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## **PROSPECTS FOR THE IMPLEMENTATION OF THE CIRCULAR ECONOMY IN ENTREPRENEURIAL ACTIVITIES AS A FACTOR OF STATE REGULATION FOR THE SUSTAINABLE DEVELOPMENT OF THE TOURISM SECTOR**

*The relevance of effective state regulation of sustainable development in the tourism sector is determined not only by the necessity of integrating environmental, social, and economic aspects but also by the growing challenges faced by this industry. Global climate change, environmental pollution, loss of biodiversity, and social inequality require new approaches to managing tourism resources. One of the key components of this process is the active involvement of international programs that offer financing, technology, and expert support for implementing sustainable initiatives. Collaboration with international organizations and countries can provide access to new markets and increase investments in sustainable tourism.*

*The strategy for developing a circular economy in tourism contributes to waste reduction, resource conservation, and the sustainable use of natural landscapes. It involves the implementation of ecological practices in hotels, restaurants, and other tourism enterprises, allowing for a reduction in the negative impact on the environment. Furthermore, it is essential to emphasize educational programs for tourists and local residents that help to shape environmental awareness and encourage responsible attitudes towards nature. Thus, the integration of sustainable practices in the tourism sector not only enhances its competitiveness but also ensures the long-term sustainability of regional economies, improving the quality of life for local communities and conserving natural resources for future generations. Given these factors, state regulation becomes critically important for shaping an ecologically balanced and socially responsible tourism sector.*

*Scientific research also emphasizes the necessity of state regulation for the sustainable development of the tourism sector, particularly in the context of European circular economy policy. This policy involves the implementation of tools that promote waste reduction, resource conservation, and increased environmental responsibility across all aspects of tourism activities. The main instruments of state regulation include financial mechanisms such as subsidies and tax incentives for enterprises that adopt environmentally friendly technologies. Additionally, legislative initiatives can regulate sustainable development standards for tourism companies, encouraging them to transition to more eco-friendly practices. However, the implementation of these instruments faces numerous challenges. Firstly, it is essential to consider the diversity of local conditions and needs to avoid general approaches that may not suit the specificities of different regions. Secondly, it is important to ensure an adequate level of education and awareness among entrepreneurs and consumers regarding the benefits of sustainable tourism. In the context of European circular economy policy, state regulation should become a crucial mechanism for supporting innovation, particularly in developing new technologies that reduce the environmental impact of tourism. This also includes collaboration between governmental institutions, academic circles, and businesses, which will facilitate the creation of an effective ecosystem for sustainable tourism development. Thus, state regulation of sustainable development in the tourism sector must not only adapt to existing challenges but also actively implement new approaches that meet contemporary requirements and contribute to environmental preservation.*

*Ukraine is already taking significant steps towards a circular economy through legislative initiatives and state standards. Tourism enterprises can take advantage of these changes by integrating circular models into their business processes. This not only aligns with the state's sustainable devel-*

*opment policies but also provides businesses with the opportunity to gain competitive advantages and reduce costs in the long term.*

**Key words:** *state regulation, tourism, tourism sector, circular economy, state policy, environmental responsibility, financial mechanisms, innovation, cooperation, business.*

**Problem Statement.** The integration of circular economy principles into entrepreneurial activities is emerging as a crucial element for effective state regulation of sustainable development in the tourism sector. With the rise in tourist numbers and shifts in consumer preferences, driven by environmental and social challenges, there is an urgent need to formulate new strategies that promote the incorporation of circular economy practices within the tourism industry.

Firstly, it is essential to clarify what sustainable development means in the context of tourism, taking into account its environmental, social, and economic dimensions. Secondly, it is vital to examine the core principles of the circular economy that can be applied within the tourism sector and how these principles can help minimize waste and optimize resource use.

State regulation in this area should employ a variety of tools, including economic, administrative, and informational mechanisms. Additionally, monitoring and assessing the effectiveness of these instruments is key. Nevertheless, the journey toward sustainable tourism development presents several challenges, notably the need to align with European circular economy policies, which can significantly influence national strategies.

Exploring this issue is particularly relevant given the escalating global environmental challenges and the pressing need to mitigate tourism's adverse effects on the environment. The growing demand for eco-friendly and socially responsible tourism products underscores the significance of this inquiry. Addressing these challenges can pave the way for effective strategies aimed at achieving sustainable development in tourism, ultimately enhancing the quality of life for communities and fostering environmental protection.

**Analysis of Recent Research and Publications.** Modern challenges and megatrends in the development of the tourism and recreation sector have been thoroughly analyzed in the work of Hrafskyi O. I. (2020), which emphasizes the importance of adapting to new conditions brought about by global changes, such as the COVID-19 pandemic and climate change. The author notes that «the tourism sector must consider new consumer needs and implement innovative solutions to ensure resilience» [1]. In the context of managing tourism and hospitality development within the framework of the circular

economy, Horbali and Lomaha (2021) point out in the materials of an international conference that «the implementation of circular business models enhances resource efficiency and reduces environmental footprints» [2]. This underscores the relevance of the chosen direction amid the martial law in Ukraine, where adapting business models is critically important. Zlotnik (2021) highlights the benefits of implementing a circular economy for Ukrainian enterprises, asserting that «the transition to circular models leads to cost reduction and improved competitiveness in the face of globalization» [3].

The study by Einarsson and Sorin (2020) offers a conceptual framework for transitioning the tourism industry to a circular economy, stating that «this approach can serve as a foundation for sustainable and adaptive development in the tourism sector» [4]. All these studies indicate the necessity of implementing innovative solutions and adapting to new realities, which are key factors for the successful development of the tourism and recreation sector in Ukraine. Therefore, the results of these studies reflect a growing interest in sustainable development issues within the Ukrainian tourism sector and the need for effective strategies for its further advancement.

**The aim of the article** is to develop effective tools and mechanisms to ensure ecological sustainability, economic benefits, and social responsibility in the tourism industry, as well as to address the challenges associated with integrating circular practices into entrepreneurial development.

**Presentation of Main Material.** The tourism industry faces the need to adapt to new realities following COVID-19, necessitating a reevaluation of values, goals, and business models. Modern travelers seek more conscious travel experiences that emphasize safety, ecology, and authentic engagement. It is crucial to identify what values matter most to today's travelers: support for local cultures, ecological sustainability, or safety and comfort. This raises the question of balancing global and local needs.

Tourism should prioritize smaller, local businesses to foster economic development in regions while minimizing negative impacts on ecosystems. This not only enhances the economic stability of local communities but also creates new opportunities for tourists seeking unique and authentic experiences. For travelers to feel secure, the tourism industry must implement new safety measures, including

improved hygiene protocols, transparency regarding risks, and access to medical assistance. The adoption of such measures will not only build tourists' trust but also ensure comfortable conditions for leisure.

Additionally, a circular economy can significantly transform business practices in the tourism sector. Businesses can focus on circular procurement, resource reuse, and repairs. For instance, hotels might offer services that require fewer resources or convert unused spaces into co-working areas to meet the modern demands of remote work.

Digitalization also plays a crucial role in transforming the tourism industry. The implementation of digital technologies for resource management and customer communication can help reduce costs and enhance efficiency. This opens up new opportunities for service personalization, improving customer satisfaction [5].

Within this research, the circular economy in tourism is viewed as an innovative approach aimed at minimizing waste, conserving resources, and ensuring the long-term use of products and materials within the tourism sector. The primary goal of this approach is to transform waste into resources for new processes. This helps reduce the environmental footprint of tourism and make it more sustainable. Thus, the ultimate aim of the circular economy in tourism is for all materials used in the tourism industry—such as construction materials for hotels and tourism equipment—to either be reused or recycled.

Currently, Ukraine has several legislative initiatives and state standards that promote the implementation of a circular economy, particularly in the tourism sector. Although the concept of a circular economy is just beginning to gain momentum, state policy in the environmental sphere is taking its first steps in this direction. Let's examine some examples of implemented initiatives:

#### The "Waste Management" Law

The law enacted in 2022 is the first comprehensive regulation governing waste management based on European standards. It introduces a waste hierarchy (minimization, recycling, reuse) that encourages businesses to reduce waste volumes. Hotels, restaurants, and tourist facilities will be required to implement practices for separating and recycling waste, including biodegradable waste, thereby promoting the transition to circular models in resource management [6].

#### National Waste Management Strategy until 2030

The Ukrainian government approved a strategy that includes the implementation of a circular econ-

omy through the modernization of waste recycling infrastructure, encouraging material reuse, and reducing waste generation. Businesses in the tourism sector can benefit from government support programs to adopt eco-friendly initiatives, such as installing recycling stations or using sustainable building materials [7].

#### Environmental Impact Assessment (EIA)

EIA legislation has been in effect in Ukraine since 2017. All new tourist facilities or infrastructure projects must undergo environmental assessments, which include analyzing environmental impacts and recommending measures to minimize harm. This requirement encourages tourism enterprises to seek ways to reduce their ecological footprint, which may include adopting circular principles such as reusing materials and utilizing renewable energy [8].

#### Draft Law on Plastic Bag Restrictions

In 2021, restrictions were introduced on the use of single-use plastic bags. Hotels, restaurants, and other tourism infrastructure establishments must replace single-use plastic bags with eco-friendly alternatives. This directly impacts the tourism sector by compelling businesses to use reusable or biodegradable materials, aligning with circular economy principles [9].

Support for the circular economy at the state level through legislative initiatives and standards is a crucial tool for regulating and encouraging businesses to transition to sustainable development models. This approach not only helps reduce the negative impact of tourism on the environment but also creates new opportunities for innovative development, cost reduction, and increased competitiveness.

1. Requirements for Waste Minimization in the Hospitality Sector: Legislative regulations aimed at reducing the use of single-use materials in hotels and tourist facilities (e.g., plastic bottles, cups, bags) are essential. In Spain, a law mandates hotels to use reusable bottles for soap, shampoo, and other products while banning single-use plastic bags. This compels hotels and tourist facilities to adopt more sustainable solutions, including reusable materials and biodegradable alternatives. Consequently, businesses that implement these solutions first will gain competitive advantages, such as lower procurement costs for single-use materials.

2. Standards for Certification of Eco-Friendly Tourist Facilities: The government can introduce mandatory certification standards for tourist facilities that utilize circular models. For example, the Green Key system (an eco-certification for hotels and tourist establishments) operates in many European countries

and sets criteria for reducing energy consumption, minimizing waste, and reusing materials. Tourist facilities that achieve certification will receive state support and access to international environmental markets, attracting more environmentally conscious travelers.

When considering the European Union, it actively supports this approach through initiatives like the «Green Deal» and the «Circular Economy Action Plan,» which pay significant attention to the tourism sector. For instance, countries are working on implementing eco-tourism practices and waste management in well-known tourist destinations as part of Transition Pathways Europa [10]. This economic model not only reduces environmental harm but also creates sustainable business models that will support the long-term development of tourism.

The project «Sustainable EU Tourism – Shaping the Tourism of Tomorrow» is an important European initiative aimed at transforming the tourism industry into a more environmentally friendly, sustainable, and digital sector. This initiative reflects the EU's commitment to making tourism more balanced in terms of environmental impact and social sustainability while promoting innovative solutions to enhance sector competitiveness. The project aims to adapt the tourism industry to contemporary challenges and create conditions for sustainable development [11].

To facilitate the integration of circular economy principles into the business activities of the tourism sector at the level of government regulation, it is advisable to apply factors that promote sustainable development, including the following mechanisms:

- Implement mandatory environmental licensing for hotels, restaurants, and tour operators. For instance, tourist facilities that adopt energy-efficient technologies, minimize water usage, and reduce CO<sub>2</sub> emissions can receive environmental certifications (such as “Green Star” or “Eco-Label”). This encourages companies to adhere to environmental standards.

- Introduce tax deductions or preferential rates for tourism enterprises investing in “green” technologies, such as the installation of solar panels or rainwater harvesting systems. This may also include income tax exemptions for projects implementing circular economic models.

- Create a circular fund for tourism enterprises that will provide financial support for the implementation of environmental initiatives and innovations. It is crucial to explore tools that can ensure sustainable development in the tourism sector, as well as

to examine the challenges faced by countries in integrating into European standards.

The government stimulation mechanisms that facilitate the successful transition of tourism enterprises to sustainable development models can be divided into several key categories. These include economic instruments, legislative initiatives, informational and educational programs, and technical support. Each of these mechanisms plays an important role in creating favorable conditions for businesses aiming to implement circular economy principles.

The implementation of circular economy practices in the tourism sector has several key justifications. Transitioning to circular business models allows enterprises to reduce operational costs through material reuse, optimization of energy consumption, and waste reduction. This approach ensures long-term business sustainability and increases profitability. Reducing the environmental burden by decreasing greenhouse gas emissions, water and air pollution, and lowering natural resource consumption contributes to ecosystem preservation and biodiversity support. Additionally, creating new jobs in recycling, repair, and maintenance will foster local community development, improve living conditions, and enhance the level of social responsibility in business.

**Conclusions and Prospects.** The circular economy, which focuses on the rational use of resources, waste minimization, and product reuse, is a key element of sustainable development. Implementing such models in the tourism sector will not only reduce environmental impact but also enhance business efficiency by creating new opportunities for cost reduction. Based on the analysis of the prospects for integrating circular economy principles into business activities as a factor of state regulation for sustainable development in the tourism sector, it can be concluded that the establishment of government stimulation mechanisms is a necessary and promising direction. These mechanisms will facilitate the successful transition of tourism enterprises to sustainable development models.

In light of the results obtained, future research could focus on the implementation and creation of a special government fund that supports tourism enterprises adopting circular business models. This fund could provide grants and low-interest loans for the development of innovative environmental solutions. Such financial support would encourage companies to experiment with new eco-friendly practices, ultimately reducing their dependency on government resources in the long run.

Implementing the aforementioned mechanisms at the government level will create favorable con-

ditions for tourism sector enterprises striving to transition to sustainable business models. This will enhance the competitiveness of Ukrainian tourism on

the international stage and help mitigate its environmental impact, contributing to the country's sustainable development.

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#### **Кіктенко О.В., Набока К.О. ПЕРСПЕКТИВИ ВПРОВАДЖЕННЯ ЦИРКУЛЯРНОЇ ЕКОНОМІКИ В ПІДПРИЄМНИЦЬКУ ДІЯЛЬНІСТЬ ЯК ФАКТОР ДЕРЖАВНОГО РЕГУЛЮВАННЯ СТАЛОГО РОЗВИТКУ ТУРИСТИЧНОГО СЕКТОРУ**

*Актуальність ефективного державного регулювання сталого розвитку туристичного сектору зумовлена не лише необхідністю інтеграції екологічних, соціальних та економічних аспектів, але й зростаючими викликами, з якими стикається ця галузь. Глобальні зміни клімату, забруднення довкілля, зменшення біорізноманіття та соціальна нерівність вимагають нових підходів до управління туристичними ресурсами. Однією з ключових складових цього процесу є активне залучення міжнародних програм, які пропонують фінансування, технології та експертну підтримку для реалізації сталих ініціатив. Співпраця з міжнародними організаціями та державами може забезпечити доступ до нових ринків і збільшити інвестиції у сталий туризм. Стратегія розвитку циркулярної економіки в туризмі сприяє зменшенню відходів, збереженню ресурсів та сталому використанню природних ландшафтів. Вона передбачає впровадження екологічних практик у готелях, ресторанах та інших туристичних підприємствах, що дозволяє знизити негативний вплив на довкілля. Крім того, важливо акцентувати увагу на просвітницьких програмах для туристів і місцевих жителів, які допоможуть формувати екологічну свідомість та заохочувати відповідальне ставлення до природи. Таким чином, інтеграція сталих практик у туристичний сектор не лише підвищує його конкурентоспроможність, але й забезпечує довгострокову стійкість економіки регіонів, покращуючи якість життя місцевих спільнот і зберігаючи природні ресурси для майбутніх поколінь. З огляду на ці фактори, державне регулювання стає критично важливим для формування екологічно збалансованого та соціально відповідального туристичного сектору.*

*Наукові дослідження також акцентують увагу на необхідності державного регулювання сталого розвитку туристичного сектору, зокрема в контексті європейської політики циркулярної економіки. Ця політика передбачає впровадження інструментів, які сприяють зменшенню відходів, збереженню ресурсів та підвищенню екологічної відповідальності в усіх аспектах туристичної діяльності. Основні*

інструменти державного регулювання включають фінансові механізми, такі як субсидії та податкові пільги для підприємств, що впроваджують екологічно чисті технології. Крім того, законодавчі ініціативи можуть регламентувати стандарти сталого розвитку для туристичних компаній, стимулюючи їх до переходу на більш екологічні практики. Однак реалізація цих інструментів стикається з численними викликами. По-перше, необхідно враховувати різноманітність місцевих умов та потреб, щоб уникнути загальних підходів, які можуть не відповідати специфіці регіонів. По-друге, важливо забезпечити належний рівень освіти та обізнаності серед підприємців і споживачів щодо переваг сталого туризму. У контексті європейської політики циркулярної економіки, державне регулювання має стати важливим механізмом для підтримки інновацій, зокрема у розробці нових технологій, які зменшують вплив туризму на довкілля. Це також включає співпрацю між державними установами, науковими колами та бізнесом, що дозволить створити ефективну екосистему для розвитку сталого туризму. Таким чином, державне регулювання сталого розвитку туристичного сектору має не лише адаптуватися до існуючих викликів, але й активно впроваджувати нові підходи, що відповідають вимогам сучасності і сприяють збереженню природного середовища.

Україна вже робить важливі кроки в напрямку циркулярної економіки через законодавчі ініціативи та державні стандарти. Туристичні підприємства можуть скористатися цими змінами, інтегруючи циркулярні моделі у свої бізнес-процеси. Це не тільки відповідає державній політиці сталого розвитку, але й дає можливість бізнесам отримати конкурентні переваги та знизити витрати в довгостроковій перспективі.

**Ключові слова:** державне регулювання, туризм, туристичний сектор, циркулярна економіка, державна політика, екологічна відповідальність, фінансові механізми, інновації, співпраця, бізнес.