



Graduate Research

**ANNOTATIONS
OF BEST MASTER'S THESES
IN INTERNATIONAL ECONOMICS
PREPARED AT TERNOPIL NATIONAL
ECONOMIC UNIVERSITY**

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THE WORLD PRACTICE OF EFFECTIVE TOURIST RESOURCES EMPLOY-
MENT AS A BASIS FOR UKRAINE'S TOURIST ATTRACTION**

The author systematizes the patterns of tourist industry management in advanced tourist countries including France, Spain, Great Britain, and Italy. In the paper, cultural, information, and green tourism in the European countries were analyzed. While analyzing the tourist sector of Ukraine, special focus was laid on Ternopil region. In addition, a list of intact and ruined castle facilities throughout its area has been compiled (see Table 1). An attempt was made to implement the European practice in the Ukrainian tourist sector. Two options for castle utilization were substantiated: the first option – with leaving the pattern of ownership unchanged, the second – with surrender of those castles which were publicly owned.

Table 1

List of Intact and Ruined Castles in Ternopil Region (oblast)

No	Name	Address	Date
Ternopil city			
1.	Old Castle	12 Zamkova st.	1540
Berezhany District			
2.	Castle	Berezhany town, I. Franko st.	1554

No	Name	Address	Date
3.	Castle ruins and Polish Roman Catholic church	Bishche village	XIV–XVII
Borshchiv District			
4.	Castle (ruins)	Vysichka village	XVII–XVIII
5.	Castle (ruins)	Kryvche village	1650
6.	Castle (ruins)	Kudryntsi village	XVI
7.	St. Trinity Fortress	Okopy village	1692
8.	Castle (ruins)	Skala-Podil's'ka village	1518 – XVIII
9.	Embankments of the site of ancient settlement	Dzvenyhorod village	IX
10.	Remnants of the castle	Bil'che-Zolote village	XVII
Buchach District			
11.	Castle	Buchach town, Volya sq.	XIV
12.	Castle	Zolotyy Potik, urban type settlement	XVII
13.	Castle	Pidzamochock village	1600
14.	Castle	Yazlovets village	XIV–XVIII
Husyatyn District			
15.	Castle	Sydoriv village	XVII
16.	Castle	Hrymailiv, urban type settlement	XIX
17.	Castle (ruins)	Husyatyn, urban type settlement	XVII
18.	Castle ruins and Polish Roman Catholic church	Lychkivtsi village	XV – 1726
Zalishchyky District			
19.	Volodyevskyy Tower	Novosilka village	XVII
20.	Palace and Castle ruins	Nyrkiv village (Chervonohrad)	XIV–XIX
21.	Defensive Tower	Tovste, urban type settlement	XVII
Zbarazh District			
22.	Castle	Zbarazh town, 28	1631

No	Name	Address	Date
		Morozenko st.	
23.	Castle (ruins)	Old Zbarazh village	XIV
24.	Palace Assemblage	Vyshnivets, urban type settlement	XV
Zboriv District			
25.	Castle	Zalozhtsi, urban type settlement, Shkil'na st.	1516
Kremenets District			
26.	Castle (ruins)	Kremenets town, Zamkova st.	XIV–XVI
27.	Castle	Bilokrynytsya village	XIX
Pidvolochysk District			
28.	Castle	Skalat town	1630
29.	Castle	Toky village	XVI
Terebovlya District			
30.	Castle (ruins)	Terebovlya town, Pidzamche st.	1631
31.	Castle	Mykulyntsi, urban type settlement	XVI–XVIII
32.	Castle	Dolyna village	XVII
33.	Castle	Budaniv village	XVII
34.	Palace and Castle ruins	Strusiv village	XVI–XVIII
Ternopil District			
35.	Castle ruins	Bavoriv village	XVIII
Chortkiv District			
36.	Hols'ky Castle	Chortkiv town, Zamkova st.	1610
37.	Castle	Yahil'nytsya village	1654
Shumsk District			
38.	Castle Remnants	Stizhok village	XIII

Hryniv B. (*Scientific advisor: Pazizina K., Candidate of Agricultural Sciences, Assistant Professor*) ADAPTING UKRAINIAN AGRARIAN SECTOR TO THE CONDITIONS OF THE WORLD MARKET

The necessity for adapting Ukrainian agrarian sector to the world market appears as the primary task for Ukraine. Ukrainian entry to the ILO demands considerable reformation. The author analyses the foreign economic activity of the agrarian sector. The analysis of external trade tendencies of the sector is an indicative of an existing positive dynamics in the cost volume of exports of the agro-industrial products. For a considerable period of time, the fraction of agrarian products amounts to about 10%, standing down to exports of metallurgical, machine building, and chemical industries only. Export product flows gradually redirect from the CIS countries to the far-abroad countries. When in 1996 the CIS countries accounted for 77.3% of food products exports, in 2005 the figure was 46.5%. The author defines the main problems in the Ukrainian agrarian sector on the eve of entering the ILO. The rollback of even without that low tariffs can negatively influence domestic production. Besides, the decrease of returns from external trade after lowering tariffs can harmfully affect the country's budget. The rise of competitive ability of the Ukrainian agrarian products can compensate these expenses. Solving the problem of internal producer support and providing export subsidies is very significant. It is important to note that out of all ILO member-countries, only 25 have export subsidies. Ad interim there is some inconsistency in the questions of agrarian products standardization and certification. Harmonization according to European standards forwards the integration to the European food products market. The agrarian sector reformation experience of the CEU countries is provided in the context of its implementation in Ukraine. Spreading of the vertical integration in the Ukrainian agrarian markets has become their peculiarity. Agro-holdings (integrated agro-industrial trading companies that are export-oriented on agricultural products) became the most effective subjects of the Ukrainian agrarian market at the current point. Guidelines for intensification and foreign economic activity development perspectives in the Ukrainian agro-industrial sector are defined.

Kaniy I. (*Scientific advisor: Uniyat A., Candidate of Economic Sciences, Assistant Professor*) PROSPECTS OF INTERNATIONAL HOTEL SYSTEMS DEVELOPMENT IN UKRAINE

The author defines the notion of a hotel system and considers the advantages of hotel systems compared to individual hotels in the context of economic, especially marketing activity, as well as from the standpoint of the system of organization of management in hotel business. In the thesis, basic approaches to hotels and hotel systems classification applied in different countries of the world were systematized. Problems of international harmonization of standards of hotels and hotel systems classification, which may cause internationalization and improvement of hotel business management, were also considered. Specificity of the most famous hotels in the world was also considered. Different kinds of disposal in hotel systems and the list of conventions, which are noticed by the tourist (guest), were characterized. Conditions and tendencies of development of hotel systems in the world were estimated, processes of confluence and absorption in hotel business, basic forms of activity of international hotel systems were characterized, in particular management due to the contract, franchising, vertical integration. Problems and opportunities for creation of hotel systems in Ukraine were investigated, including consequences of expansion of western hotel systems. Prospects for hotel sector development of Ukraine were defined. Major trends of improvement of investment activity in the hotel-tourist sphere of Ukraine were defined, in particular: distribution of functions of the members of investment process and improvement of their interests, development of institution of collective investment, stimulation and preferences for investors, expert estimation of investment projects, portfolio investments in municipal property, investments in multifunctional complexes, professional management of implementation and development of projects. New standards of quality service in the hotels in the context of formation of the national hotel system were worked out.

Kulyk A. (*Scientific advisor: Melnyk V., Candidate of Economic Sciences, Assistant Professor*) NASH'S ECONOMIC GAME THEORY: TYPES, EQUILIBRIUM IN PROPER AND MIXED STRATEGIES

The game theory is examined in the context of selecting a strategic behavior by the subject of economic activity with the purpose of reaching maximum benefit (profit maximization, market capture, increasing market performance, agreement with competitors or solving political, economic, and social problems). The essence of the game theory, particularly the fundamentals of Nash's game theory, is uncovered with the help of formal and abstract instruments. The algorithm of matrix games «Prisoner Dilemma», «Struggle of Two Representatives of Opposite Sexes», «Stag Hunt» is demonstrated on the theoretical level. Extensive game forms and the process of building a game tree for considering dynamic situations of decision-making are analyzed. Interpretation of the competitor's actions regarding product commercialization in the conditions of duopoly (within the Shtakelberg's model) is graphically developed. A profound analysis of models with non-cooperative behavior is provided, particularly concepts of solving non-cooperative Nash games in different market structures, in particular under the conditions of oligopoly (Kurno model). The possibilities of reaching Nash equilibrium when using dominant and mixed strategies of market behavior are assessed. Methods of selecting optimal strategies for players and reaching maximum benefit in the models with two equilibriums are developed. Game models, interpreted by the author in a new format, offer the possibility of simplifying market entry for different types of companies to an international market and fasten the selection of optimal strategies relative to competitors.

Lischynskiy I. (*Scientific advisor: Konchyn V., Cand. of Economic Sciences, Senior Lecturer*) DEVELOPMENT OF UKRAINIAN INTERNATIONAL SPECIALIZATION AND FOREIGN TRADE FLOWS: NEW TRADE THEORY ASPECT

The paper elaborates a gravity model of Ukrainian foreign trade flows with 147 countries for 2004–2005. In the gravity equation, such variables as the size of GDP, distance between the countries, amount of FDI, GDP per capita, population, language relationships, contiguity and others factors were included. The analysis confirmed the availability of tight and significant relationship between the amount of Ukrainian foreign trade and size of GDP, population of countries-trade partners and distance between the countries.

The analysis of relative industry concentration indices in Ukraine and the EU shows that the highest level of concentration is observed in extractive, textiles, leather, and timber industries. The lowest level of concentration is typical of food, chemical, machine-building industries, and metallurgy. The highest levels of specialization are peculiar to Baltic countries, Portugal, Ireland, Romania and Bulgaria. In general, the highest level of productive and trade structure differentiation is observed in economically powerful countries (except Germany). The analysis of regional and industry concentration coefficients shows that Ukraine is specialized in extractive industry; producing and distribution of energy, gas and water; producing of coke and oil-product; machine building, food industries.

The author also considered the role of monopolistic and oligopolistic competition in the development of Ukrainian international specialization. Nowadays, the economic system of Ukraine is closed and oligopolistic, with intertwining interests of business and state bodies.

The author gives proposals regarding further development of Ukraine's international specialization and foreign trade flows in the aspect of «new trade theory». In particular, there are proposals for adaptation of cluster economy model, development of mono-industrial cities (choosing the scientific territories), further use of the Ukrainian Euroregions' potential, conducting of appropriate administrative reform, promoting the setting-up of domestic (or with Ukrainian capital share) financial industrial groups and free access of foreign MNCs to the Ukrainian markets, as well as Ukraine's more active participation in regional trade agreements

Mandybur M. (*Scientific supervisor: Uniyat A., Candidate of Economic Sciences, Assistant Professor*) DEVELOPMENT OF FORMS OF UKRAINIAN HOSPITALITY IN THE TOURIST SECTOR

The concept and role of hospitality in tourism was studied; tendencies of business activity development in hotel sphere were characterized. On the theoretical level, the organizational patterns of a hotel enterprise were analyzed, in particular linear, functional and linear-functional (mixed), divisional and matrix-like patterns. A comparative analysis of labor productivity of the networked and non-networked hotels in different parts of the world was done; major reasons of inefficiency of hotel sector in the post-soviet countries were characterized. Problems and disadvantages preventing development of the hospitality sphere in Ukraine, including low profitability, dominating of material and technical basis of the built during the soviet times hotels, inadaptability of engineer communications, absence of complex strategic planning and realization of investment projects, business-planning and marketing investigations were estimated. Detailed analysis of hotel sphere development in Ternopil region, in particular tourist infrastructure, major data of hotel work and other places of short-term stay, was done. Prospects of development of the hospitality sphere in Ukraine, in particular increasing importance of hostels, elite hotels, access to the market of foreign hotel groups were defined. Major trends towards activity improvement of enterprises of hospitality sphere were offered, in particular: renewal of funds, improvement of hotel public nutrition, elaboration of branded style of service, creation of informational data area and automatization of business processes, development of congress infrastructure, creation of a set of supplementary services, introduction of concierge service, choice of the most advantageous and perspective niche. A modern system of personnel management for enterprises in the sphere of hospitality was conceived, which will function for improvement of the mechanisms of qualitative planning of the need in staff and hiring of staff, estimation and selection of candidates, professional orientation and social adaptation, training of staff and preparation of top-management personnel, estimation of industrial activity, management of career growth, as well as elaboration of the employee shifting and dismissal procedures.

Melnyk I. (*Scientific advisor: Konchyn V., Candidate of Economic Sciences, Senior Lecturer*) DEVELOPMENT OF UKRAINE'S INTERNATIONAL SPECIALIZATION IN THE CONTEXT OF ITS FUEL ENERGY SECTOR REFORMATION

The theoretical basis of international specialization is considered, the state of modern trade and production specialization of Ukraine is analyzed. A theoretical and empirical argumentation of the relationship between the Ukraine's international specialization development and fuel-energy sector functioning is made. The optimization ways of Ukraine's international specialization development are defined in the context of its fuel and energy sector reformation. The ability of Ukraine's production sectors to reorient themselves on the use of nontraditional and renewable energy sources and on this basis to increase competitiveness of their tradable goods is assessed.

The ways of energy intensity reduction of Ukraine's commodity production are offered. The scheme of decreasing of energy dependency from Russia and forming in the country the economic system close to energy independent is worked out. The directions of fuel and energy sector reforming for providing an optimal development of international specialization in the world economy are defined. The qualitatively new alternative variants of Ukraine's international specialization development under conditions of increasing role of nontraditional and renewable energy sources are offered. New prospects of Ukraine's international specialization development in the process of the growing importance of nontraditional energy sources in the sphere of its commodity production are outlined.

With an intensive use of nontraditional and renewable energy sources in Ukraine, not only the existing production sectors would be able to strengthen considerably their comparative advantages, but also other national economic sectors would develop dynamically. This would greatly diversify and deepen the modern international specialization of Ukraine. Thus, during the short-term period, it may become possible to ensure the power and economic security of Ukraine, to reduce exports of goods with low technological intensity. After that, the national foreign economic activity will acquire more market features, and Ukrainian external balance will improve as well.

Stefanovskyi O. (Scientific advisor: Konchyn V., Candidate of Economic Sciences, Senior Lecturer) THE MECHANISM OF FORMING PRECONDITIONS IN UKRAINE FOR REACHING REAL AND NOMINAL CONVERGENCE ON THE WAY TO THE EUROPEAN UNION

For the first time, the author considered the process of integration Ukraine into the EU through the prism of integrated approach of reaching real and nominal convergence; calculated the Gini coefficient for Ukraine and the EU with the aim of exposing the existing sigma-convergence; tested beta-convergence between Ukraine and EU countries on the basis of regression analysis of economic growth; and elaborated the mechanism of forming pre-conditions in Ukraine for reaching real and nominal convergence on the way to the European Union, the fundamental elements of which are the optimization of the production structure and effective economic policy. The author further considered the conditions of Ukraine's integration into the EU and estimated the perspectives of future deepening integration processes on the basis of existing conditions.

The results of the calculation confirmed the existing β - and σ -convergence among the aforementioned countries (except EU-15, there is no β -convergence among these countries). Thus, we can say that the resources of traditional development in the old EU-members are exhausted and the European Union needs to enlarge in order to use the effect of comparative advantage of the new members and the effect of economies of scale from the increasing size of the common market in order to further ensure integration processes and economic development.

Gini Coefficient, EU countries (1998–2007) and EU + Ukraine (2000–2005)

Роки	1998	1999	2000	2001	2002	2003	2004	2005	2006*	2007*
EU-10	0.185	0.188	0.180	0.171	0.160	0.144	0.137	0.126	0.118	0.110
EU-15	0.168	0.208	0.224	0.212	0.225	0.246	0.264	0.277	0.287	0.301
EU-25	0.106	0.141	0.151	0.146	0.149	0.162	0.168	0.178	0.189	0.193
EU-10 – Ukraine	x	x	0.214	0.203	0.195	0.192	0.182	0.170	x	x
EU-15 – Ukraine	x	x	0.172	0.168	0.169	0.181	0.184	0.186	x	x
EU-25 – Ukraine	x	x	0.260	0.253	0.248	0.252	0.248	0.241	x	x

Note: * forecast

Source: own calculations based on Eurostat data.

**Unconditional β -convergence, EU countries (1996–2005)
and Ukraine (2000–2005)**

Integra- tion groups	β	Correlation coefficient ** – significant at 0.01 * – significant at 0.05	R^2	F-criteria	Signifi- cance (no more than 0.05)	β_1 (change in re- sult produced by change in factor vari- able), %
EU–10	–0.006	0.222	Model is inadequate. Positive correlation shows absence of convergence			
EU–15	–0.485	–0.822**	0.675	16.6	0.004	–2.25
EU–25	–0.229	–0.616**	0.379	14.06	0.001	–2.77
EU–10 – Ukraine	–0.073	–0.423	Model is inadequate. Negative correlation shows existing of convergence			
EU–15 – Ukraine	–0.214	–0.673*	0.452	7.44	0.023	–2.12
EU–25 – Ukraine	–0.152	–0.676**	0.456	20.15	0.000	–2.99

At the present stage, Ukraine has not so far met the requirements of real and nominal convergence and the demand of carrying-out structural reforms due to forming pre-conditions for entrance into the European Union. At the same time, the results of the regression analysis and the calculation of Gini coefficient confirmed the existing of β - and σ -convergence between Ukraine and the EU countries (EU–10, EU–15, EU–25), which creates perspectives for reaching economic convergence and deepening integration processes between the countries on this basis.

Yurovska O. (Scientific advisor: Pazizina K., Candidate of Agricultural Sciences, Assistant Professor) THE MECHANISM OF OVERCOMING THE IMPACT OF INTERNATIONAL CRISES IN UKRAINE

The author describes the theoretical aspects of international crisis emergence and development under conditions of economic globalization and their consequences for the national economy. The features of financial crises are considered, particularly the effects of «herding behavior», «self-fulfilling attack», and also the phenomena of «external shocks» and «contagion effects». This paper represents peculiarities of international financial crisis that originate from the unevenness in the world development, spontaneous globalization processes, interest and currency volatility, growth of state foreign debts, speculative financial operations, acceleration of domestic and foreign liberalization in real and financial sectors of state economic system, imperfection of the existing financial architecture, etc. The evolution of Mexican, Asian and Russian financial crises of 1990s is analyzed. The role of financial security in overcoming the consequences of financial crises is determined. The methodology of state financial security indicators for the systems of budgetary, monetary, credit, investment, exchange, banking, stock, insurance, internal and external economic and socio-economic sectors is demonstrated. The impact of the world financial crises of 1990s upon economic development of Ukraine is estimated. The state of Ukrainian financial security is thoroughly analyzed using such indicators as inflation rate, domestic debt, foreign debt, state budget deficit, monetization level, interest rates, and monetary reserves. The real threats for Ukrainian financial security are shown, in particular if there are small amounts of investments and decapitalisation of the economy, unregulated capital flows and capital laundering. Indicators of financial security of Ukraine, which are peculiar to the above-mentioned economic sectors, were calculated. The policy of the National Bank of Ukraine in the conditions of financial crisis is examined. The measures for determining the effects of financial crises in Ukraine were developed, namely arrangements for banking system stabilization and conversion; the NBU's independence from state bodies in realization of monetary and exchange policy; searching the ways for increasing stock-market capitalization and development of long-run functions of domestic financial market on this basis; determination of the conditions for integration of the Ukrainian financial system into the international financial system, including deregulation of financial operations on the international financial markets; necessity to reduce inflows of short-run foreign capital to stock and credit markets in order to prevent accumulation of speculative capital; rejection of the mechanism of intensive state borrowing, and also enforcing nonresidential monitoring on the national bond market in order to keep foreign debt within the adequate limits. The mechanism of ensuring the financial security of Ukraine was improved.