie pre zabezpečenie vstupov zainteresovaných subjektov cestovného ruchu na Slovensku a Ukrajine. Identifikujeme rôzne typy klastrov ako lokálnych produkčných systémov v cestovnom ruchu, vysvetľujeme ich vznik a vývoj. V závere prezentujeme odporúčania a skúsenosti z osvedčených postupov (transfer poznatkov zo Slovenska na Ukrajinu) tak, aby bol umožnený ďalší rozvoj lokálnych produkčných systémov v oboch krajinách. Stať prezentuje výstupy zo situačnej analýzy vývoja klastroov cestovného ruchu v dvoch krajinách; pokrýva menej preskúmanú oblasť tvorby klastroov na Ukrajine a skúseností zo Slovenska identifikujú možnosť lepšieho využitia potenciálu cestovného ruchu na Ukrajine.*

**Kľúčové slová:** *Lokálne produkčné systémy v cestovnom ruchu. Klaster. Cestovný ruch. Spolupráca. Slovensko. Ukrajina.*

**JEL Classification:**  $L_{83}, R_{10}$

## **Introduction**

Tourism as a part of the economic word, in the Europe, has a strong position. It generates over 10 % of EU GDP (directly or indirectly), employing 13.975 million citizens in 1.8 million businesses (WTTCC, 2015). During last years, in the Europe the tourism sector has developed differently by the subregions. In 2013, the highest growth in international tourist arrivals was recorded in Central and Eastern Europe; with 7% more arrivals (average growth in Europe – 4.9 %) (UNWTO, 2014). However, in 2014 there was significant decrease in arrivals in Central and Eastern Europe (-4.9 %) and the highest increase was evident in Southern and Mediterranean Europe (6.9 %) (average growth in Europe – 2.7 %). The prediction for 2015 for Europe (there is still no official published data) is an average increase in international tourist arrivals – 2.8 %.

The role of tourism for less developed countries is even more important because it can bring the new opportunities for the further economic and social development of the country. It includes mainly the building necessary infrastructure, net of services and strong network of collaborated stakeholders. To these countries belong also Slovak Republic and Ukraine. The aim of the paper is to identify and compare the conditions of functioning tourism local production systems in the form of clusters in the Slovak Republic and Ukraine and make recommendations for the further development based on the theoretical knowledge and best practice experiences.

### **1. Literature review**

The importance of tourism is still highlighted by the official reports of World Tourism Organisation (UWTO), national tourism agencies but also by the official statements of the European Union. The development of competitive sustainable, responsible and high – quality tourism is even the aim of the European tourism policy; especially because of its significant share on the GDP.

The tourism is closely connected with the destination (territory) which composes of various entities as natural sources, cultural and historical sources, entrepreneurs and organizations of public and private sector provided services and goods consuming in the tourism industry (Patúš, 2012). To develop the tourism, it is necessary to create the product of the destination. If this process is effective, it involves all relevant actors from the public, private and also non-profit sector. All their activities should be controlled and managed from the quality, time and content point of view (Vaňová, 2006). The developed cooperation of all mentioned stakeholders can culminate to establishing the tourism local production system or cluster as a dominant orientation of all activities within the territory. By Lastres (2003, p. 10) the local production systems (LPS) are defined as “productive agglomerations involving economic, political and social agents localized in the same area, performing related economic activities and presenting consistent articulation, interaction, co-operation and learning processes. It includes not only firms (producers of final goods and services, suppliers of inputs and equipment, service providers, etc.) and their different forms of representation and association, but also other public and private organizations specialized in educating and training human resources, R&D, engineering, promotion, financing, etc.” A territorial

production system broadly comprises the production equipment, the technological culture and the particular competence or skills necessary for utilising these assets. These physical and intellectual assets give the territorial production system its specific regional or local characteristics (Lundquist, 1999). One of the features of the LPSs is the cooperation among competing local firms to share risk, stabilize markets and share innovation (Markusen, 1996) in formal and informal horizontal and vertical networks (Winther, 2003).

Tourism production system includes all economic activities that contribute to production and distribution of tourism products and services, i.e. products and services that generate tourist experiences; the social groups, cultural features, and physical elements that are incorporated into tourism products and services; and agencies for regulating the commercial behavior and social externalities associated with such production and distribution (Britton, 1991, pp. 455–456). The tourism production system characterizes a high concentration of small and medium sized companies and their specialization in the tourism industry. In our paper, to realise the analysis, the tourism local production system is used as an equivalent to the tourism cluster.

The topic of tourism cluster is researched by many experts; e. g. Beni (2003), Ferreira (2003), Capone (2004), Mezentsev (2012), Smyrnov (2013). All authors agree that the tourism cluster is associated with the limited geographical area with interconnected active partners (e. g. companies, institutions, service's providers, suppliers, policy makers, universities, competitors etc.) interconnected in tourism activities. The cooperation among partners, excellent management of the network, and the coordination of the production chain can generate the original product – a touristic destination as a competitive advantage (Beni, 2003; Ferreira, 2003). The role of tourism cluster is in connecting SMEs in mutual cooperation resulting in establishing the unique tourism offer. By Soteriades (2012) it can be one of the best available tools in fostering tourism development. Clusters are vital for development of regional economy, increasing the productivity, performance, innovative capacity and local businesses' critical mass (Novelli et al., 2006). They can become the means of converting comparative advantage to competitive advantage and making better use of existing tourism resources (Jackson, 2006).

Base on the type of relations between enterprises and institutions a tourism cluster can be established as a horizontal or a vertical one. The horizontal tourism cluster consists of strategic alliances, where agreements can be in the form of agreements between enterprises that have the same principal activity (i.e. among enterprises in field of entertainment, transport and catering) and in the form of agreements between enterprises working on the same group of customer satisfaction, but offering different product components to the customers. The vertical tourism cluster is created as a strategic net with a unilateral supplier-customer relation among the partners in such a way that the object activities of the agreement are fulfilled by one of the parts, which gives its output to the other in exchange for a payment (Rodrigues, 2001, p. 307).

After systemizing and comparison of scientific approaches we can distinguish three types of approaches toward clusters: regionally limited form of economic activity in specific industry; vertically integrated production chain (e.g. supplier-producer-seller-consumer); aggregated industry.

At the base of each tourism cluster should be a principle of competitiveness: availability of natural or historical and cultural resources, favourable geographical location, and

qualified labour, balance of stakeholders' interests in investing and distributing of income. All abovementioned aspects should be satisfied in the context of four main sectors: tourism product generation, services, auxiliary destination and support of sustainability (figure 1).

The most important preposition is collaboration as a cluster's main element. However, the natural competition and rivalry is inevitable for the future cluster development especially the innovation process, which bring the higher added value not only for the customer but also for the involved actors (Kindl da Cunha, da Cunha, 2005).

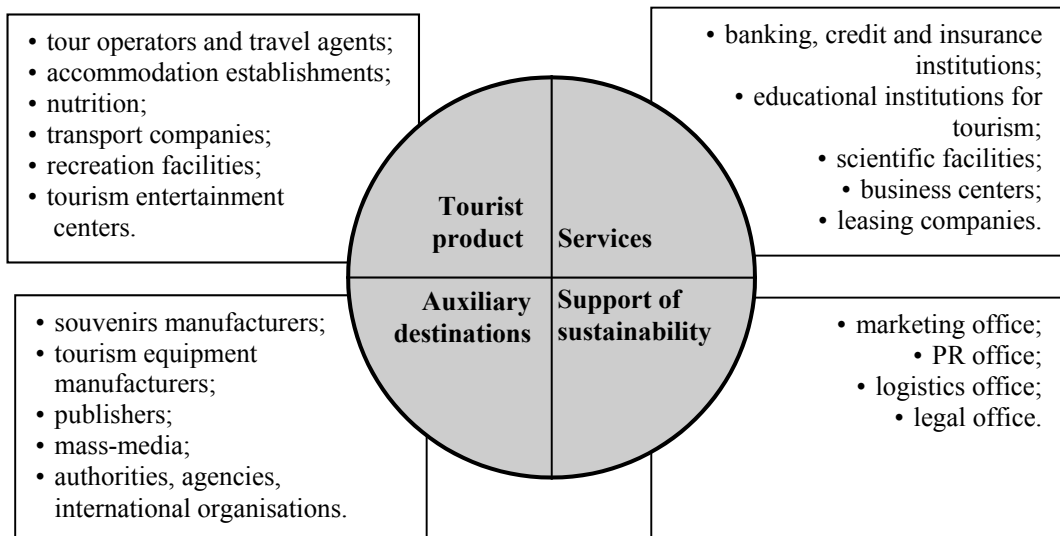


Figure 1 Structure of tourism LPS

Source: Elaborated by authors on the basis of Kovaliova (2008, p. 101).

## 2. Aim and material

The paper presents the outputs of the situation analysis in the tourism cluster development in two countries of the Central and Eastern Europe (CEE) - Slovak Republic and Ukraine. The presented research fills one of the gaps related with mapping the clusters in tourism industry and the factors that generate networking in order to provide inputs for tourism stakeholders (Erkuş – Öztürk, 2009) in Ukraine in comparison with the Slovak Republic.

The special part of analysis is devoted to identifying and analysing the tourism LPSs in the form of clusters in both countries. The analysis is based on the secondary data provided by the Slovak Statistical Office, Ukrainian Statistical Office, European statistical offices, UNWTO and WTTC. For the Slovak analysis, to the important part of sources belong the strategies of tourism development in the Slovak Republic and Slovak regions, legislative. Identifying and mapping forms of tourism LPSs was done by the review of tourism cluster webpages in comparison with the official publish data, in case of Slovakia by Slovak Innovation and Energy Agency, and by synthesis and comparison of these information. The sources of the Ukrainian data were legislation in the field of special economic zones, the

programs of promoting tourism development of separate regions, the summarized input of previous researchers, content of related web-pages and own experience gained during the research visits. Data were processed by the mathematical and statistical methods, for better presentation they are illustrated in graphs, tables and pictures.

In the last part of the paper we present a list of recommendations to support the development of tourism LPSs as a new perspective for the economy in the Slovak Republic and in Ukraine.

### 3. Results and discussion

*Slovakia.* The diverse natural potential, cultural and historical heritage in the Slovak Republic creates the suitable preconditions for the tourism development. In 2014, the tourism contribution to Slovak GDP was EUR 4.4bn (5.9 % of GDP), and is forecast to rise by 2.7 % in 2015, and to rise by 3.5 % pa to EUR 6.3bn (6.2 % of GDP) in 2025. The tourism sector including indirectly linked jobs shares on total employment by 5.8 % of total employment (136,000 jobs). This is expected to rise by 0.7 % in 2015 to 137,000 jobs and rise by 1.0 % pa to 151,000 jobs in 2025 (6.2 % of total) (WTTC, 2015a).

The Slovakia disposes of many tourist attractions (figure 2), what is one of the preconditions to develop the tourism clusters. The highest number of tourism attractions is situated in Bratislava region (214). The great share of attractions is localised in the mountain area of High, Low Tatras and Slovak Paradise (436 items). The location of tourism objects creates also suitable conditions for the cross-border cooperation in tourism industry, especially with Czech Republic (76 items), Poland (286 items), Hungary (157 items) and Ukraine (58 items).



Highest concentration of tourist activities  
 Medium concentration of tourist activities  
 Low concentration of tourist activities

Figure 2 Tourism objects' concentration in Slovakia  
 Source: <http://slovakia.travel/destinacie/map>, 15.6. 2015.

The development of tourism in the Slovak Republic is in the hands of Ministry of Transport, Constructing and Regional Development of the Slovak Republic in cooperation with the Ministry of Foreign and European Affairs of the Slovak Republic and Slovak Tourist Board. It belongs also to the priorities of the Slovak government defined in its program for 2012 – 2016. Program of the Government of the Slovak Republic (2012) identified the support of the stakeholder's institutionalization in the tourism development at national; regional and local level as one of the key aims in the territorial development and by this way also contributes to decreasing the regional differences in the economic and social development. It resulted in the Act no. 91/2010 on the promotion of tourism. To the main reasons for the act adoption were the organizational inadequacies and also the lack of financial sources for supporting tourism development. The Act initiated an establishment and operation of local and regional tourism organizations from 2011. The organization's tasks are oriented at the development and creations of products, attracting the domestic and foreign customers, marketing and promotion activities, destination branding, planning and coordination's tasks, selling the destination and development of tourism infrastructure (Kuhn, Tomášová, 2011).

However, the first efforts to establish the tourism cluster appeared in 2008, in Liptov region. The formation of cluster was initiated from the bottom (from the clustered subjects). Later this idea was implemented also in other parts of Slovakia (e. g. Orava, Turiec) with suitable preconditions to develop tourism. The first clusters were aimed at the marketing activities, promotion of destinations, preparing strategic development plans in the field of tourism, developing the regional products and creating the product packages for the guests. The clusters interconnected the entities from the private sector (e. g. aqua-parks, hotels, ski-parks, thermal parks, etc.), the local municipalities that represents the largest cities in the regions where the cluster is situated and later also the non-profit organizations were joint. Some tourism clusters (e. g. Nitra royal wine route) also cooperate with the research institutions and universities, so they can become the important holders of innovations.

Because of the new law (Act no. 91/2010 on the promotion of tourism), from 2011 some clusters established concurrently or have been reorganised into the organisation of destination management. Nowadays, there are established 35 local organizations of destination management and 35 regional organizations of destination management (DMO) ([www.telecom.gov.sk](http://www.telecom.gov.sk), cit. 7. 6. 2016). DMO interconnects the entities from all economic sectors in the field of tourism, or the actors that can influence the tourism development in the territory. It plays a role of coordinator and manager of tourism development based on the partnership and the participation of the members involved in the organization of destination management (actors in tourism in the territory). DMO should be a coordinator of all activities in the tourism in the defined territory.

By the analysis of the official publish data by Slovak Innovation and Energy Agency and cluster webpages we identified 12 tourism clusters with the specific features that are directly connected with the tourism, even 8 of them includes the term "tourism" in their name. Their structure by the region is illustrated in the table 1. We abstracted from the destination management organisations.

Table 1 Official established tourism clusters in the Slovak Republic by regions

Regions	Clusters
Banská Bystrica	- Cluster of border castles, Fiľakovo - Spa tourism cluster - Balnea cluster Dudince - Tourism cluster - Horehronie
Košice	- Tourism cluster - Košice
Nitra	- Cluster of ecological tourism – Nitra royal wine route
Prešov	- Tourism cluster Tatry - Rural cluster – Slanské Vrchy
Trnava	- Rural cluster – Smolenice - Wine cluster – Malocarpatian wine route - Tourism cluster – Západné Slovensko
Žilina	- Tourism cluster LIPTOV – Liptovský Mikuláš - Tourism cluster TURIEC – Martin - Tourism cluster ORAVA - Dolný Kubín

Source: Own workmanship.

Seven clusters are presented as a pure tourism cluster. Currently, they operate in the territory partially as destination management organisation. As we mentioned above, the first tourism cluster was established in Liptov. Following this example also other clusters were developed (Orava, Turiec), later Horehronie. In Košice, the tourism was developed during last years also because of the competition – European Capital of Culture. Košice gain the title for 2013, and preparation activities started in 2009. During this period also the tourism cluster was established. The estimation of tourist number in Košice region for 2013 is 600 000 tourists. The problem is that a great share of tourists visit the region just for the day trip (the official number of visitors in the accommodation premises is 314 651) (Borseková, Petříková, 2015).

Other kinds of clusters include the wine clusters, cluster of border castles, rural cluster and spa tourism cluster. The wine production has a long tradition in the south part and south-west part of Slovakia (partially Bratislava region, Nitra region and Trnava region). There are also concentrated the activities of wine clusters. Nowadays, there are 2 official wine clusters – Malocarpatian wine route and Royal wine route within the cluster of ecological tourism in Nitra region.

The special kind of cluster is a cluster of border castles based on the cross border cooperation between the south part of Slovakia and north region of Hungary. It links the stakeholders from various sectors along the border with the castle on the territory. Specifically, on the Slovak side it covers the districts of Novohrad, Gemer - Malohont, Abov and Zemplín. The cluster activities are oriented on the preservation of the cultural heritage through the information service and technologies, promotion activities with aim to increase the tourism (www.slanec.sk, cit. 12. 6. 2015).

The first rural cluster was established in 2010, in Smolenice (south Slovakia). It links 13 members with aim to increase of the territory attractiveness, and promote its historical and cultural heritage, natural unique points. But the part of activities is devoted to the support of local businessmen in tourism and producers of traditional local products (farmers, beekeepers, vintners, foresters etc.) (www.klaster.smolenice.com, cit. 15. 6. 2015). The same type of cluster has developed its activities in the region of Slanské Vrchy (Eastern Slovakia) from December 2014. To

the priority cluster activities in 2015 belong to the infrastructural projects that link the stakeholders, reflect to the territorial potential and promote the destination with key customer segment - tourist cyclists.

The last form of cluster unites the stakeholders operating in spa tourism. It was established in 2008 in the south part of Central Slovakia as a first spa cluster with the name Balnea Cluster Dudince. To the founding members belong city Dudince, a self-governing region Banská Bystrica, the Spa Dudince, hotels - Hviezda, Prameň, Flóra and Park Hotel. The number of members has increased gradually and the cluster changed the organisation form in 2013 to the destination management organization. The aim of the cluster activities is to increase the number of tourist incoming to the destination by the best quality services and implement common marketing with all relevant stakeholders based on the good cooperation (www.dudince.sk, cit. 15. 6. 2015).

*Ukraine.* What concerns Ukraine, the tourism industry is of great but not crucial importance for the economy of Ukraine. After a significant decline in tourism flows due to the global financial crisis the trend to recovery and development of the market was observed after 2010 – 24.7 million foreign tourists in 2013. But political and military crisis causes decline of the amount of foreign tourists in 2014 – 12.7 millions.

The tourism direct contribution to Ukrainian GDP in 2014 was UAH 28.4 bn (1.9 % of GDP). This is forecast to fall by 1% in 2015. The direct contribution of tourism to GDP is expected to grow by 4.1% pa to UAH 42.0 bn (1.8% of GDP) by 2025. In the same time the total contribution of tourism to employment was 1 270 000 jobs in 2014 (6.4% of total employment). This is forecast to rise by 1.3% in 2015 to 1 287 000 jobs (7.9% of total employment). By 2025, it is forecast to fall by 1 % pa to 1 158 000 jobs in 2025 (6% of total employment) (WTTC, 2015b).

The tourist objects are rather numerous in Ukraine: 130 000 historical and cultural objects, 400 historical settlements, 75 castles, 470 wooden sacral structures, 7200 objects of natural preserved fund (Mezentsev, 2012). But they are spread rather unevenly through the territory of the country that is rather favorable for the creation of LPS. At the Figure 4 five regional macro-clusters of tourist's objects may be observed – mostly in the Western and Southern parts of Ukraine (Figure 3).

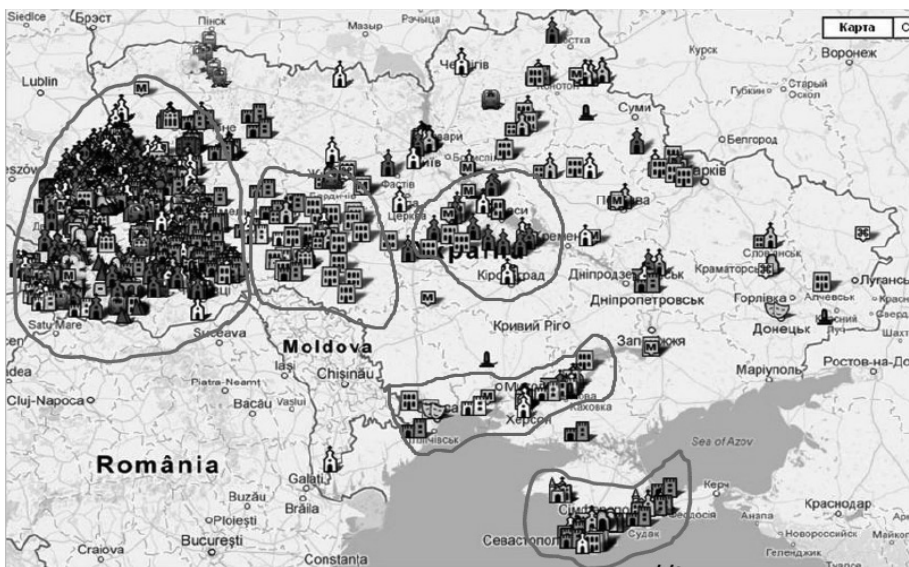


Figure 3 Tourism objects' concentration in Ukraine  
Source: authors' modification of [tourmap.org.ua](http://tourmap.org.ua)



The first efforts to create LPS in Ukraine (in national practice they are traditionally called “clusters”) were made by enthusiasts of science and business in the mid-1990s. They had created in Khmelnytskyi region the Association “Podillia Pershyi” (“Podillia the First”) headed by the rector of the Podillia National University Radomir Silin. The “Godfather” of Khmelnytskyi cluster project was an American businessperson Wolfgang Price, who was in Ukraine as a volunteer of “Peace Corps”. He managed not only to spark with his idea the working group of local economists and managers, but also to involve technical assistance of the World Bank. By 2005 the Association contributed to the formation of five clusters: construction, clothing and food – in Khmelnytskyi, food and tourism – in Kamianets-Podilskyi. In addition, a green tourism business network was created based on several small businesses in the village Hrytsiv. (PPA official website).

Except Khmelnytskyi region the tourism clusters and cluster initiatives are available in other regions of Ukraine but they are not numerous (according to different estimations there are 16-31 tourist clusters or cluster initiatives). The most promoted established tourism clusters are presented at the table 2.

Table 2 Tourism clusters in Ukraine

Region	Clusters
Khmelnytskyi	Khmelnytskyi tourist cluster Kamianets-Podilskyi tourist cluster Cluster of eco-agritourism “Oberih“ in Hrytsiv of Shepetivka district.
Ivano-Frankivsk	Cluster “Suziria” (production of souvenirs) Cluster “Manufacturing of ethnic products Prykarpattia”(manufacture products from sheep’s wool)
Odesa	Cluster of organic farming and green tourism in Danube region
Cherkasy	Cluster of green tourism and ethnic products
Kherson	Transport-tourism cluster «Southern gateway of Ukraine»
Kyiv	Cluster “Slavutych” (attending Chornobyl nuclear station area)
Poltava	Cluster “Gogol’s places in Poltava”
Mykolaiv	Cluster “Voznesensk”
Kharkiv	Cluster in the Euroregion “Slobozhanshchyna”

Source: Own workmanship.

In spite of low quantity of tourism LPSs in Ukraine they are rather diverse in their nature. The following groups can be determined:

Green tourism clusters. The first and the most famous in this group is already mentioned cluster “Oberih” in village Hrytsiv of Khmelnytskyi region. Created in 2002, now it involves 62 persons: huts’ owners, shopkeepers, organizers of attractions, representatives of local governments, educational institutions (Turyzm silskyi zelenyi, 2015).

Rather interesting also is the concept of cross-border cluster of rural tourism “Dnieper” created in 2011. A joint project was developed by two NGOs from Gomel in Belarus and Chernihiv in Ukraine”. Round 300 natural, historical, cultural and archaeological sites were included into cluster.

Clusters-metropolises. The concept of tourism clusters-metropolises is based on the consideration of whole city as a destination and uniting the stakeholder in varied sectors that acts together in the frame of the city. In Ukraine the prototypes of such alliances are creating in two UNESCO World Heritage cities: Kamianets-Podilskyi and Lviv. “Kamianets on Podillia” is expected to be the most powerful pure tourist cluster. Currently only Kamianets-Podilskyi fortress officially hosts annually more than 200 thousand foreign and domestic tourists.

Craft-clusters. This group unites clusters the core of which forms producers of different tourism handicrafts. In Ukraine there are two clusters of such type: cluster “Suzirya” in Ivano-Frankivsk (production of carpets, souvenirs); Inter-regional traditional textile cluster “Ecological perspective”, that is a network of 4 Ukrainian regions involved: Yavoriv (Lviv), Hlyniany (Ivano-Frankivsk), Bohuslav (Kyiv), Reshetylivka (Poltva) and 4 foreign centers-partners: Krosno (Poland), Surgut (Russia), Chisinau, Koshneva (Moldova).

Aqua-clusters. We can admit following tourism aqua-cluster in Ukraine: “Desna river cluster” in Chernihiv region (rafting, river-restaurants and other outdoor water entertainments); transport-tourism cluster «Southern gateway of Ukraine» in Kherson (sea entertainment); “Cluster of organic farming and green tourism in Danube region” (mix of green tourism and river entertainment); concept of aqua-cluster in Lutsk (indoor and outdoor water entertainments).

Tourism-route clusters. This group comprises: cluster “Podilya-Bukovyna Necklace” (castles and historical sites of Chernivtsi, Khotyn, Kamianets-Podilskyi); cluster “Gogol’s places in Poltava” (visiting of places described in the novels of the popular writer: Dykanka, Sorochyntsi, Myrhorod, Gogolevo); cluster “Slavutych” (attending Chernobyl nuclear station area, visiting ghost-city Prypiat, other tourist services).

Thus, both Slovak Republic and Ukraine have successfully made their first steps toward development of tourism LPS. There are a number of common moments, as well as differences.

*Discussion.* The tourism development in the Slovak Republic was during last year’s strongly influenced by the economic crisis. Its development level differentiates by the region and its specific potential. From the strategic point of view, there has been recognized an important role of the cluster cooperation which is supported from 2010 by legislation and is institutionalised in the form of destination management organisations network. However, the first cluster activities appeared earlier spontaneously in the north part of Slovakia, in natural and historical region Liptov, where was established the first official tourism cluster. It can be seen as a best practice example of tourism local production system based on beneficial cooperation of involved stakeholders from private (ski centers, aquaparks, hotels, etc.), public (municipalities, cross-border partner cities and regions) and non-profit sector (associations) (see more: [www.klasterliptov.sk](http://www.klasterliptov.sk)).

From 2010 also another twelve official established tourism clusters began implementing its activities. They reflect partially the specifics of the regions, e. g. rural cluster, wine cluster, cluster of border castles, or spa clusters, and partially their creations was caused by the change in the Slovak legislative and grant possibilities.

Even the tourism production systems are more conceptual and developed in the Slovakia as in Ukraine, there can be also identified a few problem areas as follow:

- inadequacies in the legislative support of the subsidies for the clusters, only for the destination management organisation (there is a continual process of law commenting with aim to reflect the real needs of tourism in regions) and the big influences of political preferences and dominant financial groups;

- difficulties to persuade the actors in territory to cooperate and to invest own sources to the cluster activities (in cluster is usually the annual fee for membership calculated by the various tourism indicators);
- inadequate state of infrastructure in the selected regions, bad accessibility of the region including the historical and cultural heritage (not only physical infrastructure, but also the information accessibility);
- problems in care about the historical monuments in SR. Because of the high financial burdens connected with the monuments, the owners are often not able to protect and preserve the monuments in appropriate state.

The regions of Ukraine have good preconditions for the formation and development of tourist clusters according to their priorities. However, there are number of problematic moments as well:

- lack of legislative and normative support (there is no term “cluster” used in national legislation; all tourism cluster were created by means of bottom-up approach);
- weak promotion (no one Ukrainian tourism cluster has its own stable web-site);
- the term “cluster” is rather trendy among politicians but there are too much talks;
- real initiatives are not so numerous;
- bad conditions of roads and transport infrastructure;
- bad conditions of tourist objects.

Tourism LPS in Ukraine are currently passing their initial phase and experience of the Slovak Republic can be very useful for their future development. First of all, the practice of reconstruction of public tourism heritage by means of EU projects with their next exploitation. Special attention should be also paid to the creation of destination management organizations and regional tourism networks. The good examples of tourism cluster cooperation and Slovak regional alliances devoted to the special historical and cultural values as “Slovak Royal Towns” or the wine roads (Malocarpathian wine route, Nitra Royal wine route) can be a guideline for Ukrainian municipalities for creation of their own local tourism systems. There is a good potential also for forming of joint Ukrainian-Slovakian cross-border clusters in Carpathian Mountains (mix of green tourism and winter sports), establishment of common historic routes etc.

Definitely, the recent political and military events in Ukraine will effect development of tourism. The annexation of Crimea (where several tourism LPS were also created), war events in Donetsk and Luhansk will lead to reduction the number of tourists (in particularly foreign). Nevertheless, in our opinion, total volume of tourist flows in Ukraine does not fundamentally change. It is predicted that in 2015 this share of Ukrainian tourists will be shifted to other regions of Ukraine, so we can expect a decrease due to foreign tourists (mostly from CIS countries) (Osypchuk, 2014). There is a possibility of tourists redirecting from Ukraine to the resorts of Bulgaria, Turkey, Greece, Croatia or Spain, however, because of the devaluation of Ukrainian currency and reduction of real incomes, their flow will be not very massive. In such conditions cluster formation in the recreational area can be a powerful mechanism to resolve issues related to socio-economic development of the region, strengthening its competitiveness in domestic and foreign markets.

## **Conclusions**

The conceptual development of tourism in the form of clusters as LPSs is very current topics in the Slovakia and also in Ukraine. The state of art in Slovakia is more advanced, but

still can be identified a few problem areas to being improved. The tourism clusters in Ukraine are at the beginning of the long way to build the strong cooperation, reputation and exploit effectively the tourism potential in the regions. We identified a few good examples that with the respecting the own specifics can be a source of ideas how to strength the cluster building in Ukraine. The potential for increasing tourism attractiveness in Ukraine is great. However, during last two years strongly negatively influenced by the military conflict in the Eastern Ukraine and all other aspects connected with it (as economic problems, currency instability, reforms, etc.). Just the longer time period shows the real possibilities to develop the position of Ukraine as a perspective tourism destination.

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**Authors' Address:** Ing. Kamila Borseková, PhD., Ing. Katarína Vitálišová, PhD., Matej Bel University, Faculty of Economics; Tajovského 10, 975 90 Banská Bystrica, Slovak Republic; e-mail: kamila.borsekova@umb.sk; katarina.vitalisova@umb.sk; Mariia Lyzun, PhD., Ihor Lishchynskyy, PhD., Ternopil National Economic University; 46020 Ternopil, Ukraine; mlysun@ukr.net; lio@tneu.edu.ua