

# “Inclusive development in the national tourist system: case of Ukraine”

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# INCLUSIVE DEVELOPMENT IN THE NATIONAL TOURIST SYSTEM: CASE OF UKRAINE

## Abstract

The sustainable development of tourism, which provides for natural and cultural and historical resource-saving and increase, observing the environmental standards becomes dominant and is a requirement for tourism successful development. The main direction of sustainable tourism development within a certain country – national tourist system (NTS) is inclusiveness.

According to the results of human and inclusive development indicators, the volumes of employment in tourism, there were defined the problems of Ukraine concerning the insufficient level of human development, the presence of displaced population from the military actions zone and the population that suffers from grievances and has features of poverty. It is emphasized that NTS can implement the inclusive business models through such key foundations:

- 1) access to tourism and improving the welfare of the poor and vulnerable populations;
- 2) development of business;
- 3) environmental sustainability.

Particular attention is paid to substantiating the mutual satisfaction of the economic interests of stakeholders when forming the NTS inclusive business models. There was elaborated the vision of possible key strategies of business entities for expanding the economic opportunities in the context of inclusive development. According to the study results, there was presented the architectonics of the interaction of NTS subjects when implementing the inclusive business models, where the groups of stakeholders, directions, forms of activity, and possible effects of their implementation were defined. Attention is paid to the need for further systemic studies of the considered problem in response to challenges and threats to tourism as a global social, environmental, and economic phenomenon.

## Keywords

tourism, tourist system, inclusiveness, inclusive development, sustainable development

**JEL Classification** L83, P47, Z32

## INTRODUCTION

The scale, penetration into different spheres of human activity and spatial boundlessness of tourism is a modern global tendency. The massive development of tourism has a multisided effect on social development both in the positive and negative aspects. Negative aspects mainly concern the environmental and social constituents: climate change, overload, and environmental pollution, increased "gap" between the poor and the rich population, impossibility, due to different reasons, of exercising the right for rest and recreation (Muhanna, 2006; Rabbany et al., 2013; Thomas Asha, 2013; Chang et al., 2018). In this context, the generally recognized is the need for using and implementing the sustainable development concept in the tourism (Sachs, 2012; Vazquez et al., 2017) as a modern social paradigm, as well as inclusiveness, which ensures the social and economic fairness (Eicher, 2003; Huang & Quibria, 2013; Gupta et al., 2015; Rylance & Spenceley, 2016; Vázquez et al., 2017). The need for ensuring the development of

inclusiveness in the tourism is also explained by the fact that this sphere generates the significant volumes and has the potential in future for growth of population employment. According to the World Tourism Organization (2019) data, every tenth is employed in the tourism.

That is why there is a belief that the problems of limiting the negative effect of tourist products, ensuring the equal access to buying the tourism products, glut of destinations, which nowadays are quite relevant and require the study and solving, can be solved based on the sustainable development concept taking into account the inclusiveness principles. The relevance of implementing the principles of inclusive development and the respective NTS business models in Ukraine will increase its functioning effectiveness by directing to more sustainable ways of development; reducing the inequality both among consumers of tourism product and among the employed in NTS; ensuring the development owing to expanding the activity scope (including the development of small enterprises, folk crafts, traditional art); increasing the life satisfaction and, correspondingly, decreasing the dissatisfaction and disappointment among the country's citizens; strengthening the national feelings.

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## 1. LITERATURE REVIEW

In the scientific environment, the insufficiency, even some absence of the studies on the development of tourism activity based on inclusiveness, is felt. But, recently significant attention to this problem is paid in the publications and program documents, connected with the tourism activity of several international organizations: The United Nations (UN), The United Nations Development Programme (UNDP), World Bank, World Tourism Organization (UNWTO), World Economic Forum (WEF), Organization for Economic Co-operation and Development (OECD), where the need, advantages, and mechanisms for implementing the inclusiveness in some spheres of activity or separate business entities are substantiated, and in some conditions, "inclusiveness can be a driver for profitability" (UNDP, 2010, 2).

In the works of scientists, it was proved that for normal development of society, "the need for balance between the environment, economic growth and social equity is deduced" (Vázquez et al., 2017, 18), which can be ensured, in particular, by way of inclusive development, and "inclusive development responds by focusing mainly on the social and environmental aspects of development and on current generations" (Gupta et al., 2015, 541).

As for the implementation of sustainable development ideas in tourism, a large amount of studies, which reflect this activity in many as-

pects, is represented in the science (Sachs, 2012; Thomas, 2013; Rabbany et al., 2013).

The practical orientation of the relationship between tourism, sustainable development, and inclusive development is reflected in the work of Rylance and Spenceley (2016), which aims to quantify the impact of businesses implementing the inclusive business strategies to determine the value to local communities, as well as the tourism business. Separate aspects of the mentioned problem are represented in the complex study of Okhrimenko (2019), but its importance from the scientific and practical viewpoint provides for the need for further studies, data renewal and update.

When outlining the mentioned studies, let us state the need for further steps concerning defining the essence, source, determinants of the mentioned phenomenon, and the mechanisms of its implementation in the tourist systems of different level. For Ukraine, the issues of inclusive development are especially relevant in the period of economic instability (Bovsh, 2015) in the context of improving the welfare of the population and solving the social and economic problems of the population, displaced from Joint Forces Operation zone.

## 2. AIM OF THE STUDY

The article aims to substantiate the ways of implementing the inclusiveness based on sustainable development in the national tourist system.

### 3. METHODS

Interdisciplinarity of the scientific problem was caused by using the complex of general scientific and special methods during the study: historical and logical when studying the global processes of influence on NTS and inclusive development; methods of quantitative and qualitative comparison when analyzing the state and prospects of human development level, poverty, inclusive development, and employment in Ukrainian NTS; economic and statistical methods for statistical data processing, defining the trends and tendencies, analyzing the level of NTS inclusive development, defining the determinants of interrelationship between NTS and inclusiveness; method of theoretical generalization when formulating the findings. Based on the analytical documents of United Nations, World Tourism Organization, World Economic Forum, Organization for Economic Co-operation and Development, the need for implementing the inclusive development foundations in the national tourist system in the context of sustainable development was proved in this study.

### 4. RESULTS

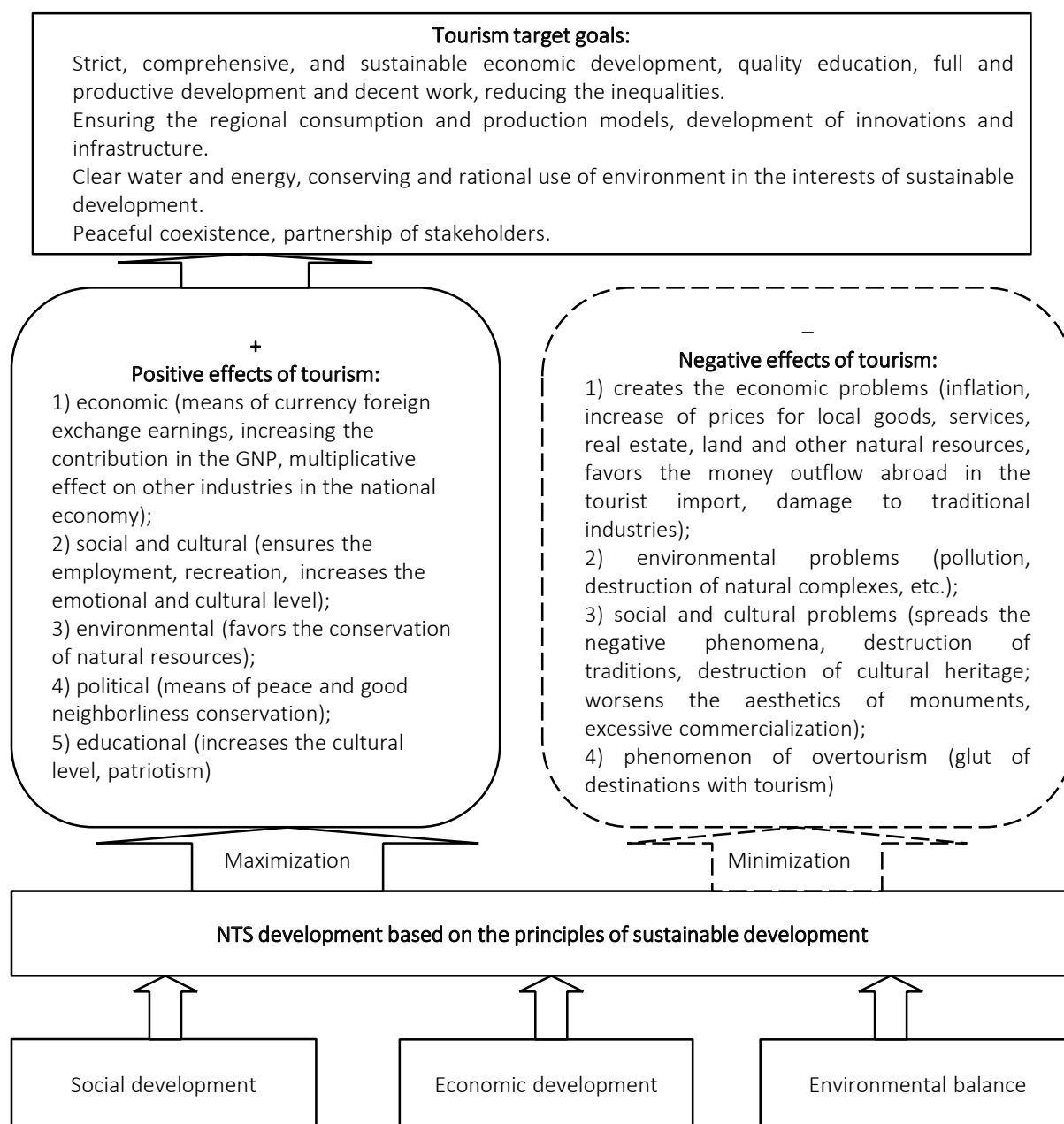
Taking into consideration the functioning scale, polystructuredness and involvement of significant amount of types of economic activity, in the authors' studies, the tourism development within the country is considered as a national tourist system (NTS) (Okhrimenko, 2017, 2019; Mazaraki et al., 2018). The effectiveness of forming and achieving the goals of a strategic vector of Ukrainian national tourism development is mutually conditioned by alignment with global priorities. One of the program documents is the resolution "Transforming our world: the 2030 Agenda for Sustainable Development", enacted by General Assembly United Nations (2015). According to the mentioned global plan of human development until 2030, 17 goals and 169 tasks were defined, which are "are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental" (General Assembly United Nations, 2015). So these goals are directed towards poverty reduction, planet conserva-

tion, and the creation of a prosperous world for society until 2030. Tourism can play a huge role in achieving the mentioned goals. Accordingly, World Tourism Organization (2018) has developed the new development agenda SDG – it is the most ambitious to date and the 17 goals are a universal call to action to eradicate poverty, protect the planet and ensure that all people enjoy peace and prosperity:

- 1) no poverty;
- 2) zero hunger;
- 3) good health and well-being;
- 4) quality education;
- 5) gender equality;
- 6) clean water and sanitation;
- 7) affordable and clean energy;
- 8) decent work and economic growth;
- 9) industry innovation and infrastructure;
- 10) reduced inequalities;
- 11) sustainable cities and communities;
- 12) responsible consumption and production;
- 13) climate action;
- 14) life below water;
- 15) life on land;
- 16) peace justice and strong institutions;
- 17) partnerships for the goals.

The majority of the mentioned goals either directly concerns the inclusiveness, or their implementation will favor the inclusive development. These social, environmental, and economic aspects are very important for Ukraine.

The sustainability of NTS functioning defines its development in the three-fold vision: economic, environmental, and social. Each of these aspects reflects certain types of activity: economic – effectiveness of using the potential, creating the optimal balance between the demand and the supply of tourist services; environmental – rational use of natural resources now and in future; social – effective employment, creating the conditions for preserving the local population's traditions, its lifestyle, favoring the protection of historical and cultural monuments, development of museum network, ensuring the population employment. Accordingly, one can form the foundations of achieving the NTS target goals in the context of sustainable development (Figure 1), which take into account the abovementioned SDG.



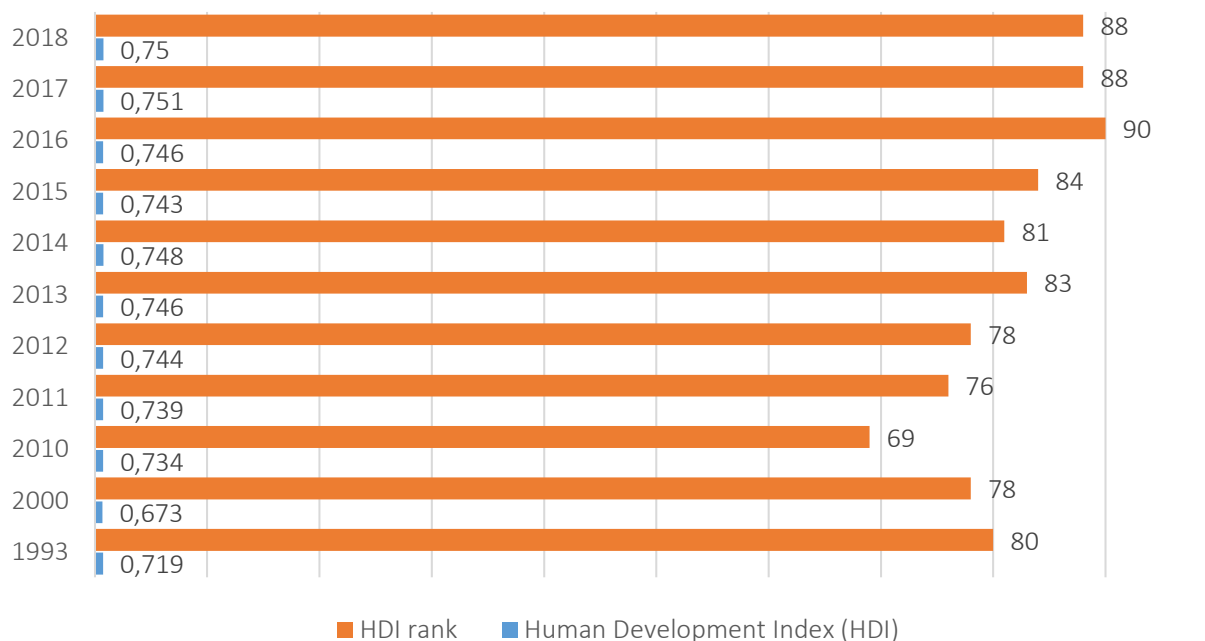
**Figure 1.** The foundations of achieving the national tourist system (NTS) target goals in the context of sustainable development

Thus, the development of a national tourist system based on the principles of sustainable development provides for 1) maximizing the effect of positive processes; 2) effect of possible negative impact of tourism on society is minimized, or its negative effects are eliminated. Herewith, considering the fact that the peculiarity of tourism is an ability to catalyze the social and economic processes, make the multiplicative effect, one can assume that the sustainable develop-

ment mechanism can be effectively spread to other spheres.

One of the criteria of defining the long-term effectiveness of social and economic policy is the dynamics of population living standards, and the integrated indicator of evaluating the living standards is Human Development Index (HDI), which is annually calculated by the United Nations. According to the publications on Human

Source: Built by the author based on the data from the United Nations Human Development Report.



**Figure 2.** Dynamics of index and ranking of Ukraine's human development for the period 1990–2018

Development Index for the period 1993–2018, Ukraine belongs to the countries with high<sup>1</sup> level of human development; its place is between the 69<sup>th</sup> and 90<sup>th</sup> ranking positions (Figure 2), so there is a need for improving the country's potential to improve the positions concerning the human development.

According to the last publication Human Development Report 2019, in 2018, Ukraine's Human Development Index was 0.750 and fell under the 88<sup>th</sup> place among 189 countries. Notwithstanding some dip of Ukraine's place in the ranking for the recent period, Human Development Index shows the increasing trend in the annual average growth (except for the period 1990–2000 –0.5%): 2000–2010 +0.88%; 2010–2017 + 0.34%; and in general 1990–2018 +0.23%. The best situation was in 2010 when the country occupied the 69<sup>th</sup> place. But the Index itself was from 0.740 to 0.750 during the recent period, which shows the absence of systemic measures concerning the change of human development state; i.e., since the country's Independence (1991), there

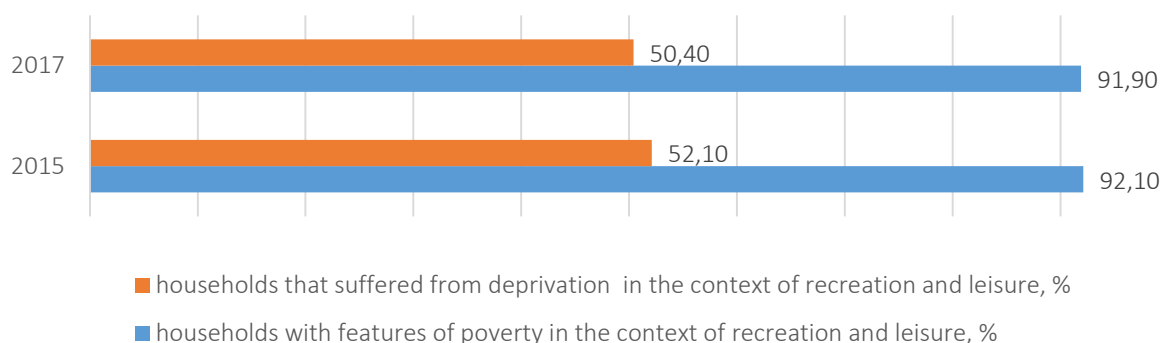
were almost no qualitative and dynamic changes. That is why there is a need to implement the social and economic models, which are directed towards improving the human development.

In the world, solving the global problems of reducing the poverty and giving the wide populations the opportunities of acquiring the income is based on inclusive models of development, which include people with low incomes on the demand side as clients and consumers, and on the supply side as employees, producers, and entrepreneurs at various points in the value chain. They build bridges between business and people with low incomes, for mutual benefit (UNDP, 2010, 6).

In the scientific and expert environment, the processes connected with inclusiveness were interpreted: inclusive development, inclusive economy, inclusive policy, inclusive markets, and business models. Inclusiveness in the modern world becomes one of the fundamental concepts of development, especially it concerns the education and the economy.

<sup>1</sup> According to HDI, the countries were divided into the following groups: 1) very high; 2) high; 3) average; 4) low.

Source: Built by the author based on the data from State Statistics Service of Ukraine (2018).



**Figure 3.** Dynamics of the percentage of Ukrainian households with features of poverty and deprivation in terms of recreation and leisure in the period 2015–2017<sup>2</sup>

According to the definition of Organization for Economic Co-operation and Development (OECD), the inclusive development “is economic growth that is distributed fairly across society and creates opportunities for all” (OECD, 2019), i.e., it is the economic development, within which there appear the opportunities for all populations to fairly distribute the material and non-material benefits in the society to improve its welfare (it concerns overcoming the inequality between the rich and the poor). Also, there exists an opinion that inclusiveness in the context of tourism should also be considered in terms of the accessibility of tourism, recreation, and leisure services.

That is why another direction of evaluating the state of inclusiveness is monitoring the features of poverty and deprivation in terms of accessibility of certain goods and services and spread of corresponding deprivation manifestations. Based on the recently published data of Ukrainian households self-evaluation, in particular, the accessibility of recreation and leisure services, it was found that for the period 2015–2017, among the households, which suffered from deprivations, 50.4–52.1% are deprived of the opportunities for recreation and leisure (feel the lack of money for week family holidays outside the house at least once a year), and among the households, which have the features of poverty and deprivations, this indicator is already 91.9–92.1% (Figure 3), i.e.,

in general, the features of poverty and deprivations among the Ukrainian population are quite high (Table 3).

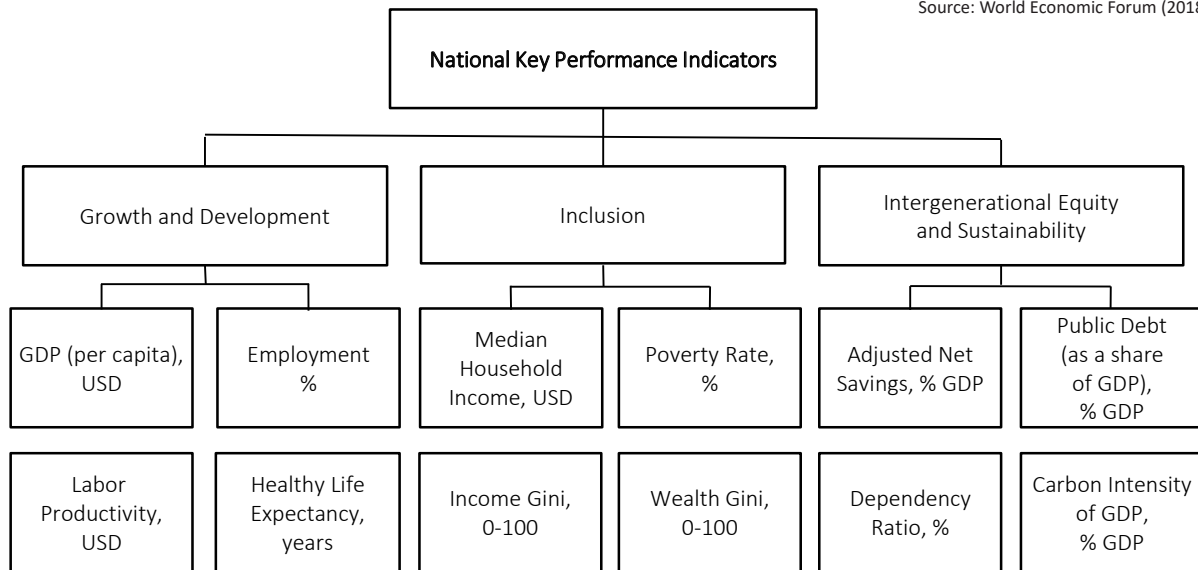
Besides, in Ukraine, in the period 2015–2017, the percentage of population, which suffers from deprivation, is on average 51.7%. The average indicator of deprivation in the EU countries is 32.1%. Similar to Ukraine, Romania, Croatia, Bulgaria, Greece, Hungary are also characterized by low indicators of deprivation (State Statistics Service of Ukraine, 2018).

The world witnesses the growing concern over the problems of poverty and deprivations. That is why the “basic provisions of inclusive development are the presence of correlation between the economic development rates and solution of wide range of social problems, namely, more fair distribution of incomes, created in the society (Eicher, 2003). In the studies and recommendations, developed by OECD analysts “Embracing Innovation in Government Global Trends 2018”, among three key trends in public innovation identified through this review, there are “Inclusiveness and vulnerable populations” (the other two are Identity, Systems approaches and enablers) (OECD, 2018b).

The need for paying attention to world countries’ economies’ inclusive development is one of innovations of modernity. So, in February 2018, the World Economic Forum (WEF) in

<sup>2</sup> According to State Statistics Service of Ukraine selective survey, material deprivation level was defined according to the European methodology. The list of features of deprivations in the part “Recreation and leisure” includes lack of funds for: 1) family holidays outside the house at least during one week per year; 2) visiting the friends, relatives with presents or for having guests (with food and drinks) for celebrating birthdays or holidays; 3) buying the tickets to cinemas (theaters, concerts, etc.) 1–2 times per year.

Source: World Economic Forum (2018).

**Figure 4.** National Key Performance Indicators

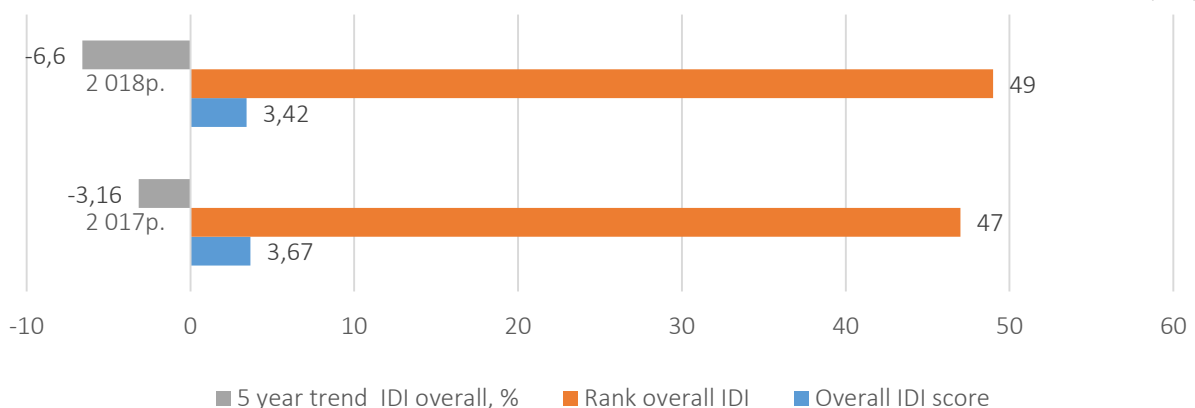
Davos for the first time witnessed the presentation of countries' development evaluation method – Inclusive Development Index (IDI), which is more complex (unlike the GDP per capita) and takes into account not only the macroeconomic indicators but also the welfare and living standards of the population and evaluates the extent of economic development positive effects spread on all populations. The WEF experts defined the IDI according to the following national key effectiveness indicators (Figure 4).

According to World Economic Forum (2019, 3) data, Ukraine occupies the 49<sup>th</sup> place with the IDI indicator of 3.41 and for the recent five years, shows the decreasing trend by 6.8%, which means that in our country, the number of

people, who are included in the process of economic development and get the benefit from it, decreased by the corresponding percent. And in 2018, Ukraine's place decreased by two places compared to 2017 (Figure 5).

In the mentioned study, the decreasing trend of Ukrainian IDI is explained by constant military actions in the East of the country, as they do not favor the progress in the social development and quite disproportionately affect the vulnerable populations, and motivate the talented people to leave the country to search for better opportunities for self-realization. Ukraine has a low coefficient of demographic burden (43.3%); poorly performs the activity at all other directions concerning the constituent "Populations imitation"; has one of

Source: Developed by the author based on the materials from World Economic Forum (2018), World Economic Forum (2019).

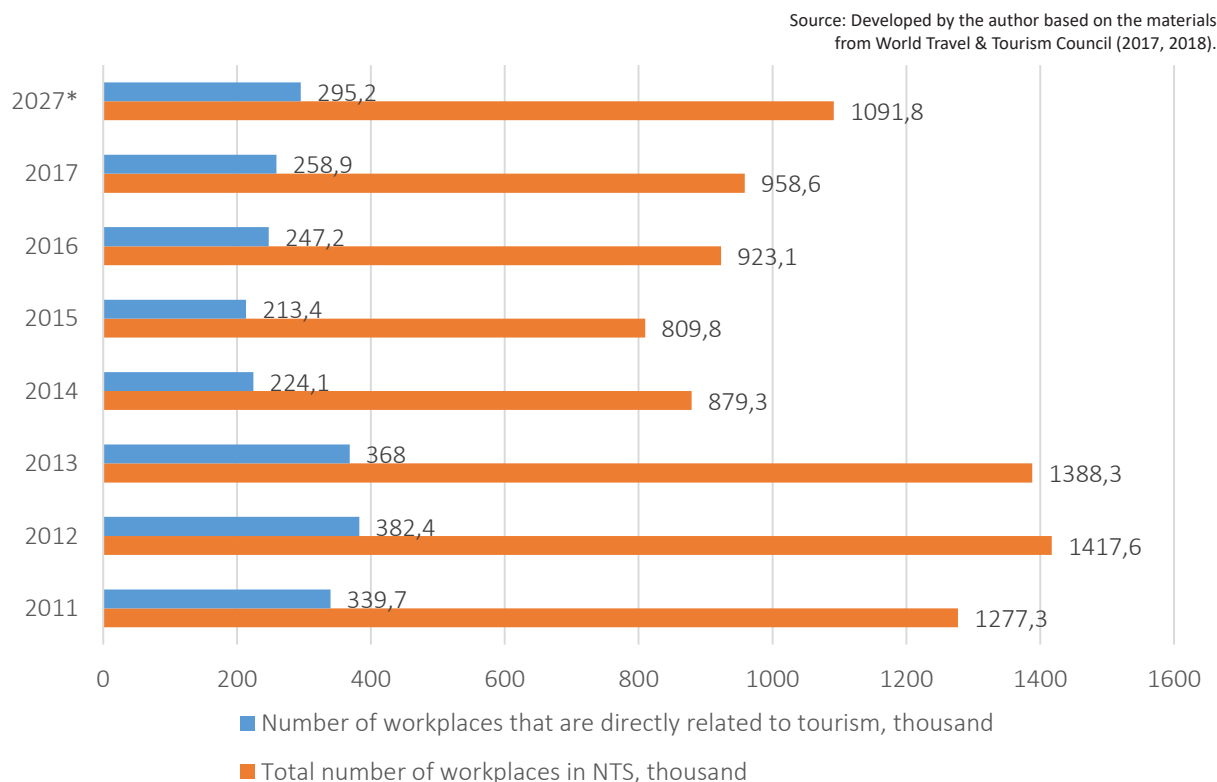
**Figure 5.** Dynamics of the Inclusive Development Index (IDI) indicators in Ukraine in 2017–2018

the highest levels of wealth inequality among all the developing countries. But the positive aspect is that the Ukrainian educational system supports the inclusive development. The middle class is formed in the country, and the quality health care services and unemployment benefits are given: these factors favor Ukraine being in the 1<sup>st</sup> place in its revenue group on social protection. World Economic Forum experts recommend that the country's potential priorities should include improving the professional training, decreasing the administrative burden on the creation of new enterprises, increasing the financing for entrepreneurs and paying more attention to combating the corruption (World Economic Forum, 2018, 57).

Tourism is one of the largest sectors of the economy in the world and can significantly favor the creation of constant employment opportunities. According to the World Travel & Tourism Council (WTTC) data, in Ukraine, 258 thousand of workers (1.3% of total employment, 2017) are directly employed in tourism. The WTTC analysts forecast that until 2027, this indicator will increase to 295 thousand of workplaces (1.5% from total employment) (World Travel & Tourism Council, 2017) (Figure 6).

Taking into account not only direct but also indirect effect on employment in NTS, its total contribution to employment in Ukraine is 9,258.6 thousand of workplaces (5.0% from total indicator). It is expected that until 2027, it will be 1,092.0 thousand of workplaces (5.7% from total volume).

One states the clear dependence of the effect of social and economic and political processes crisis state on the situation with employment in NTS. The increase of employment generates new workplaces and incomes for certain persons, and the increase of labor productivity has the potential for increasing the wages and the income. Within the frameworks of the employment issues, the positive aspect is the transfer of standards of transnational corporations (hotel, restaurant, transport, tourism), which the NTS constituents, into the sphere of labor wages and social welfare: innovative methods for labor wages calculations, social insurance, financial services; and the opportunities for learning and increasing the professional level for unqualified workers. That is why the reduction of tension and social differences in the society can be determined by expanding the employment and improving the quality state of workers' motivation



**Figure 6.** Dynamics of employment volumes in Ukrainian national tourist system (NTS) in 2011–2017 and forecast for 2027

**Table 1.** Directions of involving the separate stakeholders of national tourist system (NTS) into inclusive business models

Source: Developed by the author.

| Groups of stakeholders                                                                                    |                   | Directions of involvement/activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Persons who belong to vulnerable populations                                                              | consumers         | <ul style="list-style-type: none"> <li>• opportunities for receiving the tourist product/services;</li> <li>• increase of opportunities in the recreation and trips at the account of social tourism development;</li> <li>• increase of opportunities in the recreation and trips at the account of “sharing economy”<sup>3</sup></li> </ul>                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                                                           | employees         | <ul style="list-style-type: none"> <li>• opportunities for employment and receiving the income;</li> <li>• opportunities for setting up own business;</li> <li>• participation in the Employee Stock Ownership Plan (ESOP)<sup>4</sup>;</li> <li>• gender equality and increase of opportunities for women in terms of employment;</li> <li>• implementation of opportunities for active participation in the social processes, civic movements</li> </ul>                                                                                                                                                                                                                                                                  |
| Persons who favor the exercise the rights of vulnerable populations and providing with job and recreation | business entities | <ul style="list-style-type: none"> <li>• responsible business conduct;</li> <li>• improvement of reputation;</li> <li>• implementation of innovations;</li> <li>• diversification of products, business;</li> <li>• increase of labor productivity;</li> <li>• tax reduction;</li> <li>• growth of income;</li> <li>• improvement of business processes’ performance;</li> <li>• increase in competition;</li> <li>• improvement of trade and investments within the frameworks of international cooperation in terms of tax policy with the implementation of OECD/G20 BEPS<sup>5</sup>;</li> <li>• expansion of business volumes, including at the account of social tourism development and “sharing economy”</li> </ul> |

at the NTS enterprises through the functioning of inclusive business models, which are “as private sector-led business initiatives that aim to profitably engage low-income populations across productive value chains” (Rylance & Spenceley, 2016, 371).

Thus, the Ukrainian national tourist system belongs to those national economy subsystems that accumulate a large number of types of economic activity and require involving the significant amount of labor resources. The specificity of tourism is the wide opportunities for involving low-skilled workers and disabled persons, i.e., *vulnerable populations*. That is why, using the optimal development models, NTS can become a catalyzer for improving the country’s social and economic state.

The recommended steps of implementing Ukraine’s inclusive development principles should be made within the NTS, as “Rapid pace of growth is unquestionably necessary for substantial poverty reduction, but for this growth to be sustainable in the long run, it should be broad-based across sectors, and inclusive of the large part of the coun-

try’s labor force” (World Bank, 2018, 12), i.e., the inclusive development is directly related to economic one. Considering the Ukrainian NTS development environment, the implementation of inclusive development principles and the corresponding business models will increase the performance of its functioning through:

- directing the NTS to more sustainable ways of development, particularly those which concern the positive environmental practices;
- reducing the inequality both among consumers of tourism product and among the employed in NTS;
- ensuring the NTS development owing to expanding the activity scope (including the development of small enterprises, folk crafts, traditional art);
- increasing the life satisfaction and, correspondingly, decreasing the dissatisfaction and disappointment among the country’s citizens;

3 Sharing economy is a social and economic system, which is based on shared use of different resources.

4 Employee Stock Ownership Plan (ESOP) is the program of owners, which gives the company employees the right for stock ownership, often without previous costs of employees.

5 In 2017, Ukraine joined the OECD Expanded Cooperation Program in the part of implementing the Base Erosion and Profit Shifting (BEPS) plan.

- strengthening the national feelings, increase of civic activity.

Accordingly, some directions of involving certain NTS stakeholders in implementing the inclusive business models (Table 1) can be defined.

Taking into account the long duration of achieving inclusive development goals, the problem of ensuring the population employment comes to the fore. Besides, the fundamental program documents on inclusiveness state that “productive employment is the main instrument of sustainable and comprehensive development” (World Bank, 2018, 13).

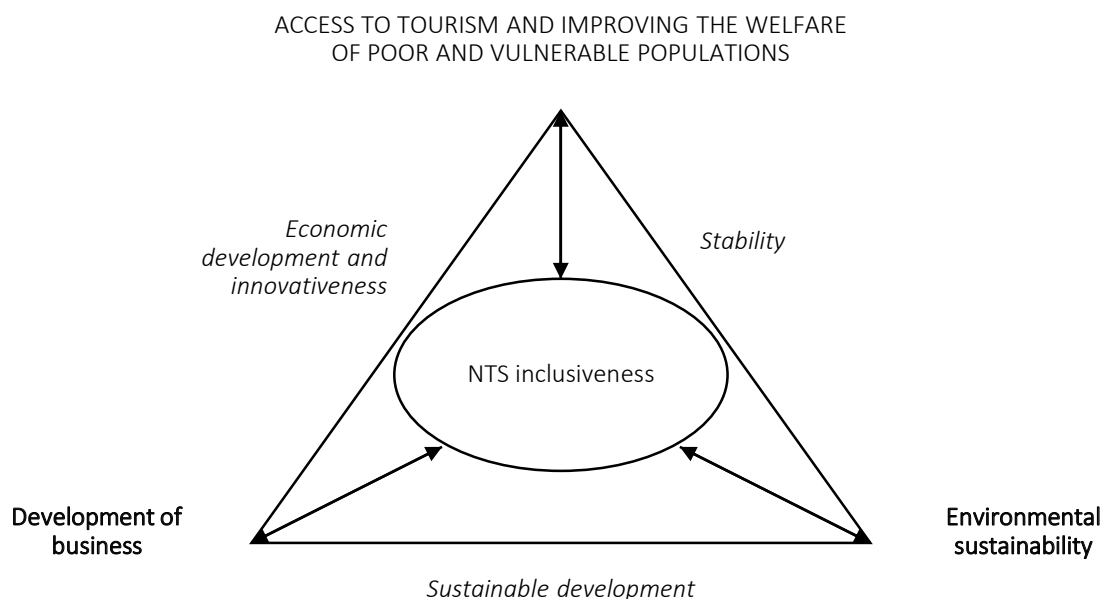
Let us think that 1) access to tourism and improving the welfare of poor and vulnerable populations; 2) development of business; 3) environmental sustainability (Figure 7) should become the key foundations of inclusive business models formation in NTS.

These key foundations have mutual influence and interconditionality. Wide access of poor and vulnerable populations to employment and social population will favor both the improvement of welfare and the development of business. Such economic systems will achieve the economic development and become more sustainable to social

shocks and tensions, disproportional effect on vulnerable populations. The stability of such communities, which have equal access to certain benefits, will favor the formation of stronger economic basis, expansion of services and infrastructure and will require more ecofriendly environment (including public transport, clean air, and water). Also, environmental sustainability assumes that the decision-making should include the environmental long-term costs and benefits. For their part, the challenges, connected with inclusiveness, will foster the innovation and innovativeness. All these processes can ensure the sustainable development formation, beginning from separate community and ending with Universe.

Nowadays, a distinct tendency is the cooperation of different stakeholders, so the implementation of inclusive business models into NTS should be ensured by the corresponding institutions and stakeholders. Let us think that the main stakeholders in the process of implementation of inclusive business models (IBM) into NTS are the entities of: 1) public; 2) private; 3) civic sectors; 4) consumer environment. The mentioned institutions should perform the following main groups of tasks: 1) policy formation; 2) studies and propaganda and education activity; 3) financing; 4) additional functions. The mutual satisfaction of economic interests of groups of stakeholders

Source: Developed by the author.



**Figure 7.** Key foundations of inclusive business models formation in national tourist system (NTS)

**Table 2.** Mutual satisfaction of economic interests of stakeholders in forming the national tourist system inclusive business models (IBM)

Source: Developed and elaborated by the author based on UNDP (2010).

|                      | Policy formation                                                                                                                                                              | Studies and education activity                                                                                                                                                                                                                                                                                                                                                                                                                          | Financing                                                                                                                                                                                                                     | Additional functions                                                                                                                                                                                                                |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public sector        | <ul style="list-style-type: none"> <li>Creation of legal environment, which favors and stimulates the IBM implementation</li> </ul>                                           | <ul style="list-style-type: none"> <li>Creation of platform for the dialog on IBM</li> <li>Creation of stimuli and motivation to implementing the inclusive business models</li> </ul>                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Subsidizing and creation of costs distribution models</li> <li>Financing of own IBM</li> <li>Social tourism financing together with other stakeholders</li> </ul>                      | <ul style="list-style-type: none"> <li>Expert consultations</li> <li>IBM official support</li> </ul>                                                                                                                                |
| Private sector       | <ul style="list-style-type: none"> <li>Participation in the dialog on developing the policy on IBM</li> </ul>                                                                 | <ul style="list-style-type: none"> <li>Defining the opportunity of integrating the poor population on all value creation chain</li> <li>IBM development</li> <li>Favoring the IBM network expansion</li> </ul>                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>Financing</li> <li>Investment in staff learning and development</li> <li>Initiation of IBM pilot project</li> <li>Social tourism financing together with other stakeholders</li> </ul> | <ul style="list-style-type: none"> <li>IBM development</li> </ul>                                                                                                                                                                   |
| Civic sector         | <ul style="list-style-type: none"> <li>Participation in the dialog on developing the policy on IBM</li> <li>Supporting and consulting the government on IBM policy</li> </ul> | <ul style="list-style-type: none"> <li>Ensuring the broad awareness and support, necessary for IBM successful start and implementation</li> <li>Propaganda and education activity</li> <li>Favoring the IBM network expansion</li> <li>Analytical and monitoring activity on IBM</li> <li>Collection of empirical data, creation of analytical knowledge base and practical skills, which will become a basis for creating the effective IBM</li> </ul> | <ul style="list-style-type: none"> <li>Crowdfunding</li> <li>Grants</li> <li>Startup financing</li> <li>Social tourism financing together with other stakeholders</li> </ul>                                                  | <ul style="list-style-type: none"> <li>Ensuring the trust and mutual contacts</li> <li>Representing the IBM beneficiaries' interests</li> <li>Technical support of IBM</li> <li>Educating and informing the stakeholders</li> </ul> |
| Consumer environment | <ul style="list-style-type: none"> <li>Participation in the dialog on developing the policy on IBM</li> </ul>                                                                 | <ul style="list-style-type: none"> <li>Participation in monitoring projects</li> </ul>                                                                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Crowdfunding</li> <li>Social tourism financing together with other stakeholders</li> </ul>                                                                                             | <ul style="list-style-type: none"> <li>Participation in IBM implementation</li> </ul>                                                                                                                                               |

(institutions) in forming the national tourist system inclusive business models (IBM) is presented in Table 2.

NTS inclusive business models can be implemented at other hierarchical levels: 1) national; 2) local (in particular, as cluster formations); 4) separate business entity (transnational corporation, association of enterprises, enterprise).

UNWTO experts developed some programs for implementing the inclusive business models. So, according to Ashley et al. (2007), each tourist entity is offered to use the economic opportunity series that explores key strategies companies can use to expand economic opportunity: creating inclusive business models; developing human capital; building institutional capacity; helping to optimize the “rules of the game”. In our opinion,

technology development should also be included in this list (Table 3).

The development of business strategies and models within the frameworks of ensuring the inclusive development is impossible without supporting other stakeholders, especially state, local authorities, civic organizations, international institutions, which ensure the creation of inclusiveness environment. The architectonics of the interactions of NTS subjects when implemented the inclusive business models is presented in Figure 8.

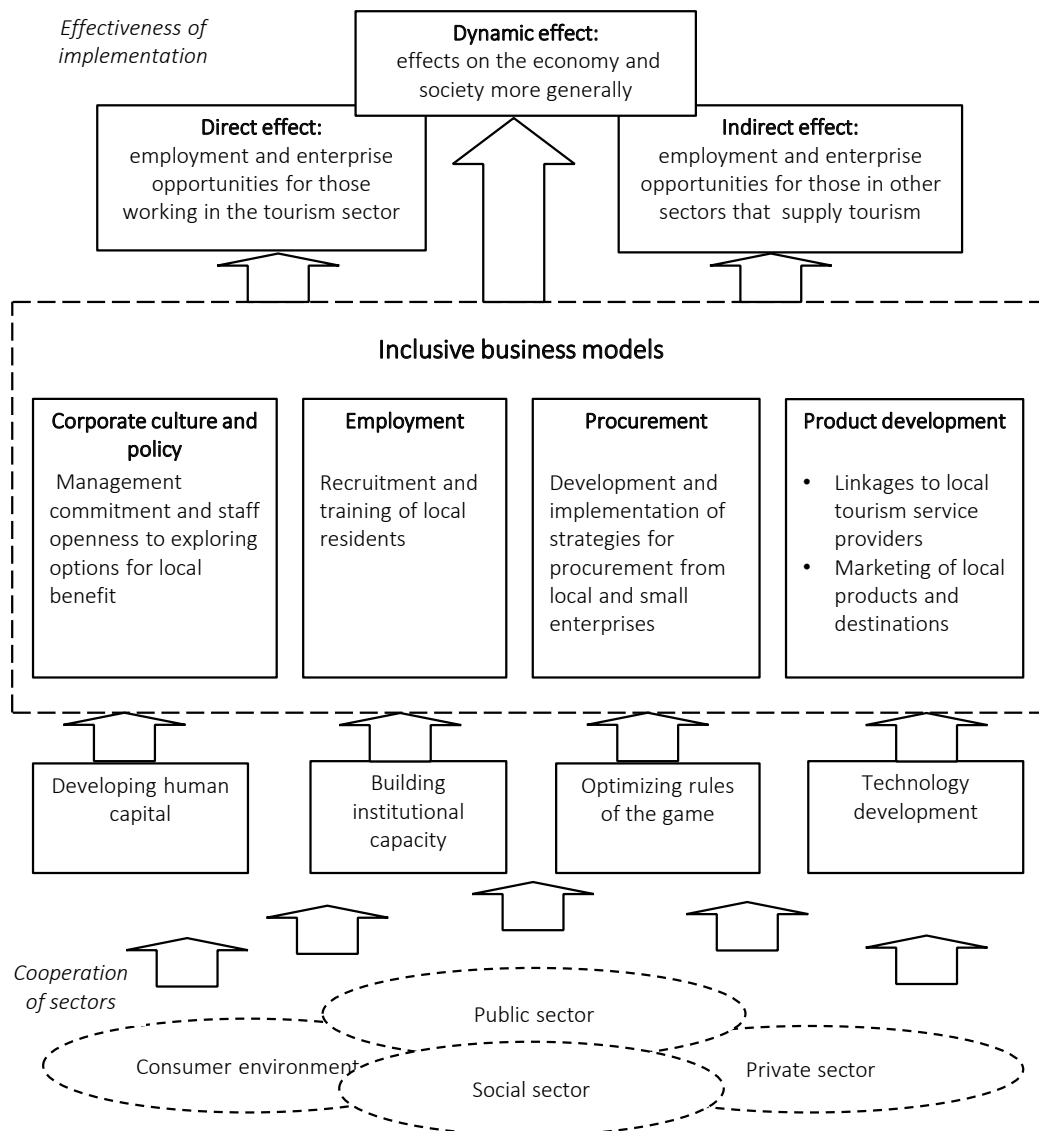
Ashley et al. (2007, 56) focus on the fact that the tourist entities can improve their advantages for local communities, at the same time, increasing the level of client satisfaction, consciously developing the inclusive business models – gong

**Table 3.** Key strategies of business entities for expanding the economic opportunities in the context of inclusive development

Source: Elaborated by the author based on Ashley et al. (2007, 4).

| Creating inclusive business models          | Involving the poor as employees, entrepreneurs, suppliers, distributors, retailers, customers, and sources of innovation in financially viable ways                                                                                                                                                         |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Developing human capital                    | Improving the health, education, experience, and skills of employees, business partners, and members of the community                                                                                                                                                                                       |
| Building institutional capacity             | Strengthening the industry associations, market intermediaries, universities, governments, civil society organizations, and grassroots groups who must all be able to play their roles effectively within the system; popularization of inclusive behavior models in the society, information dissemination |
| Helping to optimize the “rules of the game” | Shaping the regulatory and policy frameworks and business norms that help determine how well the economic opportunity system works and the extent to which it is inclusive of the poor; activation of social tourism policy and practice at national and local levels                                       |
| Technology development                      | Implementing new technologies (in particular, remote, freelance, virtual tours); popularization and education on using new technologies; formation of certain social networks                                                                                                                               |

Source: Elaborated by the author based on Ashley et al. (2007, 56).



**Figure 8.** Architectonics of the interactions of NTS subjects when implemented the inclusive business models

beyond philanthropy to clearly use their value chains for creating and expanding the local economic opportunities. In many cases, inclusive business models should be supplemented with other strategies, which will overcome the failures and lack of opportunities: creating inclusive business models; developing human capital; building institutional capacity; helping to optimize the “rules of the game”; technology development. Modern technologies favor the implementation and expansion of opportunities to vulnerable populations both to be involved in the activity in

NTS and to receive the corresponding services. It is facilitated by the expansion of volumes and means of social networks (blogging, participation in surveys, social activity), virtual tours, own trip through crowdfunding, employment through freelance, as well as the opportunities of selling the products, crafts through internet technologies, post, banking services. The effectiveness of such activity can be reflected by direct, indirect effects, as well as dynamic effects through achieving the positive social, environmental, and economic effects in the society.

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## CONCLUSION

The global growth of tourism volumes caused the social and economic and environmental problems, which have more deep nature and require a systemic solution. So the formation and implementation of future policy of NTS development becomes more complex task and requires taking into account different aspects, among which of significant importance is observing the sustainable development and inclusiveness principles, which provides for not only the economic development but also the positive changes for all, especially vulnerable populations in the sphere of employment, education, ecology, security, health care.

The study results show that in recent years, Human Development Index of Ukraine is within 69th-90th ranking positions among 189 countries, and Inclusive Development Index is within 47th-49th positions among 74 countries; according to Ukrainian official statistics data, specific gravity of population, which suffers from deprivations, is on average 51.7%. So, one notes the insufficiently high level of human development and significant specific gravity of population, which has features of poverty and deprivations. Ukrainian NTS is capable of expanding the employment scales, as its general contribution to employment is 5.0%, whereas in the world, this indicator is one average near 10.0%. That is why the article focuses on substantiating the directions of involving separate NTS stakeholders in the inclusive development, where attention is paid to strategies of business entities, substantiating the mutual satisfaction of stakeholders' interests when forming the NTS inclusive business models. The mutually agreed implementation of sustainable and inclusive development principles will favor the environment resource-saving, support of the environmental diversity, improvement of population living standards, and fair distribution of income. The topical aspect of implementing the inclusive business models is involving all the stakeholders of public, private, and civic sectors in the mentioned processes.

That is why of importance is the complex implementation of the proposals on national tourist system inclusive development based on detailed and scientifically grounded developments taking into account the peculiarities of the country, region, and certain location. The implementation of sustainable development provisions into the tourist system functioning will favor its effectiveness, rational use and preserving the resource potential, and improving the infrastructure provision, where the involvement of different populations will favor clearer manifestations of destinations' authenticity, which is quite important and relevant for NTS.

Taking into account the abovementioned, these problems are understudied, so they require future detailed study, monitoring, and analysis to prevent the negative manifestations of tourism global development.

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