ШКОДА

Тетяна Никодимівна
shkoda-tetiana@kneu.edu.ua

УДК 338.001.36. 658.8

KEY PRIORITIES OF STRATEGIC MANAGEMENT OF AIRPORTS IN UKRAINE

КЛЮЧОВІ ПРІОРИТЕТИ СТРАТЕГІЧНОГО УПРАВЛІННЯ АЕРОПОРТАМИ УКРАЇНИ

д.е.н., доцент, Київський
національний економічний
університет імені Вадима
Гетьмана

DOI: [https://doi.org/10.37634/efp.2021.3\(1\).4](https://doi.org/10.37634/efp.2021.3(1).4)

SHKODA Tetiana Nykodymivna – Doctor of Economics, Associate Professor, Vadym Hetman Kyiv National Economic University

Introduction. The efficiency of the airport depends not only on the organization of air services and the success of business diversification, but also on the airport infrastructure, the development of which is one of the most important areas of effective strategic management of the airport and an important factor in its strategic positioning.

The purpose of the paper is to substantiate the key priorities of strategic management of airports of Ukraine on the basis of systematization of sectoral features of airports and current problems of their development.

Results. It was found that during the study period 2010-2019 the market of air passenger transportation in Ukraine is gradually becoming more liberalized, it attracts new airlines, both domestic and foreign, which in accordance with their strategy operate regular and charter flights. This has a positive effect on passenger traffic at regional airports. Features of domestic airports, as well as foreign ones, are determined by their technical characteristics, geographical location, development of logistics infrastructure, and features of socio-economic development of the region, including demographic factors. The study of progressive world experience in using tools for modernization and development of aviation infrastructure has shown the feasibility of public-private partnership projects in Ukraine, which, given the constant lack of public investment funds, are an effective means of investing with private partners.

Conclusions. The key priorities of strategic airport management are determined based on the understanding of the importance of these aviation infrastructure objects for development of the air transport industry and the national economy and implemented through the use of effective airport development tools taking into account the socio-economic development of Ukraine.

* * *

Вступ. Ефективність функціонування аеропорту залежить не тільки від рівня організації обслуговування повітряних перевезень та успішності ведення диверсифікаційної діяльності, а й від інфраструктури аеропорту, розвиток якої є одним з найважливіших напрямків ефективного стратегічного управління аеропортом та важливим чинником його стратегічного позиціонування.

Метою даної статті є обґрунтування ключових пріоритетів стратегічного управління аеропортами України на основі систематизації галузевих особливостей діяльності аеропортів та сучасних проблем їх розвитку.

Результати. За період дослідження 2010-2019 рр. встановлено, що ринок авіаційних пасажирських перевезень України поступово стає більш лібералізованим, до нього залучаються нові авіакомпанії, як вітчизняні, так і іноземні, які відповідно до своїх чинників розвитку обирають маршрути регулярних та чартерних рейсів. Зазначене позитивно впливає на пасажиропотік регіональних аеропортів. Особливості вітчизняних аеропортів, як і іноземних, визначаються як їх технічними характеристиками, географічним розташуванням, розвиненістю логістичної інфраструктури, так і особливостями соціально-економічного розвитку регіону, зокрема і демографічними факторами. Вивчення прогресивного світового розвитку використання інструментів модернізації та розбудови авіаційної інфраструктури показав на доцільність застосування в Україні проєктів державно-приватного партнерства, які, зважаючи на постійну нестачу державних інвестиційних коштів, є дієвим засобом інвестування за участю приватних партнерів.

Висновки. Ключові пріоритети стратегічного управління аеропортами визначаються виходячи з розуміння важливості цих об'єктів авіаційної інфраструктури для розвитку авіатранспортної галузі країни та національної економіки та реалізуються завдяки використанню дієвих інструментів розвитку аеропортів з урахуванням особливостей соціально-економічного розвитку України.

Keywords: airport, strategic management, demographic factors, aviation infrastructure, public-private partnership

Ключові слова: аеропорт, стратегічне управління, демографічні фактори, авіаційна інфраструктура, державно-приватне партнерство

INTRODUCTION

The ability of Ukrainian air transport enterprises to achieve indicators up to the pandemic level depends not only on the speed of recovery of the national economy after the application of anti-pandemic measures that restrict air travel, but also on the effective solution of problematic issues of strategic management of air transport enterprises, in particular airports. Most of the latter ones in the pre-crisis period worked at the limit of their production capabilities. The efficiency of airport operation depends not only on the organization of air transportation services'

provision and the success of diversification activities, but also on the airport infrastructure, the development of which is one of the most important areas of effective strategic management of the airport and an important factor in its strategic positioning. Organizational and economic aspects of strategic management of air transport enterprises were studied in the works of such Ukrainian scientists as Yu.F. Kulaev, G.V. Zhavoronkova, V.M. Zagorulko, O.V. Arefieva, K.V. Marintseva, V.G. Koba, I.O. Geyets, I.P. Sadlovska, K.V. Sydorenko, O.M. Lozhachevskaya and others. But to ensure the development

of aviation infrastructure enterprises and airports, it is necessary to take into account key priorities when working out the components of strategic management.

The **PURPOSE** of the paper is to substantiate the key priorities of strategic airport management in Ukraine based on the systematization of industry features of airports' activities and current problems of their development.

RESEARCH METHODS

During the research, both general scientific and specific research methods are used, in particular: analysis and synthesis, structural and logical, content analysis and economic analysis.

RESULTS

The airport is an important infrastructure element of the country's air transportation system, as well as an

extremely important component of national, regional and local infrastructure. The state and location of airports determines the geography and intensity of aircraft traffic, the volume of passenger, cargo and postal traffic, as well as connections to remote areas of some countries. An important characteristic feature of airport activity is that, despite the need to ensure the profitability of its activities, it must solve state tasks for the development of transport infrastructure. It is due to this fact that most countries retain control over the development and operation of airports [1]. This feature complicates the solution of commercial problems faced by the owners and managers of enterprises that form the airport complex. The features of functioning of airports in the conditions of the aviation market of Ukraine as business entities providing transport services are illustrated in Table 1 SWOT analysis.

Table 1

SWOT analysis of the functioning of Ukrainian airports

Strengths	Weaknesses
<ul style="list-style-type: none"> - growth of revenues from the non-aviation sector; - development of airport services; - the runways of most airports can accommodate medium-haul aircraft; - new aviation security monitoring systems; - introduction of other various new information technologies and services in terminals; - basing leading or regional airlines; - service of low-cost airlines; - technological maintenance services for aircraft. 	<ul style="list-style-type: none"> - increase in the cost of providing airport services; - increase on administrative costs due to the complexity of administration of multifunctional activities of airports; - high level of depreciation of fixed assets of aviation infrastructure; - low development of logistics services; - insufficient capacity of ground infrastructure and its non-modernization; - low level of service for passengers; - lack of working capital for investment and renewal of fixed assets.
Opportunities	Threats
<ul style="list-style-type: none"> - development of the air transportation market, as a result of an increase in air traffic; - GDP growth and, as a result, growth of population's mobility; - implementation of state programs for the development of aviation infrastructure; - growth of investment attractiveness of air transport enterprises; - favorable position of Ukraine on the path of transit passenger traffic; - gradual reduction of interest rates on loans; - attracting powerful investors; - growth of business activity; - development of business aviation; - development of the tourism industry in Ukraine; - increased throughput; - integration into the European Space. 	<ul style="list-style-type: none"> - reduction in the volume of air transportation, as a result of a reduction in the number of flights; - low standard of living of the population, its low mobility; - rising of fuel and energy prices; - increase in deductions for social events; - high degree of monopolization of aviation service providers; - insufficient development of domestic aviation transport in the country; - availability of monopoly airports; - insufficient interaction with other modes of transport; - inefficient state policy regarding the airport development strategy; - uncertainty about the issue of ownership of airport infrastructure facilities; - uncertainty about the spread status of COVID19 and the timing of anti-pandemic measures

The efficiency of the airport depends not only on the level of air service and diversification, but also on the state of the airport infrastructure [2], which is a set of components of the airport that have a subordinate ancillary nature and provide conditions for normal operation of the airport as a whole. The infrastructure of the airport, like any other industrial enterprise, is divided into two main parts: industrial and non-industrial. In fact, the production infrastructure of the airport is involved in the provision of transport services, and non-production provides support services, revenues from which foreign airports account for a significant share [3]. When choosing an airport, the airline is guided by such factors as the level of service, reliability and lower rate of airport fees.

The airport's commercial activities should be aimed at attracting as many airlines arriving at the airport as

possible, increasing the number of flights. To do this, the airport must create appropriate conditions that correspond to the development strategy. Attracting transfer passengers is a priority area of the airport's activities and an important source of income. At the same time, the strategic potential for further increasing the volume of shipments is the development of business and postal flights. Currently, most of the airlines' flights are focused on the state-owned "Boryspil" International Airport, which may gradually turn into a European-type hub airport. In Fig. 1 it is shown the dynamics of the share of passengers transported through Ukrainian airports in 2010-2019. If in 2010 this airport accounted for 78 % of passengers transported, then in 2019 – only 63 %. The latter one is a consequence of both the growth of passenger traffic through other airports in Ukraine, and the growth of passenger

traffic in general, according to the content analysis of reports of the Ministry of Infrastructure [4], which showed that by 2020 there was an increase in air passenger traffic at all airports in Ukraine.

Analysis of the dynamics of passenger traffic shares

Fig. 1. Shares of passengers transported through Ukrainian airports in 2010-2019, %

As the content analysis of the reports of the heads of the Ministry of Transport showed, due to the liberalization of airspace in the period from 2017-2019, the number of flights of Foreign low-cost airlines to Ukraine increased, which positively affected the passenger traffic of domestic airports. In turn, the growth of passenger traffic at regional airports in Ukraine has made it more urgent to address the issues of modernization of ground aviation infrastructure, which have determined the priorities of strategic airport management.

The features of domestic airports, as well as foreign ones, are determined both by their technical characteristics, geographical location, proximity to cities, the development of transport infrastructure, the state of logistics services, and the features of socio-economic development of the airport location region, in particular demographic factors. As part of the impact of the latter one, the level of urbanization becomes significant, since urban residents have a higher income and therefore use air transport services more often. The level of urbanization of Ukraine is 68.9 % [5], which is by 8.9 % higher than the level of urbanization of Poland [6]. The percentage of the population living in urban agglomerations relative to the entire population of the country in Poland is on average 13.79 %, and in Ukraine – 4.49 %. So, despite the rather high level of urbanization in Ukraine as a whole, the percentage of the population living in urban agglomerations is quite low, compared to Poland, this indicator in Ukraine is about 2.5 times lower. The latter, according to the author, is one of the reasons for the less intensive development of air transportation in Ukraine compared to Poland under the influence of urbanization [6]. The growth in the number of cities leads to the formation of aviation "hubs" in them, stimulating the development of both passenger and cargo transportation. The 26 largest hubs in the world with a population of more than 10 million people provide more than 20 % of the world's transportation. Ukraine doesn't have a full-fledged "hub" on its territory. The most suitable Ukrainian airport for turning into a full-fledged "hub" is "Boryspil" Airport, which is the largest airport in Ukraine and is located near Kyiv (2.8 million residents). It is the

through Ukrainian airports (fig.1) showed that the growth of shares of regional airports began to occur starting in 2012, the share of such airports as "Zhuliany (Kyiv)", "Odesa", "Lviv", "Kharkiv" increased.

base for the leading Ukrainian airline "UIA", which carries out the largest volumes of passenger traffic in the domestic market. For the study period 2010-2019, the market of air passenger transportation in Ukraine gradually became more liberalized [7, 8], it attracted new airlines, both domestic and foreign ones, which according to the specifics of the activity performed both scheduled and charter flights. This has a positive impact on passenger traffic at regional airports. The study of the progressive global development of tools using for modernization and development of aviation infrastructure has shown the expediency of starting public-private partnership (PPP) projects in Ukraine. The latter one, given the constant lack of public investment funds, is an effective means of investing with private partners. In such projects, the government attracts private investment in airport infrastructure, after the completion of construction or modernization of which assets are created or provided to the government for use, or the private sector undertakes to provide the corresponding service directly to the community on behalf of the state, in accordance with the terms of the PPP agreement [9]. Given the financial situation in Ukraine, almost the only source of debt and equity capital for PPP projects will be the support of development banks, in particular the World Bank, the EBRD, etc. Such institutions can themselves act as creditors or investors in PPP projects, but they can also provide support as economic and political catalysts and a basis for private investment. When choosing PPP projects in Ukraine in the airport sector, it should be considered the following:

- PPP is an alternative funding mechanism for governments that can complement traditional public project financing;
- PPP projects are more complex than regular purchases;
- the period of preparation of PPP projects before the start of the construction stage can be twice as long as the corresponding period in traditional projects;
- preparing PPP projects often costs twice as much as preparing traditional projects;
- PPP projects may have other benefits that are dif-

difficult to measure, such as improving the quality of services, technology transfer, innovation, and so on.

Given the above, choosing the right projects for PPP is very important. Unfortunately, there is no precise objective mechanism that would ensure the optimal choice. By their very nature, PPP projects are private transactions in which very little financial information enters the public sphere. In addition, each project is individual, so the possibility of using previous experience is limited. The introduction of such a form of PPP as concession relations in the airport complex will allow:

- using the investment opportunities of private business while maintaining the targeted regular influence of the state on the implementation of activities and optimizing the interaction of aviation market entities;
- carry out independent differentiation by concessionaires of the amount of fees, discounts, benefits and sanctions related to the main activity, depending on the contribution of the business entity to the overall result;
- set the amount of compensation deductions for a sufficient share of income from commercial activities to subsidize mandatory expenses of the main operators – airlines and airports.

CONCLUSIONS

The key priorities of strategic airport management are determined based on the understanding of the importance of these aviation infrastructure facilities for the development of the country's air transport industry and its national economy. The activity of airports should not only be profitable: it should contribute to the solution of state tasks for the development of transport infrastructure throughout the country. Therefore, the strategic management of Ukraine's airports should be based on factors that affect the ability of domestic airports to perform important economic functions. Such factors include: technical characteristics, geographical location, proximity to cities, the state of development of transport infrastructure in the region, the state of logistics services, as well as features of socio-economic development of the airport location region, including demographic characteristics. Among the priorities of strategic management of airports, the leading place should belong to using of effective tools for their development, taking into account the peculiarities of socio-economic development of Ukraine. The study of the progressive world experience in using tools for modernization and development of aviation infrastructure has shown the expediency of using public-private partnership projects in Ukraine, which, due to the constant shortage of Public Investment Funds, are an effective means of investing with the participation of private partners.

Taking into account the strategic priorities of airport development will make it possible to bring the aviation infrastructure of Ukraine in line with international standards and ensure using of appropriate tools and sources of investment for their innovative development. The latter one will ensure the competitiveness of not only domestic airports, but also the economy of adjacent territories and the national economy.

References

1. Kuzmenko L.H. Regulation of airports: world experience. *Current issues of international relations*. 2014. Issue 121 (Part

II). pp. 209-226. URL: <http://journals.iir.kiev.ua/index.php/apmv/article/viewFile/2419/2152> (in Ukrainian).

2. Akimova T.A. Assessment of the investment attractiveness of the airport: abstract ... PhD in economics: 08.00.04 / National Aviation University. Kyiv, 2011. 23 p. URL: <http://www.lib.nau.edu.ua/Autoreferats/2011/Akimova.pdf>. (in Ukrainian).

3. Sydorenko K.V. Formation of competitiveness of the production infrastructure of the international airport: abstract ... PhD in economics: 08.00.02. Dnipro, 2018. 28 p. URL: http://www.dnu.dp.ua/docs/ndc/dissertations/D08.051.03/autoreferat_5badd3a9ce57.pdf (in Ukrainian).

4. Report of the Chairman of the State Aviation Service of Ukraine for 2018-2019 URL: https://www.kmu.gov.ua/storage/app/sites/1/17-civik-2018/zvit_2019/zvit-2019-avia.pdf (in Ukrainian).

5. Population. State Statistics Service of Ukraine. URL: <http://www.ukrstat.gov.ua> (in Ukrainian).

6. Shkoda T.N. Strategic management of human capital of air transport enterprises: dis. ... Dr. of Economics: 08.00.04; 08.00.07. Kyiv, 2018. 586 p. (in Ukrainian).

7. Savych O., Shkoda T. Trends of air transportation market development in Ukraine. *Innovative Marketing*. 2020. Vol. 16. Issue 2. pp. 29–42. [http://dx.doi.org/10.21511/im.16\(2\).2020.03](http://dx.doi.org/10.21511/im.16(2).2020.03)

8. Zhavoronkova G., Zhavoronkov V., Volvach N. Development of the market of aviation transportation in Ukraine: problems and prospects. *TRANS & MOTAUTO WORD*. 2018. №3. pp. 116–120.

9. Zhavoronkova H.V., Sadlovska I.P., Shkoda T.N., Zhavoronkov V.O. Strategic management of air transport enterprises / ed. H.V. Zhavoronkova. Kyiv: Condor Publishing House, 2012. 676 p. (in Ukrainian).

Список використаних джерел

1. Кузьменко Л.Г. Регулювання діяльності аеропортів: світовий досвід. *Актуальні проблеми міжнародних відносин*. 2014. Випуск 121 (II). С. 209–226. URL: <http://journals.iir.kiev.ua/index.php/apmv/article/viewFile/2419/2152>

2. Акімова Т.А. Оцінка інвестиційної привабливості аеропорту: автореферат дис. ... канд. екон. наук: 08.00.04 / НАУ. Київ, 2011. 23 с. URL: <http://www.lib.nau.edu.ua/Autoreferats/2011/Akimova.pdf>

3. Сидоренко К.В. Формування конкурентоспроможності виробничої інфраструктури міжнародного аеропорту: автореф. дис. ... канд. екон. наук: 08.00.02 / ДНУ. Дніпро, 2018. 28 с. URL: http://www.dnu.dp.ua/docs/ndc/dissertations/D08.051.03/autoreferat_5badd3a9ce57.pdf

4. Звіт Голови Державної авіаційної служби України за 2018-2019 pp. URL: https://www.kmu.gov.ua/storage/app/sites/1/17-civik-2018/zvit_2019/zvit-2019-avia.pdf

5. Чисельність населення. Державна служба статистики України. URL: <http://www.ukrstat.gov.ua> (дата звернення: 25.12.2020).

6. Шкода Т.Н. Стратегічне управління людським капіталом авіатранспортних підприємств: дис. ... д-ра екон. наук: 08.00.04; 08.00.07 / КНЕУ. Київ, 2018. 586 с.

7. Savych O., Shkoda T. Trends of air transportation market development in Ukraine. *Innovative Marketing*. 2020. Vol. 16. Issue 2. pp. 29–42. [http://dx.doi.org/10.21511/im.16\(2\).2020.03](http://dx.doi.org/10.21511/im.16(2).2020.03)

8. Zhavoronkova G., Zhavoronkov V., Volvach N. Development of the market of aviation transportation in Ukraine: problems and prospects. *TRANS & MOTAUTO WORD*. 2018. №3. pp. 116–120.

9. Жаворонкова Г.В., Садловська І.П., Шкода Т.Н., Жаворонков В.О. Стратегічне управління авіатранспортними підприємствами. / за ред. д.е.н. Г.В. Жаворонкової. К.: Кондор-Видавництво, 2012. 676 с.