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Accounting and financial mechanism of business interaction: directions for the recovery of the tourism industry

Трансформація обліково-фінансового механізму взаємодії бізнесу: напрями відновлення в контексті розвитку туристичної індустрії в Україні

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Written by:

Tetyana Calinescu¹ <https://orcid.org/0000-0003-4919-5788>Ganna Likhonosova² <https://orcid.org/0000-0001-6552-8920>Olena Zelenko³ <https://orcid.org/0000-0003-4880-246X>


Abstract


The object of the study is the transformation trends of the accounting and financial mechanism of business interaction in the context of the development of the tourism industry in Ukraine. The main goal is to show the mutual influence of inflation trends, growth rates, debt volumes and the degree of fragmentation on incentives for investment in the recovery of the tourism industry. The main hypothesis of the study is the assumption of the possibility of restoring the tourism potential of Ukraine due to the introduction of the latest financial and economic technologies of digital transformation, national restoration projects, digital interaction platforms. The main conclusion: supply chain disruptions will not affect business activity and business interaction, while the cost of living crisis may be nearing its peak. It is proposed to carry out an effective policy in the field of providing the financial market with innovative regulatory tools and attracting new investment resources with a guarantee of a high-quality end result through the implementation of a framework accounting and financial mechanism for the interaction of tourism business with international donors, state and local authorities based on mastering the latest tools of public interaction on modern digital platforms.

Анотація

Об'єктом дослідження є тенденції трансформації обліково-фінансового механізму взаємодії бізнесу в контексті розвитку туристичної індустрії в Україні. Основна мета - показати взаємовплив трендів інфляції, темпів зростання, обсягів заборгованості та ступеня фрагментації на стимули для інвестицій в відновлення туристичної індустрії. Основною гіпотезою дослідження є припущення можливості відновлення туристичного потенціалу України за рахунок впровадженні новітніх фінансово-господарських технологій цифрової трансформації, національних проєктів відновлення, платформ цифрової взаємодії. Висновок дослідження: перебої в ланцюжку постачань не вплинуть на ділову активність та взаємодію бізнесу, при цьому криза вартості життя може наближатися до максимальних значень. Запропоновано проводити ефективну політику у сфері забезпечення фінансового ринку інноваційними інструментами регулювання та залучення нових інвестиційних ресурсів із гарантуванням якісного кінцевого результату через впровадження рамкового обліково-фінансового механізму взаємодії туристичного бізнесу із міжнародними донорами, державними та місцевими органами влади на основі опанування новітніх

¹ Doctor of Economic Science, Professor, Head of the Finance, Accounting and Taxation Department, National Aerospace University «Kharkiv Aviation Institution», Ukraine.  WoS Researcher ID: CHU-7781-2022

² Doctor of Economic Science, Professor, Professor of the Finance, Accounting and Taxation Department, National Aerospace University «Kharkiv Aviation Institution», Ukraine.  WoS Researcher ID: V-9036-2017

³ Doctor of Economic Science, Professor, Professor of the International Economy and Tourism Department, Volodymyr Dahl East Ukrainian National University, Ukraine.  WoS Researcher ID: V-9966-2017

Keywords: accounting and financial mechanism, business interaction, tourism industry, transformation, development.

інструментів публічної взаємодії на сучасних цифрових платформах.

Ключові слова: обліково-фінансовий механізм, взаємодія бізнесу, туристична індустрія, розвиток.

Introduction

The presented study begins with the Introduction, which presents the problems of using the accounting and financial mechanism in the context of determining directions for the recovery of the tourism industry. This section contains analytics on the development of the modern economic environment, which is accompanied by many challenges and crisis situations. It is noted that the surrounding business world is changing faster than ever before: new technologies appear, ideas are implemented that completely change existing industries. Literature Review contains an analysis of existing research by topic, specific examples of key author's research and publications. Existing trends and gaps in this issue are analyzed in detail. Parallels are drawn between previous publications and the rationale for the current study. Methodology contains the set goal of the research, the applied methods are disclosed in detail in the theoretical and practical plane. The hypothesis of this study is also presented, which assumes the potential recovery of the tourism industry of Ukraine through the introduction of the latest financial and economic technologies of digital transformation. In the Results and Discussion section, the authors reveal all aspects of changes in the accounting and financial mechanism in the tourism industry. The authors prove that today's high inflation, low growth rates, high indebtedness and a high degree of fragmentation reduce the incentives for investment necessary for the recovery of the tourism industry. Supply chain disruptions are projected to have no impact on business activity and business interactions, while the cost of living crisis may also be nearing peak values. It is proposed to carry out an effective policy in the field of providing the financial market with innovative regulatory tools and attracting new investment resources with a guarantee of a high-quality end result through the implementation of a framework accounting and financial mechanism for the interaction of tourism business with international donors, state and local authorities based on mastering the latest tools of public interaction on modern digital platforms. As a result of the analysis, Conclusions were made, which indicated the reasons why several global banking institutions

suddenly found themselves on the verge of bankruptcy. The probability of a global financial recession, according to the forecasts of the world's leading economists, is becoming a reality in 2023-2024. However, precisely because of this, the emergence of new threats of financial recession can create new civilizational breakthroughs in sustainable development. It is concluded that at the current stage of the development of the economy of Ukraine, in the conditions of the socio-economic crisis, the state should implement an effective policy in the field of providing the financial market with instruments of banking regulation and attracting new investment resources.

The development of the modern economic environment is accompanied by many challenges and crisis situations, which are an integral part of the Ukrainian economy. The surrounding business world is changing faster than ever before: new technologies appear, ideas are implemented that completely change existing industries. Therefore, the transformation of modern economic systems, which can be represented by the accounting and financial mechanism of business interaction, takes place under the influence of the outlook of new generations, the geopolitical situation in the world, other external and internal factors, and active military operations on the territory of Ukraine. All this forms a new business environment (Povrezniuk et al., 2020), where each company seeks to gain and maintain certain competitive advantages in the market (including the tourist market) in order to achieve long-term success.

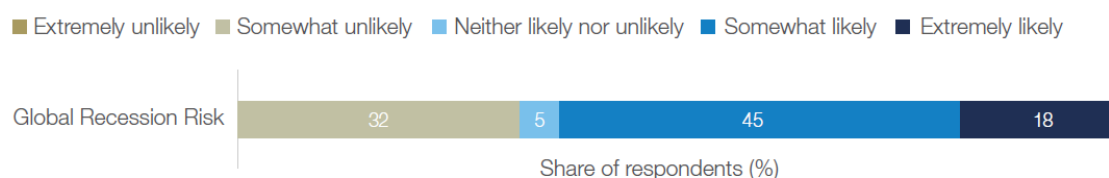
Depending on the stage of development of the business, the company faces various strategic tasks, in particular: entering new markets, launching a new product, gaining market share, increasing the efficiency of cost management, stimulating development, etc. To implement these and other tasks, it is necessary to have significant time, human and financial resources. Companies that do not adapt to the realities of modern times may face a drop in efficiency, the loss of these necessary resources. Often, the biggest business difficulties lie precisely in the

area of finding sources of financing. This is especially true of financing tools, and their availability remains limited. Therefore, the questions become particularly relevant: where to find the necessary resources and how to dispose of them effectively?

The events of the turbulent year 2022 for the entire civilized world and the consequences of the almost two-year global pandemic, the lack of confidence in further sustainable development become the basis for the initiation of the processes of financial recession and, as a result, social disturbance of the population. A survey of

private and public sector financiers conducted by the World Economic Forum in Davos before its opening in 2023 showed that 75% of respondents expect a global recession in 2023.

About 18% consider the onset of a global recession "extremely likely." This is more than double the previous survey conducted in September 2022. Only a third of respondents see a low probability of a recession this year (Markovitz & Karunska, 2023). Figure 1 shows the distribution of the answers of the world's leading economists to the question: "How likely is a global recession in 2023?"



Note: The numbers in the graphs may not add up to 100% because figures have been rounded up/down.

Figure 1. Global recession outlook (Markovitz & Karunska, 2023)

The organization's survey was based on 22 responses from a panel of senior economists from international agencies, including the International Monetary Fund, investment banks, multinational corporations and reinsurers. The survey was conducted after the World Bank cut its growth forecasts for 2023 in January 2023 (Kose, 2023) to near-recessionary levels for many countries, as the impact of central bank interest rate hikes increases, military action in Ukraine continues, and permanent global economic incentives cease to work effectively.

The war events of the last year caused the need for structural restructuring of the economy, some of its spheres, in particular, the accounting and financial mechanism of business interaction. Thus, tourism enterprises, creating a product of secondary needs, are forced to switch to management in extreme realities. The complication of the economic situation led to the need to reorganize business processes, diversify services, save resources, and improve the quality of the product of travel agents and tour operators. Therefore, the essence of a tourist service today is defined in the following interrelated aspects (Hryniv, 2019):

focus on the final result - in the form of purposeful work of people, the result of which is the satisfaction of consumer needs; qualitative - in the form of a specific qualitative result, an

expedient activity, which consists in changing the consumer characteristics of the services provided, in the process of mutual relations between the participants of the tourist market; branch, where appropriate types of services are created; financial and accounting, which is related to the accounting of consumer expenses for the purchase of tourist services.

Regarding the specifics of the change in the accounting and financial mechanism in the tourism industry, the following relevant aspects should be noted here: prepayment received from tourists to pay for tours does not increase the tour operator's income (clause 6.3 Kodeksy, 2020). Instead, the tour operator recognizes accounting income either for each concluded travel contract, or for the fact of providing services (that is, taking into account the degree of completion of operations — at the time of their completion in accordance with clause 10 Kodeksy, 2020). In other words, the tour operator generates income at the end of the tour, i.e. providing tourists with the promised service.

Such a reward is reflected in the income according to the date of the act of provided tourist services. After all, the funds received from tourists to pay for tours are in transit: they do not belong to the intermediary-tourist agent, but will be transferred further "as intended" - to the tour operator. Therefore, such "pass-through"

amounts are not included either in the "net" income (clause 6.2 Kodeksy, 2020) or in the travel agent's expenses. But this does not mean that they will not be reflected in accounting at all. Will be displayed, but with zero consequences for the financial result. That is, the transit amounts of the travel agent will be included in the income, but will immediately be excluded from the income.

As for his remuneration, the travel agent, who acts as an intermediary, includes it in income based on the act of services rendered. This act is also drawn up on the date when the travel agent fulfilled the obligations under the agency contract.

In tax accounting, the tour operator is guided by accounting data (clause 134.1.1 Online legal assistance, 2023). However, no "tourist" adjustments for tourist operators are provided for in the Tax Code (Online legal assistance, 2023). Therefore, the actual sale of tourist products affects the subject of income tax in the same way as the accounting financial result.

In most cases, the act of services rendered with tourists is not drawn up after the end of the tour. Therefore, an accounting certificate can be a documentary confirmation of income from a tour operator. At the same time as income, the tour operator recognizes expenses "related" to the provision of tourist services - the cost price of the sold tourist product. The cost price is determined for each tourist product, and it is included in the expenses in the period of recognition of income, that is, according to the fact of providing a tourist service.

Literature Review

However, modern accounting and financial transformational processes in all spheres of tourist activity lead to the urgent need for the formation of management strategies taking into account the concept of sustainable development based on the model of balancing economic, ecological and social components to improve the quality of life of citizens, ensure the socio-economic development of territories and satisfy the needs of consumers. Ensuring the development of territories through the centralization of approaches, limiting local initiative, turned out to be ineffective and caused the growth of gaps in the socio-economic development of territories. And from here, the following can be identified as the main factors of negative impact on the development of tourism

business at the territorial level (Kyrylenko, & Tulai, 2017):

the slowdown in the development of the tourism sector, the lack of the possibility of providing services and the lack of adaptation to the modern requirements of economic development in wartime conditions;
demographic crisis, manifested in the growth of the specific weight of the population of retirement age due to low birth rate and emigration of the working population; decrease in the number of the rural population and, as a result, a slowdown in the development of agrarian business and green tourism connected to it. One should add to this the forced internal and external migration that occurs during wartime;
lack of an effective social policy aimed at ensuring the declared social standards and development of human capital;
incoherence of the comprehensive policy of territorial development in the context of covering all spheres of life at the local level, which leads to inefficient use of resources, contradictions and non-fulfillment of the planned results of socio-economic development of territories;
lack of qualified personnel in the field of development and implementation of strategies for socio-economic development of territories, insufficient development of public institutions capable of influencing the development of these territories.

However, the intensification of the development of the field of tourist services is conditioned by the influence of a number of factors, among which stand out (Hryniv, 2019):

state policy, which can use such instruments of influence as weakening state regulation, reducing restrictions on trade in services, strengthening laws aimed at increasing the degree of protection of the rights of consumers and employees, strengthening environmental protection;
business development trends, which include the expansion of service activities, the orientation of organizations to improve the quality of services, focusing attention on modern consumer requests; improvement of information technologies, integration of computer and telecommunication technologies, more intensive use of computer equipment and the Internet, emergence of new and improvement of traditional types of services; social changes, which are reflected in the growth of the population's income, the transformation of the lifestyle, the increase in the cultural and educational level;
internationalization, which is reflected in the exit of the field of tourist services to new markets, the

activation of mergers and acquisitions, and the expansion of activities of transnational service companies.

Traditionally, scientific publications on the researched topic aim to identify separately the issue of accounting in the field of tourism activity and tools for its financial support. The most information is available on the issues of the development of the tourism industry at the expense of programs for the development of territories and the corresponding infrastructure, however, aspects of changes in the financial instruments of the tourism industry are currently almost not presented among modern studies. Ukrainian scientists in (Zhurba, 2020) consider the specifics of financing and promoting the development of the tourism industry in the Scandinavian countries. An interdisciplinary study (Calinescu et al, 2019a) reflects the current investment toolkit, the choice of which depends on the strategic importance of the project in terms of meeting the goals of sustainable development. Aiyar Sh. and colleagues determine that the growing volume of tourist flows determines the priorities for these countries in the context of effective integration, high-quality environmental policy and creation of the maximum attractiveness of the region for tourists. The peculiarities of cooperation of state authorities with tourism companies on the basis of mutually beneficial partnership are shown (Aiyar, Chen, Ebeke, 2023).

At the same time, in the studies, the main attention is paid to the structure of the financial and economic mechanism of support of the tourism sector from the standpoint of state funding. Thus, in the work (Kryvoverets, 2017), special attention is paid to investments in the tourism industry at the expense of state funding, and a fragment of the financial and economic mechanism of local tourism development with a source of funding from the state budget is also given. This work examines the analysis of the quality of services in the management of a tourist enterprise from the point of view of providing sources of financing and their accounting justification. Factors that significantly influence the creation of a quality tourist product and its main components are considered. A list of principles is presented, compliance with which is a necessary requirement for improving the quality of services in tourist enterprises (Kryvoverets, 2017).

However, all the cited publications and analyzed areas of research in no way consider the influence of accounting and financial trends on

the possibilities and prospects of the development of the tourism industry. In addition to the analyzed publications, the authors of the study brought this question to the discussion with representatives of the professional community, which confirms that it cannot provide examples of work ever carried out by scientists of the leading countries of the world, which will be similar to what is proposed in the study (Calinescu, Likhonosova, Zelenko, 2019a).

Based on the results of the review and analysis of the latest publications, it can be noted that the purpose of this study is to find the latest ways of transforming the accounting and financial interaction of business entities at the global and national level for the purpose of restoring the tourism industry of Ukraine.

Methodology

The study is empirical in nature and involves the analysis of the current situation in the field of the accounting and financial mechanism of business interaction in the context of the functioning of the Ukrainian tourism industry.

To achieve the research goal, the following methods were employed in this study: analysis of theoretical sources, synthesis, comparison and generalization, induction and deduction, analogy, which made it possible to characterize the state of the investigated problem. The authors used a historical and retrospective analysis, which made it possible to draw parallels with similar experiences in other countries of the world. Appeal to this experience is the basis for determining the main trends in the recovery of the tourism industry in Ukraine.

The hypothesis of this study assumed the potential restoration of Ukraine's tourism industry through the implementation of the latest financial and economic technologies of digital transformation, national restoration projects, digital interaction platforms that will provide a transparent mechanism for attracting and developing financial resources for the most relevant projects in the field of tourism for the country.

The results of a theoretical and practical study of the processes of transformation of the accounting and financial mechanism of business interaction proved the existence of a list of various scientific and methodological approaches, the application of which allows determining the level of balance of the country's tourism sector. However, not all the developed methods can be used to determine

the direction of development of the tourism industry in the context of its recovery, taking into account the consequences of military operations. This is connected, firstly, with the essence of the accounting and financial mechanism of business interaction, and, secondly, with the peculiarities of the manifestation of transformation and recovery factors in the tourism industry. Without neglecting the importance of existing scientific and methodological approaches, taking into account the specifics and problems of the research, the development of innovative tools for regulating the financial and accounting processes of public interaction of the tourism business with international donors, state and local authorities in the modern digital environment is becoming urgent.

Results and Discussion

To support the development of the service sector, it is necessary to solve a complex of complex tasks (Hryniv, 2019):

- 1) formation of favorable conditions for entrepreneurial activity in the service sector, creation of an economic and legal environment that would ensure the stimulation of business activity (consolidation of legal guarantees that ensure freedom, protection and support of private business and non-state forms of entrepreneurship; taking into account the opinion of entrepreneurs when preparing and adopting legislative acts and resolutions; formation of market infrastructure that will ensure entrepreneurial activity).
- 2) creation of real opportunities for every entrepreneur to start an independent entrepreneurial activity in the service sector, access to production, material and technical and financial resources (simplification of the procedure for registering enterprises in the service sector; further development of the commercial system of information support for entrepreneurial activity).
- 3) personnel support for the development of entrepreneurial activity in the service sector (formation of a network of business schools, educational and business centers based on them; creation and organization of activities on social adaptation and training of personnel for the service sector; organization of studying and using the experience of existing entrepreneurship support structures in other regions; development of a plan of measures to provide state support for youth entrepreneurship in the service sector).

- 4) implementation of measures in the field of investment policy aimed at supporting entrepreneurship in the service sector (rational redistribution of investment resources of the region, taking into account the priority of the development of service sectors).

The role of the service sector, including the tourism industry, is also manifested in the fact that it is an important sector that shapes business development both at the level of the national and global economy; plays an important role in the development of human capital; affects the functioning and development of material production; helps increase free time; creates opportunities for fuller satisfaction and development of the needs of people and society; is the most important element in shaping the modern quality of life; ensures the quality of economic growth and increasing the country's competitiveness. However, in recent years, the main trend has been to reduce the volume of provision of certain types of services due to the reduction of tourist services; a change in the structure of the population's demand for tourist services, a reduction in sanatorium-resort and wellness services, and not only because of the military actions in the country, but also because of an increase in the gap between solvent demand and supply.

Therefore, for the further development of the field of the tourism industry, it is necessary to solve a set of mutually agreed tasks: the formation of favorable conditions for entrepreneurial activity in the service sector; creating an economic and legal environment; improvement of the local self-government mechanism; involvement of the community in active participation in determining the priority directions for the growth of the services market; creation of real opportunities for every entrepreneur regarding access to production, material, technical and financial resources; further development of the commercial system of information support for entrepreneurial activity; application of the partnership mechanism to stimulate the development of promising types of activities in the field of tourist services; implementation of measures in the field of investment policy and promotion of innovative business investment; support for the development of network and cluster structures of a directly service nature (transport-logistics, tourism-recreational, cultural-entertainment, etc.).

For Ukraine, the implementation of the strategy of the transition of the service sector to the innovation-investment model of the development of the tourism sector, which will make it possible to activate all types of economic activity in the production and implementation of services, will become one of the components of the economic security of entrepreneurship (Calinescu & Pidmohylnyi, 2022; Calinescu et al., 2021a) and in general - tourist business.

It is the given list of factors that affects the transformation of the structure of the financial mechanism of business interaction, the peculiarities of the development of the field of tourist services and provides an opportunity to develop an effective series of measures for the further development of not only the tour industry, but also to contribute to efforts to stabilize the economy of Ukraine due to the accounting and financial improvement of the functioning of the field of tourist services.

In general, the accounting and financial mechanism can be considered as a way of organizing the development of an enterprise with its inherent methods, forms, tools and methods of management and is a component of the economic mechanism (Calinescu et al., 2022a; Calinescu, 2021), which includes types and methods of management of the management apparatus and organizational factor. That is, there is a certain connection between the successful functioning of any subject, the increase in the efficiency of their development, the level of competitiveness and the accounting and financial mechanism. At the same time, the main driving force behind the development of entities is the innovative interaction between different branches of business. Therefore, placing emphasis on the priority components of the accounting and financial mechanism of business interaction will contribute to both the general innovative development of entities, as well as effective business management, activation of innovativeness, etc. Among such components, it is advisable to single out as traditional methods: economic; informative; legal; organizational and technical; administrative, and to pay special attention to socio-psychological methods, the role of which increased in the conditions of martial law and will increase in the future after the reconstruction of business and Ukrainian society. And it is in this regard that quite a lot of hope is placed on the revival of the tourism business in Ukraine.

In the structure of the economic components of the accounting and financial mechanism of the

restoration of the tourism sphere and its innovative development, more attention should be paid to the process of financing and crediting, creation, distribution and implementation of innovative directions of tourism development; taxation and insurance; pricing; stimulation and creation of innovations at various levels of the spread of tourist activity. Particular attention should be paid to the financial and credit component, aimed at creating a favorable credit environment for the recovery of tourism through the introduction of microcredit, preferential lending to business entities, leasing, training on financial and credit issues for service sector employees, etc.

All elements of the accounting and financial mechanism must act in a certain sequence, be characterized by the correspondence and coherence of actions, the interaction of all functional components, and in the conditions of transformation of various business relationships, maintain structural integrity, create prerequisites for increasing the efficiency of tourism activities, innovative development, ensuring the transition to sustainable economic growth not only in the field of tourism, based on the experience of other countries.

However, in the accounting and financial mechanism, significant attention should be paid to control, which should become a special type of activity aimed at timely adoption of corrective and preventive measures in the process of managing the tourism business (Kyrylenko, & Tulai, 2017). Today's changes taking place in the economy of Ukraine, the introduction of new approaches to management in the conditions of military actions and the post-war reconstruction of the country, because the development of entrepreneurship in the country requires a fundamental restructuring in everything. Audit control can be used as a separate type of control, which should be aimed at expanding business ties, democratization processes, using economic levers and incentives aimed at increasing the effectiveness of evaluating the results of tourism activities. The audit is also aimed at ensuring the property interests of specific persons - owners of tourism businesses, who must prepare and use the financial and accounting reports of the audited persons. Therefore, audit control is the main strengthening of financial discipline and stability of business. However, conclusions based on the results of control in most cases are of a recommendatory nature, but they determine the compliance of financial activities with current legislation, the reality and completeness of information display in financial accounting

and reporting and, thus, are one of the main mechanisms for detecting violations of financial discipline, deviations from established norms and the principles of honest business activity and prevents the occurrence of offenses. However, like any business, you can also use creative audit tools (Calinescu, 2019; Calinescu et al., 2019a), such as: the ability to generate and influence development and economic growth, based on a creative foundation (assets); use of ideas or original ideas in accounting and financial work; the ability to productively solve complex problems, generate new discoveries, and resolutely implement them into practice. By the way, such elements of creativity can be used both when conducting an audit and, directly, in the process of business interaction regarding the development of the tourism industry in Ukraine.

Regarding the practical aspects of the implementation of the specified directions of interaction, the Chairman of the World Economic Forum, Saadia Zahidi, in January 2023 emphasized that the existing high inflation, low growth rates, high debt and a high degree of fragmentation reduce the incentives for investments necessary to restore growth and raise the standard of living and development of renewable potential (Flasseur, 2023).

The World Bank expects global GDP to grow by 1.7% in 2023, the slowest pace since the 2009 and 2020 recessions since 1993.

Definitions of what constitutes a recession vary around the world, but usually include the prospect of a shrinking economy, possibly with high inflation in the direction of "stagflation" (Calinescu et al., 2018).

Inflationary expectations have pronounced regional differences. According to research by the World Economic Forum, the share of those expecting high inflation in 2023 ranged from just 5% in China to 57% in Europe, where the impact of rising energy prices in 2022 has spread to worries about the economy as a whole.

The head of the Swiss National Bank, emphasizes that the fight against inflation and ensuring price stability are absolutely essential, as the current levels of price increases are too high (Revill, 2023).

However, based on the macroeconomic laws of consumption, it will be much more difficult to reduce global inflation, since companies will be more willing to accept the rise of prices and wages than their reduction.

In 2022, the US Federal Reserve raised its interest rate three times (Board of Governors of the Federal Reserve System, 2022). Financial analysts expect the rate to rise again from the current level of 1%. In turn, the IMF lowered its own growth forecast twice. It was first done in January 2022 due to omicron, then in April 2022 due to the hostilities in Ukraine and the implemented sanctions. The growth forecast fell from 4.9% to 3.6%. However, the concerns are not so much related to the change in the percentage of growth (in fact, 3.6% is also a significant increase), but more to the emergence of the risk of fragmentation of the economy and the formation of public and private trade blocs.

While inflation in Switzerland was low by international standards, it rose to 2.8% in 2022 from 2021, exceeding the SNB's price stability target of 2% annually. For comparison, inflation in Ukraine in December 2022 increased by 26.6% compared to December 2021. (State Statistics Service of Ukraine, 2023).

Financial analysts expect both weak demand and high borrowing costs to put pressure on companies, which in turn will force multinationals to cut costs, from cutting operating costs to laying off workers. However, supply chain disruptions are also not expected to affect business activity in 2023, and the cost of living crisis may also be nearing its peak, with a majority (68%) expecting it to ease by the end of 2023.

Over the past three decades, the world economy has grown approximately three times. But today there is a new danger of trade fragmentation and the disintegration of the world into rival blocs.

Today, the world is facing many pressing issues, from the global economic downturn, geopolitical tensions and climate change to the cost of living crisis and high levels of debt.

After all, economic integration has helped billions of people become better educated, wealthier, and healthier. According to the head of the IMF, after the end of the Cold War, the size of the world economy increased approximately three times, and almost 1.5 billion people escaped from extreme poverty. These dividends of peace and cooperation should not be lost" (Georgieva, 2023).

The conduct of military operations on the territory of Ukraine in 2022 caused not only human suffering, but also massive disruptions in

financial, food and energy flows around the world. This can be deliberately used by some players in the financial market to obtain economic benefits at the expense of others.

Estimates of the cost of fragmentation vary widely, according to the IMF. The long-term costs of trade fragmentation alone could vary from 0.2% of global output in a limited fragmentation scenario to nearly 7% in a severe scenario, roughly equivalent to the combined annual output of Germany and Japan (Aiyar et al, 2023). Add to that the technological divide, and some countries could be dealing with losses of up to 12% of GDP. According to the results of 2022, the Ministry of Economy of Ukraine estimates a drop in the GDP of Ukraine at the level of 30.4% (Ministry of Economy of Ukraine, 2023). According to Serhii Nikolaychuk, Deputy Chairman of the National Bank of Ukraine, it was the mass migration of 20% of Ukraine's population to Europe that became a significant factor in the fall in GDP in 2022 (Vinokurov, 2023a). For 2023, the National Bank of Ukraine forecasts GDP growth of 0.3% from 4% in the previous forecast (National Bank of Ukraine, 2023).

In addition to trade restrictions and barriers to technology diffusion, fragmentation can be felt through cross-cutting constraints—border migration, reduced capital flows, and a sharp decline in international cooperation—making the world even more prone to upheaval.

This will be especially difficult for those most affected by fragmentation. Lower-income consumers in advanced economies will lose access to cheaper imported goods. Small open market economies will suffer greatly due to their heavy reliance on open trade.

And emerging market and developing countries will no longer benefit from the spillover effects of technologies that have contributed to increased productivity and living standards. Instead of catching up with the income levels of developed economies, developing countries will fall further behind.

The confirmation of the spread of this state of the world economy is, in particular, the difficult situation with the balancing of the economy of Ukraine. In October 2022, as part of the RFI (Rapid financing instrument) program, Ukraine and the International Monetary Fund agreed on another loan - for \$1.3 billion. However, unfortunately, this does not solve the problem of releasing working capital from the Ukrainian

economy. We are talking about a more expensive loan, which will mostly be used to pay interest on previously received loan tranches and debt obligations. Thus, according to the Ministry of Finance of Ukraine, the country's budget deficit in 2022 amounted to 847.2 billion hryvnias (about \$22.94), which is 362.5% more than in the previous year - 2021 (Official website of the Ministry of Finance of Ukraine, 2023). The main reason for this was a 65% increase in expenses. In particular, due to military operations on the territory of Ukraine, military expenditures increased by 525%, and their ratio to total expenditures increased to 37.6% compared to the previous year (in 2021, this indicator was 8.5%). (Ministry of Finance of Ukraine, 2023).

After February 24, 2022, it is not realistic to count on the intensification of the investment climate, which Ukraine hoped for before that. In the conditions of military operations, tax revenues fell radically, and defense expenditures increased significantly. Despite this, on March 10, 2022, Ukraine terminated the previous program of cooperation with the IMF, without receiving about 700 million dollars. The fact is that it was impossible to fulfill previous agreements, for example, to reduce the budget deficit to 3.5% of GDP or to prepare for the privatization of state banks, and to receive the next tranches in war conditions (Vinokurov, 2023b).

Instead, the fund allocated \$1.4 billion in emergency credit to Ukraine without any conditions within the framework of the RFI (Rapid financing instrument) program. In addition to emergency financing, in 2022 the government of Ukraine held negotiations regarding the extension of the long-term credit program with the IMF. Although there is no clear prohibition in the IMF Charter to provide loans to countries where hostilities are taking place, as of March 2023, the IMF has denied Ukraine such a program.

However, the head of the IMF praised Ukraine's efforts to transform its own economy, which shrank by more than 30% in 2022 (Pavlysh, 2023). Based on the rate of growth of the budget deficit, the outstanding debt of the government of Ukraine in 2022 is 4.728 trillion hryvnias (\$128 billion), which is 52.4% more than in the previous year (Ministry of Finance of Ukraine, 2023). At the same time, the debt is growing within the country as well. In 2022, the outstanding domestic debt of the government amounted to 1.461 trillion hryvnias (\$39.58 billion), which is 31.5% more than the previous

year (Ministry of Finance of Ukraine, 2023). Thus, after the end of hostilities, Ukraine must return loans to the international community (the balance of SDRs received and returned by

Ukraine is shown in Figure 2), to which more loans will be added, which will be aimed at restoring the economy after the war period.

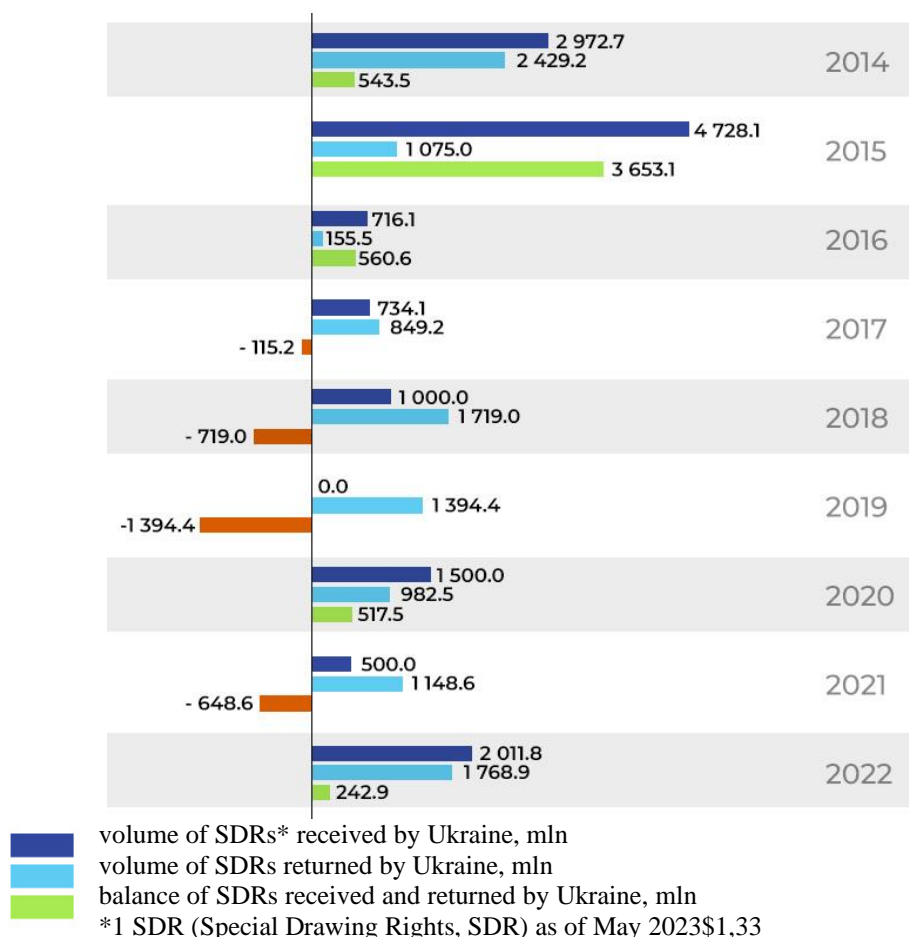


Figure 2. Ratio of cash tranches received and returned by Ukraine from the IMF, million SDRs (Gaspar et al, 2023)

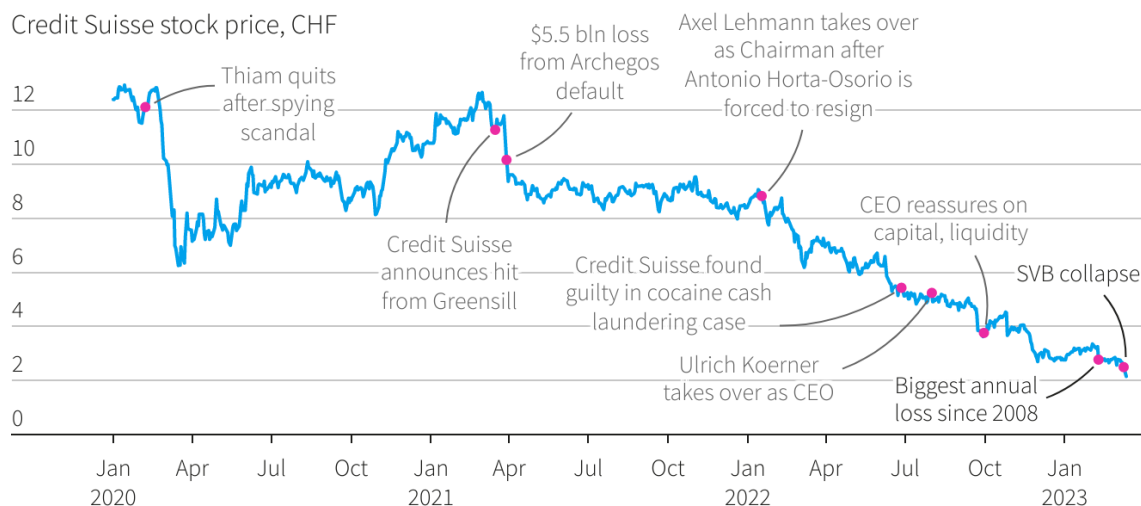
The beginning of 2023 has become very worrying for the financiers of the world. Several global banking institutions suddenly found themselves on the brink of bankruptcy. Inflation in the USA, according to the deputy head of the IMF G. Gopinath, has not yet been brought under control, and it is still too early for the Federal Reserve System to declare victory in the fight against rising prices (Smith, 2023).

In March 2023, Swiss financial regulator FINMA said it was looking to identify any potential contagion risks for the country's banks and insurers following the bankruptcies of Silicon Valley Bank (SIVB.O) and Signature Bank (SBNY.O). Shares in Swiss banks fell along with other banks around the world after US authorities guaranteed the deposits of two lenders, unsettled investors.

Shares of Credit Suisse (CSGN.S) hit new lows as the cost of insuring debt against default rose to an all-time high. Shares of Swiss rival UBS (UBSG.S) fell more than 7%. The regulator noted that its supervisory activities are focused on risk management of supervised institutions and work with various scenarios.

In another reflection of investor concern about Credit Suisse's outlook, the price of some of its bonds fell sharply, with some falling to record lows.

Struggling to recover from a string of scandals, Switzerland's second-largest bank has begun overhauling its business, cutting costs and jobs and creating a separate business for its investment bank under the CS First Boston brand.



Note: March 13, 2023 price as at 1300 GMT

Figure 3. Credit Suisse goes off track (Flasseur, 2023)

Germany's Bundesbank convened its crisis management team to assess the possible effects of SVB's collapse on the local market, despite the fact that no emergency action was foreseen in Europe.

Europe's STOXX (SX7P) banking index fell 5.8% and was on track for its biggest two-day drop since March 2022. Shares of Germany's Commerzbank (CBKG.DE) fell 12.7% (Illien, 2023). The Bank of England previously facilitated the private sale of HSBC's (HSBA.L) UK unit SVB to protect deposits without taxpayer support.

A survey of global risk experts conducted by the World Economic Forum in 2023 showed that environmental problems dominate the ranking of the main risks that the planet will face in the next decade. Therefore, the issues of preserving the existing natural potential, its careful and effective use even against the background of general socio-economic and directly financial losses, become significant for the development of the world tourism industry.

One of the priority directions for the recovery of Ukraine's economic potential is the country's return to the world tourism market through the fruitful interaction of national business with global tourism clusters. During military operations on the territory of Ukraine, its tourism industry suffers incalculable losses. As a result,

the economy of the country, which does not receive the income previously generated by this sphere of economic activity, suffers losses. Due to the war, revenues transferred to the state budget from the activities of the tourism industry in 2022 compared to 2021 decreased by 31% (fig. 4). The largest contribution in 2022 was made by hotels, paying UAH 898 million, but this amount alone is 30% less than last year's figure (1 billion 288 million UAH).

A negative trend was recorded in the activities of tourist operators, whose income from their activities was only 167 million 858 thousand UAH, a year ago the state budget received 259 million 5 thousand UAH from them. A similar situation is observed among travel agencies, which in 2022 paid taxes in the amount of UAH 204,795,000, which is 27% less than in 2021 (UAH 265,000).

In the regional context, in 2022, it should be noted the growth of tax revenues from the Lviv region (273 million hryvnias compared to 215 million hryvnias in 2021). Also, receipts increased in Kyiv region (164 million UAH, compared to almost 125 million UAH in 2021) and in Ivano-Frankivsk region (159 million UAH, compared to almost 131 million in 2021).

At the same time, a large reduction in tax revenues is observed in the city of Kyiv itself (by 46%), as well as in Odesa (by 58%).

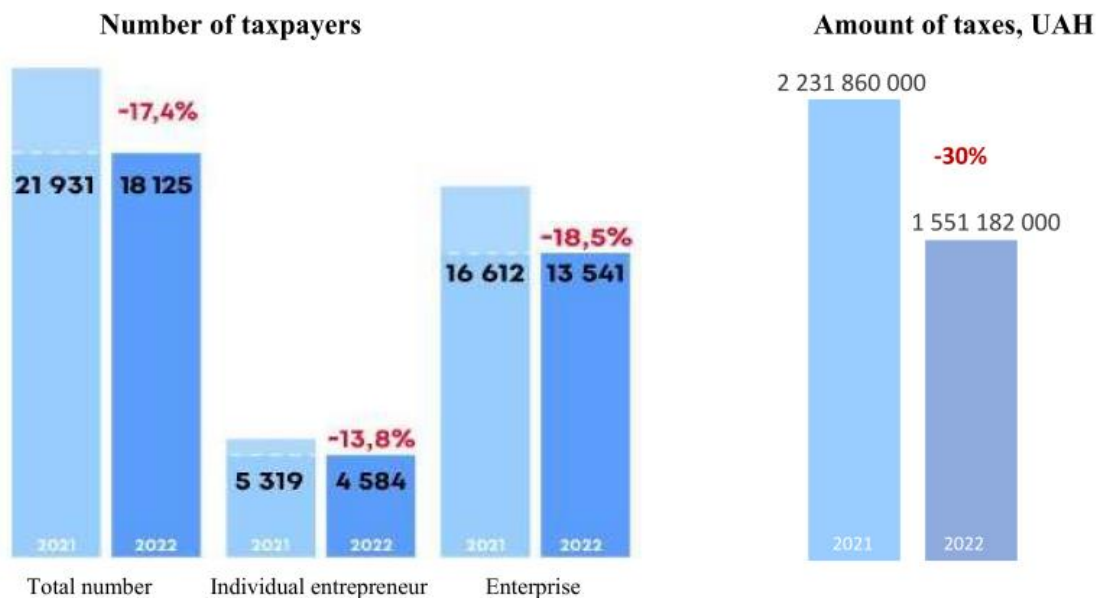


Figure 4. The number of economic entities in tourism industry of Ukraine and the taxes paid by them in 2022. (State Agency of Tourism Development, 2023)

Taking into account the dynamics of tax revenues for 2022, it should be noted that after all, the industry is functioning, albeit with significant

losses. This fact is confirmed by the data on the receipts of the tourist tax (fig. 5).

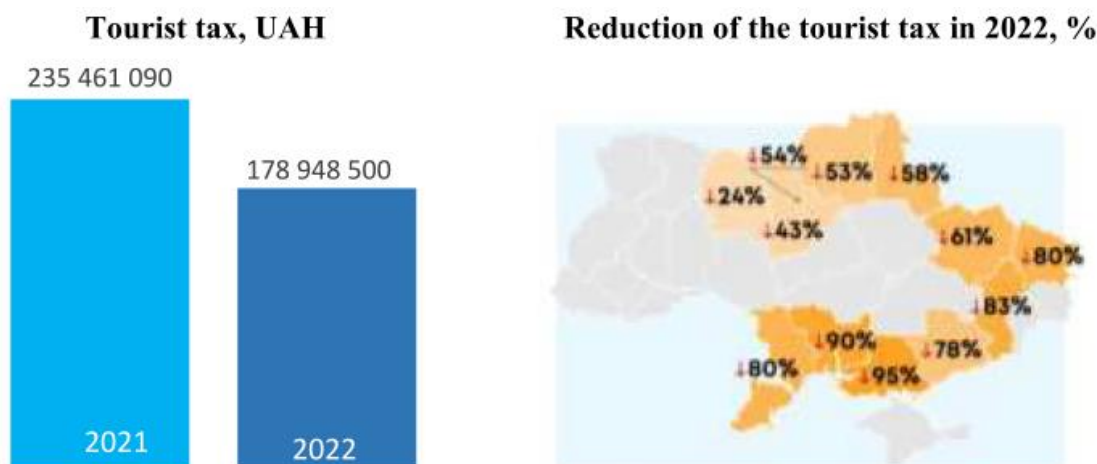


Figure 5. Dynamics of tourist tax payments (Tourist tax, 2023)

During the past year, the amount of the tourist tax decreased by almost a quarter (24%) compared to 2021 and amounted to UAH 178 million 948 thousand. In 2021, this indicator was at the level of 235 million 461 thousand UAH.)

Negative dynamics were demonstrated by 14 regions of Ukraine. Usually, these are regions located on the contact line, in the zone of active hostilities. In the worst case, these are temporarily occupied territories. Among the regions that suffered the greatest losses were Kherson region (recorded reduction of tourist tax was 95%), Mykolaiv region (tourist tax volume decreased by 90%), Donetsk region (losses from

tourist tax amounted to 83%), Luhansk region (tourist tax decreased by 80%).

In addition, a significant reduction in the tourist tax was observed in Odesa (80%), Zaporizhia (78%), Kharkiv (61%), Sumy (58%), Chernihiv (53%), Kyiv (43%) and Zhytomyr (24%) regions. This problem did not escape the city of Kyiv, where in 2022 the share of the reduction was 54% of the amount of the tourist tax in 2021. Also, negative dynamics were recorded in the Dnipropetrovsk and Rivne regions, where the amount of revenue from the tourist tax decreased by 15%.

In some regions, the reverse trend is also observed - an increase in the amount of tourist tax. This is explained by the processes of internal population migration from dangerous areas to regions that are considered relatively safe. The Lviv region collected the largest amount of tourist tax in 2022 (41 million 430 thousand UAH), the increase in the amount of the tax occurred by 79% compared to 2021. Among those who received the largest amounts of tourist tax, there were also: Transcarpathia - 19 million 471 thousand UAH, Ivano-Frankivsk region - 17 million 956 thousand UAH. and Cherkasy Region - 2 million 555 thousand UAH.

But it should be noted that not only the tourism industry of Ukraine suffered losses. Losses are borne by the global tourism industry. This is due to the closure of the airspace over Ukraine, due

to which almost all world travel companies, whose flight routes passed through the airspace of Ukraine, are suffering significant losses. According to preliminary estimates, prolonged military actions on the territory of Ukraine may in the future generate significant amounts of losses to the industry at the global level in the amount of more than 14 billion dollars. USA (UN News, 2022).

A review of various sources regarding the general state of the global financial and credit system, as well as expert assessments regarding the expediency and prospects of restoring the national tourism industry (Bordun et al, 2022) makes it possible to propose a framework accounting and financial mechanism for the restoration of the tourism industry of Ukraine (fig. 6).

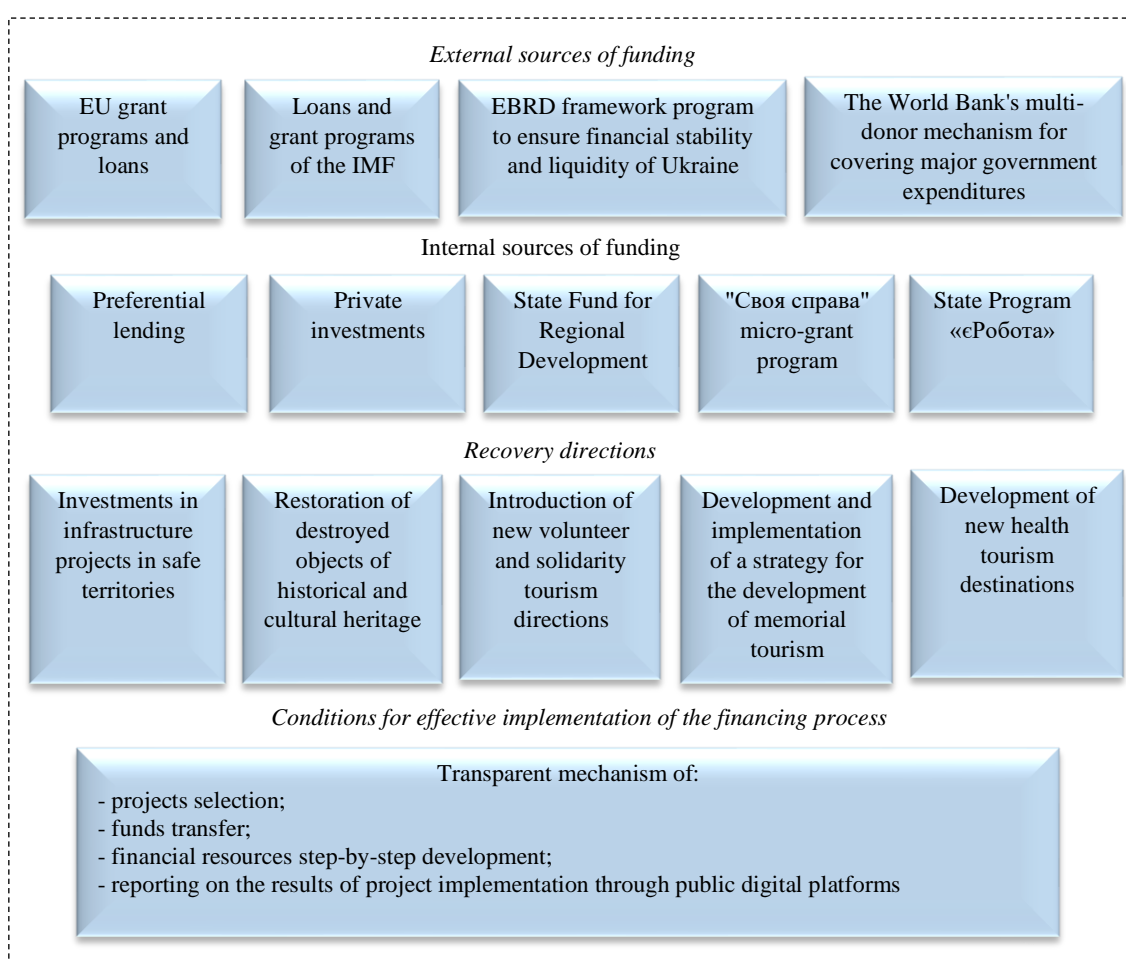


Figure 6. Accounting and financial mechanism of recovery of the tourist industry of Ukraine.

The presented framework mechanism should rely on the latest technologies for quick, efficient and transparent dissemination of information, as well as reporting to the public on the processes of obtaining, developing financial resources and

publicizing the results of the implementation of investment projects. The financial complex of levers of the proposed mechanism will consist in providing with accumulated monetary funds digital tools of transparent directions for the

recovery of the tourism industry, and the accounting complex - in the correct reflection of the accounting and tax process and audit leveling of possible financial and economic risks.

Ukraine already has successful digital platforms for supporting the activities of financial institutions ("Privat24", "Monobank"), which have no analogues in the world. The only and unique application in the world is the "Дія" application, which allows you to receive a whole range of government services and perform various business operations for legal entities and individuals without contacting the relevant state or financial institutions. It is through this application in the "Diia-business" section that representatives of small and micro-businesses can apply for grants under the government programs "єРобота" and "Своя справа". Funding under these government programs is very often received by representatives of the service sector.

Conclusions

Modern transformational processes in the economy of the state have led to changes in the ways of interaction of business entities and the financial and accounting mechanisms of their functioning. The main emphasis is on compliance with principles, transparency, orientation to the interest of joint interaction, effectiveness and efficiency, accountability and strategic vision of individual and general development. The practical implementation of these principles can be implemented through monitoring, including through the forgotten element of financial control - public (or popular) control. So, on the one hand, public control, on the one hand, is one of the important indicators of the development of civil society and democracy in the country, and on the other hand, it is a guarantee of the effective operation of all spheres of the national economy and levels of hierarchical management, including as a result of the transformation of the financial and accounting mechanism for the implementation of financial control. Attention should be paid to public control also because it is a tool for independent assessment of the state of fulfillment of economic and social tasks facing not only the country, but also business, as well as an indicator of the development of society and an indicator of the development of a democratic, legal and social state. In general, the public is interested in the implementation of appropriate control, because budgets, including territorial, regional, on the one hand, are formed mainly due to taxes borne by citizens. And, on the other hand, the population

is a consumer of public goods and services financed from budgets. Taking into account this aspect, the territorial public (and not only) is interested in the effective and targeted use of its budget funds, the provision of general public services, the development of certain businesses in their territories, taking into account the fact that currently the tourist tax, according to the Tax and Budget Codes of Ukraine, comes to local budgets, which means that territorial communities have the right to determine how and in what way to further develop their tourism business. Therefore, it is quite logical that the main component of the financial and accounting mechanism should be not only financial control and its element - public control, which is implemented through the involvement of citizens in evaluating the development and interaction of businesses in certain territories. However, in Ukraine, public control does not have appropriate regulatory support, which makes it impossible to carry out effective public budget control, as well as the implementation of its results. It is the independence and objectivity of public financial control that should become the guarantee of the need for its implementation at all levels of management in order to increase not only the efficient and rational spending of budget funds, but also to regulate local self-government, business development and its interaction within individual territories.

Therefore, the need to transform the accounting and financial mechanism today stems from the special need to place emphasis on the development and expansion of certain powers of individual elements, namely financial control. At the same time, each of the above types of financial, audit or public control is a separate direction of development, improvement and reform and is determined by the specifics of the tourism industry, the location of business entities, their interaction, the chosen methods and techniques of control.

As a result of the analysis, it can be noted that the beginning of 2023 has become very worrying for financiers of the world. Several global banking institutions suddenly found themselves on the brink of bankruptcy. The probability of a global financial recession, according to the forecasts of the world's leading economists, is becoming a reality in 2023-2024. However, the global pandemic of COVID-2019 gave a significant impetus to the development of remote work and digitalization of document flow, and the gas crisis prompted calls for energy savings. That is why the emergence of new threats of financial

recession can create new civilizational breakthroughs in sustainable development.

So, it is worth emphasizing that at the current stage of the development of the economy of Ukraine, in the conditions of the socio-economic crisis, the state must implement an effective policy in the field of providing the financial market with instruments of banking regulation and attracting new investment resources, guaranteeing investors the return of their own funds and stimulating entrepreneurial activity.

However, based on the application of any of the proposed types of control, it is possible to identify and establish the troubles that are occurring today in the development of the tourism industry, its neglect, lack of creative approaches, and financial violations, as well as contribute to increasing the responsibility of violators and ensure compensation for financial losses. High efficiency of financial control in Ukraine can be achieved only with appropriate coordination of activities of all controlling entities.

The presented investigation was based on accounting and financial trends that existed before the war and on the basis of facts recorded at the present time, however, in the conditions of the war and after it, such trends may not be preserved, because at the moment it is not possible to stabilize the situation regarding socio-economic development in the country and abroad.

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