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Martin Rigelský
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DESCRIPTIVE STUDY OF THE PERCEPTION OF EFFECTIVENESS OF MARKETING TOOLS IN THE CONTEXT OF DENTAL-HYGIENIC HEALTH SERVICES

DESKRIPTÍVNA ŠTÚDIA VNÍMANIA ÚČINNOSTI MARKETINGOVÉHO INŠTRUMENTÁRIA V OPTIKE DENTÁLNO-HYGIENICKÝCH ZDRAVOTNÍCKYCH SLUŽIEB

***Abstract:** Primary purpose of the study is to evaluate the perception of decomposed basic marketing tools of 4 Ps in the context of dental-hygienic services. The evaluation was realized at the level of descriptive statistics, i.e. at pointing out the frequency of outputs of primary research. In dental-hygienic practice, it appeared that all 4 Ps were justified. The lowest importance (74, 17) was found at the tool of "Place" and the highest importance (85, 17) was identified at the tool of "Product". From the point of view of decomposed individual tools, the highest value of product was measured at the variable investigating whether customers were willing to spend time on quality treatment; 100% agreement was found at the question about the importance of orientation tools (direction tables) pointing at an ambulance. At "Promotion", the highest values was measured at the suitability of placing the promotional materials directly at an ambulance and at the last P, at "Price", the highest value was found at the session conditioned by discount. The research was realized at one clinic on the sample of 100 clients of dental hygiene services. The biggest limitation can be found in the fact that it was just one clinic, though, it can be seen as appropriate because it was neither prestigious nor below standard. Another limitation can be seen at the strictness of answers as they were measured at the dichotomic scale. The biggest added value of the study lies in the analysis of individual tools as these outputs can help dental hygienists when creating marketing strategies.*

Keywords: Marketing Mix, 4 Ps, Dental Hygiene

Kľúčové slová: Marketingový mix, 4p's, dentálna hygiena.

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Introduction

Marketing mix can be considered to be one of the most important concepts in the field of marketing. A basic "mix" of E. J. McCarthy was proposed in 1965 based on

Borden's research from 1948. Kotler et al. (2004) define marketing mix as a set of tactic marketing tools of product, pricing, distribution and communication policy. Marketing mix is composed of all the activities that a company carries out to stipulate demand. The activities can be divided into four groups of tools of "4Ps": product, price, place and promotion. These tools were intended for production companies. In the course of time, new tools have been added to the original ones, among them also specific ones for services, intangible products, etc. When applied to health services, Sreenivas et al. (2013) emphasize marketing tools "7 Ps" and especially its application to personnel. Ozorovský et al. (2016) in their publication deal primarily with "4Ps" and "4Cs". There are many approaches to marketing tools, but all of them keep the principle of orientation at customer's needs. As Kotler et al. (2012, p. 5) point out "meeting needs profitably" is the most important when talking about customers. Profit is the key word here. Many subjects, manufacturing as well as nonmanufacturing, started to apply into its pedantic structures marketing tools, concentrate on customers and the result was nothing else as revitalization of business in the strategy of WIN – WIN. A businessman as well as customer were satisfied. Public health and services connected with it considered marketing a method of selling at a deeper level, which meant that the satisfaction of customer's needs was not dealt with. When looking at management of medical institutions in Slovakia, it is apparent that financing and management are more important than marketing in organizational structures which is hidden somewhere deeply under the business department. Health Policy Institute stresses the importance of marketing. Hanuláková (2013) calls marketing mix a dynamic element of marketing activities of medical institutions. She also points out that medical institutions have to try to create optimum marketing mix in the way that all its parts would be in balance. If we look at it realistically, medical institutions in Slovakia leave out certain elements of marketing tools. We will have a look at the issue of dental-hygienic medical institutions dealt with in this study in more details. Kovaľová et al. (2010) view marketing mix as follows: each product as well as each treatment always create their marketing mix. 4Ps can be found in each product, service even without realizing it. From the point of view of dental hygiene, they understand individual elements of 4Ps as:

1. The level of product (dental-medical treatment), P – Product.
2. The level of the place of selling (ambulance, waiting room, reception, with the personnel), P – Place.
3. The level of promotion, advertising (directions, business cards, publications, leaflets, etc.), P – Promotion.
4. The level of price, pricing policy (conditions of sale, amount of money, guarantee, conditions of payment, insurance financing, direct payment without health insurance company's involvement), P – Price.

If we focus on a product, Světlík (2005) offers a suitable definition; products are any material goods, services or ideas which become subjects of transaction on the market and are aimed at the satisfaction of human needs or wishes. Kovaľová (2010) states that a product which we offer should satisfy basic needs of clients. It has to be

realized that a client usually wants a quality treatment which he or she prefers to price. Patients have a fixed idea about quality treatment which is offered in quality furnished ambulances, by nice and communicative staff. They also prefer ambulances with a good advertisement. Price is the second element of marketing mix. According to Cooper (1999) the price as a tool of marketing instrumentarium, contains elements that closely relate to the price of the product and significantly affect consumer buying behavior. It would be suitable to reconcile the different views on the price of tangible and intangible products. The price of intangible products mirrors the level of subjectively perceived quality determined by the level of need's satisfaction. When looking at dental-hygienic services in Slovakia, it seems that the price is the most important element but as Kovaľová (2010) points out it is communication that is the most important. Promotion or communication connected with intangible products should be 100% focused on a customer, what is highlighted also by Bačík et al. (2016) who emphasize in their publication online advertising and determine its importance by customer's needs satisfaction. Place is the last element of marketing mix tools which we are going to deal with. Zlámal (2006) includes into the distribution of products to customer also the elements of ambulance, waiting period, management of time of personnel, etc. Ozorovský et al. (2016) look at place in the context of marketing from different point of view and includes here, for example, banks executing payments, various agents, institutions taking risks for medical goods distributions, etc.

As mentioned above, there are numerous views on marketing mix tools and their explanation. However, the most important thing is to keep them in balance what is the basis of all these views. It is necessary to point out that the importance of individual elements is not strictly defined but there is a mutual integration of different elements' constructs.

Methodology

Our research can be characterized from the point of view of data collection as primary, from the point of view of the scientific areas as interdisciplinary, from the point of view of impact as applied and from the point of view of data processing as descriptive. Primary aim of our study is, in the context of descriptive analysis, to evaluate the perception of decomposed basic marketing mix tools in the area of dental-hygienic services. We will deal with the importance of individual elements of marketing mix (product, place, price, promotion) as perceived by the clients of a selected dental-hygienic facility. Based on the main aim, our research will start with the following research questions:

How are perceived predictors of individual elements of marketing mix chosen in dental-hygienic practice from the point of view of effectiveness evaluated by the client?

Are individual elements of marketing mix in dental-hygienic practice at different levels from the point of view of client's perception?

Research sample of this study consisted of 100 respondents; clients of ambulances of dental hygiene. The respondents were selected by simple random sampling. They were clients of one chosen clinic. The selection was carried out the way that after agreement and instructions, a respondent was asked questions, in certain cases with further explanation. The answers of respondents were marked within the dichotomic scale “yes” or “no”. Respondents were identified based on “gender”; in our sample, 70% are women, 30% of men, which we understand as approximation of a given population.

Statistical processing of output was carried out with the help of frequency analysis of individual questions. When composing quantification of individual tools of marketing mix, we gave the questions different values, which were set based on expert’s assessment. In our case, we consider experts to be from the areas of intangible products and from the medical area, it is in the field of dental health services.

Analysis and Discussion

The following part of the study is dedicated to analytical processing of the outputs resulting from our research questions. This part is divided into two parts depending on research questions. The first one is focused on the preferences of decomposed marketing mix tools’ individual elements. The second part evaluates the elements among themselves and quantifies the attributed importance of individual Ps.

PART I.

Product

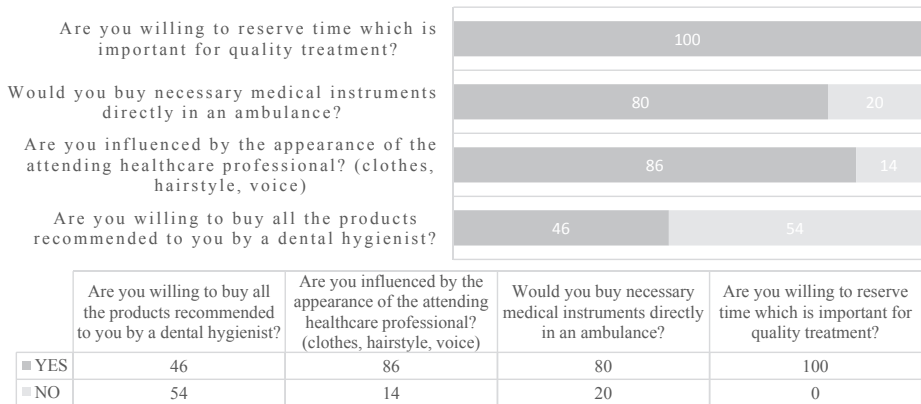
Product I: Are you willing to reserve time which is important for quality treatment? – *Given question is aimed at finding out the importance of a product in comparison with time. Time is understood as certain type of sacrificed opportunity. Product is understood in this context as a centre of a famous three-layered model, i.e. a core of a product – the treatment resulting into healthy teeth.*

Product II: Would you buy necessary medical instruments directly in an ambulance? – *This question is aimed at finding out the stance towards the added products (which we understand as toothbrushes, interdental brushes, dental floss, etc.). The question was defined as activity connected with place.*

Product III: Are you influenced by the appearance of the attending healthcare professional? (clothes, hairstyle, voice) – Apart from the product (treatment, etc.), the personnel as a medium of the product belongs to this area. Dental hygienist is a person, in this case, without whom this product would not exist.

Product IV: Are you willing to buy all the products recommended to you by a dental hygienist? – *This questions is aimed at finding out the importance of the whole product in the context of buying. This question can bring about a cognitive barrier in the sense of distrust in the recommendations of a dental hygienist (“he or she only wants to earn money...”).*

Figure 1: PRODUCT



Source: own processing.

The previous graph offers the research outputs in the first P, i.e. Product. As we can see, the highest rate of agreement (100%) was detected in the entry of time and quality of treatment comparison. The lowest rate was measured in the entry finding out the willingness to buy all the recommended products.

Place

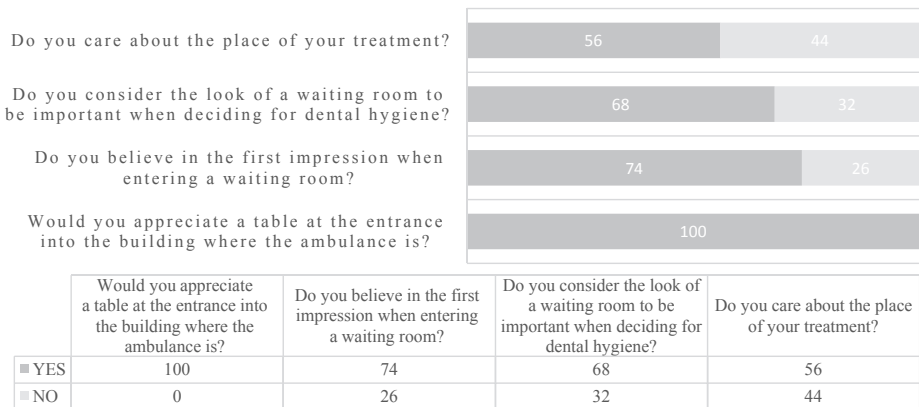
Place I: Do you care about the place of your treatment? – *The question is aimed at finding out the importance of „place“ as an element of marketing mix tools in dental-hygienic services.*

Place II: Do you consider the look of a waiting room to be important when deciding for dental hygiene? – *Service space, in this case, a waiting room is defined as a place or a specific area which does not have any connection to treatment, but a customer spends quite a long time there. From the point of view of application, this finding is of high importance.*

Place III: Do you believe in the first impression when entering a waiting room? – *If a client does not feel comfortable at the entrance, it is highly probable that he or she would not be satisfied also when leaving. This statement is partially verified by this question.*

Place IV: Would you appreciate a table at the entrance into the building where the ambulance is? – *“Place” as an element of marketing mix is in its essence a determinant of the process how a product gets to a customer. This extreme example directly verifies the importance of this element.*

Figure 1: PLACE



Source: own processing.

Previous graph offers the results of a survey in the second P, i.e. Place. As we can see, the highest rate of agreement (100%) was detected in the entry of direction tables. The lowest rate was measured at the entry finding out whether a customer cares about the place where he or she is treated.

Promotion

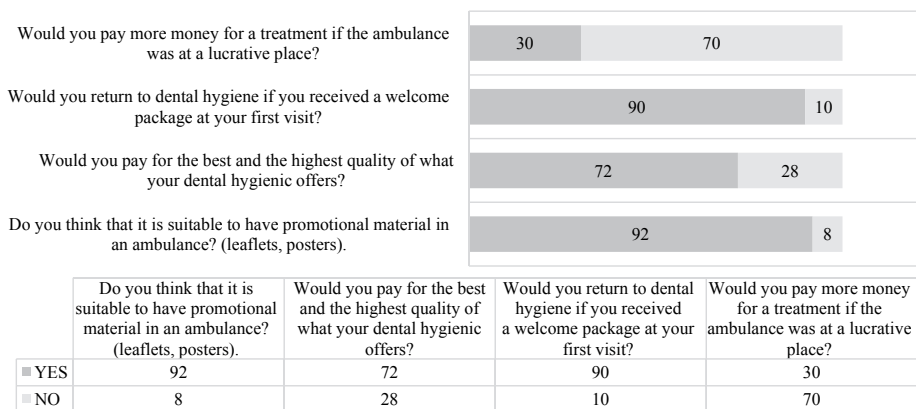
Promotion I: Would you pay more money for a treatment if the ambulance was at a lucrative place? – *Lucrative place is understood as a brand of an ambulance. In fact, we ask a client whether he or she is willing to pay more for a brand.*

Promotion II: Would you return to dental hygiene if you received a welcome package at your first visit? – *This question included the principle of reciprocity on purpose. The question is from the point of view of promotion of highest importance in at the level of application. The “package” serves as an advertising element.*

Promotion III: Would you pay for the best and the highest quality of what your dental hygienic offers? – *As we can see, this question was more complicated than the rest. In the question, there is a formula “pay” which quantifies the importance expressed by money as well as the formula “the highest quality” which describes the supposed effect on health. The question determines the connection between the price and quality.*

Promotion IV: Do you think that it is suitable to have promotional material in an ambulance? (leaflets, posters). – *In this question, we focused on the promotion by classic tools of communication.*

Figure 3: PROMOTION



Source: own processing.

When analysing the element of Promotion, the least evaluated entry, i.e. only 30 answers, was the one when the attractiveness of the place of ambulance – brand – was quantified by money. Suitability of the placement of leaflets, posters, etc. in an ambulance was the most positively perceived by customers.

Price

Price I: Do you choose dental hygiene according to its price? – *Given question found out the level of importance of price as a factor that mattered in deciding about the selection of an ambulance.*

Price II: Would you pay more money for dental hygiene if you were sure that hygienic regulations and norms were observed? – *We suppose that keeping the norms in regular dental-hygienic practice is normal. However, by this extreme, we wanted to determine the price in comparison with quality.*

Price III: Would you appreciate more ways of payment for treatment? (transfer, cash, credit card) – *In this case, we focused on the pricing policy in the context of customer's comfort.*

Price IV: Would you attend the third session if a dental hygienist offered you a discount? *In this question, we mentioned the third session on purpose, it is a specific aspect understood as "something extra". In this aspect, we primarily observed the importance of "discount" as a tool of promotion in the communication of a dental hygienist.*

Figure 4: PRICE

Do you choose dental hygiene according to its price?	72	28
Would you pay more money for dental hygiene if you were sure that hygienic regulations and norms were observed?	86	14
Would you appreciate more ways of payment for treatment? (transfer, cash, credit card)	90	10
Would you attend the third session if a dental hygienist offered you a discount?	94	6

	Would you attend the third session if a dental hygienist offered you a discount?	Would you appreciate more ways of payment for treatment? (transfer, cash, credit card)	Would you pay more money for dental hygiene if you were sure that hygienic regulations and norms were observed?	Do you choose dental hygiene according to its price?
■ YES	94	90	86	72
■ NO	6	10	14	28

Source: own processing.

94% of customers would attend the third session if he or she was offered a discount. This clearly illustrates the importance of price and its connection with marketing communication. Even the question with the lowest share of “yes”, i.e. the questions investigating the importance of the price, scored highly.

PART II.

In this part, based on mentioned attributes of individual elements of marketing mix tools, we will evaluate the differences or order of importance of individual Ps in the context of customers’ perception of dental-hygienic services. To draw a conclusion about the importance of individual tools, we averaged the results of individual question entries with the help of a weighted average. Results of individual weight were realized based on expert opinion. Following tables show the results.

Product

Table 1 weight distribution – PRODUCT

MRKT	1	2	3	4	Σ	weight	DENTAL	1	2	3	4	Σ	weight	Σ M + D	weight
Product 1	x	1	0	1	2	0,333	Product 1	x	1	0	0	1	0,167	0,500	0,250
Product 2	0	x	0	1	1	0,167	Product 2	0	x	0	1	1	0,167	0,333	0,167
Product 3	1	1	x	1	3	0,500	Product 3	1	1	x	1	3	0,500	1,000	0,500
Product 4	0	0	0	x	0	0,000	Product 4	1	0	0	x	1	0,167	0,167	0,083
SUM					6	1	SUM					6	1	2,000	1,000

Source: own processing.

The highest weight when decomposing the tool of Product was given to the question entry: “Are you influenced by the appearance of the attending healthcare professional?” The lowest weight was assigned to the entry: “Are you willing to buy all the products recommended to you by a dental hygienist?”

Place

Table 2 weight distribution – PLACE

MRKT	1	2	3	4	Σ	weight	DENTAL	1	2	3	4	Σ	weight	$\Sigma M+D$	weight
Place_1	x	1	1	0	2	0,333	Place_1	x	1	1	1	3	0,500	0,833	0,417
Place_2	0	x	1	1	2	0,333	Place_2	0	x	0	0	0	0,000	0,333	0,167
Place_3	0	0	x	0	0	0,000	Place_3	0	1	x	0	1	0,167	0,167	0,083
Place_4	1	0	1	x	2	0,333	Place_4	0	1	1	x	2	0,333	0,667	0,333
SUM					6	1	SUM					6	1	2,000	1,000

Source: own processing.

The highest weight when decomposing the tool of Place was given to the question entry: “Do you care about the place of your treatment?” The lowest weight was assigned to the entry: “Do you believe in the first impression when entering a waiting room?”

Promotion

Table 3 weight distribution – PROMOTION

MRKT	1	2	3	4	Σ	weight	DENTAL	1	2	3	4	Σ	weight	$\Sigma M+D$	weight
Promotion_1	x	0	1	1	2	0,333	Promotion_1	x	0	0	0	0	0,000	0,333	0,167
Promotion_2	1	x	0	1	2	0,333	Promotion_2	1	x	1	1	3	0,500	0,833	0,417
Promotion_3	0	1	x	0	1	0,167	Promotion_3	1	0	x	1	2	0,333	0,500	0,250
Promotion_4	0	0	1	x	1	0,167	Promotion_4	1	0	0	x	1	0,167	0,333	0,167
SUM					6	1	SUM					6	1	2,000	1,000

Source: own processing.

The highest weight when decomposing the tool of Promotion was given to the question entry: “Would you return to dental hygiene if you received a welcome package at your first visit?” The lowest weight was assigned to two entries: “Would you pay more money for a treatment if the ambulance was at a lucrative place?” and “Do you think that it is suitable to have promotional material in an ambulance (leaflets, posters)”.

Price

Table 4 weight distribution – PRICE

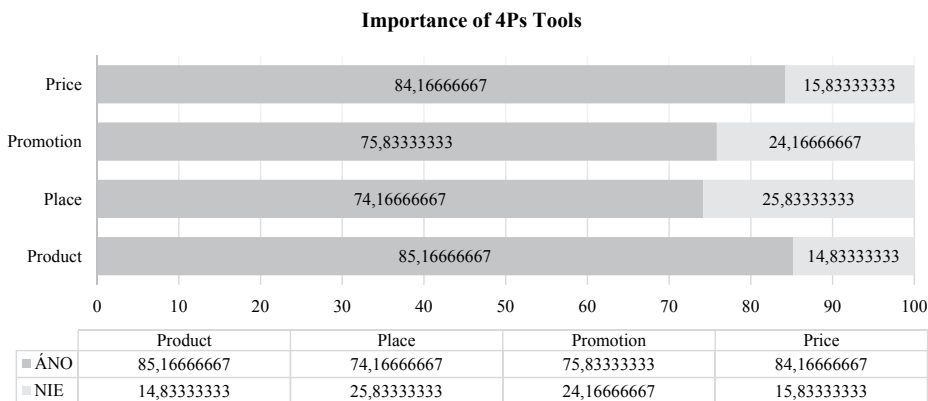
MRKT	1	2	3	4	Σ	weight	DENTAL	1	2	3	4	Σ	weight	Σ M + D	weight
Price_1	x	0	1	1	2	0,333	Price_1	x	0	1	0	1	0,167	0,500	0,250
Price_2	1	x	0	1	2	0,333	Price_2	1	x	1	1	3	0,500	0,833	0,417
Price_3	0	1	x	1	2	0,333	Price_3	0	0	x	1	1	0,167	0,500	0,250
Price_4	0	0	0	x	0	0,000	Price_4	1	0	0	x	1	0,167	0,167	0,083
SUM					6	1	SUM					6	1	2,000	1,000

Source: own processing.

The highest weight when decomposing the tool of Price was given to the question entry: “Would you pay more money for dental hygiene if you were sure that hygienic regulations and norms were observed?” The lowest weight was assigned to the entry: “Would you attend the third session if a dental hygienist offered you a discount?”

In the previous tables in the last columns, we can see weights by which individual question entries were evaluated when calculating the perceived importance of individual elements of marketing mix. The weights were created by calculations of weights from experts’ assessment (MRKT – expert from the field of marketing and DENTAL – from the dental – medical – area). The following graph shows the perception of importance of individual elements.

Figure 5 The Importance of 4Ps Tools



Source: own processing.

The tools of analysed marketing mix can be divided into two groups with approximately the same outputs based on their importance. The first group includes

price and product and the second one promotion and place. If we look at the justification, minimum value is at PLACE, i.e. 74,17 which is relatively high rate of importance, so this element represents significantly perceived importance and it would not be correct to avoid it when proposing marketing strategies.

Conclusion

Given differences and rate of assigned importance of selected elements of marketing mix tools have added value especially when applied to marketing activities. From the application point of view, individual dental-hygienic ambulances should not forget in their business activities about the appearance of a dental hygienist which is important for a patient as well as about offering the medical instruments directly in an ambulance, what can be very effective way of sale. From the point of view of "Place", ambulances should try to make their space available by any means such as navigation tools. In the context of "Promotion", promotional material directly in an ambulance as well as a welcome package seem to be suitable tools at the first visit. Customers realize the price strongly, a discount is viewed with caution, that is why we would not leave out this tool of price policy. However, discount has to be served in a sensitive way so that the perception of a customer would not be connected with the lower quality. It would be also suitable to secure the highest possible comfort of payment, at least the possibility of paying by card. Minimum reason would be that when paying by card, a customer does not feel so much "victimized" as when paying cash.

In the second part of the study, we evaluated the perceived importance and relevance of the elements of marketing mix tools of 4 Ps. As it was proved in the context of descriptive analysis, all the elements are justified in the practice of dental-hygienic ambulances. The lowest importance (74,17) was identified at the tool of "Place" and the highest one (85,17) was identified at the tool of "Product".

Summary

Given differences and rate of assigned importance of selected elements of marketing mix tools have added value especially when applied to marketing activities. From the application point of view, individual dental-hygienic ambulances should not forget in their business activities about the appearance of a dental hygienist which is important for a patient as well as about offering the medical instruments directly in an ambulance, what can be very effective way of sale. From the point of view of "Place", ambulances should try to make their space available by any means such as navigation tools. In the context of "Promotion", promotional material directly in an ambulance as well as a welcome package seem to be suitable tools at the first visit. Customers realize the price strongly, a discount is viewed with caution, that is why we would not leave out this tool of price policy. However, discount has to be served in a sensitive way so that the perception of a customer would not be connected with the lower quality. It would be also suitable to secure the highest possible comfort of payment, at least the possibility of paying by card. Minimum reason would be that when paying by card, a customer does not feel so much "victimized" as when paying cash.

In the second part of the study, we evaluated the perceived importance and relevance of the elements of marketing mix tools of 4 Ps. As it was proved in the context of descriptive analysis, all the elements are justified in the practice of dental-hygienic ambulances. The lowest importance (74,17) was identified at the tool of “Place” and the highest one (85,17) was identified at the tool of “Product”.

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AGRICULTURAL INSURANCE AS A RISK MANAGEMENT TOOL FOR GROWING CROPS

POLNOHOSPODÁRSKE POISTENIE AKO NÁSTROJ RIADENIA RIZÍK PRE PESTOVANIE PLODÍN

Abstract: *The article deals with the current state and shows general trends in the development of the insurance system of agricultural crops in Ukraine. The analysis of the Ukrainian market of agricultural insurance services made it possible to conclude that the latter is in the stage of formation and development. The system of insurance of agricultural crops is rather limited by the species totality of the latter. In 2017, the insurance of 16 types of crops, followed by payments for three of them (winter rape, winter wheat and winter rye), was provided.*

It is found that agriculture of Ukraine as a whole and the branch of plant production, in particular, is one of the most risky types of activity, since it is carried out in unregulated climatic conditions. Thus, an effective market tool for its support and ensuring the continuity of the reproductive process is the insurance of crop crops. By compensating for the incurred losses, it allows stabilizing production, ensuring financial sustainability of farms, and, consequently, the sustainability of the whole economic system, as well as creates conditions for achieving a certain level of food security of the state.

Peculiarities of the cycle of growing winter crops in Ukraine with the distinction of key risk factors and factors in the cultivation of the latter are defined.

Keywords: *agricultural insurance, insurance system of agricultural crops, insurance contract, insurance amount, insurance premium, risks*

Kľúčové slová: *poľnohospodárske poistenie, poistný systém poľnohospodárskych plodín, poistná zmluva, poistná suma, poistné, riziká*

JEL: G22, G28, Q13, Q18

Introduction

Agriculture is one of the most important and at the same time the most risky sectors of the economy. The activity of agricultural enterprises is constantly under the influence of natural forces of nature, weather and climatic conditions.

As an independent activity, agriculture has significant features that affect insurance, namely: dependence of the agricultural producer on natural and climatic factors; seasonality of production and duration of the production cycle; composition and structure of agricultural production funds.

Under the conditions of a market economy, crop insurance is to ensure proper risk management in the agrarian sector of the economy acting as a powerful factor in the development of the latter.

Material and Methods

Some aspects of both the theoretical and practical nature of the studied issue are shown in the works of domestic and foreign scientists. In particular, works by such well-known Ukrainian scholars were devoted to the issues of the theory and practice of agrarian insurance as: Botvinovskaya A. L. (Botvinovskaya, 2011), Gudz G. A. (Gudz, 2016), Malik M. Y. and Gudz G. A. (Malik, Gudz, 2015), Onysko S. and Tomashevsky Y. (Onysko, Tomashevsky, 2013), Sadura O. B. and Tomashevsky Y. M. (Sadura, Tomashevsky, 2012), Sinitsyna T. V. (Sinitsyna, 2011), Ulianych Y. V. (Ulianych, Prokopchuk, Bechko, 2014).

Speaking about foreign researchers it is necessary to mention works of Barnett B. J. & Mahul O. (Barnett, Mahul, 2007), Chantarat S. (Chantarat, Barrett, Mude, & Turvey, 2007), Conradt S. (Conradt and Finger, Bokusheva, 2015), Enjolras G. (Enjolras and Sentis, 2011).

General scientific methods of scientific knowledge and research of economic phenomena are used for the scientific solution of the article purpose. The theoretical and methodological basis of the research is the works of domestic scientists and practitioners, as well as foreign scientists involved in researching the market of agricultural insurance in general and problems of regulating the insurance system of crop crops, in particular. The following research methods are used in the article as the abstract-logical method, comparison method, monographic method, tabular method, graphical method and scientific generalization.

The purpose of the article is an analysis and assessment of current trends in the formation of the insurance system of agricultural crops in Ukraine, as well as defining features of its functioning.

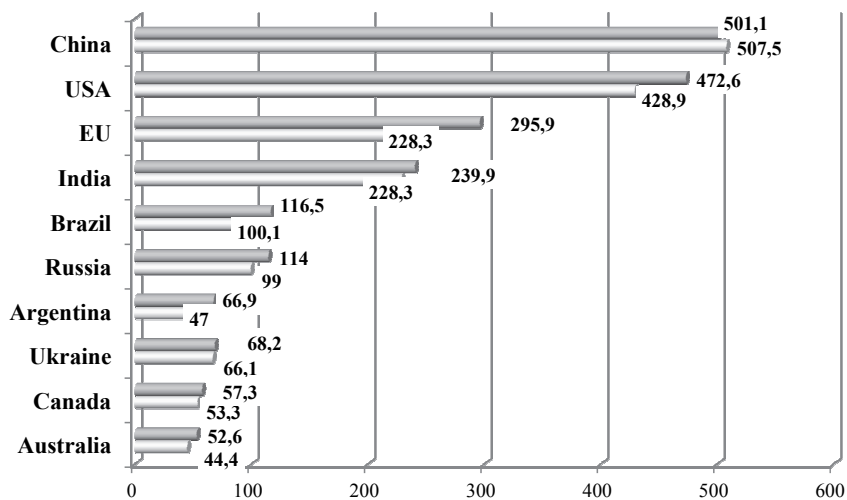
Results and Discussion

The agricultural sector for the Ukrainian state has always been one of the priority areas of both foreign economic and domestic economic development of the country, since issues of organization of production and support of food supply for an individual state are relevant at all times. Both viability and self-sufficiency of the country and society, as well as many diverse areas of human activity depend on it. For many years, domestic agriculture has maintained leadership in the national economy and therefore has a significant impact on filling state budget the standard of living of the population.

The demand for agricultural products on the world market is high and Ukraine has a chance to take an important place in this market.

Ukraine ranked 8th in the rating of TOP-10 producers of cereals in the world according to the results of 2016-2017 marketing years (grain production reached 66.1 and 68.2 million tons in 2016 and 2017, respectively) (Fig.1).

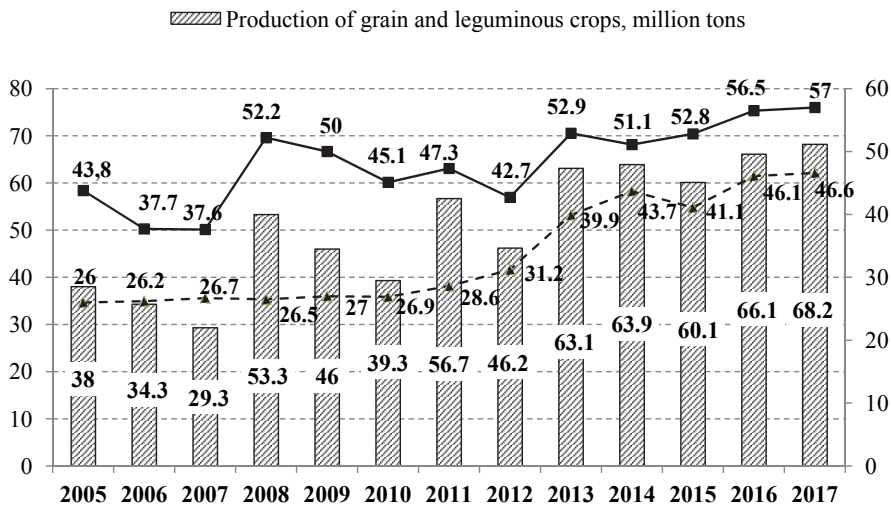
Fig.1. TOP-10 producers of cereals in the world (2016-2017 marketing years), million tons



Source: Data of the State Statistics Service of Ukraine (calculated, developed and presented by authors).

The production of grain and leguminous crops in Ukraine occupies a prominent place. In 2017, 68.2 million tons of leguminous crops were harvested that showed quite high yields (Fig.2).

Fig.2. Production of grain and leguminous crops in Ukraine in 2005-2017

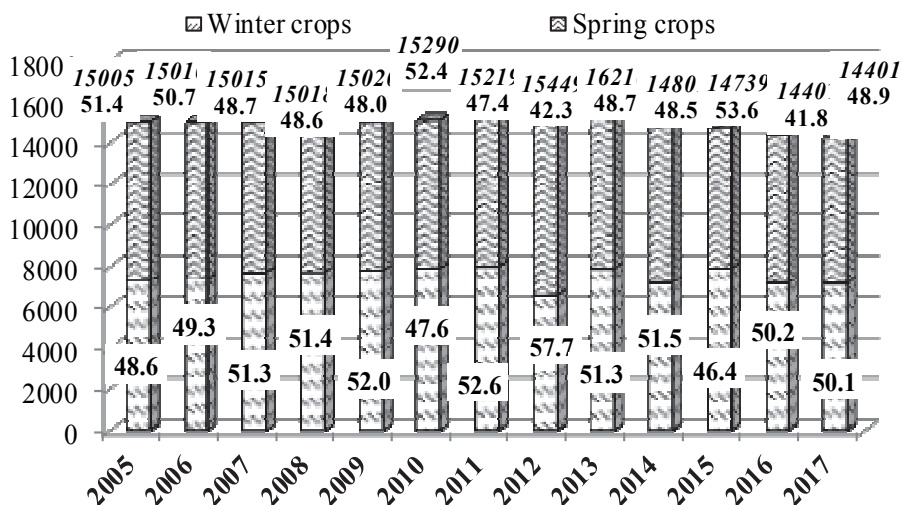


Source: Data of the State Statistics Service of Ukraine and Ministry of Agrarian Policy and Food of Ukraine (calculated, developed and presented by the authors).

Considering the structure of sown areas of grain and leguminous crops in the context of winter and spring crops, it should be noted that on average for the studied period they occupy the same share with a slight dominance of winter crops – 51% (the proportion of spring ones is 49%, respectively) (Fig.3).

Thus, it should be noted that winter crops in Ukraine occupy an important place, form the basis of the future harvest, basis of its food security and export potential. Therefore, they always need attention from the state, agricultural producers and insurers.

Fig.3. Sown areas of grain and leguminous crops (thousand hectares) and their structure (%) in the context of winter and spring crops



Source: Data of the State Statistics Service of Ukraine and Ministry of Agrarian Policy and Food of Ukraine (calculated, developed and presented by the authors).

As a result of increasing continental climate, the situation with the growing of winter crops, as compared with the long-term data, became aggravated and destabilized: on the one hand, record crops in favorable years (for example, in 2008 and 2014), and on the other hand, a significant shortage of grain in problematic periods. Over the past period, at least four years (2003, 2006, 2011, and 2016) have been unfavorable for winter crops.

The death of winter crops leads to a shortage of millions of tons of grain, additional costs for re-sowing fields and replacement of waste seed, replanting dead crops by spring crops, etc. In addition, under such conditions, plans for a sowing campaign are violated. It leads to a delay in sowing spring crops and reducing their yields. In the bread balance, the amount of grain of the highest quality is reduced, as winter crops are mostly re-sown with forage crops. Hence, the unsuccessful wintering is

one of the most important agronomic problems in grain production which must always be taken into account and find ways to minimize its harmful effects.

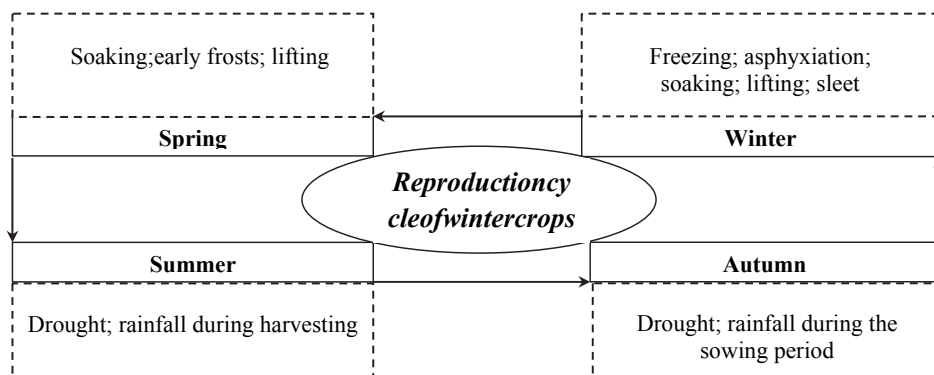
The agronomic science and advanced production practice play an important role in studying causes of death of winter crops and developing measures for their conservation during the winter period. However, insuring winter crops is an instrument for risk management for farmers because in the case of total or partial loss of crops in winter, agricultural producers have a second chance to sow fields in the spring. However, this chance can only be used by those who have enough resources. At the same time, one of the main problems today in agricultural business is the lack of working capital on the background of rather expensive loans). It should be emphasized that this issue becomes of special relevance for small and medium-sized agricultural producers, which, unlike agricultural holdings, are predominantly suffering from acute shortages in working capital.

Thus, on the one hand, agricultural insurance can be viewed as a factor that minimizes the risks associated with the most unpredictable factor (weather), on the other, as a way of managing financial risks of agricultural enterprises which ensures stability and predictability of their working capital, without which the functioning of agricultural business impossible.

Earlier, the main cause of winter crop failure was their bad wintering due to unfavorable conditions in winter but lately crops more often suffer from autumn drought.

The growing cycle of winter crops has its own specific features which are primarily due to its long duration including all four seasons. Winter crops begin in August-September of this year and the harvest campaign starts in June of the following year (Fig.4). All this leads to the emergence of opportunities for influencing various weather risks and factors which involves each of the four periods.

Fig.4. Key risk reasons and factors in the cultivation of winter crops in Ukraine [The author's generalization]



By its geographical location, Ukraine is in the so-called zone of risky farming where cultivation of crops, in particular winter crops, is accompanied by considerable risks caused by unstable and changing weather conditions.

Let us dwell in more detail on the analysis of the agricultural insurance market in the context of agricultural crops, with a focus on the situation in underwriting year (2017).

In 2017, the insurance of 16 types of agricultural crops was carried out. Compared to 2016, the number of insured crops remained the same but insignificant changes occurred in the structure of insured crops: there were no insurance contracts for a pumpkin and flax but, on the contrary, sorghum and rye were insured. Insurance indicators in 2017 concerning insurance of agricultural crops are given in Table 1.

Table 1: Consolidated insurance data by crop category in 2017

Crop	Number of concluded contracts	Area, ha	Insurance amount, UAH	Amount of premiums, UAH	Average bonus rate, %
Winter wheat	453	414538	3142993024	111880932	3.6
Winter rape	241	95401	396643931	12051882	3.0
Corn	89	70209	1529975022	61328076	4.0
Sunflower	61	36747	374017703	5294230	1.4
Winter barley	24	9417	40381201	1457110	3.6
Soy	21	7139	112515508	2379945	2.1
Winter rye	20	5866	32701209	1091361	3.3
Spring barley	13	3661	54851220	851847	1.6
Sugar beet	11	4790	119955945	6082837	5.1
Peas	11	3632	22921208	564943	2.5
Spring wheat	6	2841	23488231	537173	2.3
Sorghum	2	1107	6304428	131762	2.1
Buckwheat	2	215	2313823	104517	4.5
Beans	1	1403	48698272	633078	1.3
Spring rye	1	136	505400	32952	6.5
Vegetables, garden	1	43	5100000	24225	0.5
Total	957	657144	5913366125	204446870	3.5

Source: Data of the National Commission for the state regulation of financial service markets (developed and presented by the authors).

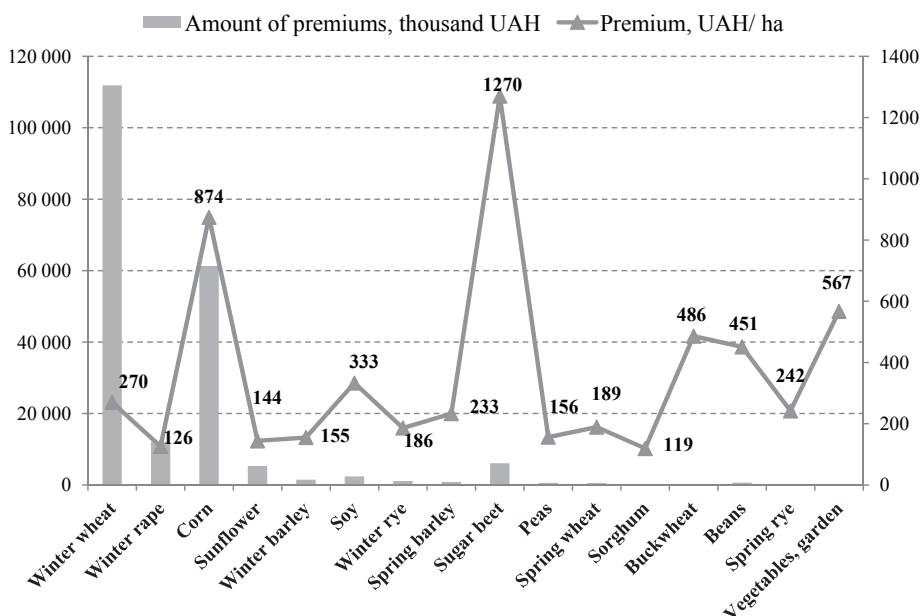
Traditionally, the largest number of contracts was concluded for winter wheat insurance (453 contracts or 47.3%). Winter rape is the second (241 contracts or 25.2%). The following are corn (89 contracts or 9.3%), sunflower (61 contracts or 6.4%), winter barley (24 contracts or 2.5%), soybeans (21 contracts or 2.2%) and winter rye (20 contracts or 2.1%). In 2017, compared with 2016, the number of insurance contracts of winter rape (3.6 times, from 67 to 241 contracts) and corn (from 54 to 89) increased significantly. There was a slight decrease in insurance contracts for winter wheat and sunflower (from 453 to 471 and from 61 to 98, respectively).

Analyzing the data in Table1, it should be noted that the majority of insured crops is for winter wheat (414.5 thousand hectares or 63.1%).

Further downward are winter rape (95.4 thousand hectares or 14.5%), corn (70.2 thousand hectares or 10.7%), sunflower (36.7 thousand hectares or 5.6%), winter barley (9.4 thousand hectares or 1.4%) and soy (7.1 thousand hectares or 1.1%).

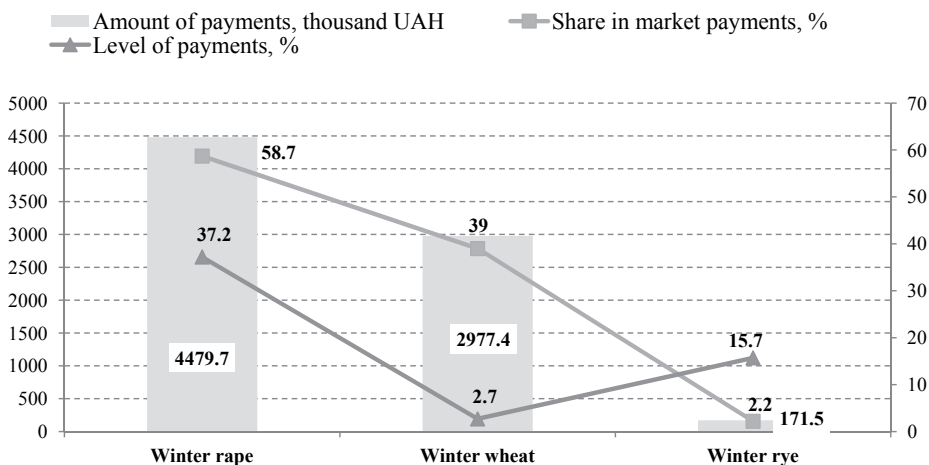
Most of all insurance premiums were collected under contracts of winter wheat insurance (111.9 million UAH or 54.7%). The following are corn (UAH 61.3 million or 30.0%), winter rape (UAH 12.1 million or 5.9%), sugar beet (UAH 6.1 million or 3.0%), sunflower (5.3 million UAH or 2.6%) and soy (2.4 million UAH or 1.2%). In 2017, compared with 2016, the volume of insurance premiums collected under insurance contracts for corn, winter rye, winter rape and beans increased. At the same time, the volume of insurance premiums collected under insurance contracts for buckwheat, soy, spring wheat and sunflower was reduced. The insurance cost in cash equals depends on the cost of cultivating the crop and the value of future harvest. The most expensive was sugar beet and farmers were able to insure it at a price of 1270 UAH/ ha. More popular winter wheat was insured at a price of 270 UAH/ ha and corn at 874 UAH/ ha (Fig.5).

Fig.5. The insurance cost of crops in 2017



Insurance payments in 2017 underwriting year were made for three crops: winter rape (4.48 million UAH or 58.7% of the total amount of payments), winter wheat (2.98 million UAH or 39.0%) and winter rye (171.5 thousand UAH or 2.2%) (Fig.6).

Fig.6. Indicators of insurance indemnity in 2017 underwriting year in the context of agricultural crops



Source: Data of the National Commission for the state regulation of financial service markets (developed and presented by the authors).

Information on the payment in the context of agricultural crops with seasonal accent is presented in Table2.

Table 2: Insurance payments in the context of agricultural crops with seasonal gradation (2017)

Crop	Amount of payments, UAH		Total payments for the year, UAH
	Winter	Spring-summer	
Winter rape	4 479 690	–	4 479 690
Winter wheat	2 393 241	584 111	2 977 352
Winter rye	171 500	–	171 500
Total	7 044 431	584 111	7 628 542

Thus, today, the agrarian sector in Ukraine is actively developing. Agricultural insurance is one of the mechanisms of its stable work, strengthening of small and medium-agrarian business. It should be effective, affordable and comfortable for rural consumers, profitable for insurers and economically justified for the state. At the same time, the Ukrainian market of agricultural insurance services is in the stage of formation and development.

Summary

Agriculture of Ukraine as a whole and the branch of plant production, in particular, is one of the most risky types of activity, since it is carried out under unregulated natural and climatic conditions. An active market instrument for its support and ensuring the continuity of the reproductive process is the insurance of agricultural crops. By compensating incurred losses, it allows us to stabilize production, ensure financial stability of farms and, consequently, stability of the whole economic system and create conditions for the achievement of a certain level of food security of the state. This issue gets special attention because of the Ukrainian entering the world food market. Thus, in recent decades, Ukraine is a confident exporter of grain, increasing its export potential. Also, production of grain and leguminous crops is important for the domestic market of the country.

Thus, on the one hand, agricultural insurance can be viewed as a factor that minimizes the risks associated with the most unpredictable factor (weather), on the other, as a way of managing financial risks of agricultural enterprises which ensures stability and predictability of their working capital, without which the functioning of agricultural business impossible.

The analysis of the Ukrainian market of agricultural insurance services made it possible to conclude that it is in the stage of formation and development. The system of insurance of agricultural crops is rather limited by species totality. In 2017, insurance was provided for 16 types of agricultural crops, followed by payments for three of them (winter rape, winter wheat and winter rye).

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FINANCIAL MECHANISMS OF REGULATION OF THE DEVELOPMENT OF TOURISM INDUSTRY IN UKRAINE

FINANČNÉ MECHANIZMY REGULÁCIE ROZVOJA CESTOVNÉHO RUCHU NA UKRAJINE

Abstract: *The tourist-recreational complex of Ukraine continues to experience a transitional period. But the progressive process of revival and development of the state, the activation of social policy convincingly testify that these difficulties are temporary.*

The current state of development of tourism and recreation both in Ukraine and at the regional level is defined by academics as unstable, unstable, unsteady. During the first two decades of independence, with positive basic growth rates of tourist flow, there were constant pole fluctuations of the chain rates of its growth (decrease). The number of domestic tourists in the domestic market practically did not change. In the structure of tourist flows and tourism turnover by types of international tourism the advantage remains on the side of outbound tourism, the process of using tourism resources is characterized as insufficiently controlled.

Ukraine has significant tourist potential and all prerequisites for the development of domestic, inbound and outbound tourism. A strategy for the development of the tourist industry in Ukraine may be the creation of a world-class tourism product that is capable of meeting the tourist needs of the country as much as possible, and, on this basis, provides a comprehensive development of the territories and their socio-economic interests in preserving the ecological balance and the historical and cultural environment.

Keywords: *tourism, financial mechanisms, services, profit, tourism industry.*

Kľúčové slová: *turistika, finančné mechanizmy, služby, zisk, cestovný ruch.*

JEL: Z 32, E 62

Introduction

Tourism-and-recreational complex of Ukraine continues to experience a transitional period. But advancing process of revival and development of the country, activation of social policy certifies convincingly that these difficulties are temporary. Changes in gross indicators of tourism development and recreation in the last 20 years are conditioned by objective factors of changes in the social-and-economic system and market reforms, opening of borders, changes in the structure of economy in favour of services sphere, as well as a set of targeted measures of organizational and managerial and economic nature in the industry.

Materials and methods, results and discussion. The positive impact of tourism and recreation on the state of the national economy and individual regions is insufficient, tourism-and-recreational potential available in Ukraine is not used enough, and qualitative characteristics of the changes and deeper analysis of the processes in the industry indicate about existence of a number of problems requiring a scientifically proven solution.

Current state of the development of tourism and recreation both in Ukraine and at a regional level is defined by academics as unstable, non-persistent, unsteady. Constant pole fluctuations of the chain rates of its growth (decrease) were observed with positive basic growth rates of tourist flow during the first two decades of independence. The number of domestic tourists in the inner market practically has not changed. Outbound tourism takes advantage in the structure of tourism flows and tourism turnover by types of international tourism, the process of using tourism resources is characterized as insufficiently controlled. At the same time, level of the development of domestic and inbound tourism by the world community is recognized as one of the indicators of the life quality and social-and-economic development of the countries, and the degree of rational use of resource potential in view of its preservation for the future generations as a precondition for the sustainability of tourism and recreation.

Tourism as a social-and-economic phenomenon, problems and issues of its formation, creation and development of tourism in general are always current for scientific research. In the case of Ukraine, it is important to develop and substantiate the efficient use of the potential of tourism industry at the local, regional and state levels, to ensure the development of the industry of tourism services, to analyze the prospects for further integration of the domestic tourism industry to the international market of tourism services.

According to the Law of Ukraine "On Tourism", dated 15th January 1995 it is considered as: "temporary departure of a person from the place of permanent residence for health, cognitive or professional-and-business purposes without engaging in paid activities" [1].

Ukraine has significant tourist potential and all preconditions for the development of domestic, inbound and outbound tourism. A strategy for the development of tourism industry in Ukraine can be formation of a competitive tourism product at a world market that is capable to meet tourist needs of the country's population as much as possible and provides a comprehensive development of the territories and their social-and-economic interests on this basis for preserving ecological balance and historical and cultural environment.

One of the most important factors influencing the development of tourism is the welfare of the population. There is a clear connection between the tendency of tourism development, general economic development and personal incomes of the citizens. Tourism market is very tangible to changes in the economy. Annual income increase of Ukrainian citizens will lead to more intensive tourism activity and, in particular, to increase in the number of consumers with high incomes. The development of tourism in Ukraine will allow creating additional jobs, enriching currency reserve, restoring neglected infrastructure, strengthening the authority in

the world community [3]. It is expected that in the near future there will be intensive development of cultural-and-cognitive, thematic, adventure tourism; the quality of the services provided in the field of tourism will become rapidly better due to strong competition; family expenses will increase faster on travel than other expenses [3].

The most important factors in the tourist mobility of the population are as follows: social-and-economic (welfare, national income per capita, general cultural level of the citizens, fares, accessibility of connections, residents' belonging to one or another social group), territorial (production-and-economic and historical significance of the regions, the number of population, the area of a settlement, density of building), organizational (branching of the transport network, convenience in use of vehicles and travel, quality of service, spending of time for travel), and natural-and-climatic [4].

Efficiency of tourism management can be considered in two directions: economic and social. Basic and the most simple are calculations of trips frequency and travel intensity. A model proposed by Yu.I. Blokhin can be used as a general concept of social-and-economic estimation of tourism development for a big tourist center or region. Tourism can be considered as one of the branches of the economy of the city and region as a whole. In this case, comparative estimation of effectiveness of different options for tourism development should be made taking into account the influence of this industry on the functioning of other industries.

It is possible to accept "profit" as a criterion of optimality which is received by social-and-economic sphere of the region from tourism activity. In general, mentioned profit will be equal to the amount of income from inbound and outbound tourism minus the costs used by the economy of the region for the development of tourism business. This profit represents the part of the profit received by the industry which comes to the disposal of the region and is spent outside this industry (that is the part of the profit spent on expanded restoring of tourism industry is not taken into account).

The components of income can be presented in the expanded form separately by tourists' arrival and departure. The following will be received after tourists' arrival:

- direct income from inbound tourism in the form of various regional taxes paid by travel agencies and other participants of tourism business;
- income from tourists' expenses for servicing;
- indirect income from visiting hotels, bars, casinos, restaurants, entertainment, visiting historical and cultural centers;
- indirect income from creating additional jobs.

They can receive the following income after tourists' departure:

- direct income from the taxation of tourism business after tourists' departure paid by travel agencies and other business participants;
- income from additional using of transport and other objects of services involved in tourists' departure;
- indirect income from formation of additional workplaces in the system of service engaged in tourists' departure [5].

There was increased demand for the international tourist product in Ukraine in 2006: the Ukrainians began to travel to other countries in great amount. The 2008 financial crisis brought "two waves" of severe financial consequences to global tourism industry. Firstly, the lack of available resources in financial markets limited significantly the development of tourist facilities. Secondly, unemployment rising and income reducing among the population caused an "effect of family expenses optimizing" which was accompanied by a reduction in spending on leisure, the great share of which was accumulated by tourism. Financing of tourism development in Ukraine was carried out according to the final principle.

Fig. 1. Dynamics of tourist flows in Ukraine

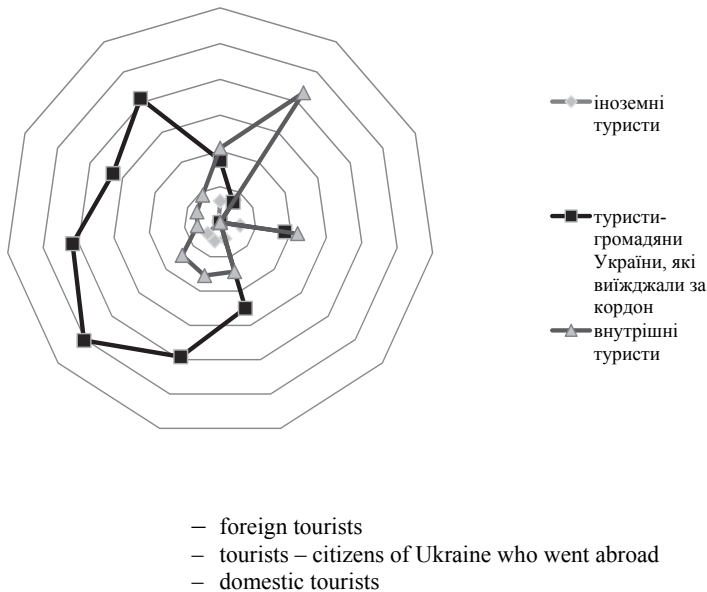


Our Ukrainian national cuisine, historical and architectural heritage, world-famous monasteries, temples, theaters and museums attract foreign tourists. Thus, during 2011, 21.4 million inbound (foreign) tourists visited Ukraine that is 1% or 212 thousand people more than in 2010. First of all, foreign citizens visit Ukraine for private purposes.

In 2013, more than 26 million tourists visited Ukraine that is 1.5 million more than in 2012. Tourism market in Ukraine sustained serious trials in 2014-2015. ATO, devaluation and falling of living standards affected all these factors. Demand for tourism fell by 70%. Outbound tourism flow from Ukraine reduced to 700 - 800 thousand, which was about 2 million people a year. Currently, the main tourism destinations of Ukraine are the coast of the Black and Azov Seas, the Carpathian Mountains, the cities of Kyiv, Lviv and Odesa [2].

Average annual growth of inbound tourism in Ukraine was 6.8% (Fig. 2). during the last 15 years. During 2014-2016, there was a decrease by two in the number of foreign citizens who visited Ukraine, thus, their number was 24.7 million people in 2013, only 12.7 million people in 2014 and 12.4 million in 2015 due to the anti-terrorist operation in some regions and temporary occupation of the part of Ukraine's territory.

Fig 2. Number of tourists served by the subjects of tourism business in Ukraine



During 2013 to 2015, the number of foreigners crossing the border of Ukraine halved (from 25.7 million to 12.9 million people) and in 2016 it increased only by a few percent according to the State Border Guard Service. Citizens of Moldova took the first place among the visitors of Ukraine - 4.5 million people in 2016 or every third visitor. The second and third were Belarusians (1.8 million) and Russians (1.5 million). 3.7 million people or almost 27% of all guests from neighboring to Ukraine countries of the EU (Hungary, Poland, Romania and Slovakia) arrived to our country in 2016. Instead, only about 15% of tourists from other countries of the world visited Ukraine.

However, 95% called private business as the reason for their visit and only 1.3% (172.8 thousand people) called it as tourism of 13.3 million foreigners crossing the border of Ukraine in 2016. More than 2% of foreigners explained their entry into our territory as transit. Belarusians (84.4 thousand) were the half of those who declared tourism as a purpose for entry to Ukraine at the border, a quarter (44.5 thousand) were Russians, and there were Turkish (12,2 thousand) and Israelis (10,7 thousand) among others in 2016.

The amount of recorded crossings of the border with Ukraine by the most numerous visitors of our country - Moldovans (4.5 million) is much larger than the population of this country which indicates: a significant part of these guests arrives very often not for tourism purpose. It is about multiple border crossings by the same people for other purposes. However, the same situation is typical in most countries with a large number of visitors. Though all of them are referred to foreign tourists, but in a classical sense they are not usually tourists. Mostly the thing is exchanges of visits in this or that business by the inhabitants from the border areas who cross the border many times a year "screwing" a "register" in such way.

For example, the visitors from three neighboring countries - Georgia, Bulgaria and Iran were in the first five by number of tourists in 2016 in the traditionally popular Turkey for Western European tourists. For instance, 2.2 million Georgians (while the entire population of Georgia is 3.7 million) and 1.7 million Bulgarians (with the population of 7.1 million inhabitants) visited the country.

The number of visitors from Western European countries is still at times lower in Ukraine than in neighboring Bulgaria or Romania, not mention Turkey. For example, Bulgaria in 2016 was visited by 1 million Germans, 282 000 Britons, 196 000 Frenchmen and 152 000 Italians. But speaking about Ukraine, there were only 171 500 Germans, 77 800 Italians, 70 400 Britons and 54 300 Frenchmen. As we can see, the smallest gap between the number of Italian guests (obviously, this is supported by the relations of former Ukrainian workers), while the largest one - Germans who still come to Ukraine almost six times less than to Bulgaria.

It is important to tell about the indicators of Turkey, which was visited by 3.9 million Germans, 1.7 million Britons, 0.9 million Dutch and 0.55 million Frenchmen in 2016. It is simply a gap between these figures and those that is now in Ukraine. We are significantly inferior in the number of Western European tourists before other Black Sea countries. For instance, there were 282 thousand Germans, 233,8 thousand Italians, 145,6 thousand Frenchmen and 140,6 thousand Britons in Romania in 2015. This is 2-3 times more than in Ukraine, although Romania has the same tourism potential as in Ukraine, twice the population.

However, distribution of tourist flows between the countries of the Black Sea is not constant. Therefore, Ukraine has a chance to compete for redistribution of tourist flows for its own benefit. And it is precisely because the number of guests coming to Ukraine from the countries not belonging to immediate neighbours has increased rapidly since 2014 even with the current problems in tourist infrastructure. The flow of visitors among the latter just from Hungary and Romania increased by third or more from 2014 to 2016. The number of visitors from Israel increased more than twice (from 101 thousand to 217 thousand), from Turkey - by 70% (from 120 thousand to 206 thousand). The number of guests from the USA (from 81.8 thousand to 138.2 thousand), Lithuania (from 30.9 thousand to 52.3 thousand) and the United Kingdom (from 44.2 thousand to 70.4 thousand) grew at the same rate. There were one and a half times more people coming from Azerbaijan in 2016 compared with 2014 (from 70 thousand and 106 thousand). The number of guests from Germany (up to 171.5 thousand), Italy (77.8 thousand), France (54.3

thousand), Czech Republic (49 thousand) and Georgia (48 thousand) increased by 30-40 per cent during this time [10].

There are more than 800 million tourist trips every year in the world where more than a half is within Europe. About 60% of these trips are connected with tourism. The share of tourism in world exports of goods and services is about 13% and 14% in the EU countries. Tourism industry forms 8% of joint gross domestic product of the EU countries and ensures nearly 11% of economic growth where there are 12% of world labour resources.

The main trends of tourism development in the world are:

- reduction the duration and increase the number of tourist trips, which, in particular, has formed demand for tourist offers which make it possible to visit a great number of places in a shorter time;
- active involvement of countries in a competitive struggle for influence on the parameters of the international tourism flow, including through the implementation of state programs;
- introduction of a regulatory framework and fiscal policy favourable for the development of tourism industry;
- creation of effective mechanisms for establishing and maintaining a balance between preservation of natural and historical-and-cultural resources and tourism business.

Tourism boom is expected according to the prognosis of the World Tourism Organization (WTO) in the XXI century: the number of travelers in the world will grow to 1.6 billion people per year by 2020, which means increase in tourist arrivals by 2.4 times compared to 2000. At the same time, by 2020, tourism revenues will grow to \$ 2 billion. It is expected that the leader by the number of tourist arrivals should be China (137.1 million). The second most popular are the United States (102.4 million), then France (93.3 million), Spain (71.0 million), Hong Kong (59.3 million). Daily expenses of tourists, except expenses for air travel, will increase to \$ 5 billion a day. Rapid development of outbound tourism is expected. The largest countries-suppliers of tourism flows can be Great Britain, Germany, Japan, the United States of America, China.

Promising prognosis for the development of tourism industry is associated with a probable business planning of its development indicators and assessment of its effectiveness in terms of uncertainty and risk. These conditions determine specifics of prognoses [6]. It is that the sources of uncertainties and methods of their taking while estimating the efficiency of the prognosis. Methods of estimating uncertainties are also determined by checking the stability of the prognosis (especially for the change of external factors), by formalization the description of uncertainties, by correcting parameters of prognosis. Concepts of limiting (admissible) values of selected parameters (indicators) are introduced. Factors of uncertainty and risk need to be considered if they have a significant impact on efficiency, in particular, on the amount of expenses when implementing the prognosis.

The following types of risks and uncertainties are the most significant while estimating the prognosis:

- risk associated with instability of economic legislation, with current economic situation, with terms of investment and use of profits;
- foreign economic risk (limitation of supply, trade, closure of borders);
- uncertainty of the political situation;
- incompleteness or inaccuracy of information about dynamics of selected technical-and-economic indicators;
- fluctuations in market conditions, prices, exchange rates;
- uncertainty of natural and climatic conditions (for example, mountain winter tourism became risky because of global warming), the possibility of natural disasters;
- production-and-technological risk;
- uncertainty of goals, interests and behaviour of the participants in the market of tourism services;
- incompleteness and inaccuracy of information about financial status and business reputation of the partner (bankruptcy, inability to pay).

Organizational-and-economic mechanism for implementing a prognosis project connected with a risk should include specific elements that allow reducing a risk or lessen negative effects associated with it. It is necessary to foresee specific stabilization mechanisms that would protect the interests of market participants under unfavourable changes in the conditions of prognosis implementation in prediction projects. In some case, it is possible to reduce the level of risk (due to additional costs for creation of financial reserves and stocks, improvement of technologies, risk insurance), and in other case - risk is distributed among the market participants (indexation of prices, providing of guarantees, special forms of insurance, system of mutual sanctions). All such expenses must be obligatory taken into account when determining the effectiveness of a prognosis project. A large number of risks and uncertainties was "laid" while implementing of investment projects in tourism which are decisive in prognostication its development.

One of the most important factors influencing the development of both domestic and international tourism is welfare of the population. There is a clear connection between the tendency of tourism development, general economic development and personal incomes of citizens. Tourism market is very tangible to changes in the economy. Under stable prices, growth of personal consumption from 2.5% increases expenses for tourism by 4%, and growth of personal consumption from 5% - by 10%. In particular, it has studied that increase of incomes of Ukrainian citizens will lead to more intensive tourism activity, including to rise in the number of consumers with high incomes.

The prospects for the development of a tourism sector of the economy depend heavily on the economic principles and methods of state regulation of this industry, which should be combined with the development of marketing research on the market of tourist services and formation of a modern strategy for promotion of regional tourism products.

Positive trends remained in the global tourism industry even in the context of economic crisis. Nowadays there are new powerful tourist markets, new successful players. The most popular types of tourism were identified in the analytical prognosis of the WTO of the development of world tourism by 2020: adventure, cruise, ecological, cultural-and-cognitive, thematic, and extreme. In world practice, tourism has a significant impact on the development of social-and-economic processes in the country and is an important element of its general strategy. Therefore, economic and social prognosis for the development of tourism industry is a part of the prognosis of the development of economy and social sphere of the country. It needs to take into account its peculiarities in modern conditions. And in the future, main directions of tourism development will be determined by the factors of social, economic, political and ecological character. At the same time, processes of uncertainty and existence of risk factors are deepened.

Researchers of tourism industry highly appreciate the effectiveness of its financing. S. Zaharchuk, in particular, notes that "tourism industry is the industry that can give significant profits at relatively low costs because the turnover of capital is 4 times higher in this sector than in average in other industries of the world economy, while expenses for creation one workplace in tourism infrastructure is 20 times less than in industry" [7]. Therefore, the decision of the issue on financial security of tourism industry is of national importance.

According to A. Kulinska financial support should solve the following main objectives of tourism industry:

- achieving of maximum efficiency of use of available financial resources - maximizing the volume of produced GDP based on selection of a rational model of financial support;
- establishing of optimal proportions of distribution and redistribution of produced GDP in order to meet in full the needs of citizens, enterprises of tourism industry, the country;
- comprehensive assistance in attracting all temporarily free funds and received income through the institutions of financial market for the needs of financial support of production of non-productive sectors, in particular, tourism industry in Ukraine [8]. The country should play a leading role in creating a favorable environment for tourism development.

The following state measures of financial nature for the development of the tourism industry are separated in scientific papers:

- financial-and-credit measures aimed at creating favourable financial-and-credit environment for the development of entrepreneurial activity in tourism industry (micro crediting, preferential crediting, state subsidizing, leasing, training on financial-and-credit issues for employees engaged in tourism industry);
- tax measures provide optimization of the amount of taxes for enterprises in tourism industry, provision of tax privileges for specific projects aimed at solving regional and social problems, investment in tourism industry (tax

regulation, optimization of the number and amount of taxes in tourism business, creation of favourable conditions for attracting investments; budget financing the programs of tourism development; granting of tax privileges) [9].

As for state financing of tourism industry, shapes and extent depend on the place and role of tourism in the national economy. The country plays the main role in this process in many countries. Tourism industry can be financed from various sources: budgets of different levels, extra-budgetary trust funds, own funds of enterprises, etc.

Financial support of tourism industry has a number of specific features primarily related to the mechanism of its functioning. In general, this industry needs financing in similar fields of activity (hotel and restaurant business, transport, entertainment infrastructure, folk crafts, etc.), and on the other hand, the social effect of tourism is that not only tourists but also local people use renew infrastructure.

The financing sources of tourism industry are:

- national budget;
- local budgets.

It is necessary to do the following in order to expand financial support of tourism industry from local budgets, [11]:

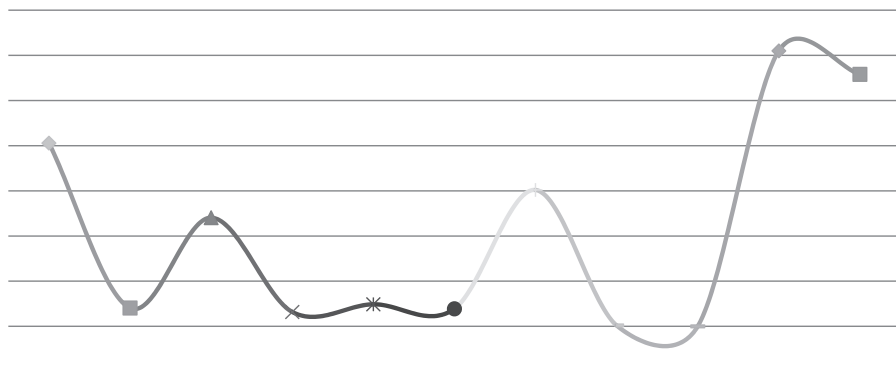
- to expand gradually the list of methods used by local authorities to enlarge the amount of funds. This is both the attraction of investments and expansion of the markets of crediting current needs (in particular, financing the maintenance of water supply networks, repair of buildings in housing and communal services), and access to financial markets;
- to spread a program-specific method of making and using local budgets in order to increase clearness and efficiency of using budget funds;
- to arrange inter-budgetary relations, increase the share of targeted financing, ensure formation of horizontal inter-budgetary relations;
- to ensure expansion of the revenue base of local budgets, give the shares of certain general state taxes (corporate profit tax, introduction the tax on real estate), and search for non-budget financial resources;
- to introduce mechanisms that would regulate allocation of funds for the implementation of innovation-and-investment programs of the development and modernization of production, transport infrastructure of regional significance and creation of new working places;
- private investment;
- international assistance [12].

One of the main sources of financing in the sphere of tourism is budget financing within the limits of expenditures mentioned in the state budget for the relevant year. The volume of budget financing in the field of tourism was 1.59 million UAH in 2011; 2.44 million UAH in 2012 and 1.94 million UAH in 2013. State policy in the field of financial security regulation of tourism does not do it systematically and

gradually, and constantly fluctuates between the need for investment in tourism and the desire to reduce budget expenditures. Obvious are insignificant volumes of budget financing of the tourism industry. Despite this government policy, revenue from tourism to the State Budget of Ukraine has a positive dynamics as depicted in Fig. 3

Although recently a gradual increase in financing in tourism-related spheres in Ukraine has observed, but their volume remains insufficient for effective and full activity of tourism.

Fig. 3. State financing of tourism in Ukraine



Taking into account experience of foreign countries, financing of tourism development has a final positive result in case if used:

- state financial mechanisms for support tourism industry;
- substantiated means and methods of statistical recording of tourism for correct determination of financial flows and financial balance in the field of tourism;
- positive experience of operation of transnational companies in the market of international tourism and taking into account their peculiarities in financing the host countries;
- development of information technologies in tourism as a new approach to its investment.

Another financial aspect of operation of tourism industry is providing tourism enterprises with financial resources; most of them are small where there are problems with their own financial resources; as well as tour operators need a significant amount of current assets to pay for services to hotels and transport companies before the tourist season. The source to enlarge fixed assets can be long-term loans, receiving of which is too problematic now. The main directions of the financing policy of tourism are both direct and indirect sources of financing. It is necessary to select own resources of enterprises, local budget and extra-budgetary

sources as direct sources for financing social tourism. Indirect sources are attracted capital, mainly borrowed, at the expense of private and foreign fund, as well as funds of public organizations, etc. The role of indirect forms of financial support (reduction the rates of certain types of taxes and fees, initiating of privileges, etc.) should be increased in the condition of going from financial and economic crisis and limitation of opportunities for providing direct financial support.

World experience involves the following types of state support to tourist companies, which should be more widely used in Ukraine:

- subsidies which help to solve the problem with cash, especially at the first stage of implementing tourist projects (widely used in Austria, France, Italy, Great Britain);
- preferential loans which allow to compensate the gap between fixed and commercial rate, control over the project implementation, under which a loan is given is carried out during all its term of implementation;
- bonification of interest and guarantee concerning loans and subsidies - the government or special body guarantees loans provided by commercial banks for tourism development. In this case, it is expected to conduct an assessment of the project possibilities to fulfill the conditions fixed in the provision of loans, as well as assess the risk of using guarantees;
- tax privileges granted after a certain tourist project starts to generate income (Italy provides VAT reducing to foreign investors).

Financial instruments that promote the development of tourism industry, which should be used in Ukraine, include:

- 1) budget financing the programs of tourism development, leasing;
- 2) crediting (granting of credits on preferential terms for financing of tourist facilities; reduction of interest rates of bank crediting);
- 3) tax privileges (exemption from the part of taxes) for specific projects, optimization of quantity, reduction of taxes and fees rates, reduction of tax pressure on the subjects of tourism activity, providing tax holidays etc.;
- 4) subsidization - irrevocable provision of funds to cover expences, increase profits;
- 5) support of enterprises by banks, insurance companies, corporations, etc. [12].

The tendency with attraction of foreign investments is negative. Thus, the volume of direct foreign investment in the development of tourism was only 470.5 million US as of 01st January 2016 which was less than 1% of the total volume of such investments in Ukrainian economy (Table 1).

Investment in tourism industry is necessary, namely investing in such divisions as: art, sports, entertainment and recreation, activity of hotels and similar objects of temporary accommodation, activity of catering establishments (restaurant business), activity of travel agencies and operators.

Table 1: Financing of tourist enterprises using direct foreign investments in 2011-2016, mln. Dollars

Indicator	2011	2012	2013	2014	2015	2016
Direct investments of nonresidents in Ukraine (capital stock and debtor's instruments), in total	51774,5	58624,9	65787,0	67306,1	54041,9	51195,6
Direct investments to enterprises of tourism, including:	1034,5	1092,2	997,5	603,5	523,3	470,5
temporary accommodation and food servicing	450,2	721,1	822,1	446,5	382,3	353,1
art, sport, entertainment and recreation	584,3	371,1	175,4	157,0	141,0	117,4
Market share of direct investments (capital stock) of enterprises of tourism, in total, %	2,3	2,2	1,8	1,1	1,2	1,1

First of all, it is necessary to stimulate financial-and-credit measures which will be aimed at creating a favourable credit environment; fiscal measures which will provide the optimal amount of taxes for enterprises of recreational-and-tourism complex; social-and-psychological measures that would form image of Ukraine as a country conducive to recreation and tourism.

Therefore, investment in tourism sector has many advantages both for the economy of the country and for the investor himself:

- source of foreign currency earnings to the national economy;
- replenishment of a revenue part of the budget due to expansion of the tax base;
- increase in consumer demand;
- creation of new working places;
- enlarging of goods and services production which increase as a result of solvent demand of tourists;
- income of the population working in tourism sector is increased;
- fast payback period [13].

The development of tourism industry in the country during the studied period can be characterized as positive in general. The main reasons that put obstacles for attracting foreign investment include: low confidence in the government, military operations in the East of Ukraine, government interference in the sector of private business, shadow economy, corruption, instability of political situation and taxation sphere. However, the most important reason is the lack of a strategy for economic development of the country. The Government of Ukraine should clearly identify the priorities of the investment activity of tourism industry and it is advisable for this reason to choose measures and instruments of state regulation that it will apply. First of all, it is necessary to stimulate financial-and-credit measures which will be aimed

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In addition, the development of tourism has its disadvantages manifested in the following:

- affects the growth of prices for local goods and services, land and other types of natural resources and real estate;
- promotes outflow of money abroad through tourism import;
- causes environmental and social problems;
- can cause damage to the development of other industries, etc. [14].

In 2017, local budgets were replenished with a tourist tax by 70.2 million UAH that was 29% more than in 2016. Top-5 of tourist centers of Ukraine includes Kyiv, Lviv, Odesa, Ivano-Frankivsk and Zakarpattia regions.

Table 2: Dynamics of tourist tax in Ukraine

Indicator	2011	2012	2013	2014	2015	2016	2017
Tourist tax, mln. UAH	27,7	38,4	41,7	24,8	37,1	54,1	70,2

Kyiv received the largest tourist tax of 16.4 million UAH (+ 12% compared to 2016). The top five also included Lviv region with 10.7 million UAH (+ 27%), Odesa region with 9 million UAH (+ 23%), Ivano-Frankivsk region with 3 million UAH (+ 32%) and Zakarpattia region with 2.9 million UAH (+ 32%).

Zaporizhzhia region with 2.7 million UAH took the sixth place in terms of income. Kherson, Kharkiv and Dnipropetrovsk regions closed this rating.

Summary. It is necessary to stimulate the demand for tourism products which although is expensive at the cost, but provides the country with high profits, raises the level of employment and increases competitiveness of the country on the world market in order to solve financial and other problems in the process of the development of tourism industry. In addition, it should improve transport and hotel

infrastructure of the country. Ukraine has to distribute its tourism services by conducting advertising campaigns with the help of mass media both on the domestic and foreign markets. Cooperation with international organizations and support of connections with international investment tourist funds is the integral part of the development of tourism industry.

Thus, the strategic goal of the development of tourism in Ukraine is creating a product that is competitive in the world market, can satisfy maximally tourism needs of the country's population and provide a complex development of the territories and their social-and-economic interests on this basis.

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THE FORMATION OF ADVERTISING ACTIVITY ON THE MARKET OF TOURISM SERVICES UNDER THE CONDITIONS OF GLOBAL ECONOMY

TVORBA REKLAMNEJ ČINNOSTI NA TRHU SLUŽIEB CESTOVNÉHO RUCHU V PODMIENKACH GLOBÁLNEJ EKONOMIKY

Abstract: *The article defines functions of advertising in tourism and effectiveness of implementation of advertising activity at tourism enterprises. Specific features are allocated which related to formation of the tourist product and the main elements necessary for the implementation of the high-quality tourism product on the world market. The factors trends and the constituents that determine the role of tourism in modern society under the conditions global economy where investigated.*

The results of research in the article can be used by as a source of information for the formation of advertising activity on the market of tourism services.

Keywords: *economy, tourism market, the tourism product, advertising, marketing,*

Kľúčové slová: *ekonomika, trh cestovného ruchu, produkt cestovného ruchu, reklama, marketing,*

JEL: D21; L83; M39

Introduction

In connection with the complication of the conditions of operation of enterprises in the market of tourist services there is a need to identify additional competitive advantages. The desire of business entities to realize tourist services and to maximize profits in the face of fierce competition encourages them to re-evaluate their own capabilities, analyze advertising and information activities, study the infrastructure of the tourist market. This fact determines the need to study the formation of advertising activities in the tourist market, especially in the development and implementation of practical elements for improving the effectiveness of promotional activities of tourist enterprises.

Materials and methods

Among the Ukrainian and foreign researchers who has made a significant contribution to the development of the concept of advertising, the most thorough are the works: Azar V. [1], Burnett J. [10], Fedorova I. [8], Fryburger V. [9], Golda N. [3], Gorbal N. [2], Demyanenko V. [4], Jefkins F. [5], Lukyanets T. [6], Moriarty S. [10], Novikov B. [8], Pearce R. [10], Potapenko S. [4], Primak T. [7], Rotzoll K. [9], Sandage C. [9], Smirnov I. [8], Wells W. [10] Yady D. [5] et al.

However, theoretical positions and practical recommendations regarding to the formation of advertising activities of tourist enterprises remain poorly researched. Insufficient attention is paid to the economic mechanism of effective use of funds for this type of activity. The relevance of these problems has led to the choice of research topic.

The main objectives of the article are to define and to formulate the principles and methods of forming advertising activities in the market of tourist services in the conditions of globalization of the economy, for construction of effective advertising activity of the enterprise in the tourist sphere taking into account various factors of influence.

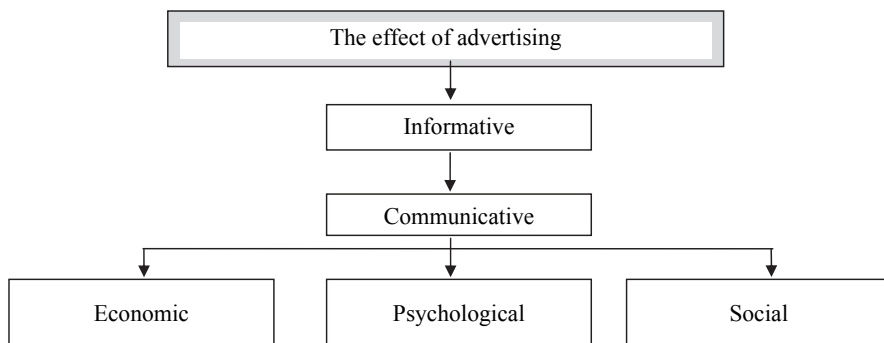
Results

The interest in advertising as a phenomenon of modern life is due to the multifaceted nature of the phenomenon itself and not less complex perception of its various people and social groups. Advertising serves different purposes, affects the economy, ideology, culture, social climate, education and other aspects of our life. Given the diversity of forms and methods of advertising and generalizing the scientific experience in this field, it is necessary to highlight five main features that we think are inherent in advertising: informative messages; ability to persuade; mass and all-public nature; one-sided orientation and non-personal character; full control at all stages of the advertising process.

1. Advertising – integral part of the marketing system.

Advertising is an integral part of the marketing system and the channel for disseminating information on the market. Therefore, the formation of more complete knowledge about advertising is impossible without studying its main functions, that is, "the role of advertising" in the economy and society in the process of communication [5, p.76]. In our opinion, advertising has 6 main following functions: information, communication, exhortation, social function, economic, controlling. According to the functions of advertising there are also such effects that can be obtained from the advertising activity in fig. 1

Fig 1. The main varieties of the effect of the implementation of advertising activities by the enterprise



Source: constructed by the author

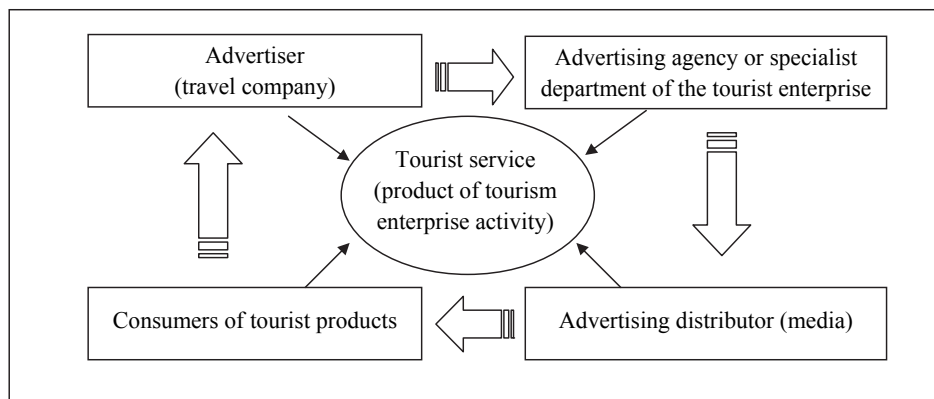
Advertising is a complex and dynamic process, which for many centuries is a constant human companion. The nature of advertising, its content and forms constantly changed under the influence of scientific and technological progress, with the change of socio-economic formations and in accordance with the requirements of people at a particular historical moment. However, the effective implementation of advertising activities in the tourism industry is impossible without a comprehensive study of advertising processes and characteristics of tourism.

2. System of advertising activity at a tourist enterprise.

To study the advertising activity of a tourist enterprise as a communicative system, one should consider a process in the form of a closed loop, where the main elements are: a tourist enterprise; advertising agency is a special department of the tourist enterprise; an advertising distributor; consumer of tourist products.

These four elements form the outer contour of the movement or frame of the system, and the middle of which it is being built is a tourist service (fig. 2).

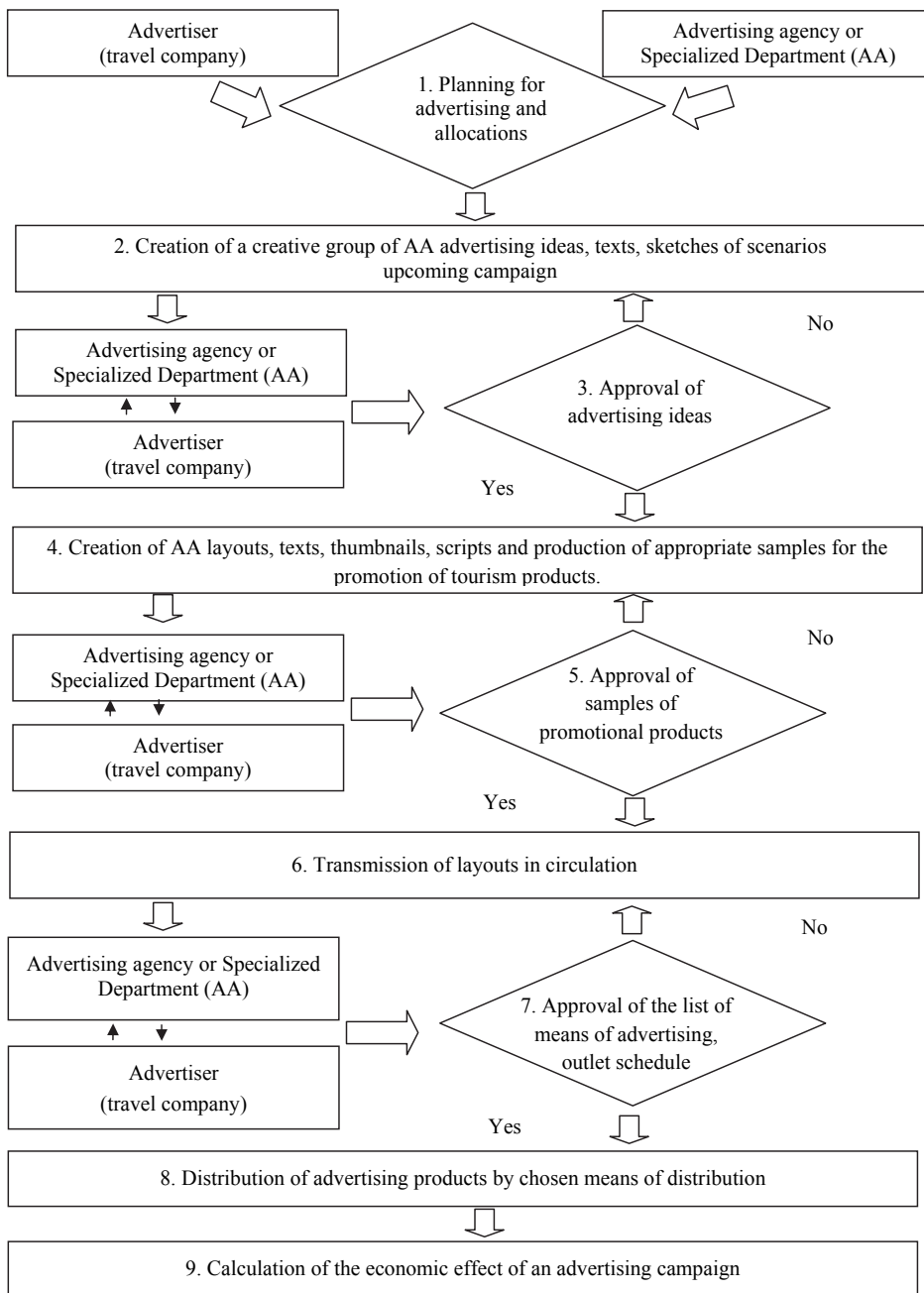
Fig 2. System of advertising activity at a tourist enterprise



Based on the research carried out the concept of «tourist product», it has been established that the characteristic feature of the process of formation of modern advertising activities of tourist enterprises is the acquisition of a new role as a result of taking into account the specific features inherent in to tourism in the management process.

That is, advertising has become an integral part of the marketing system, the level of development of which determines the quality of the tourist product, the efficiency of the industry and adaptation to modern market requirements. The process of forming an advertising activity at a tourist enterprise is presented in fig. 3.

Fig. 3. Block-diagram of the algorithm for the formation of advertising activities at the tourist enterprise



Source: constructed by the author.

The urgency and importance of the developed process of formation of advertising activity at the tourist enterprise is that the structure of the world market is constantly complicated and marketers need to adequately respond to these changes. When planning an effective advertising campaign, tourism can not ignore the specifics of this industry and the characteristics of a tourist product. Based on the research conducted, it is determined that the tourism product has certain specific properties that must be taken into account for planning the company's advertising strategy. Firstly, the tourist product combines services and goods. Secondly, the demand for a tourist product is elastic and depends on the prices for tourist services, the level of customer income, climatic, political, economic, environmental and social conditions. Thirdly, an important aspect in the process of implementing a tourism product and the formation of advertising activities is a diversified pricing system, which depends on the policy of the tourist enterprise, the individual characteristics of customers and the characteristics of the market in which it operates. In addition, the tourism sector is characterized by a gap in time between the moment of price setting and the moment of purchase of tourism product. Fourthly, the places of sale of a tourist product are usually remotest from the places of its consumption. That is, a customer who purchased a product through a travel company needs to bridge the distance to where its needs will be met. Fifthly, the tourism products are the result of a complex action of several enterprises, each of which has its own goals in organizing the advertising process. Thus, the result of tourism activity is to form a tourism product, which is the result of the efforts of many enterprises and for the implementation of which a set of complex heterogeneous elements is needed.

3. The factors influencing the advertising activities of a tourism.

Enterprise for planning the company's advertising strategy, it is necessary to take into account the constant variability of the quality of tourism services, which depends on many factors, conditionally we are divided into three groups. The first group includes factors that are not directly dependent on the company: for example, the natural, climatic, political, economic and environmental condition of the country during the travel of the client. The second group is connected with the work of the enterprise hosting the visitors. The last group of factors includes subjective features and the uniqueness of the consumer himself. The subjects of the tourism market function in a complex system under the influence of many factors. Therefore, tour operators and agents need to study market trends and respond in a timely manner to changes in the environment. In accordance with the marketing direction of the research in the article, we have identified economic factors, which are grouped into three blocks by the degree of possible influence on them. The mechanism of formation of effective advertising activity in the tourist enterprise on the basis of system analysis of economic factors of influence is shown in fig. 4.

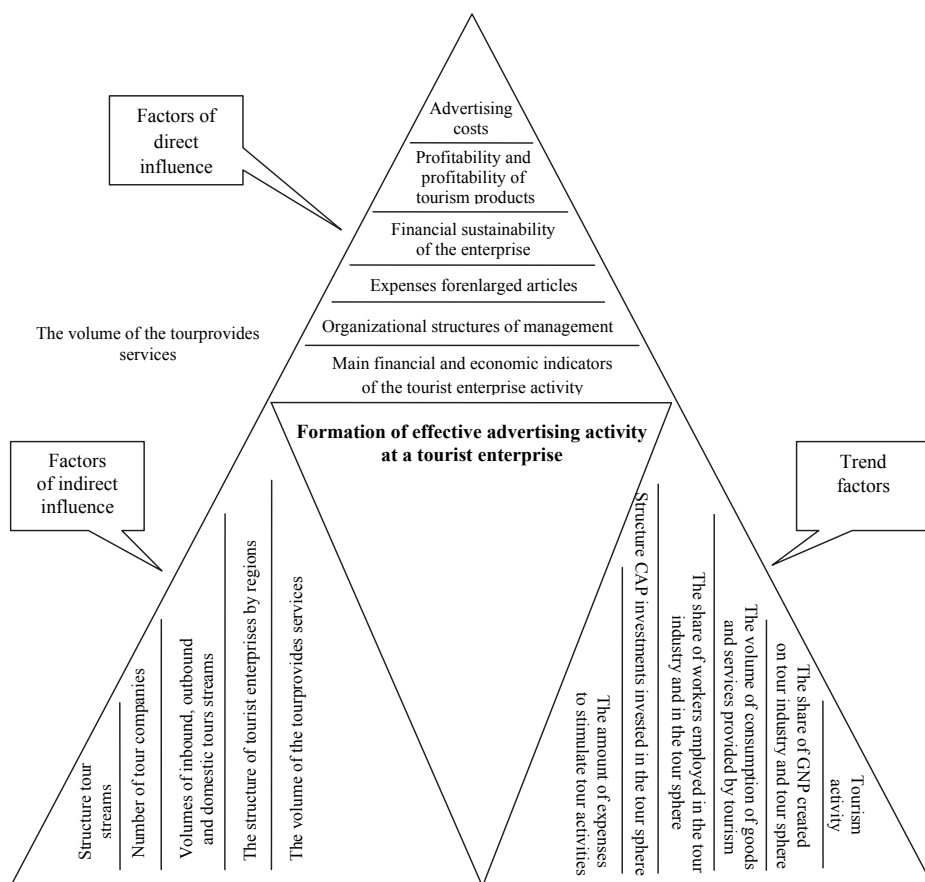
The analysis of factors allows companies to detect changes in the structure of tourist flows and on their basis to coordinate economic activities and advertising, in particular; to study the total amount of tourism services and to determine the priority directions for the promotion of a tourist product; assess the level of competition in

the national market and review the range of services offered. Consequently, the need to analyze the factors of influencing the advertising activities of the tourist enterprise is due to the direct dependence of the subject of economic activity on the national strategy of tourism development of the state, which, at the same time, should correspond to the trends that are emerging in the international market.

4. Model for forecasting the results of an advertising campaign.

In order to prevent inefficient spending of funds by tourism enterprises, a model for forecasting the results of an advertising campaign was developed within the research. When developing this model all elements of the system are divided into two parts. The first is the definition of the forecast value of the total amount of allocations for advertising activity, the second - the distribution of budget funds, depending on the means of distribution of advertising.

Fig. 4. The system of factors influencing the advertising activities of a tourism enterprise



Source: constructed by the author.

The basic set of equations is based on calculated coefficients of variability and the following set of equations is obtained:

$$\left\{ \begin{array}{l} Y_1 = \frac{1000 \cdot 1,04 VA \cdot X_1}{1,04 AU_1} \\ Y_2 = \frac{1000 \cdot 1,02 PA \cdot X_2 \cdot X_3}{1,02 AU_2 \cdot X_2' \cdot X_3'} \\ Y_3 = \frac{1000 (1,02 OV + 1,01 PS \cdot X_4 + 1,01 VO + 1,01 VM) X_5}{1,02 AU_3} \\ Y_4 = \frac{Y_1 \cdot 1,04 AU_1}{1000} + \frac{Y_2 \cdot 1,02 AU_2}{1000} + \frac{Y_3 \cdot 1,02 AU_3}{1000} \end{array} \right. \quad (1),$$

Where:

- Y_1 – expenses for advertising activity in the press on the basis of 1000 consumers, UAH;
- VA – cost of advertising space, UAH;
- X_1 – periodicity release period, element;
- AU_1 – audience (circulation), persons;
- Y_2 – expenses for external advertising activity per 1000 consumers (viewers), UAH;
- PA – price of the advertising plane (1 shield), UAH;
- X_2 – number of designs, element;
- X_3 – periodicity of output, months;
- AU_2 – audience (number of potential audience contacts with one advertising space per month), individuals;
- Y_3 – expenses for exhibition activity per 1000 consumers (visitors), UAH;
- OV – organizational fee, UAH;
- PS – price for 1 m² of the equipped exhibition space in the exposition, UAH;
- X_4 – number m², element;
- VO – cost of additional equipment, UAH;
- VM – advertising material costs, UAH;
- X_5 – number of events (exhibitions), element;
- AU_3 – audience (number of contacts of the audience with the exposition), persons;
- Y_4 – volumes of total expenses for advertising activity in the press, outdoor advertising and exhibitions (budget of advertising campaign), UAH.

All the calculations we are offered to do are made using the Excel program, which calculates the macro to calculate the simulated values for entering the input data of a certain period with a quarterly interval. We believe that this period is optimal, since the pair regression equation, on which the model of prediction of the results of

advertising activity in the tourist enterprise is constructed, better reflects the economic situation in a stable environment. Therefore, to calculate the forecast advertising budgets for the following years, tourist companies need only update the incoming database. All other indicators will be calculated automatically for the specified new conditions.

The disadvantages of a prediction model include the need for a significant statistical base to obtain appropriate coefficients of variation and its continuous updating (ideally quarterly).

Discussion and conclusion

We believe that such model is convenient and effective in planning the advertising activities of a tourist enterprise for the next years. However, for using it you need: firstly, constantly update the information base; and secondly, in determining the values of factors do not exceed the limit of one-third of the scale of variation and, thirdly, with a sharp change in the external environment, immediately revise the calculated regression equation.

In connection with the complication of the conditions of operation of enterprises in the market of tourism services there is a need to identify additional competitive advantages. The desire of business entities to realize tourism services and to maximize profits in the face of fierce competition encourages them to carry out advertising and information activities, to study the infrastructure of the tourism market and to form the effective advertising activities in the market of tourism services.

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IDENTIFICATION DIFFERENCES IN WORK MOTIVATION BETWEEN PUBLIC AND PRIVATE SECTOR ORGANIZATIONS IN THE SLOVAK REPUBLIC

IDENTIFIKÁCIA ROZDIELOV V PRACOVNEJ MOTIVÁCIÍ MEDZI ORGANIZÁCIAMI VEREJNÉHO A SÚKROMNÉHO SEKTORA V SLOVENSKEJ REPUBLIKE

***Abstract:** One of the main determinants of the competitiveness of a organizations is a human capital. Work motivation is an important factor influencing the overall functioning of enterprises. This contribution deals with the study of differences in employee motivation in Slovakia with respect to sector organizations. To analyze the differences we use Mann Whitney U test. The research sample is made up of 287 respondents that are employees of various organizations operating in Slovakia. The results of the analysis have shown that there are statistically significant differences in the employee motivation in terms of the sector in which the company operates.*

***Keywords:** Work motivation, Employees, Public sector, Private sector*

***Kľúčové slová:** Pracovná motivácia, Zamestnanci, Verejná sektor, Súkromný sektor*

JEL: M12

Introduction

Human capital greatly affects the success of each organization, and at present, it can be considered the most valuable asset of companies. Enterprises are increasingly aware of the importance of a skilled and professionally educated workforce. If human resources are utilized and managed properly, there is a strong assumption that the organization will prosper and will be viable and effective. To maximize employee efficiency and performance, employees need to be properly motivated. The aim of work motivation is, on the one hand, to motivate employees to get the best work performance and to increase the efficiency of their work, but on the other hand, the right motivation leads to higher job satisfaction (see Kjeldsen & Hansen 2018; Breugh, Ritz & Alfes 2017; Dobre 2013; Çakır, Kozak 2017; Ali, Ahmed 2009). Researchers found out that highly motivated employees exhibit higher levels of organizational commitment (Afshari, Gibson 2015), increase organizational performance (LĂZĂROIU 2015; Dobre 2013), and increase organizational effectiveness (Manzoor 2012). Dobre (2013) argues that motivation and performance of the employees are essential tools for the success of any organization in the long run. Birknerová, Birkner, Zbihlejová (2017) argue that, in current, it is

appropriate to extend the range of training courses aimed at the training of motivation skills that stimulates performance of employees.

What motivates and what demotivates (inhibits) the individuals in our society has been widely investigated through the framework of motivation theory. Herzberg (Herzberg 1987; In: Damij et al. 2015), maintains that “it is only when one has a generator of one's own that we can talk about motivation”. According to Grant (Grant 2008; In: Damij et al. 2015) the motivation of employees significantly boosts the levels of persistence, productivity, and work performance. In fact, there are several distinct theories seeking to shed light on the question of work motivation from the different points of view. They include Maslow (Maslow 1954; In: Damij et al. 2015) and his theory of hierarchy of needs, Herzberg (Herzberg 1959; In: Damij et al. 2015) and his two-factor motivation theory, McClelland (McClelland 1961; In: Damij et al. 2015) with his acquired-needs theory, Vroom (Vroom 1964; In: Damij et al. 2015) and his expectancy theory, Alderfer (Alderfer 1972; In: Damij et al. 2015) and his ERG theory, Locke (Locke, Shaw, Saari, Latham 1969; In: Damij et al. 2015) and his goal setting theory, and finally, McGregor (McGregor 1960; McGregor 1961; In: Damij et al. 2015) with theory X and theory Y.

There are currently many studies dealing with work motivation from different points of view, many of which are focused on examining the various factors that affect work motivation (Damij, Levnajić, Skrt, Suklan 2015; Manzoor 2012); but there are also studies that examine differences in work motivation from a sector (see Bunchoowong 2015; Rashid, Rashid 2012), age, or gender perspective (see Weberova, Lizbetinova 2017). Based on the above it can be argued that the issue of work motivation is still very current. Each enterprise has incentive programs set differently. In some enterprises, greater emphasis is placed on creating conditions that support motivation, while in other enterprises motivation of employees is secondary. This means that different conditions are set in each enterprise, and the existence of differences in employee motivation is obvious. This paper examines in detail whether there are differences in employee motivation in Slovak enterprises.

Methodology

In this contribution, we present the importance of differences in the employee motivation in the context of sector in which the company operates. This contribution answers the following research question and research hypotheses:

RQ: Are there statistically significant differences in the employee motivation between the public sector and the private sector in Slovak companies?

H: We assume that there are statistically significant differences in the employee motivation, given the field in which the company operates.

The data were analyzed using the program STATISTICA 12 and Gretl. The individual variables (the field in which the company operates) were subjected to the tests for normality (Doornik-Hansen test, Shapiro-Wilk test, Lilliefors test and Jarque-Bera test), which showed that none of these variables had a normal distribution. Based on this, we have subsequently selected the tests that do not require normal distributions. We use to test hypotheses and analyze differences between the variables Mann-Whitney test.

Mann-Whitney U test (or Mann-Whitney-Wilcoxon test or Wilcoxon rank-sum test) is a nonparametric test based on the rank that assumes equal variances in the two populations, from which the two samples being compared are taken (Martínez-Murcia et al. 2012).

Calculation of U value is done by the following expression (Martínez-Murcia et al. 2012), while from the equation we obtain two different values (U_1 and U_2)

$$U_{1(2)} = R_{1(2)} - \frac{n_{1(2)}(n_{1(2)}+1)}{2} \quad (1)$$

where

$n_{1(2)}$ is the sample size form sample set 1 (2),

$R_{1(2)}$ is the sum of the ranks in sample set 1 (2).

The smaller value of U_1 and U_2 (U) is the one used when consulting significance tables. The sum of the two values is given by

$$U_1 + U_2 = R_{1(2)} - \frac{n_1(n_1+1)}{2} + R_2 - \frac{n_2(n_2+1)}{2}. \quad (2)$$

By taking into account that $R_1 + R_2 = \frac{N(N+1)}{2}$ and $N = n_1 + n_2$, we find that the sum is

$$U_1 + U_2 = n_1 n_2. \quad (3)$$

We reject the null hypothesis that the two samples come from identical populations and accept the alternative hypothesis that the two populations have unequal means if $U \leq U'_\alpha$ (Freund, Williams, Perles 1988).

Research sample

The data needed for the analysis were obtained through the questionnaire of the authors which was the primary source of data. The survey sample consists of 287 respondents ($N = 287$). This sample was randomly selected. The research includes employees working in the Slovak Republic. Data collection was conducted in March 2017. The questionnaire was distributed, in an electronic as well as printed form, to employees working in different types of companies. The questionnaire consisted of two basic parts. The first part contained closed questions that focused on classifying employees according to various attributes such as work position, length of employment, size of the company, the field in which the company operates. The second part of the questionnaire included 20 questions about employee motivation and job satisfaction. The questionnaire was created by the authors of this article. The

individual items were evaluated by respondents on a 5-point Likert scale, which expresses the degree of consent, where: 1 = strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree, 5 = strongly disagree.

Research results and discussion

Results of testing the first hypothesis, which examined the difference in employee motivation with respect to the sector in which the organization operates, is shown in Table 1. Concerning inclusion in the sector in which the organization operates, respondents could choose one of two options available in Slovakia, namely the public sector or private sector.

Tab 1. Mann-Whitney U test with regard to the field in which the company operates

Dependent: Employee Motivation	Mann-Whitney U Test Independent variable: <i>Field in which the company operates</i> Marked tests are significant at $p < 0.050$						
	Valid N	Rank Sum Group	U	Z	p-value	Z Adjusted	p-value
<i>Public sector</i>	142	22061.50	7403.5	3.360805	0.000777	3.439686	0.000582
<i>Private sector</i>	136	16719.50					

Source: Own processing using Statistica

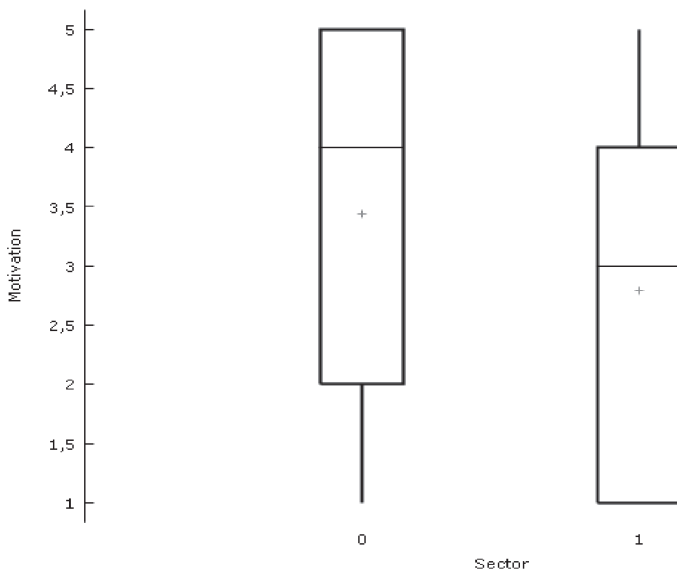
Based on the results obtained using the Mann-Whitney test, we can confirm the alternative hypothesis H1 (p-value on the level of 0.000777 demonstrates statistical significance), and therefore state that there is a difference in employee motivation in the private and public sectors. The results show that employees working in the public sector have less work motivation than employees working in the private sector. In this case, we see an interesting parallel with our previous research (Gonos, Timková, Košíková 2018) on examining differences in work satisfaction in an organization, which showed that the more satisfied were public sector employees. Based on supplementary questions in the questionnaire, we can assume that this phenomenon is mainly related to better availability of motivational benefits in the private sector (such as flexible working hours, various corporate events, home office, or other financial or non-financial benefits), but on the other hand, it is associated with greater certainty of the work in the public sector (the certainty of regular wages, the terms of employment guaranteed in a collective agreement, e.g. shorter working hours, extra holidays, guarantee of salary resulting from salary tables. Issues of work motivation of employees in the public and private sectors were also addressed in the research of Buncgoowong (2015). Research has shown that employees of the public sector would expect that they will be hired as an employee of the State, while private sector employees are satisfied with their wage

and bonus. Motivations to work in the government unit are benefits, welfares, and the care about life after retirement. Additionally, most employees of the public sector want to have a better career path, good environment, and greater security of the family (Bunchoowong 2015). The research of Rashid, Rashid (2012) points out that, public sector employees attach somewhat less importance to the inclusion of financial rewards and career development opportunities in their work motivation than private sector employees.

The Mann - Whitney test results are visually complemented by Figure 1, which shows a factorized boxplot of dividing of the motivation level for the private and public sectors. The Y-axis is the indication of the degree of employee motivation in the organization, with the value 1 being the most motivated, and on the contrary value 5 being the most unmotivated. The X-axis presents the sector in which the organization operates, with 0 corresponding to the public sector and 1 corresponding to the private sector.

Boxplot uses quantiles and we can divide it into four parts. The line going from the minimum value to the lower quartile indicates the interval in which the 25% of the smallest values are located. A further 25% of the values are in the first part of the rectangle (from the lower quartile to the median – horizontal line). The third part of the boxplot shows an additional 25% of the values going from the median to the upper quartile, and the last 25% of the given values are from upper quartile to maximum value. The green sign (mark) indicates the arithmetic mean, so we can assess the relationship between the mean and the median (Lyócsa, Baumöhl, Výrost 2013).

Fig. 1: Factorized boxplot for the sector in which the organization operates



Source: Own processing using Gretl

Also, based on a factorized boxplot, we can conclude that there is a difference in employee motivation between the public and private sectors. Visually, we can recognize that employee motivation in the private sector is smaller (based on both the mean and the median value of the motivation). We see that in the public sector, only 25% of employees feel good work motivation, but up to 50% employees feel total or at least partial lack of motivation. For the private sector, we obtained the opposite results; only 25% of employees feel lack of motivation in their work, and the half of the respondents specify that their motivation is on the mean level, at least.

Summary

Dissatisfaction and lack of motivation of the employees in the organization contribute to frequent fluctuations in the company, which eventually lead to the loss of a highly qualified workforce and a reduction in the competitiveness of the company. It is, therefore, appropriate to focus on identifying factors that affect the level of perceived motivation as well as improving the overall motivation of employees and the motivation system in the company. Employee motivation is often a topic to be discussed in research as well as in specific organizations. Employers' goal should be to motivate the employees to perform their work and to bring the desired results to the organization. However, the setting of motivation programs at work is often difficult with regards to the considerable subjectivity in work. But this article has focused on revealing the objective causes of the emerging differences in work. Its main benefit is the discovery of weaknesses according to the nature of the company so that companies more susceptible to a lower level of motivation of their employees ensure the correction or compensation of their weaknesses respectively. The paper was aimed at assessing the differences in employee motivation with respect to field in which the company operates. It has been shown that a significant difference in employee motivation is whether the company operates in the private or public sector.

Súhrn

Nespokojnosť a nízka úroveň pracovnej motivácie zamestnancov v organizácii prispieva k častej fluktuácii v podniku, ktorá nakoniec vedie k strate vysokokvalifikovanej pracovnej sily a zníženiu konkurencieschopnosti podniku. Je preto vhodné zamerať sa na odhalenie faktorov, ktoré ovplyvňujú hladinu pociťovanej motivácie ako aj na zlepšenie celkovej motivácie zamestnancov a motivačného systému v spoločnosti. Motivácia zamestnancov je často diskutovanou témou ako vo výskumoch, tak aj v konkrétnych organizáciách. Cieľom zamestnávateľov by malo byť motivovať zamestnancov čo najviac, aby vykonávali svoju prácu a priniesli organizácii požadované výsledky. Nastavenie motivačných programov v práci však býva často náročné s ohľadom na značnú subjektivitu v práci. Tento článok sa ale zameria na odhalenie objektívnych príčin vznikajúcich rozdielov v práci. Jeho hlavným prínosom je odhalenie slabých miest podľa charakteru spoločnosti, aby sa firmy náchylnejšie k nižšej úrovni motivácie svojich zamestnancov zabezpečili nápravu respektíve náhradu či kompenzáciu svojich slabých stránok.

Príspevok bol zameraný na posúdenie existencie rozdielov v motivácii zamestnancov vzhľadom na sektor pôsobenia organizácie (verejný/súkromný sektor).

Ukázalo sa, že k významnému rozdielu v motivácii zamestnancov dochádza v súvislosti s tým, či spoločnosť pôsobí v súkromnom alebo verejnom sektore.

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Instructions to authors

Articles submitted to the scientific journal *Journal of Management and Business: Research and Practice* are accepted only in English.

The author is responsible for the originality, scientific accuracy, and formal appropriateness of the article. The journal does not accept articles which have already been published somewhere else. Author(s) declare the originality of the paper by submitting written statement on the originality of the article. The template statement on originality could be requested at the email address jmb@unipo.sk.

The editorial board reserves the right to refuse the publication of the article. Accepted articles are peer reviewed and they might be accepted or refused by the editorial board taking into consideration results of peer review process.

Articles must be submitted electronically using a MS Word format to the email address: jmb@unipo.sk

Article structure

The author's name should be given without academic titles. Font Times New Roman, size 14 points, bold, aligned to the left.

Title of article in English. Times New Roman, 16 points, bold, aligned to the left.

Title of article in Slovak or Czech. Formal requirements are the same as above.

Abstract (summary) in English. Font Times New Roman, size 12 points, *italics*, the text should be justified and in a range from 100 to 250 words.

Keywords in English. 3-5 keywords. Font Times New Roman, 12 points, *italics*, the text should be justified.

Keywords in Slovak or Czech. 3-5 keywords. Times New Roman, 12 points, alignment to the left.

JEL classification. The classification of articles into a subject category according to JEL classification. Font Times New Roman, size 12 points, aligned to the left.

(http://www.aeaweb.org/journal/jel_class_system.php)

The text of the article The recommended structure of the text of the article is as follows: **Introduction, Material and Methods, Results and Discussion, Summary**. The summary is always also in the Slovak or Czech. The text is written in Times New Roman, 12 points, justified. Single line spacing, pages are not numbered.

References

Author's address

After each part of the given structure insert a blank line in the font size of the respective part.

Tables and graphs must be numbered and must also be distinguishable in a smaller format.

Reference and the title of the table - 'caption' (Tab. 1: Caption) or graph (Fig. 1: Caption) are written in Times New Roman, 10 points, bold, aligned to the left. The contents of the table are formatted in Times New Roman, 10 points. The source of the table and graph must be provided below the table or graph (Source :), written in Times New Roman, size 10, aligned to the left.

Formulas are labelled by numbers in parentheses. Font style is Times New Roman, size 10 points. Formulas are aligned to the left margin; labels are aligned to the right.

Length of the article should not exceed 15 standard pages including annexes.

References are given in accordance with applicable standards STN ISO 690: 2012. References are indicated by a number in square parentheses [] at the corresponding place in the text. Bibliographical details of references indicated by the number are given at the end of the article in the list of references – see the following examples:

- [1] ROTHBARD, M., N., 2008. *Mystery of Banking*. Auburn, Alabama: Ludwig von Mises Institute. ISBN 978-1-933550-28-2.
- [2] HORVÁT, J. et al., 1999. *Anatómia a biológia človeka*. 2. vyd. Bratislava: Obzor. ISBN 80-07-00031-5.
- [3] STEINEROVÁ, J., 2000. Princípy formovania vzdelania v informačnej vede. In: *Pedagogická revue*. Roč. 2, č. 3, s. 8-16. ISSN 1335-1982.

The square brackets include the serial number of the work and page(s) of the paraphrased work.

The author's address is provided below the list of references. It must include full name, including academic degrees, name of university, faculty and department (institute), post address and e-mail address of the author.

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