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Article

THE ECONOMIC AND FINANCIAL SITUATION OF POLISH BANKS IN CONDITIONS OF FRAGILITY OF THE ECONOMIC SYSTEM

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Abstract. The main objective of this study is to present and evaluate the basic indicators characterising the economic and financial condition of Polish banks under conditions of instability of the financial system, originally derived from the global crisis of financial markets and, since 2019, caused by the Covid 19 pandemic. The results of the statistical analysis of such parameters as the values of assets, the state of the non-financial sector's credit bond and deposit share, changes in the level of own funds, indicators of the sector's efficiency (interest margin, operating expenses ratio, ROA, ROE), the share of non-performing receivables in the Polish banking system and the values of the solvency ratio of commercial and cooperative banks indicate that the negative effects of the financial crisis have not significantly affected the stability of Polish banks. Nonetheless, the COVID-19 pandemic had a decidedly negative impact on the economic and financial situation of Polish banks, as evidenced by the significant deterioration in, inter alia, ROE and ROA and the quality of the loan portfolio of Polish banks in 2020.

Keywords: Polish banking sector; financial crisis; COVID-19 pandemic; commercial banks; cooperative banks, financial condition.

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Introduction

A bank is a typical enterprise, which is judged by its economic performance, therefore bank managers should strive to maximise results and have a high level of competitiveness (Guruli, 2021, p. 24). This is ensured by a global strategy of operations not only in the domestic market, but also in the European market. Examples include those banks that have acquired Polish entities. In this way, they not only control foreign entities, but operate practically throughout the European Union. Banks that implement a regional strategy will have to develop an appropriate specialization based on value chain analysis. A lack of specialization or a so-called universal (generic) strategy deprives banks of a competitive advantage, and their low economic performance is to be expected (Buszko, 2010, p. 32).

However, this strategy should also consider the principles of corporate social responsibility, which results from the key role of banks in the economy. Banks' activities should be based on the interests of entrepreneurs as well as employees and customers. It has been repeatedly stated in the literature that corporate social responsibility can contribute both to the stability not only of the banking system (SB) but of the economy as a whole. However, it can be concluded that SB in Poland is not characterized by a high level of compliance with CSR principles and that there is an increase in socially responsible activities of the largest banks in the country (Bolibok, 2021, p. 3).

In line with the above, the banking system (SB) plays a key role in most economies worldwide and, as a result, can have a decisive impact on economic development in modern times. The role of banking is primarily to provide the necessary capital to bring demand and supply of this factor of production into equilibrium (Dondalski & Ostrowska, 2020, p. 142). A more efficient

allocation of money enables the development of economic agents but can also have a positive impact on the functioning of households and, consequently, the economy as a whole (Komarnicka & Komarnicki, 2022, p. 4).

The role and the formation of the SB in individual countries have changed over the years (Kumar & Chakravarthy, 2020, p. 1493) Based on the experience of countries with highly developed market economies, the Anglo-Saxon model of the banking system was formed in Poland. In this system, the positions and functions of the first level, i.e. the central bank, and the operational banks constituting the second level of the discussed structure that carry out all banking operations, have been separately defined. Such a structure of the banking system ensures the efficient introduction of money into economic circulation and, at the same time, creates the necessary conditions for controlling the movement of money while respecting the freedom of economic decisions of market participants (Białas & Mazur, 2014, p. 12).

Since the marketisation of the Polish economy, the SB has actively and simultaneously participated in several processes rapidly changing its shape and principles of functioning. These include the universal processes of globalization and liberalization of financial markets, as well as systemic transformation processes specific to Central and Eastern Europe. This segment of the economy is a pioneer of the changes taking place and, thanks to its openness to the world and high degree of internationalization, it is ahead of the real sector of the economy for its own restructuring and integration into the European Union. The internationalization of banking, market liberalization and concentration, ensuring the stability and security of SB, innovation and striving for a high level of competitiveness are also key determinants of SB in Poland (Białas & Mazur, 2014, p. 12).

In recent years, the SB in Poland has been one of the fastest growing of all SBs in the region and, as a result, has become one of the largest in Central and Eastern Europe. Despite the significant growth in the role of the banking sector in the economy, compared to the SB of the EU-15 countries, it is characterized by a relatively low level of development (Lipski, 2015, pp. 157-158). For this reason, it is important for banks to pay close attention to international trends, including both opportunities and threats (Alex, Ngaba 2018, p. 177). In the current reality, political and epidemiological factors (the COVID-19 pandemic) may also significantly affect SB and, consequently, the rest of the economy due to the very important importance of SB in the economy and the numerous economic-financial links of banks with other economic activities (Berger & Demircuc-Kunt, 2021, p. 1). It is from the example of COVID-19 that the strong linkages between banking and the rest of the economy can be seen. The pandemic has become both an opportunity and a threat to the operation and development of businesses. COVID-19 highlighted the importance of competitive advantages based on digitalization, which have a positive impact on the economic and financial situation of commercial and cooperative banks. However, the results indicate that, to a significant extent, the pandemic contributed to the deterioration of the performance of the Polish SB. This may have been due to several constraints hindering business operations, including disruptions in domestic and global supply chains, reduced demand, which in the longer term contributed to business closures and paradoxically reduced demand for capital. The consequences of the deterioration of SB performance also had an impact on the deterioration of macroeconomic performance (Pukin-Sowul & Ostrowska 2021, p. 49).

The purpose of this paper is to present and assess the key indicators characterising the economic and financial condition of Polish banks under conditions of economic uncertainty.

Methods

The analysis of the economic and financial situation of Polish banks in the conditions of instability of the economic system, which was initially the result of the negative effects of the global crisis of financial markets and then the pandemic shock, began with a brief characterisation of the banking system and identification of the main trends of changes in the organisation of the banking system in Poland.

This was followed by the main part of the analysis, considering such parameters as:

- dynamics of changes in the value of banking sector assets,
- values of loan obligations and the size of deposits from the non-financial sector,

- changes in the level of own funds of commercial and cooperative banks,
- sector operating efficiency ratios (interest margin, operating cost ratio, ROA, ROE),
- the quality of the credit portfolio of Polish banks and the values of their solvency ratio.

For the above-mentioned analyses, data covering the period 2015-2020 from the reports of the Polish Financial Supervision Authority (UKNF), the National Bank of Poland (NBP), the Central Statistical Office (GUS) and the Polish Banks Association (ZBP) were used.

Results

Trends in changes in the organisation of the banking system in Poland

At the end of 2020, 30 commercial banks (BKs), 530 cooperative banks (BSs) and 26 branches of credit institutions (CIs) were operating in the Polish banking system. In recent years, the number of banks in Poland has been systematically decreasing, which is evident in both the cooperative and commercial banking sectors (Table 1). The reasons for this phenomenon are not mainly to be found in the difficult economic and financial situation of the institutions in question, which may result in bankruptcy or liquidation of a bank, but mainly in consolidation processes, which for many years have been one of the basic forms of transformation in the Polish banking system.

Specification	2013	2014	2015	2016	2017	2018	2019	2020
Number of entities carrying out banking activities	640	631	626	621	616	612	600	596
Of which:								
Commercial banks	41	38	38	36	35	32	30	30
Branches of credit institutions	28	28	27	27	28	31	32	36
Co-operative banks	571	565	561	558	553	549	538	530
Employment (thousands)	174,3	172,7	170,9	168,8	168,8	164,0	158,3	149,0
Share in sector assets - domestically controlled banks (%)	36,8	38,5	41,0	43,4	54,5	53,6	54,7	56,4
Share in sector assets of top 5 banks (%)	46,1	48,5	48,8	48,3	47,8	49,9	50,1	54,5

Source: Own compilation based on data from the Polish Financial Supervision Authority (FSA)

Consequently, there was an increase in the share of the sector's assets of the 5 largest banks (46.1% to 54.5%). On the other hand, noteworthy is the dynamically growing number of branches of foreign credit institutions, which testifies to the attractiveness and stability of the Polish banking system. In the period under review, the share of the sector's assets - banks controlled by domestic investors increased from 36.8% to 56.4%.

Analysing the consolidation processes in the Polish SB, which are realized mainly through mergers, it should be stated that in the commercial bank sector they most often proceeded in a natural way, while in the cooperative banking sector their realization was forced by the introduction in 2001 of new legal norms defining the principles of BS operation and pre-accession arrangements made by the representation of Poland before accession to the EU, as well as the necessity to imply anti-crisis regulations, mainly resulting from the provisions of the so-called Basel Committee (Basel

III). At this point, it should also be added that consolidation in the Polish SB, despite the reduction in the number of banking head offices, has not resulted in a reduction in access to banking services; on the contrary, the number of banking outlets carrying out operational activities has been steadily increasing for many years. It is also noteworthy that the number of branches of credit institutions has been growing on the Polish services market for several years. Under current Polish law, such enterprises are not treated as traditional banks. However, they carry out financial operations analogous to basic banking activities. In the opinion of the author of this study, further growth in the number of such entities should be expected soon.

Basic parameters characterising the economic and financial condition of banks in Poland

The key element in determining the economic and financial condition of SBs is the asset values of commercial and cooperative banks, therefore, based on the analysis of changes in the structure and value of the banks' total assets, it is possible to assess the pace and directions of their development (Table 2).

Years	2013	2014	2015	2016	2017	2018	2019	2020
Total banking sector	1407,2	1532,3	1599,9	1 711,3	1 781,7	1 893,7	2 000,1	2 350,1
Commercial banks	1278,6	1394,6	1458,3	1 553,9	1606,7	1 689,6	1 780,2	2 106,0
Co-operative banks	96,5	104,8	109,8	120,8	130,3	138,3	150,7	167,2

Source: Own compilation based on data from the Office of the Financial Supervision Authority (FSA)

During the period under review (2013-2020), there was a significant increase in SB assets. At the beginning of the period under study, they amounted to PLN 1,407.2 billion, while in the last period they amounted to PLN 2,350.1 billion (an increase of 67.00%), with the assets of commercial banks increasing from PLN 1,278.6 billion to PLN 2,106.0 billion (an increase of 64.71%), while those of cooperative banks increased from PLN 96.5 billion to PLN 167.2 billion (73.26%). The results of the research indicate that the Polish banking sector showed high growth dynamics, while it should be noted that the growth rate of cooperative banks was higher compared to commercial banks. Such trends indicate an increase in the similarity of the Polish SB with the banking sectors of highly developed countries. In most EU countries, cooperative banking has an established place in the financial system and even plays a major role. In Poland, too, this banking sector, taking advantage of its long tradition and very good knowledge of local financial markets, is becoming increasingly important systematically, increasing its share in the assets of the banking system.

The value of the credit bond and deposit share of banks around the non-financial sector plays the greatest impact on the financial result of both commercial and cooperative banks. The values of the above parameters are summarized in the table below.

The increase in the level of assets in the banking system was mainly due to an increase in the loan portfolio of commercial banks. In the period under review, loans granted to the non-financial sector increased by more than 17.46% and deposits by 85.05%. It can be assumed that this development was partly halted by the share price falls on the Warsaw Stock Exchange, the disturbances on the global financial market and the COVID-19 pandemic. As a result of the phenomena discussed above, commercial banks' lending and deposit activity slowed down from 2016. The trends described have consequently increased the importance of the banking sector in the

structure of financial sector assets. In the author's opinion, in the perspective of the coming years, the share of such institutions in the Polish financial system should significantly increase.

Years	2013	2014	2015	2016	2017	2018	2019	2020
Total credits	972,7	1043,1	1118,5	1 172,4	1 214,3	1 088,2	1 136,8	1 142,5
Household credit	555,5	588,9	628,5	660,7	671,9	707,9	745,3	766,8
Business credit	278,0	300,9	327,3	344,9	367,3	373,1	383,9	367,6
Total deposits	775,4	854,1	938,8	1 028,1	1 070,4	1 158,6	1 269,8	1 434,9
Business deposits	209,7	229,4	253,3	274,9	285,0	293,6	322,9	386,8
Household deposits	548,2	606,4	665,7	730,8	761,3	838,8	919,9	1 081,4
Deposits of non-financial institutions	17,5	18,3	19,7	22,4	24,1	26,3	27,0	29,7

Source: Own compilation based on data from the Office of the Financial Supervision Authority

The main sources of threats to the further stable development of lending of Polish banks are in the macroeconomic and regulatory environment. In particular, the realization of unfavorable scenarios for the development of the macroeconomic situation related to the economic situation after the COVID-19 pandemic, the war in Ukraine and the progressing inflation and the situation on the international financial market may have a negative impact on the attitudes of businesses and consumers. On the regulatory side, on the other hand, it is important to bear in mind that excessive tax and para-tax burdens on banks may lead to a reduction in their ability and propensity to develop lending, and the implementation of extreme proposals to address the issue of foreign currency housing loans may destabilize the sector and reduce lending.

Another key parameter affecting the size of a bank's active operations is the level of own funds (Table 4).

Years	2013	2014	2015	2016	2017	2018	2019	2020
Banking sector	138,6	145,2	159,1	175,5	198,1	204,6	210,3	231,9
Commercial banks	128,4	134,9	148,4	164,7	186,6	191,6	197,9	218,8
Co-operative banks	10,2	10,3	10,7	10,9	11,5	12,0	12,4	13,1

Source: Compiled based on Office of the Financial Supervision Authority and Statistics Poland data

In the Polish SB in recent years there has been a dynamic increase in the level of own funds of commercial and cooperative banks (total increase of 67.31%; BK - 70.40%, BS - 28.43%). It is noteworthy that this process was slower in the BS sector than in the BK bank sector. The reasons for this situation can be attributed to the need for BSs to implement the EU Capital Requirements Directive IV (CRD 4) and the related IPS (Institutional Protection Scheme) security systems.

Measuring the banking sector's operational efficiency makes it possible to assess the effectiveness of its activities and its economic and financial condition. The values of basic parameters characterising the efficiency of Polish banks are presented in the table below.

Table 5								
Selected performance indicators for the banking sector in 2013-2020								
Years	2013	2014	2015	2016	2017	2018	2019	2020
<i>Interest rate margin (%)</i>								
Total banking sector	2,81	2,50	2,24	2,55	2,68	2,58	2,63	2,26
Commercial banks	2,77	2,46	2,22	2,54	2,69	2,59	2,68	2,31
Co-operative banks	3,68	3,35	2,96	3,02	3,06	2,96	2,83	2,19
<i>Operating cost index (%)</i>								
Total banking sector	53,25	50,94	58,69	55,97	56,25	56,10	55,60	63,40
Commercial banks	51,23	48,79	56,93	54,03	54,41	53,80	53,2	61,2
Co-operative banks	70,81	68,94	76,84	70,10	66,03	67,89	66,7	74,8
<i>ROA (%)</i>								
Total banking sector	1,10	1,07	0,71	0,84	0,78	0,79	0,70	0,04
Commercial banks	1,14	1,11	0,84	0,86	0,80	0,83	0,76	0,01
Co-operative banks	0,81	0,75	-1,09	0,51	0,59	0,47	0,41	0,32
<i>ROE (%)</i>								
Total banking sector	10,09	9,95	6,60	7,76	6,93	7,08	6,73	0,30
Commercial banks	10,24	9,97	7,57	7,73	7,04	7,21	6,87	0,08
Co-operative banks	7,90	7,38	-11,21	5,33	5,23	5,15	4,59	3,74

Source: Own compilation based on data from Office of the Financial Supervision Authority and Polish National Bank (NBP)

The consequence of the reduction in the result of banking activities and the increase in operating costs was a significant deterioration in operating efficiency, measured by the ratio of the share of these costs in results, from 53.25 per cent in 2013 to 63.40 in 2020.

Another indicator based on which the financial situation and efficiency of banks can be favorably assessed is the quality of the loan portfolio, measured by the share of "difficult loans" in the total loan portfolio (Table 6).

Table 6								
Share of non-performing loans in the Polish banking system and solvency ratio values of commercial and cooperative banks in the years 2015-2020 (%)								
Years	2013	2014	2015	2016	2017	2018	2019	2020
"Problem loans" in the banking system	7,4	7,0	6,5	7,1	6,8	6,8	6,6	6,9
BK solvency ratio	15,8	15,2	16,5	16,1	17,3	19,1	19,2	20,7
BS solvency ratio	14,3	15,7	13,7	17,1	17,2	17,7	17,7	18,9

Source: Compiled based on data from Office of the Financial Supervision Authority and Polish National Bank

As can be seen from the table above, the quality of the credit portfolio of commercial and cooperative banks has improved slightly but is still above the acceptable limit. It is assumed that the

maximum share of non-performing receivables of banks in total receivables should not exceed 5%. Several factors contributed to the slight improvement in the quality of the loan portfolio. The economic recovery and the improved situation on the labour market favored the stabilization or improvement of the financial situation of some companies and households. The situation of borrowers was also favorably influenced by the strong easing of the NBP's monetary policy until 2021, which led to a reduction in debt servicing costs. The measures taken by the banking supervision and the development of business information bureaus, led to an increase in the efficiency of credit risk management. At the same time, the strengthening of the banks' capital base that has taken place in recent years has created greater opportunities for them to restructure their debt.

The increase in the level of own funds in the banking system has also had a positive impact on the solvency ratio. This ratio is treated as the basic measure of a bank's solvency risk. The legally required minimum value of this parameter cannot be lower than 8%. At the end of 2020, the average level of the BS solvency ratio was 18.9%, with the average for the commercial bank sector at 20.7%. The results of the analyses carried out give grounds to conclude that the Polish banking sector has exhibited a high level of solvency in recent years. Since Poland's accession to the EU structures, the average value of the analyses indicator in the banking system has been at the level of about 14%, still maintaining a high safety margin in relation to the legally required minimum at the level of 8%, which testifies to the safety and stability of the Polish banking system.

Conclusion

The banking sector in Poland plays a major role in the domestic financial system, with the Polish financial system being the least bank-oriented among the financial systems of Central and Eastern European countries.

Considering the crisis phenomena in the global economy, the slowdown in economic growth and price volatility in financial markets, the financial performance of Polish banks can be assessed as good. Thanks to the focus on traditional deposit and credit activities and effective financial supervision, the performance of the banking sector in the analyses period was more stable than in Western European countries and the the United States.

When analysing the value of the average solvency level of the banking sector, it should be noted that it is mostly at a stable and safe level in both the commercial and cooperative bank sectors. Nevertheless, the COVID-19 pandemic had a decidedly negative impact on the economic and financial situation of Polish banks, as evidenced by the deterioration in the quality of their loan portfolio and the relatively low values of ROE and ROA ratios.

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Aims & Scope (Economics)

Article

IMPLEMENTATION OF THE STRATEGY FOR THE SUSTAINABLE ECONOMIC DEVELOPMENT MANAGEMENT OF TOURIST BUSINESS ENTERPRISES

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Abstract. The scientific and methodological approach to assessing the strategy for the current development management of tourism enterprises has been improved, which consists in determining the overall indicator by criteria such as enterprise performance and resistance to financial and commercial risks, which allows diagnosing the level of the current development strategy and developing management measures for its adjustment. As a result of the study, tourism enterprises have been divided into three groups: enterprises with a high level of development strategy assessment, enterprises with a medium level of development strategy assessment, and enterprises with a low level of development strategy assessment. The organizational basis for the implementation of the strategy of the integrated development of tourism enterprises has been developed, providing for the implementation of this strategy for each of the functional components such as economic security strategy, financial strategy, investment strategy, innovative strategy, and information strategy. It has been established that the basis of the integrated development strategy is such a combination of enterprises, due to which there is an interaction of enterprises and redistribution of efforts to counter various environmental risks. The criterion for the formulation of alternative development strategies is the types of enterprises that unite.

Keywords: development management strategies, tourism sector, economic security, tourism clusters, economic conditions.

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Introduction

The development of the tourism sector will contribute to the growth of the country's authority on the world market of tourism services, the country's economy strengthening, the state budget replenishment, the increase in the welfare of citizens, the historical and cultural heritage preservation, and increase in the spiritual potential of society.

Among the enterprises of the tourism sector, small businesses dominate, which, in an unstable economy, are the most financially insecure and are exposed to destructive changes. Thus,

the development of tourism enterprises is hindered by the following factors: chronic lack of financial resources, hypersensitivity to fluctuations in the economic situation and political situation, a large degree of dependence on the support system for small businesses, significant dependence on individual large customers, weak segmentation of their own market share and insufficiently strong positions on it, and a high risk and a tendency to bankruptcy.

The negative impact of these factors can be prevented by applying an appropriate strategy for ensuring sustainable economic development. This will allow tourism enterprises not only to resist risks but also to ensure sustainable growth in economic performance. The formation of an effective strategy for the sustainable economic development of an enterprise is possible only under the condition of a comprehensive analysis of its existing development in modern conditions under the influence of environmental factors. The purpose of this analysis is to identify the strengths and weaknesses of the enterprise, which will affect the definition of the mission, goals, and objectives of the strategy for sustainable economic development. Such a strategy will allow the enterprise achieving significant competitive advantages and strengthening its market position in conditions of unstable development of the national economy.

The goal of the article is to improve theoretical and scientific-practical provisions, the development of scientific and methodological foundations and practical recommendations on the formation of a strategy for ensuring sustainable economic development of tourism enterprises.

Literature Review

In recent years, the applied aspect of development research has intensified significantly. It is represented in two directions. Within the framework of the first one, the development of the enterprise is addressed in individual industries: in the field of cellular communications, in the food, coal, light, furniture industries (Barros, et al., 2021; Egresi, 2018).

In the second direction, the development of the enterprise is considered in relation to specific conditions: the transformation of ownership, transformational economy, in the context of macroeconomic transformations (Hong, et al., 2018). Recently, a research direction for yet another type of enterprise development has been formed – social one, although the issues of social development, in particular, enterprise personnel, cannot be recognized as new.

There is also a significant list of scientific papers on the innovative development of the enterprise. On the one hand, a large number of publications on innovative development allegedly ensures its legitimacy (Bogodistov & Wohlgemuth, 2017; Waseema, 2017). On the other hand, almost no publication provides its own interpretation of innovative development, including enterprise; most often its interpretation does not differ from the definition of the concept of development (Rahimi, et al., 2017; Spalding, 2020; Varelas & Apostolopoulos, 2020).

All types of activities of the enterprise are interconnected and to one degree or another form the final result, therefore, the management, planning to achieve a certain result in the long term, should pay considerable attention to the study of directions for all aspects of economic development: production, marketing, innovation, financial, investment and information and communication (Archer-Brown & Kietzmann, 2018; Romagosa, 2020).

Types of economic development of the enterprise must be supplemented with such a type as motivational development.

The main factors determining the economic development of the enterprise include not only quality products, effective strategy, resource potential, optimal pricing and marketing policies, advanced technologies (Kakoudakis, et al., 2017; Kiper, 2013; Luekveerawattana, 2018). In modern conditions, one of the main factors is the optimization of the personnel motivation system of the enterprise.

Methods

The theoretical and methodological basis of the work is the scientific works of leading scientists on the formation of a strategy for ensuring sustainable economic development, the functioning and development of small business, the need to ensure the economic security of the enterprise, and the characteristics of the activities of tourism enterprises.

The following general scientific and special methods and approaches were used in the work: morphological analysis (when specifying the conceptual-categorical apparatus of the study); system-structural approach (when studying theoretical and methodological aspects of the formation of the strategy provided a systematic-structural approach (when studying the theoretical and methodological aspects of the formation of a strategy for ensuring sustainable economic development of tourism enterprises); diagnostic approach (for analyzing the current development strategy of tourism enterprises); logical-comparative method (for substantiating the conceptual and categorical apparatus of the methodology of forming a strategy for ensuring sustainable economic development of tourism enterprises; methods of grouping and classification (to systematize the types of risks and environmental factors influencing the development of enterprises).

Results

The current stage of economic development is characterized by the negative consequences of the global economic crisis, a high rate of change, increased competition in the market, political instability, and other destabilizing factors. A consequence of the above factors is the emergence of various environmental risks that pose a significant threat to the activities of domestic enterprises. The ability of enterprises to adapt is the basic condition not only for survival in crisis situations but also the main reason for its sustainable development. The influence of external risks can change, and the risks themselves can be transformed. That is why each enterprise should take into account and predict changes in the environment in a timely manner with a view to the effective functioning and further economic development.

Table 1	
Functional constituents of the strategy for the integrated development of tourism enterprises (author's research)	
Name	Characteristics
Economic security strategy	protection of legal rights and interests of the enterprise; monitoring of the state of the environment; identification of possible threats to the enterprise and development of preventive measures to prevent or reduce risks; protection of the confidential information of the enterprise concerning all parties of its activity.
Financial strategy	effective financial planning; regulation of movement of financial resources; determination of sources of financing of activity of the enterprise; coordination of financial units.
Investment strategy	ensuring the optimal structure of investment resources; ensuring minimization of costs of formation of investment resources; ensuring the high utilization of investment resources.
Innovative strategy	improvement of customer service; improvement of the quality and effectiveness of product advertising; the use of innovative pricing methods to attract new customers; growth in production of innovative products; introduction of training and qualification system for employees.
Information strategy	creation of a system for collecting, processing, systematizing and organizing information; formation of a complex information system; monitoring of information risks.

Another important factor in the effective functioning and successful economic development of enterprises under changing business conditions is the presence of competitive potential.

To ensure competitive potential, the enterprise is obliged to qualitatively develop material and technical, structural and functional, socially labor and other elements of potential. Thus, in

conditions of turbulence, the most important task of a modern enterprise is to ensure its survival and continuous economic development. An effective solution to this problem is to provide competitive advantages that can be achieved using an effective strategy for ensuring the economic development of the enterprise.

Considering the above, it is possible to single out priority ways to increase the sustainability of the development of tourism enterprises, these include the following: increase in the level of economic security; improvement of information support; improvement of financial security; increase in the effectiveness of innovation policy; improvement of the effectiveness of investment policies.

Given that the functional strategies of the enterprise determine the main directions of development of the enterprise and reflect the ways to achieve its goals, we consider the components of the integrated development strategy (Table 1).

The basis of the integrated development strategy is such an association of the enterprise, due to which the interaction of enterprises and the redistribution of efforts to counter various environmental risks occur.

Thus, it is advisable to formulate alternative development strategies depending on the nature of the integration that underlies the integrated development strategy.

According to the author, the criterion for formulating alternative development strategies is the types of enterprises that combine.

Table 2 Characteristics of alternative strategy (author's research)	
Advantages	Disadvantages
Small businesses have access to the resources they need and are able to use them effectively; long-term orders are received by small businesses.	Possibility of loss of independence by small enterprises; the interests of small businesses are not fully taken into account, the large enterprise is dominant; possibility of takeover of small enterprises by large one; large enterprises may not be a conscientious partner in the settlement with small enterprises.

As a result of the conducted research on the specifics of the activity of small businesses and features of tourism development, it is advisable to identify two alternative strategies of integrated development of tourism enterprises, namely: merger of small businesses with a large enterprise leader; merger of small businesses with each other.

Considering that the strategy of integrated development of tourism enterprises is based on reconciling the interests of small businesses and uniting efforts to ensure their sustainable economic development, it is from this point of view that we must choose the most optimal development strategy from the existing alternative ones.

The alternative strategy #1 “Merger of small businesses with a large enterprise leader” (Table 2) has been analyzed. The alternative strategy #2 “Merger of small businesses with each other” (Table 3) has been analyzed.

Table 3 Characteristics of alternative strategy # 2 (author's research)	
Advantages	Disadvantages
Small businesses are equal partners; consistency of interests of small enterprises in joint activity; the independence and flexibility of small businesses; effective cooperation of small businesses as a result of the same mutual interest.	Limited resources of small businesses; the complexity of selecting homogeneous small businesses.

The basis of the integrated development strategy is such an association of the enterprise, due to which the interaction of enterprises and the redistribution of efforts to counter various environmental risks occur.

Thus, it is advisable to formulate alternative development strategies depending on the nature of the integration that underlies the integrated development strategy.

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The alternative strategy #1 “Merger of small businesses with a large enterprise leader” (Figure 1) has been analyzed.

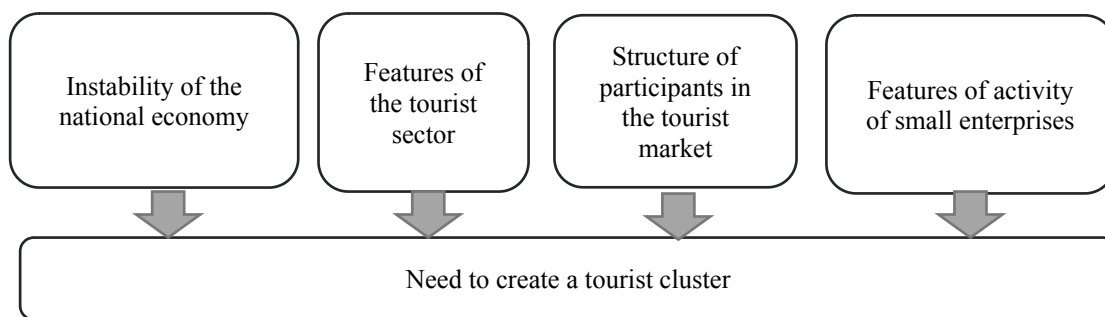


Figure 1. Prerequisites for creating a tourist cluster (author's research)

In the process of developing and implementing a tourism product, enterprises of various sectors of the economy realizing their own interests participate. Given this fact, it is necessary to balance the interests of enterprises with the interests of entities of the external environment. The interests of enterprises are very diverse, each of them is characterized by a set of interests inherent only to it, which in a certain way relate to each other, have a different status, and belong to different entities.

The actual problem of the interaction of the tourism market participants is the lack of balance of their interests and coordination of activities in the conditions of unstable development of the national economy. The solution to this problem will allow all participants in the tourism market not only determining the prospects for further development but also anticipating and neutralizing the influence of negative environmental factors and their consequences. Thus, the participants of the tourism market should establish partnerships for the effective coordination of their activities aimed at providing comprehensive tourism services, which will help turn them into competitive world-class tourist centers.

Features of the activities of small enterprises. In the tourism sector, a large number of tourism enterprises are dominated by small business entities. As it's known, in the face of environmental variability, there are a significant number of shortcomings in the activities of small enterprises. The main ones include low financial support for the enterprise, sensitivity to the negative impact of environmental factors, insignificant market share in terms of sales, fierce competition from large enterprises in the industry.

As a result, only a few are involved in tour operator activities in the classical sense of the word. Others act mainly as intermediaries of foreign operators, adding a part of their services to their tourism product. This situation can be overcome only thanks to the emergence of large

companies with significant working capital in the domestic tourism sector, as well as associations of tourism enterprises.

Integration is aimed not only at the economic rapprochement of entities for solving important socio-economic problems but also at the creation of economically dependent associations, which is distinguished by stable relations of participants. So, integration structures are a form of coordination of interests of participants within an economic association as well as the protection of their interests in cooperation with the external environment.

The prospects for the development of tourism enterprises depend on a comprehensive assessment of the main aspects of their strategy for ensuring sustainable economic development, given the functioning of such enterprises in conditions of instability and environmental variability.

The main goal of the integrated development strategy for tourism enterprises is to ensure the sustainable economic development of tourism enterprises. The objective of assessing the implementation of the integrated development strategy is to predict the level of sustainability of the economic development of enterprises.

The sustainability of the economic development of the enterprise mainly depends on the ability to prevent economic risks that affect the ability to improve the economic performance of the enterprise.

Thus, the level of sustainability of economic development depends on the ability to effectively prevent the economic risks of the external environment, which negatively and continuously affect the development of the enterprise as a whole.

Discussion

The consistency of the economic interests of cluster members is the average value of mutual motivation for cooperation between two or more enterprises in order to ensure sustainable economic development. Mutual motivation is considered as a level of motivation on one and the other side.

In order to determine the mutual motivation of tourism enterprises to cooperate in a cluster, it is advisable to consider the components of motivation for cooperation. The components of motivation are the characteristics of the activity of an enterprise in the tourism sector such as the availability and sufficiency of information about the enterprise; history of enterprise development; company image; duration of functioning in the market; availability of highly qualified personnel; pricing policy of the enterprise; customer service level.

The above confirms the need and feasibility of creating a cluster of tourism enterprises in the face of the constant negative impact of environmental threats on the activities of tourism companies. The creation of a cluster is particularly relevant for tourism enterprises of small businesses, which are the most vulnerable to the effects of destructive external factors. Acting as participants in the cluster of tourism enterprises, small enterprises receive significant advantages in their activities, for example, such as redistribution of various types of resources between cluster members; joint execution of large promising orders; experience exchange by cluster participants; pooling efforts with other cluster members in order to effectively counter economic risks; mutual opportunity to increase the level of personnel potential; combining efforts of cluster members in countering the main competitors - large enterprises in the industry; joint increase in the share of the tourist market, etc.

Conclusion

Priority ways to increase the sustainability of the development of tourism enterprises have been identified, namely: increase in the level of economic security; improvement of information support; improvement of financial security; increase in the effectiveness of innovation policy; increase in the effectiveness of investment policies.

The components of the strategy for the integrated development of tourism enterprises have been considered, which include a strategy for ensuring economic security; financial strategy; investment strategy; innovation strategy; information strategy.

As a result of the study of the specifics of the activities of small business enterprises and the features of the development of the tourism sector, it is advisable to identify two alternative

strategies for the integrated development of tourism enterprises, namely: merger of small businesses with a large enterprise leader; merger of small businesses with each other.

The factors that necessitate the creation of tourism clusters in order to ensure sustainable development of tourism enterprises have been identified, namely: instability of the national economy; features of the tourism industry; structure of the tourism market participants; features of the activities of small enterprises.

Thus, the formation and implementation of the integrated development strategy allow tourism small businesses increasing the level of economic security and ensuring the sustainability of economic development in order to strengthen market positions in modern unstable economic conditions.

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