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# ANALYSIS OF FACTORS IN MANAGING DIGITAL ENTREPRENEURSHIP DEVELOPMENT IN TOURISM IN UKRAINE: CHALLENGES AND OPPORTUNITIES

Research object is the challenges and opportunities faced by small and medium-sized enterprises (SMEs) in Ukraine's tourism industry, specifically focusing on digital development and entrepreneurship.

This article addresses the difficulties and advantages encountered by SMEs in Ukraine's tourism sector regarding digital development and entrepreneurship. It seeks to comprehensively analyze various facets of digitalization, encompassing distinct activities, trends in development, factors influencing trends and clusters, and pivotal areas for growth. Moreover, the study assesses the impact of European integration on the nation's tourism sector and evaluates the potential of innovative endeavors by small enterprises relative to their larger counterparts.

In-depth perspectives on digitalization practices in the tourism industry of Ukraine are identified. The study investigates strategies for managing customer relationships and employs social media data to gauge customer satisfaction. Additionally, the article proposes an accelerated digitalization program for small businesses, coupled with collaborative efforts in clusters, as a means to attract investment and foster innovation. This approach is envisioned to enhance business productivity and create diverse channels for customer engagement.

The study underscores the significance of advancing digital infrastructure to enhance the appeal and investment potential of Ukraine's tourism sector. Notably, the research emphasizes the importance of efficient SMEs, highlighting their potential for expansion when partnered with larger corporations. Simultaneously, it addresses the need to streamline inefficient SMEs to boost overall productivity.

The article delves into the practical implementation of management strategies and the adoption of innovative practices. It underscores the value of reshaping SMEs' business models to embrace a more adaptable division of labor. Additionally, a proposed cluster strategy emerges as a potential solution to address various challenges, promoting innovation, regional development, and adaptation to evolving business environments.

**Keywords:** digital development, entrepreneurship, tourism industry, Ukraine, socio-economic challenges, business process reengineering, Schengen standards.

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## 1. Introduction

The global tourism industry holds immense potential for growth and prosperity, with its rich cultural heritage, stunning landscapes, and diverse attractions. The advent of digital technologies has rapidly transformed industries across the world, including tourism [1]. Embracing digitalization has become pivotal for unlocking this potential and nurturing sustainable growth [2]. However, for small and medium-sized enterprises (SMEs) in the tourism sector face unique challenges in reaping the benefits of digitalization [3]. Seizing on the opportunities presented by digital transformation is essential to navigate the competitive landscape and establish a strong global presence.

This research delves into the critical theme of «Managing Digital Development of Entrepreneurship in Tourism

in Ukraine». It sheds light on the shedding light on the distinctive challenges faced by SMEs in the country's tourism industry [4]. By conducting a comprehensive analysis of the factors influencing digital development and entrepreneurship, this study aims to provide valuable insights to both academia and industry practitioners. The central question guiding this research is as follows:

Research Question: What are the primary challenges encountered by small and medium-sized enterprises (SMEs) in Ukraine's tourism industry while adopting and implementing digital technologies for their growth?

The significance of this study extends beyond Ukraine's borders, as it contributes to the broader understanding of how digitalization enhances competitiveness and drives sustainable growth in the tourism sector globally [5]. Embracing digital technologies empowers SMEs to effectively

connect with customers, curate personalized experiences, optimize operations, and expand their reach to a global audience [2]. Addressing these challenges and identifying opportunities are essential steps towards advancing the global tourism industry and providing actionable recommendations for successful digital transformation and entrepreneurial success.

Incorporating a wide range of sources, this study draws insights from diverse references to enhance the understanding of challenges, opportunities, and strategies encountered by SMEs within the tourism industry's digitalization journey [6–12].

The rapid evolution of the global tourism industry necessitates a comprehensive exploration of digitalization trends and practices worldwide. This section delves into the overarching challenges posed by digital transformation, encompassing various countries' experiences in managing the digital development of entrepreneurship in the tourism sector. By examining these trends, it is possible to draw valuable insights applicable not only to Ukrainian researchers but also to scholars and practitioners worldwide.

*The focus of this research* encompasses a comprehensive evaluation of the distinctive features and primary obstacles encountered by small and medium-sized businesses in Ukraine's tourism sector [13]. Additionally, this study seeks to identify emerging trends, identity factors that influence these trends, and explore potential clustering strategies that can amplify innovation and productivity within SMEs [14]. Acknowledging the impact of European integration on Ukraine's tourism landscape is instrumental in formulating effective strategies and policies aligned with regional and global trends [15].

Drawing from existing research, provides valuable insights into the transformative effects of digitalization on the tourism sector [16]. It is monograph showcases successful case studies of businesses leveraging digital technologies to enhance competitiveness and offer personalized experiences to tourists. These examples underscore the tangible benefits of digitalization in the tourism domain, amplifying the importance of further research in this area [16].

By incorporating findings and examples from various scholarly sources, fortifies the argument for the significance of studying the digital development of entrepreneurship in Ukraine's tourism industry. The insights gleaned from these sources contribute to a deeper understanding of digitalization's role in fostering sustainable growth and enhancing competitiveness for businesses in the tourism sector.

## 2. Materials and Methods

**2.1. Literature analysis.** The initial step of this research involves a meticulous examination of a diverse array of sources, including scientific articles, books, reports, and other relevant documents, pertaining to the digital development of tourism in Ukraine and entrepreneurial activities within the industry. Notably, works by esteemed scholars, such as [17], are consulted, focusing on strategic planning for the development of the tourism sector in Ukraine, as well as the assessment of the country's potential in the international market of tourist services. Moreover, articles exploring the multifaceted impact of European integration on tourism in Ukraine, along with other facets of digital transformation within the sector, are thoughtfully considered.

**2.2. Utilization of Scopus database data.** The second stage of this research entails leveraging the extensive resources provided by the Scopus database to access the latest and most pertinent information on the digital development of tourism in Ukraine. Particular emphasis is placed on identifying articles and publications that illuminate trends in digital technologies within the tourism sector and innovative approaches to management and entrepreneurship. By incorporating contemporary insights from reputable sources, this research aims to capture the dynamic landscape of digital transformation in the tourism industry.

**2.3. Expert assessments and complementing data.** To enrich the research with valuable practical insights and contextualized information, the third stage involves soliciting expert opinions and assessments from individuals with practical experience in managing the digital development of tourism in Ukraine. To ensure objectivity and credibility, representatives from tourism enterprises, industry experts, and other relevant stakeholders are interviewed. The insights gathered from these expert assessments are integrated into the research, adding depth and real-world applicability to the findings.

**2.4. Case study analysis.** To complement the literature analysis and expert assessments, a case study analysis is conducted, focusing on a representative tourism enterprise [18], operating amidst the military actions in Ukraine. The case study provides real-life examples of challenges and opportunities faced by tourism enterprises during the period of conflict and digitalization. By analyzing the impact of the conflict on the enterprise's operations, customer engagement, and financial performance, this case study offers practical and applicable lessons for decision-making and strategic planning in the tourism industry.

Table 1 presents the classification of innovations and their characteristics as adapted from «Innovative directions of tourism development», providing a framework for understanding various aspects of innovation within the tourism sector [19].

**Table 1**  
Classification of innovations and their characteristics

Innovation Contents	Description
Innovation as a process	Introduction of improved technology in the provision of tourist services
Innovation as a product	Creation of new products in the tourism industry
Management innovations	Implementation of new innovative management solutions and improvement of existing ones
Innovation as a business model	Improving the tourism business through the introduction of new organizational approaches
Marketing improvements	Creation of new or improvement of existing marketing solutions
Logistics and institutional innovations	Developing new methods in the logistics system, creating new forms of cooperation between private enterprises, government agencies, and the public
Institutional innovations	Creation of new forms and structures of cooperation between the state, private sector, administration, and the public in the tourism sector

**Note:** table is based on data [19]

Through the integrated methodology outlined above, this study delves into the intricate domain of «Managing Digital Development of Entrepreneurship in Tourism in

Ukraine». By synthesizing insights from literature analysis, Scopus database data, expert assessments, and the case study analysis, the research aims to provide comprehensive and innovative insights into the digital development of entrepreneurship within Ukraine's tourism sector. Furthermore, the study aims to identify opportunities for sustainable growth and innovation, contributing to the advancement of knowledge in this vital area.

The improved methodology incorporates a case study analysis to provide practical insights from a real-life tourism enterprise, strengthening the research's applicability and relevance. Additionally, the classification of innovations and their characteristics is utilized to ensure a comprehensive understanding of the digital development of entrepreneurship in Ukraine's tourism sector [19]. The integration of diverse data sources and expert assessments enhances the research's credibility and depth of analysis.

### 3. Results and Discussion

**3.1. Results.** The investigation into the management of digital enterprises in the tourism industry in Ukraine has yielded significant findings and valuable information for researchers and industry stakeholders. The research focused on analyzing factors influencing digital development, assessing implementation problems, and exploring the impact of European integration. Additionally, the study identified new trends and evaluated the effectiveness of strategies in the context of digital entrepreneurship in the tourism sector.

The following key results emerged from the investigation:

*Revival of Tourism Sector with Digital Transformation:* The second half of 2022 witnessed a revival of economic life in Ukraine, leading to a renewed interest in the development of the tourism sector. Notably, this resurgence was marked by an even more active adoption of digital technologies and management methods due to the ongoing military threat. The study emphasizes the urgent need to explore the Ukrainian experience in comparison with European and American models, given the unique wartime challenges faced by businesses in the tourism industry [5].

*Urgent Management Tasks in Tourism Organizations:* Under martial law, tourism enterprises faced the critical task of successfully applying new digital solutions to ensure the success of innovative technology projects. Such successful implementation was crucial for the development and realization of their strategic visions [5].

*Wartime Management Peculiarities:* The research highlighted the importance of studying wartime management peculiarities in the tourism industry, as the lessons learned during such times can be valuable in both wartime and peacetime scenarios [5].

*Classifications of Innovations in Tourism:* Work to categorize innovations in the tourism industry, including product, process, business model, management, marketing, logistics, and institutional innovations. Understanding these classifications provided insights into the areas where digitalization can bring about transformative changes [19].

*Personal Skills of Tourism Leaders:* The research emphasizes the essential personal skills that tourism leaders should possess [20]. These skills include emotional intelligence, self-awareness, confidence, stress resistance, and adaptability, among others. Developing such skills is crucial for leaders to effectively navigate the challenges of digitalization in the tourism industry.

*Impact of Digital Marketing and ICTs:* The significance of digital marketing and ICTs in the tourism industry was underscored. The research emphasizes the essential personal skills that tourism leaders should possess [21]. These skills include emotional intelligence, self-awareness, confidence, stress resistance, and adaptability, among others. Developing such skills is crucial for leaders to effectively navigate the challenges of digitalization in the tourism industry.

The use of digital tools, traveler review sites, virtual guides, and big data analysis has become pivotal in shaping the success of tourism enterprises in the digital era.

*Efficiency of Tourism Enterprise Management:* explored the efficiency of tourism enterprise management through innovative methods and tools. Their findings shed light on effective strategies that can be adopted by digital enterprises in the tourism sector [22].

*Financial Instruments for Innovation:* A study conducted in the realm of the European Union outlined financial instruments that bolster inventive endeavors within businesses. Gaining insight into these financial mechanisms holds the potential to facilitate tourism enterprises in obtaining resources to propel their digital progression [23].

*Innovative Strategies for Tourism Development:* A study delved into progressive strategies aimed at fostering the advancement of contemporary tourism enterprises. These strategies have proven valuable for digital businesses striving to boost their competitiveness and attract a wider customer base [24].

*Influence of Customer Interests on Technological Solutions:* The impact of customer preferences on the evolution of technological solutions in the tourism domain was highlighted. This has led to the integration of digital tools into modern tourism practices, enriching service offerings and overall experiences [25].

*Levels of Innovation in the Tourism Industry:* Insights from various sources were utilized to explore the varying levels of innovation within the tourism sector, ranging from broader industry shifts to more localized changes. This holistic approach facilitated an in-depth assessment of how digitalization affects different facets of the tourism field [26, 27].

*Matrix for Recreational Potential and Investment:* A matrix designed to guide strategic planning in recreational and tourism sector development was presented. This matrix aids in discerning regions necessitating investment, areas with robust financial inflow, and locales where alternative avenues for recreational development are required [28].

Incorporating insights from the mentioned works, this research article presents a comprehensive analysis of the management of digital enterprises in Ukraine's tourism industry. The findings highlight the importance of digitalization for sustainable growth and competitiveness in the sector, particularly in the context of European integration and wartime challenges. By understanding the classifications of innovations, leadership skills, and the significance of digital marketing and financial instruments, tourism enterprises can optimize their digital strategies to enhance customer engagement and overall performance.

Moreover, the case study of web sources conducted amidst the military actions in Ukraine, adds significant value to the research by providing real-life examples of challenges and opportunities faced by tourism enterprises during the period of conflict and digitalization [18]. The case study offers practical and applicable lessons for decision-making

and strategic planning in the tourism industry. Among the surveyed partner enterprises from cities such as Zakarpattia, Chernihiv, Poltava, Sumy, and Lviv, the impact of the conflict varied considerably. While 60 % of the businesses managed to continue their operations despite the Russian aggression, 20 % faced difficulties in attracting clients, and 20 % were forced to close down due to operating under occupation.

The case study further revealed that many enterprises experienced a considerable decrease in sales and visitors, with 40 % reporting a threefold decrease in sales and 20 % witnessing a twofold decrease. Additionally, the study shed light on the challenge's businesses encountered, including shifting their focus to clients from Ukraine, seeking alternative sources of income, and coping with the operational constraints imposed by the occupation.

These real-life examples provide invaluable insights into the complexities and nuances faced by tourism enterprises during wartime and digitalization, which reinforces the broader research findings. The incorporation of these case study insights enriches the research, allowing policymakers, industry stakeholders, and entrepreneurs to draw upon practical examples to inform their strategies, foster resilience, and support sustainable growth in the tourism industry in Ukraine.

**3.2. Recommendations.** Based on the research findings and the insights from the case study on conducted during the military actions in Ukraine, the following recommendations are proposed to address the challenges and optimize opportunities in managing digital enterprises in Ukraine's tourism industry, particularly in the context of European integration and wartime challenges [18]:

*Develop Resilient Digital Infrastructure:* Prioritize investments in digital infrastructure and high-speed internet access across regions. Given the challenges posed by conflict, consider innovative solutions to ensure continuity and reliability of digital operations. Explore partnerships with international organizations and governments to access necessary resources and overcome wartime constraints [29].

*Empower Digital Literacy and Adaptability:* Launch comprehensive digital literacy programs for tourism industry stakeholders, including entrepreneurs and employees. These programs should focus not only on technical skills but also on adapting digital strategies to navigate changing circumstances during conflict. Foster a culture of adaptability and openness to technological advancements.

*Customer-Centric Approach with Flexibility:* Embrace a customer-centric approach that prioritizes personalized experiences and customer satisfaction. Regularly conduct customer research to understand evolving needs and preferences, especially during conflict periods. Remain flexible in tailoring services and experiences to meet customers' changing expectations.

*Seek Cross-Border Collaboration:* Leverage European integration opportunities to foster cross-border collaborations with international partners. Identify potential partners outside the conflict zone to expand market reach and diversify customer bases. Collaborations can provide access to best practices and resources to enhance competitiveness.

*Innovate and Stay Agile:* Emphasize continuous innovation and agility in responding to emerging trends and challenges. Develop contingency plans and crisis management strategies to adapt quickly to changing circumstances during conflict. Consider diversifying tourism offerings to appeal to shifting customer preferences.

*Address Security and Safety Concerns:* Prioritize security and safety measures for tourists, considering the unique challenges posed by conflict zones. Promote transparent and accurate communication regarding safety protocols to build trust with potential customers.

*Government Support and Policy Frameworks:* Advocate for government support in terms of financial assistance and policy frameworks that incentivize digital adoption in the tourism industry. Collaborate with relevant authorities to create an enabling environment for digital enterprises, particularly during conflict and post-conflict periods.

*Digital Marketing and Online Presence:* Leverage digital marketing tools and social media platforms to maintain visibility and engage with customers during conflict. Strategically use online channels to showcase the unique aspects of tourism offerings and build brand awareness.

*Data-Driven Decision Making:* Encourage data-driven decision making by tourism enterprises. Regularly analyze customer data, market trends, and competitor insights to make informed business decisions, especially in a dynamic and uncertain environment.

*Sustainability and Responsible Tourism:* Embrace sustainability and responsible tourism practices, highlighting environmental and social initiatives. Communicate efforts towards sustainable tourism, as this can attract conscientious travelers and positively impact the destination's reputation.

*Support Research and Collaboration:* Encourage collaboration between industry stakeholders, researchers, and academia to conduct further research on the impact of conflict on tourism and the role of digitalization. This collaboration can lead to the development of targeted strategies and policies.

In conclusion, the results of this research shed light on the management of digital enterprises in Ukraine's tourism industry, offering insights into the factors, challenges, and opportunities in implementing digital technologies. By considering the impact of European integration and analyzing new trends and effective strategies, the study provides researchers and industry stakeholders with valuable information to optimize digital development and foster sustainable growth in the tourism sector. The proposed recommendations aim to guide policymakers, entrepreneurs, and businesses in overcoming challenges and embracing the transformative potential of digitalization for the advancement of the tourism industry in Ukraine. The analysis of the digital development of entrepreneurship in Ukraine's tourism industry yielded significant insights into the challenges and opportunities faced by SMEs in this sector. Several key findings emerged from the research, highlighting the importance of digitalization and innovation for sustainable growth and competitiveness. The results are summarized as follows:

The analysis also revealed several levels of innovation within the tourism industry, as shown in Table 2.

*Digital Transformation in Ukraine's Tourism Sector:* The analysis of literature and data from the Scopus database revealed a significant impact of digital technologies on Ukraine's tourism sector. In recent years, the country has witnessed a growing trend of digitalization, leading to improved customer experiences, increased efficiency, and enhanced competitiveness for tourism businesses. The adoption of digital tools and innovative management solutions has become imperative for SMEs in the tourism industry to stay relevant and thrive in the highly competitive global market [5].



**Table 2**  
Levels of Innovation in the Tourism Industry

Level	Meaning
Macro level	At this level, the state plays a crucial role in formulating an innovative tourism development strategy. The goal is to leverage innovative technologies, experiences from countries with successful tourism industries, and global achievements to create a highly profitable, globally integrated, and competitive industry. The digitalization process facilitates service provision and administrative regulation for enterprises
Suprameso level	Regional tourism strategies are formulated, focusing on interconnected capabilities of tourism entities. Particular emphasis is placed on medical and recreational tourism, especially in the context of military operations
Meso-level	Development of the regional tourism market is based on innovations. Changing perspectives and attitudes of the population towards certain historical events and territories may lead to new ideas for creating tourist routes, such as nostalgic or patriotic tourism
Micro level	At the micro level, tourism industry entities continuously improve service quality through innovative technologies. The aim is to create an attractive and competitive tourism product while providing favorable and comfortable conditions for travelers. Effective innovation policies are implemented to achieve planned results and efficiently utilize resources

**Note:** table is based on data [27]

*Challenges Faced by SMEs in Tourism Digital Development:*

Despite the increasing recognition of the importance of digitalization, SMEs in Ukraine’s tourism industry encounter various challenges in their digital development journey.

Among these challenges, there are significant issues related to the lack of sufficient investments in certain regions, limiting their growth and innovation potential. Several factors contribute to the low level of investments in these regions:

- *Political and Economic Instability:* Regions experiencing political and economic instability are often perceived as risky for investors. Ongoing conflicts, geopolitical tensions, and uncertainties in these areas deter potential investors from committing their capital to tourism ventures.

- *Infrastructure Deficiencies:* Inadequate infrastructure, including transportation networks, communication systems, and accommodations, can hinder the growth of tourism in specific regions. Investors may be hesitant to allocate funds to areas with limited accessibility and amenities for tourists.

- *Lack of Government Support:* Insufficient support and incentives from local and national governments can discourage investors from considering certain regions for tourism-related projects. Inconsistent or unclear policies and regulations may create barriers to investment in the tourism sector.

- *Perceived Market Demand:* Investors often prioritize regions with a strong and stable market demand for tourism services and products. Some regions in Ukraine might not be perceived as attractive destinations by potential tourists, leading to limited interest from investors.

- *Limited Marketing and Promotion Efforts:* Inadequate marketing and promotion of tourism potential in certain regions can lead to a lack of visibility and awareness among potential investors. Effective marketing strategies are crucial to attract investments in the tourism industry.

- *Dependency on Seasonal Tourism:* Regions heavily reliant on seasonal tourism may face challenges in attracting continuous investments. Investors may be cautious about the financial sustainability of businesses in areas with limited tourism activities throughout the year.

- *Risk Perception:* Regions facing security concerns, environmental risks, or natural disasters may be perceived as risky investment destinations. Investors prioritize stability and safety in their decision-making process.

- *Limited Diversification:* Regions heavily reliant on traditional forms of tourism without diversifying their offerings may struggle to attract investment. Diversification of tourism products and experiences can make regions more appealing to potential investors.

The research highlights that certain regions face obstacles in attracting sufficient investments for the development of recreational and tourist spheres, limiting their potential for growth and innovation [28]. Moreover, some regions have a relatively low level of investment, hindering the full realization of their recreational and tourism potential [17].

Table 3 provides an assessment of the recreational and tourist potential of different regions in Ukraine. The rating is based on a scale from 1 to 5, where 1 indicates the lowest potential, and 5 indicates the highest potential.

The inclusion of Table 3 is significant within the context of the paper results, as it enhances the discussion on «Promising Opportunities for Digital Entrepreneurship» and the challenges faced by SMEs in the tourism industry. This table underscores the varying potential of different regions, indicating which areas may offer more favorable prospects for digital entrepreneurship in the tourism sector.

By considering the ratings in the context of digital development, policymakers, entrepreneurs, and businesses can identify regions with higher potential for investment and growth. This information can aid in formulating effective strategies to target regions where digital enterprises can thrive, and also help allocate resources to regions in need of further development. Additionally, it offers insights into regional disparities, enabling stakeholders to focus on uplifting areas with lower ratings and supporting digitalization efforts in those regions.

It is a valuable tool for guiding decisions related to digital entrepreneurship in the tourism industry, ensuring that efforts are targeted towards areas with the highest potential for growth and success.

*Promising Opportunities for Digital Entrepreneurship:* Amidst the challenges, the study indicates that regions in the «Lions» quadrant possess a dynamic development of recreational and tourism spheres, combined with a high level of investment inflows [14]. These regions, such as Lviv, Odesa, Kyiv, Dnipropetrovsk, and Kharkiv, have been identified as leaders in the tourism industry, largely supported by small and medium-sized businesses [30–32]. The «Lions» quadrant offers favorable prospects for investment and profitability, making it an attractive area for entrepreneurial activities.

*Influence of European Integration:* European integration has a significant impact on Ukraine’s tourism landscape. The alignment of policies with European standards and the attraction of international tourists contribute to the growth of the tourism industry in the country [15]. Understanding the implications of European integration on digital development and entrepreneurship is crucial for

formulating effective strategies that resonate with regional and global trends.

**Table 3**

Regions of Ukraine – Rating of Recreational and Tourist Potential

Regions of Ukraine	Number of ratings 1	Number of ratings 2	Number of ratings 3	Number of ratings 4	Number of ratings 5	Rating of recreational and tourist potential
Kyiv	0.2	0.75	2.7	1.0	0.4	5.0
Odesa	0.1	0.75	30.0	0.0	0.6	4.45
Dnipropetrovsk	0.15	0.45	1.5	1.5	0.8	4.4
Lviv	0.05	0.15	0.3	1.5	2.4	4.4
Kharkiv	0.15	1.65	1.5	0.0	0.2	3.5
Ivano-Frankivsk	0.35	1.2	0.9	0.6	0	3.05
Zaporizhzhia	0.35	1.2	0.9	0.3	0.2	2.95
Donetsk	0.55	0.75	0.6	0.3	0.2	2.4
Vinnitsia	0.6	0.75	0.0	0.9	0.0	2.25
Khmelnytskyi	0.7	0.15	0.3	0.9	0.2	2.25
Kherson	0.65	0.3	0.3	0.3	0.6	2.15
Poltava	0.6	0.75	0.6	0.0	0.2	2.15
Cherkasy	0.65	0.75	0.3	0.3	0	2.0
Zhytomyr	0.8	0.6	0.3	0.3	0.2	1.9
Ternopil	0.8	0.15	0.6	0.3	0.0	1.85
Mykolaiv	0.75	0.45	0.3	0.3	0.0	1.8
Volyn	0.75	0.45	0.6	0.0	0.0	1.8
Chernihiv	0.8	0.15	0.6	0.0	0.2	1.75
Transcarpathian	0.7	0.75	0.3	0.0	0.0	1.75
Chernivtsi	0.85	0.0	0.6	0.0	0.2	1.65
Kirovohrad	0.8	0.45	0.0	0.3	0.0	1.55
Sumy	0.85	0.45	0.0	0.0	0.0	1.3
Rivne	0.9	0.3	0.0	0.0	0.0	1.2
Luhansk	0.95	0.15	0.0	0.0	0.0	1.1

**Note:** the table presents data on the rating of recreational and tourist potential for various regions of Ukraine, based on a scale of 1 to 5, where 1 indicates the lowest potential, and 5 indicates the highest potential. The number of ratings for each category is also provided. The data is sourced from the authors of the article

#### *Clustering Strategies for Innovation and Productivity:*

The research also emphasizes the importance of clustering strategies for SMEs in the tourism industry. By clustering similar businesses together, knowledge sharing, resource pooling, and collaborative innovation become possible [2]. Such clustering efforts can amplify innovation and productivity within SMEs, leading to the emergence of a robust and adaptive entrepreneurial ecosystem in the tourism sector.

*The Role of Digitalization Infrastructure:* The study advocates for the implementation of digitalization infrastructure to support SMEs in the tourism industry. Embracing digital technologies allows businesses to engage customers effectively, optimize operations, and expand their reach globally [2]. Digitalization not only enhances the competitiveness of SMEs but also fosters sustainable growth and enriching experiences for tourists.

The findings of this research shed light on the critical role of digital development and entrepreneurship in Ukraine's tourism sector. The identified challenges and

opportunities provide valuable insights for policymakers, industry stakeholders, and entrepreneurs to foster a thriving environment for digital transformation in the country's tourism industry. By embracing digital technologies, implementing effective clustering strategies, and considering the influence of European integration, Ukraine can position itself as a competitive player in the global tourism arena, offering enriching experiences to tourists while bolstering the growth of SMEs in the sector.

**3.3. Discussion.** To fulfill its objectives, this study adopts an integrated approach, encompassing a thorough literature review of digital management and development systems in the tourism sector. Insights derived from Scopus data and other reputable sources provide a comprehensive understanding of ongoing digitalization trends in Ukraine's tourism industry and effective customer relationship management strategies [2].

The rapid expansion of the tourism sector in Ukraine opens doors for digital advancement and entrepreneurial endeavors. Valuable insights from research highlighting distinct tiers of innovation within the industry provide a multifaceted understanding of evolving patterns and consequences of inventive tourism growth [27].

Additionally, the study proposes a forward-looking perspective on the implementation of digitalization infrastructure and cluster strategies. Such initiatives hold the potential to unlock the untapped capabilities of SMEs, foster innovation, and facilitate a flexible division of labor, culminating in a robust and adaptive entrepreneurial ecosystem [2].

Ultimately, the findings and recommendations of this research are poised to play a pivotal role in guiding policymakers, industry stakeholders, and entrepreneurs through the complexities of digital transformation in Ukraine's tourism sector. Beyond the growth and recognition of digitalization's impact on competitiveness, the successful management of digital development in the tourism industry can yield far-reaching economic and societal benefits. By fostering an environment conducive to digital entrepreneurship, Ukraine can position itself as a competitive and dynamic player in the global tourism arena while providing enriching and immersive experiences to its tourists [17].

In this paper delved into the intricacies of digitalization challenges and opportunities faced by SMEs in the Ukrainian tourism industry, aiming to provide actionable insights and practical solutions that shape the future trajectory of tourism entrepreneurship in the country.

The findings from this research provide a comprehensive understanding of the critical factors influencing the digital transformation of SMEs in the country's tourism industry. The discussion aims to delve deeper into the implications of the results and explore their significance for the overall growth and competitiveness of the sector.

*Research Limitations:* During the course of this study, several limitations were encountered that may have influenced the results. Firstly, the data collection process was conducted through surveys and interviews, which are subject to response bias and potential inaccuracies in self-reported information. While efforts were made to ensure the reliability and validity of the data, these limitations should be taken into consideration when interpreting the findings.

Secondly, the study focused on SMEs in the tourism industry and did not explore the perspectives of larger enterprises or government agencies. Including these stake-

holders in future research could provide a more holistic view of the digitalization challenges and opportunities in the tourism sector.

*Addressing Challenges in Digital Development:* The study reveals that certain regions in Ukraine face challenges in attracting investments for the development of their recreational and tourist spheres. Insufficient investment may hinder the full realization of their tourism potential, limiting their growth opportunities. Policymakers and industry stakeholders should focus on devising strategies and policies to encourage more significant investments in these regions. Collaboration between the government and private sector can create an enabling environment for digital development, supporting SMEs in their adoption of digital technologies.

*Nurturing Digital Entrepreneurship:* The research underscores the significance of nurturing digital entrepreneurship in the tourism industry. Regions identified as «Lions», characterized by dynamic development and high investment inflows, should be nurtured to sustain their growth and profitability. Encouraging the proliferation of innovative startups and providing financial and infrastructural support can bolster the entrepreneurial ecosystem in these regions.

*Leveraging European Integration:* European integration plays a pivotal role in shaping the tourism landscape in Ukraine. Policymakers should leverage the opportunities presented by integration to harmonize policies, attract international tourists, and foster cross-border collaborations. Aligning with European standards can elevate the competitiveness of SMEs in the tourism sector and enhance their ability to cater to the preferences of global travelers.

*Clustering for Innovation and Collaboration:* The study emphasizes the potential of clustering strategies for SMEs in the tourism industry. By clustering similar businesses together, knowledge exchange and collaborative innovation can be facilitated. Policymakers should promote the formation of tourism clusters, fostering cooperation and resource sharing among businesses. This can lead to increased efficiency, cost-effectiveness, and the emergence of new innovative solutions.

*Strengthening Digitalization Infrastructure:* The study underscores the significance of robust digitalization infrastructure in the tourism sector. Enhancing digital infrastructure and connectivity can facilitate the adoption of digital technologies by SMEs, enabling them to optimize their operations, enhance customer experiences, and expand their market reach. Policymakers should prioritize investments in digital infrastructure to create a conducive environment for digital entrepreneurship to thrive.

#### 4. Conclusions

This research has shed light on the critical role of digitalization in transforming the tourism sector and fostering entrepreneurial growth. The study has identified the challenges faced by SMEs in their digital development journey and highlighted the promising opportunities that lie ahead.

Digitalization offers SMEs in Ukraine's tourism industry the potential to enhance their competitiveness, reach a global audience, and provide personalized experiences to tourists. However, to fully leverage these opportunities, it is essential to address the challenges in attracting investments, foster a supportive entrepreneurial ecosystem, and align with European integration trends.

By embracing clustering strategies, nurturing digital entrepreneurship, and strengthening digitalization infrastructure, Ukraine can position itself as a dynamic player in the global tourism arena. Policymakers, industry stakeholders, and entrepreneurs must collaborate to implement effective strategies that harness the potential of digitalization for sustainable growth and enriching experiences in the country's tourism sector.

Ultimately, the findings and recommendations of this research are poised to guide policymakers and industry players in navigating the complexities of digital transformation in the tourism industry. With a strategic focus on digital development and entrepreneurship, Ukraine's tourism sector can thrive, offering tourists unique and immersive experiences while contributing to the overall socio-economic growth of the nation.

#### Conflict of interest

The author declares that she has no conflict of interest in relation to this research, whether financial, personal, authorship or otherwise, that could affect the research and its results presented in this paper.

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#### Data availability

The manuscript has no associated data.

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