“Assessment of social effectiveness of investments in the hospitality business of Ukraine”

AUTHORS	Liudmila Bovsh http://orcid.org/0000-0001-6044-3004 http://www.researcherid.com/rid/O-4222-2016 Larysa Hopkalo http://orcid.org/0000-0001-5661-0535 Rostom Beridze https://orcid.org/0000-0001-6506-6105 Alla Okhrimenko http://orcid.org/0000-0003-0405-3081 https://publons.com/researcher/2216029/alla-ao-okhrimenko/

ARTICLE INFO	Liudmila Bovsh, Larysa Hopkalo, Rostom Beridze and Alla Okhrimenko (2019). Assessment of social effectiveness of investments in the hospitality business of Ukraine. *Public and Municipal Finance*, *8*(1), 94-103. doi:10.21511/pmf.08(1).2019.08
DOI	http://dx.doi.org/10.21511/pmf.08(1).2019.08
RELEASED ON	Monday, 13 January 2020
RECEIVED ON	Tuesday, 03 December 2019
ACCEPTED ON	Friday, 27 December 2019

LICENSE	This work is licensed under a Creative Commons Attribution 4.0 International License

JOURNAL	"Public and Municipal Finance"
ISSN PRINT	2222-1867
ISSN ONLINE	2222-1875
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES	NUMBER OF FIGURES	NUMBER OF TABLES
26	5	3

© The author(s) 2026. This publication is an open access article.

BUSINESS PERSPECTIVES

LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10, Sumy, 40022, Ukraine

www.businessperspectives.org

Liudmila Bovsh (Ukraine), **Larysa Hopkalo** (Ukraine), **Rostom Beridze** (Georgia), **Alla Okhrimenko** (Ukraine)

ASSESSMENT OF SOCIAL EFFECTIVENESS OF INVESTMENTS IN THE HOSPITALITY BUSINESS OF UKRAINE

Abstract

Nowadays, the investment flows define the prospects of development of the economic system of any level, as they give the innovative opportunities and are the instrument of compliance in the financial and legal field. Taking into account the significant resource potential of the Ukraine, it is important to study the industries-catalysts, able to mobilize the financial resources, to activate the development of infrastructure and to become an impetus for the development of the specific location and the regions as a whole, which a priori stimulates meeting the social needs. This study aims to analyze the parameters of social effectiveness of investments in the hospitality business, which creates the multiplicative effect in the territories' development systems, involving many related industries, which are the donors for territorial communities financing, in the creation of the concept-product. As a weighty proportion in the territorial community's GDP, the usefulness of the investments in the hospitality was analyzed through the lens of sociality, which nowadays acquires the signs of non-material asset in implementing the projects, as it ensures the communicative and information interaction, harmonizes the relationship between the investors, recipients of investments, local territorial community, and society.

Keywords investments, social effectiveness, municipal finance, hospitality, regions of Ukraine, potential, economic potential, enterprise

JEL Classification A13, Z30, Z39

Received on: 3rd of December, 2019
Accepted on: 27th of December, 2019

© Liudmila Bovsh, Larysa Hopkalo, Rostom Beridze, Alla Okhrimenko, 2019

Liudmila Bovsh, Ph.D. (Economics), Associate Professor, Kyiv National University of Trade and Economics, Ukraine.

Larysa Hopkalo, Ph.D. (Economics), Associate Professor, Kyiv National University of Trade and Economics, Ukraine.

Rostom Beridze, Doctor (Economics), Professor, Batumi Shota Rustaveli State University, Georgia.

Alla Okhrimenko, Ph.D. (Economics), Associate Professor, Kyiv National University of Trade and Economics, Ukraine.

This is an Open Access article, distributed under the terms of the Creative Commons Attribution 4.0 International license, which permits unrestricted re-use, distribution, and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

In the scientific literature, often the opinion is traced that the world is globalizing, the capitals move towards each other, as a result, the value added is created, the wealth accumulates, etc. Thus, the economic nature of investments is explained by the effect of capital transitivity. The investments are formed by both the subjects themselves (temporarily free capital in the form of profit and depreciation fund) and can be attracted from the local budgets and funds, private sources, etc. Taking into account the long-lasting crisis in Ukraine, the main sources of projects' financing are the external investments, in particular, state and private. A set of milestone events (Eurovision 2004 and 2017, Football Championship Euro 2012), where a lion share of the funds for reconstructing the roads and reconstructing and building the hotels was taken from the local budgets, favored the development of hospitality in Ukraine. Herewith the finance controlling function defines the value and motivation attitude to capital and labor, level and structure of the needs, as well as the extent of economic space mastering. But the issues of social nature, which are the indicators of civilization security – the object of attention of governments of many countries – often remain out of attention. That is why there is a need in a new view on the semantic peculiarities of investments, which ensure achieving

http://dx.doi.org/10.21511/pmf.08(1).2019.08

the social effect. When performing the social control and compliance based on defining the social effectiveness of the investment project, the local communities will be able to choose the most attractive object for location, including it in the development strategy and considering it as partner participation or assistance in the implementation. On the other hand, when choosing the object, potential investors can also be guided by the region's social effectiveness as of the constituents of investment attractiveness.

1. LITERATURE REVIEW

The economic science development was fostered by the civilization innovations, which nowadays have transformed into the social and economic interests of macroeconomic entities both at local and world markets and put forward new goals for the business. Modern global problems of humankind call for paying attention of economic entities to the social issues, in particular, material and moral needs of population in the location of the investment's recipient placement. In Ukraine, the investment attractiveness of the administrative entities is under constant attention of scientific studies and business, but its low level during the long time forms the negative prospects in the economic aspect, not talking about the social aspects.

The studied problems are at the intersection of several aspects: social effectiveness, investment process, and hospitality. That is why the analytical field covers various scientific sources. Many works were dedicated to the evaluation of the economic effectiveness; here the sufficiently thorough methodology was formed. However, social effectiveness only partly attracts the attention of the scientists whose studied are mostly performed in the sociology sphere. So, social effectiveness formation is the core of the studied of many scientists, such as Bashnianyn, Honcharuk, and Mykhailiak (2012), Lefeber and Vietorisz (2007), Cooper (2000), Terziev (2019), Hauck, Morton, Chalkidou et al. (2019). The works of Angelescu, Ciucur, Dinu, Gavril, Ghi, and Popescu (2005), Nicoleta and Predonu (2013), Ergul and Johnson (2011), Laeis and Lemke (2016), N. Roskladka, A. Roskladka, Dluhopolskyi, Kharlamova, and Kiziloglu (2018) are devoted to social effectiveness in the hospitality. At the same time, attention is paid to investments in many aspects both at the macrolevel and the microlevel. In particular, the investment process in the hospitality is the scientific interest of Younes and Kett (2006), Marriott (2016), Jones Long LaSalle (2016), Levere (2015), Boiko, Bosovska, Vedmid, Bovsh, and Okhrimenko (2018), Mazaraki, Boiko, Bosovska, Vedmid, and Okhrimenko (2018), and others.

The phenomenon of adaptation of investment policy to transformation changes in the society concerns the interaction of economic and social effect. Thus, somatically the investments essence should be oriented not only to the instrument for getting the economic benefit but also to the means for building the communications in the society, solving some social and environmental problems. That is why in evaluating the investments social effectiveness, one should delineate the constituents of "economic" and "social" and study the concepts "effect" and "effective" as categories. The scientists who study the categories "effect" and "effective" interpret their essence ambiguously, as they are complex and multifaceted concepts. So, the effect as a manifestation of effectiveness defines the achieved result in different forms of manifestation (material, money, social, etc.) (Mochernyi, Larina, Ustenko, & Yurii, 2006). On the other hand, the effect characterized any interaction, which gives the result, and the effectiveness is inherent only to purposeful interaction, that is why this category is of managerial nature and reflects the level of the goal's achievement (Shehda, 2001). Thas is, the effectiveness unites the absolute indicators (effect in the form of profit) and relative (payback period) (Chirkov, 2005).

The best interpretation for the category "effectiveness", which is suitable for defining the social effectiveness, is the characteristics of certain object (process, measure, type of activity), which reflects its social usefulness, productivity and other positive features (Busel, 2007). As for the etymology of the term "social", it marks the effect of joint, that is the phenomena and processes, connected with the life and the relationships of people in the society and regulates some types of relationships among different social communities (including the economic entities and investors) (Busel, 2007).

Similar statements are observed in the works of Bashnianyn et al. (2012), Lefeber and Vietorisz (2007).

As can be seen from the presented sample of scientific studies, the social effectiveness as an object of study in the hospitality entities investment is relevant in the course of evolution of civilization values and hospitality development.

The aim is to define and characterize the main constituents of the social effectiveness, form the methodology of its evaluation in the process of investing in the hospitality, which will favor in including the social effectiveness in the indicators of the investment project attractiveness.

2. METHODS

The methodology of the study consists of general scientific methods: analogies, comparisons, inductions and deductions, which enabled to define the subject of the study – social effectiveness, define its constituents in the process of investing and justify the findings. To achieve the set goal – to define the methodology and evaluate the social effectiveness of investment objects, effectometry methods and statistical procedures are used. The qualitative approach, which is used in this study, is useful in the formation of investment policy of economic entities, when it is necessary to understand in detail the social aspects when implementing the projects, where the information about the projects is mainly non-numeric.

3. RESULTS

As you know, the intervention of the state into the economy is caused by meeting the social needs. In particular, it concerns the towns' infrastructure, which, due to limited financial resources, becomes a certain challenge for the municipality. The costs for building and repairing the roads, making the tourist and recreational resources accessible prevent the development of hospitality, so is the policy developers in the towns do not prioritize them. The practical absence of the municipalities' contributions limited the success of the infrastructure development in the communities as necessary for establishing the tourism and hospitality. Besides, the innovative trends in the town planning, which also favor the development of towns' tourist attraction, create the conditions of immaturity and uncompetitiveness of local hospitality entities. The direct development is ensured mainly by private investments, which are directed towards all spheres of activity of the entity and managing its resource potential: material and technical basis, staff, non-material and financial assets. In the process of attracting and using them, the communicative environment is formed: investor – recipient – state – society, where the interests and ambitions of each of participants are aligned, the hospitality concept-products are created. That is why to understand the importance of social effectiveness as a marker of investment project attractiveness, included as an element of municipality favor to the territory development strategy, it is important to form the parameters and indicator effectometry methodology.

The social aspect in implementing the investments is manifested in the interaction of the investor and social sphere (Figure 1), which is the set of economic system elements, which are directly connected and define the way the people live and their living standards, their welfare, consumption (social and housing, tourist, hospitality and restaurant services, etc.). The social sphere generates some needs of separate individuals and the society as a whole, which the economic systems try to meet by producing and selling some goods. Herewith the social usefulness is formed, which is manifested in the form of reaction to the social problems in different ways: counteraction, protection of personal interests, adaptation, adoption of investment culture and social responsibility in the management system.

The mentioned social effectiveness characteristics give the ground to define it as a *manifestation of positive or negative effect of the interaction of investor and economic system on the social sphere or its part*.

Nowadays there is observed the increased duration of the population free time, which requires spending it in a good manner. The hospitality, which includes tourism and hospitality and restaurant business, having at disposal the objects and subjects, united in the economic system, solves this social problem, but requires branding and proper

http://dx.doi.org/10.21511/pmf.08(1).2019.08

Source: Developed by the authors.

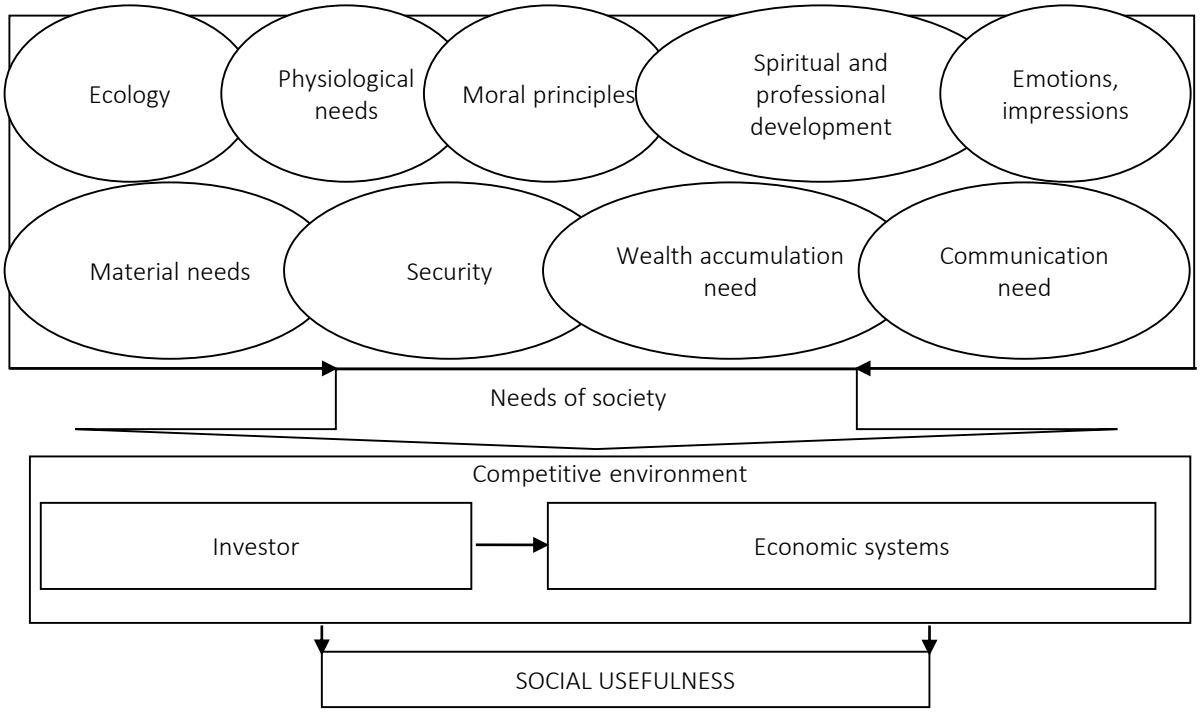

Figure 1. Sphere of interaction of investments and social environment

investment. At the same time, pursuing the interests in economic benefit, the hospitality forms the social space of good recreation environment. That is why the relevance of the problem of defining the immanence of social effectiveness of investments in the hospitality is caused by the increased effect of social factors on dynamic development of the country's economic system and building the competitive production.

The hospitality has the peculiarities of social behavior, as, on the one hand, it works with the human needs to spend the time in a good manner, and on the other hand, is the environment of interaction of the social group – labor resources. That is why social effectiveness of the hospitality includes the following constituents of internal and external level, which will be the subject of this study (Figure 2). The external level shows the system of communications with economic agents and consumers, making a certain contribution in the infrastructure development. The internal level shows the hospitality potential through the formed investment culture standards, representing its management and marketing system.

Source: Developed by the authors.

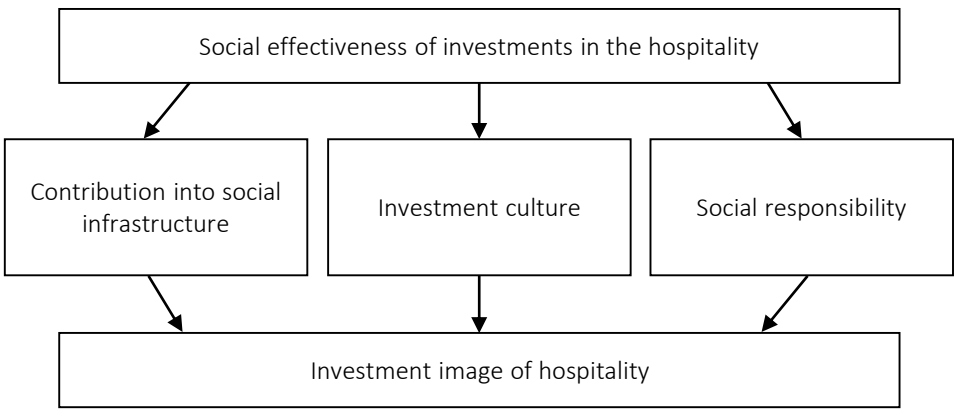

Figure 2. Decomposition of hospitality social effectiveness

Source: Developed by the authors.

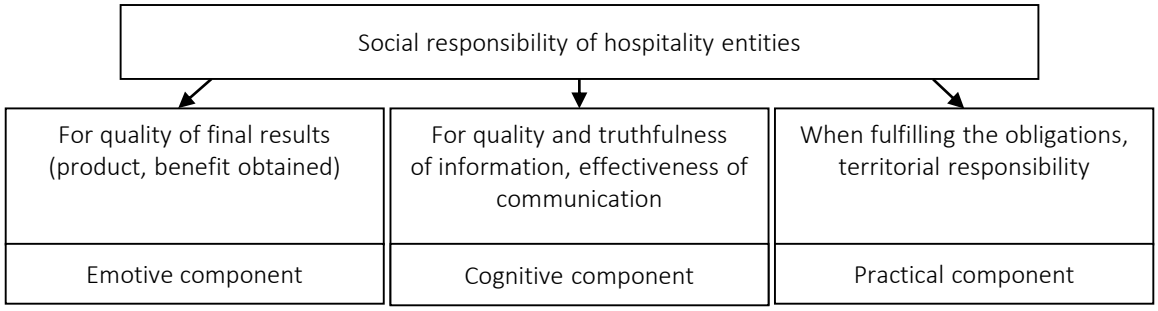

Figure 3. Essence of hospitality entities' social responsibility for investments

Herewith social effectiveness is a complex phenomenon; that is why it should include, apart from social consequences of implementing the investment process, the analysis of conditions of its performance effect on the expected results – formation of image of national hospitality entity as an attractive object for investment and the consequences of the investment process performance. Based on basic principles, social responsibility of hospitality for the investments can be shown in Figure 3.

In the cognitive component, the main thing is that the investment process participants understand its subject, the importance of getting the positive effect of behavioral norms and obligation at the levels: hospitality – investor, hospitality – state, hospitality – society, hospitality – stakeholders.

The emotive component is manifested, first of all, in the extent to which the economic system entities combine their personal interests and the social interests. In this sense, the goal to meet the needs of consumers in the tourism products is marked.

In the practical component, the basis is the active actions on creating the conditions for fulfilling the requirements and obligations. It provides for using the methods of directive regulation and manifestations of creative behavior, which is seamlessly connected with responsibility. In turn, territorial responsibility is implemented at the regional (territorial development), infrastructural (social and economic interaction), and architectural levels.

The level of perceiving the investments' usefulness for hospitality should be considered through the lens of sociality, which nowadays becomes the non-material asset in implementing the projects, as it ensures the communicative and information interaction, harmonizes the relationship between the investors, recipients of investments, and social location. The process of forming the result under the influence of the investment process is manifested in solving many social problems at the macro-, meso-, and microlevels (Figure 4).

The infrastructure development will favor the improvement of business activity of the location through the creation of favorable conditions for development of business, which in turn fosters solving such macroeconomic problems as unemployment, poverty reduction among the vulnerable categories, increase of civilization living standards, etc.

So, as the abovementioned shows, the investments favor the society's socialization, therefore, they

Source: Developed by the authors.

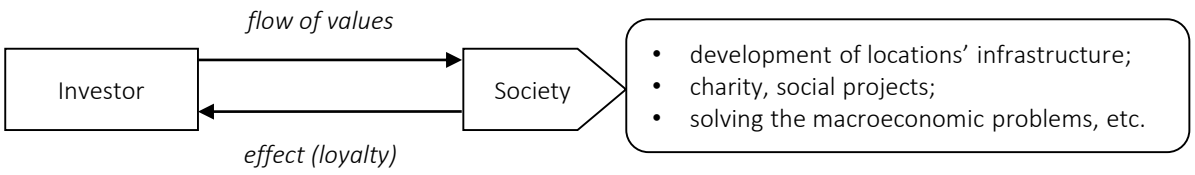

Figure 4. Process of social result formation under the influence of investments

http://dx.doi.org/10.21511/pmf.08(1).2019.08

should be evaluated according to some criteria of positive or negative effect on the economic system of separate territories.

The generalization of scientific works of Younes and Kett (2006), Marriott (2016), Jones Long LaSalle (2016), Levere (2015), Boiko et al. (2018) enables to form the system of criteria for evaluating the social effectiveness of investments in the hospitality (Table 1).

The presented system of indicators enables to analyze the social effectiveness of interaction of the investors with hospitality, which gives an opportunity to regulate its general effectiveness by the subjects of investment process and the state, which can also be an investment partner. It is necessary to consider SE_{10} criterion in more detail. So, within the frameworks of this study, the following five positions for evaluating the investment culture of the recipient of investments were chosen:

Table 1. Criteria and indicators of social effectiveness (*SE*) effectometry in the hospitality (*H*)

Source: Developed by the authors.

Criterion	Indicator
Level of usefulness of *H* activity	$SE_1 = \frac{Time_spent}{Society's_free_time}$
	SE in H at the local level: $SE_{2.1} = \frac{\sum of\ taxes, paid_in_budget\ of_town\ (village)}{In\ come\ of_budget\ of_town\ (village)}$
	SE in H at the regional level: $SE_{2.2} = \frac{\sum of\ taxes, paid_in_budget\ of_region}{Gross_regional_product}$
	SE in tourism: $SE_3 = \frac{In\ bound_tourism\ flow}{Out\ bound_tourism\ flow}$
Extent of the effect on social and environmental state of the location	$SE_4 = \frac{Level\ of_society_loyalty}{Sum\ of_money, directed_towards_social_projects}$
	$SE_5 = \frac{Cost\ of_sanctions}{Amount\ of_money, directed_towards_environmental_projects}$
	$SE_7 = \frac{Number\ of_employed_in_H_location}{Number\ of_able-bodiedpopulation_in_location}$
	$SE_8 = \frac{Sum\ of_tourist_tax}{Sum\ of_money_for_social_and_environmental_projects}$
Level of social responsibility	$SE_{9.1} = \frac{Cost\ of_reclamations}{Number\ of_given_tourdays}$
	$SE_{9.2} = \frac{Number\ of_implemented_investment_projects_in_H}{Number\ of_announced_investment_projects_in_H}$
	$SE_{10} = \frac{Number\ of_positive_positions\ of_investment_culture}{Total_number\ of_positions\ of_evaluation\ of_investment_culture}$

corporate reputation, hospitality brand positioning, infrastructure development, resource potential, state of social and cultural environment.

As can be seen from Table 1, each of the presented criteria of social effectiveness is a complex dimension, the elements of which are certain parameters, which should be optimized for meeting the criteria requirements. In order to do this, let us use the polycriterial additive approach. Herewith the additive criterion (A) is defined as a ratio between the sum of products of separate indicators to the coefficients of their weight and the number of effectiveness indicators (Chirkov, 2005):

$$A = \frac{\sum_{i=1}^{n} a_i \cdot SE_i}{n}, \quad (1)$$

where $i = 1, 2, ..., n$ – number of partial (separate) effectiveness indicators, a_i – weight of i effectiveness parameter (their sum is 1), SE_i – evaluation of i effectiveness parameter.

Let us implement the methodology for effectometry of social effectiveness of Ukrainian regional national systems by calculating the indicators (Table 2), using the formula, experimentally created by the author during 2014–2019 during the studies and monitoring of Ukrainian hospitality market:

$$A = \frac{1}{10} \cdot \begin{pmatrix} 0.7 \cdot SE1 + 0.13 \cdot SE2 + 0.11 \cdot SE3 + \\ +0.10 \cdot SE4 + 0.12 \cdot SE5 + \\ +0.14 \cdot SE6 + 0.06 \cdot SE7 + \\ +0.04 \cdot SE8 + 0.14 \cdot SE9 + \\ +0.07 \cdot SE10 \end{pmatrix}$$

The social effect, as the result of favoring this or that socially significant problem, is, at the same time, the evaluation of the investments effect on increasing the human living standards.

The presented calculations show the ambiguous tendency: the lowest indicator is observed in the regions, which are partially located at the occupied territories (Donetsk region – 0.079, Luhansk – 0.033), the highest is in Kherson (0.36), Lviv (0.236), and Kyiv (0.216) regions. Let us show the distribution of the obtained indicators at the diagram (Figure 5).

The presented methodology for calculating the social effectiveness enables to analyze the level of social development of certain economic system, including at the level of regions, locations, separate economic entities.

When defining the possible minimum (0.000) and maximum (1.000) obtained values of the social ef-

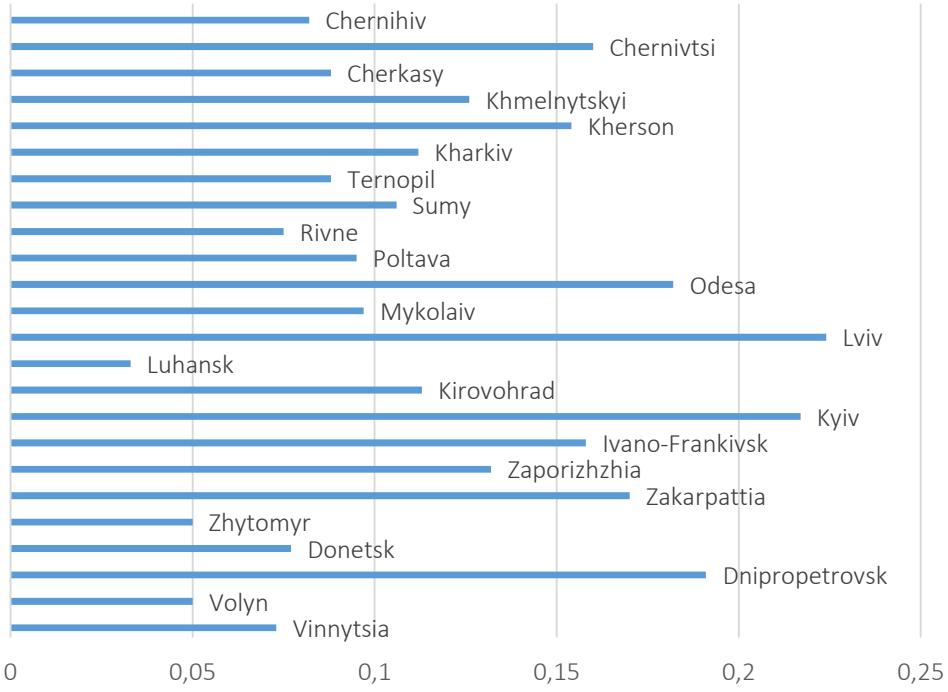

Figure 5. Polycriterial indicators of the Ukrainian region's social effectiveness

http://dx.doi.org/10.21511/pmf.08(1).2019.08

fectiveness polycriterial indicator, the scale of effectiveness should be defined (Table 2).

Table 2. Scale of social effectiveness effectometry

Source: Developed by the authors.

Ranking limits	Evaluative characteristics
1.000-0.700	High
0.699-0.500	Average
0.499-0.300	Low
0.299-0.000	Abnormally low

According to the obtained data in Table 3, one can state that the social effectiveness of the investment projects in the regions and Ukraine as a whole is abnormally low. So, taking into account the process of regional budgets decentralization when forming the development programs for the regions, which possess the significant resort and recreational, scientific, and labor potential, one should pay attention to forming their positive image, which is possible when involving the social programs, predicting the social constituents (Figure 2) when implementing the investment projects, etc.

4. DISCUSSION

So far the scientists do not have ambiguous thoughts on the essence and constituents of social effectiveness, and no attention was paid to the issue of defining the effectiveness, which does not favor the financial communication of the hospitality entities and the municipality in the long-term development of the territories' tourism and recreational potential. Nicoleta and Predonu (2013) and Hauck, Morton, Chalkidou et al. (2019) substantiated the dependence of effectiveness on efforts and consequences, economic resources, inflation, and other effects. But the main focus is on economic effectiveness, the social one is described superficially.

The social essence on the example of human resources was studied by Angelescu et al. (2005) and Firoiu (2005), but the social aspects, in our opinion, are covered more broadly and include, apart from the internal processes of economic entities, the external effects.

Table 3. Calculation of Ukrainian regions hospitality investment attractiveness indicators

No.	Region	Social effectiveness effectometry indicators										
		CE[1]	CE2	CE3	CE4	CE5	CE6	CE7	CE8	CE9.2	CE10	A
1	Ukraine	0.51	0.519	0.54	0.60	0.12	11.3	0.017	0.69	0.6	0.6	0.229
2	Vinnytsia	0.15	0.011	0.8	0.11	0.09	2.6	0.013	0.11	0.7	0.6	0.073
3	Volyn	0.17	0.008	0.08	0.05	0.08	2.1	0.012	0.07	0.3	0.3	0.050
4	Dnipropetrovsk	0.50	0.051	0.11	0.30	0.11	9.4	0.008	0.35	0.9	0.6	0.191
5	Donetsk	0.60	0.025	0.26	0.05	0.02	1.9	0.006	0.05	0.2	0.2	0.077
6	Zhytomyr	0.09	0.010	0.01	0.20	0.03	2.3	0.012	0.21	0.4	0.4	0.050
7	Zakarpattia	0.18	0.012	0.19	0.61	0.01	9.3	0.014	0.63	0.8	0.7	0.170
8	Zaporizhzhia	0.80	0.019	0.61	0.22	0.02	3.8	0.011	0.27	0.6	0.5	0.132
9	Ivano-Frankivsk	0.19	0.011	0.15	0.33	0.01	8.8	0.017	0.36	0.7	0.7	0.158
10	Kyiv	0.38	0.103	0.04	0.70	0.09	11.4	0.010	0.72	0.9	0.8	0.217
11	Kirovohrad	0.08	0.009	0.07	0.31	0.01	6.6	0.018	0.38	0.4	0.5	0.113
12	Luhansk	0.02	0.003	0.02	0.12	0.01	1.8	0.007	0.11	0.2	0.2	0.033
13	Lviv	0.90	0.028	1.11	0.60	0.02	8.9	0.013	0.64	0.7	0.7	0.224
14	Mykolaiv	0.21	0.012	0.01	0.31	0.02	4.5	0.017	0.33	0.7	0.6	0.097
15	Odesa	0.55	0.027	0.19	0.30	0.05	8.7	0.016	0.36	0.7	0.6	0.182
16	Poltava	0.14	0.048	0.22	0.51	0.01	4.3	0.009	0.57	0.6	0.8	0.095
17	Rivne	0.21	0.011	0.01	0.41	0.03	3.2	0.013	0.44	0.4	0.5	0.075
18	Sumy	0.13	0.012	0.58	0.21	0.03	5.5	0.010	0.27	0.4	0.6	0.106
19	Ternopil	0.10	0.011	0.01	0.13	0.02	4.7	0.014	0.13	0.5	0.8	0.088
20	Kharkiv	0.35	0.060	0.31	0.44	0.04	4.2	0.012	0.44	0.8	0.9	0.112
21	Kherson	0.07	0.011	2.59	0.36	0.07	7.2	0.018	0.39	0.6	0.7	0.154
22	Khmelnytskyi	0.25	0.012	0.95	0.23	0.01	5.1	0.013	0.22	0.6	0.7	0.126
23	Cherkasy	0.08	0.011	0.02	0.40	0.03	4.3	0.014	0.45	0.8	0.4	0.088
24	Chernivtsi	0.79	0.006	0.02	0.60	0.06	5.9	0.017	0.61	0.7	0.5	0.160
25	Chernihiv	0.27	0.007	0.06	0.41	0.06	3.2	0.012	0.41	0.5	0.6	0.082

Note: [1] Free time of society is defined as follows: Number of residents × Number of holidays and vacations. The time spent is equal to the number of tour days.

The social partnership as a manifestation of sustainable activity in the tourism was studied by Laeis and Lemke (2016), which is valuable in building the communications of the investors and the recipients of investments with the local authorities.

The studies of investments in the hospitality (Younes & Kett, 2006; Marriott, 2016; Jones Long LaSalle, 2016; Levere, 2015) are oriented mainly towards the economic indicators, leaving the social ones unattended.

Let us consider separately the work of Terziev (2019), where social effectiveness is associated with social activity. We agree and add to the author's opinion, defining the social responsibility, investment culture, and the contribution to social infrastructure development as the constituents of social effectiveness. Herewith it is reasonable to use the correlation "expenses-effect" as an instrument of investment project formation.

CONCLUSION

Nowadays, the socialization of processes, including the investment ones, favors preventing and smoothing the conflicts of interests, which reduces the compliance risks and ensures the sustainable success of the investment project. The negative or positive effect of investments is defined not only within the frameworks of direct action (social and environmental taxes, financing of social projects, charity) but also indirect – formation of socially-oriented investment culture, which will ensure the staff and local population protection from excessive ambitions and will focus on the needs of the latter.

The study of social effectiveness theoretical characteristics enabled to formulate the definition of the term and its main constituents when implementing in the investment process.

In the paper, the existing scientific developments were combined and, based on the logic of economic effectiveness building, formed the methodological approach to defining the social effectiveness and evaluating it. It is reasonable to use the scientific literature review and the results obtained in the study at different levels of investments social effectiveness evaluation: of separate entity, location, region, country as a whole, which can become a basis for administrative and legal compliance when making the decisions, on the one hand, for local authorities giving the permission documents in implementing and financing the project, on the other hand, for the investor when choosing the object, etc. Owing to the empirical study, this article gives valuable ideas on formation and evaluation of social effectiveness in the investment process, in particular, in the hospitality. In the long term, further studies will be directed towards studying the dynamics of the investments social effectiveness indicator and analyzing the effect of state social programs on its level.

REFERENCES

1. Angelescu, C., Ciucur, D., Dinu, M., Gavril, I., Ghi, P., & Popescu, C. (2005). *Economy*. Bucharest: Economic Publishing House.
2. Bashnianyn, H. I., Honcharuk, L. Ya., & Mykhailiak, I. V. (2012). Sotsializatsiina efektyvnist ekonomichnykh system za umov posylennia hlobalizatsiinykh protsesiv [Social effectiveness of economic systems in the conditions of improving the globalization processes]. *Naukovyi visnyk NLTU Ukrainy – Scientific Bulletin of UNFU of Ukraine, 22.14,* 189-197. (In Ukrainian).
3. Boiko, M., Bosovska, M., Vedmid, N., Bovsh, L., & Okhrimenko, A. (2018). Investment attractiveness of the tourist system of Ukraine. *Investment Management and Financial Innovations, 4,* 193-209. http://dx.doi.org/10.21511/imfi.15(4).2018.16
4. Busel, V. T. (2007). *Velykyi tlumachnyi slovnyk suchasnoi ukrainskoi movy [Great Dictionary of Modern Ukrainian Language]* (1736 p.). Kyiv, Irpin: VTF "Perun". (In Ukrainian).
5. Chirkov, V. G. (2005). *Effektometriya: populyarnye ocherki [Effectometry: popular articles]* (240 p.). Kyiv: Feniks. (In Russian).
6. Cooper, S. (2000). Shareholder Wealth or Societal Welfare: A Stakeholder Perspective. In G. Arnold & M. Davies (Eds.), *Value Based Management. Context and Application*. New York: Wiley & Sons Ltd.

http://dx.doi.org/10.21511/pmf.08(1).2019.08

7. Doicheva, K., Vaskovska, K., & Pchelianska, H. (2017). Suchasni kompleksni systemy otsiniuvannia efektyvnosti hospodarskoi diialnosti pidpryiemstva [Modern complex systems of evaluating the effectiveness of enterprise economic activity]. *Ekonomika harchovoi promyslovosti – Food Industry Economics, 8*(4), 40-45. (In Ukrainian). https://doi.org/10.15673/fie.v8i4.458

8. Ergul, M., & Johnson, C. (2011). Social entrepreneurship in the hospitality and tourism industry: an exploratory approach. *Consortium Journal of Hospitality & Tourism, 16*(2), 40-46. Retrieved from https://www.cabdirect.org/cabdirect/abstract/20133141325

9. Firoiu, D. (2005). *Human Resources in Tourism*. Bucharest: University Publishing House.

10. Firoiu, D. (2006). *Human Resources in Tourism* (3rd ed.). Bucharest: University Publishing House.

11. Hauck, K., Morton, A., Chalkidou, K. et al. (2019, January). How can we evaluate the cost-effectiveness of health system strengthening? A typology and illustrations. *Social Science & Medicine, 220,* 141-149. https://doi.org/10.1016/j.socscimed.2018.10.030

12. Jones Long LaSalle (2016). *Lodging investment outlook*. United States: JLL.

13. Jones, M. (2013). *What does it take to start a hotel?* Retrieved from https://www.forbes.com/sites/quora/2013/02/28/what-does-it-take-to-start-a-hotel/#4fdac6906452

14. Laeis, G., & Lemke, S. (2016). Social entrepreneurship in tourism: applying sustainable livelihoods approaches. *International Journal of Contemporary Hospitality Management, 28*(6), 1076-1093. http://dx.doi.org/10.1108/IJCHM-05-2014-0235

15. Lefeber, L., & Vietorisz, T. (2007). The Meaning of Social Efficiency. *Review of Political Economy, Taylor & Francis Journals, 19*(2), 139-164. https://doi.org/10.1080/09538250701256672

16. Levere, J. (2015, September 28). *Hotel owners looking to stay current put money in properties*. Retrieved from https://www.nytimes.com/2015/09/29/business/hotel-owners-looking-to-stay-current-put-money-in-properties.html

17. Marriott, S. B. (2016). *Considerations for a Hotel Investment* (UNLV Theses, Dissertations, Professional Papers, and Capstones. 2834). Retrieved from https://digitalscholarship.unlv.edu/theses-dissertations/2834

18. Mazaraki, A., Boiko, M., Bosovska, M., Vedmid, N., Okhrimenko, A. (2018). Formation of the national tourism system of Ukraine. *Problems and Perspectives in Management, 16*(1), 68-84. http://dx.doi.org/10.21511/ppm.16(1).2018.07

19. Mochernyi, S. V. (Ed.), Larina, Ya. S., Ustenko, O. A., & Yurii, S. I. (2006). *Ekonomichnyi entsyklopedychnyi slovnyk: u 2 t. [Economic encyclopedical dictionary in 2 vol.]*. Lviv: Svit. (In Ukrainian).

20. Nicoleta, A., & Predonu, A.-M. (2013). Economic and Social Efficiency of Tourism. *Procedia – Social and Behavioral Sciences, 92,* 648-651. https://doi.org/10.1016/j.sbspro.2013.08.732

21. Roskladka, N., Roskladka, A., Dluhopolskyi, O., Kharlamova, G., & Kiziloglu, M. (2018). Data analysis and forecasting of tourism development in Ukraine. *Innovative Marketing, 14*(4), 19-33. https://doi.org/10.21511/im.14(4).2018.02

22. Shehda, A. (2001). Kontseptsii pidpryiemstva v konteksti rozvytku ekonomichnoi teorii [Concepts of the enterprise in the context of economic theory development]. *Visnyk KNTEU "Ekonomika" – KNTU Bulletin "Economics", 1*. (In Ukrainian).

23. State Statistics Service of Ukraine (2018). *Kilkist turodniv za realizovanymy naselenniu turahentamy turystychnymy putivkamy u 2018 rotsi za rehionamy [Number of tour days based on the package tours sold by tourism agents to the population in 2018 according to regions]*. (In Ukrainian). Retrieved from http://www.ukrstat.gov.ua/druk/publicat/kat_u/2018/zb/05/zb_td_2017.pdf

24. State Statistics Service of Ukraine (2019). *Chyselnist naiavnoho naselennia po rehionakh (za otsinkoiu) na 1 sichnia 2019 roku [Number of existing population according to regions (based on evaluation) as of January 1, 2019]*. (In Ukrainian). Retrieved from http://database.ukrcensus.gov.ua/PXWEB2007/ukr/publ_new1/2019/zb_chnn2019.pdf

25. Terziev, V. (2019). Social efficiency as a measure of social activities. *Proceedings of SOCIOINT 2019 – 6th International Conference on Education, Social Sciences and Humanities 24-26 June 2019*. Istanbul, Turkey.

26. Younes, E., & Kett, R. (2006). *Hotel investment risk: What are the chances?* London.