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## Strategical approach to management of tourism in municipal district of Republic of Karelia

*The article deals with the questions of tourism management on the municipal level in Republic of Karelia with Pryazhenskiy National Municipal District as an example.*

*Tourism management, tourism business, municipalities, tourist-recreation potential, municipal programs, tourist-recreation area, effectiveness.*



**Svetlana V.  
STEPANOVA**

Ph. D. in Economics, scientific associate at the Institute of Economics of Karelian scientific centre RAS



**Inna V.  
CHUBIEVA**

Ph. D. in Economics, scientific associate at the Institute of Economics of Karelian scientific centre RAS

Current market reforms and geopolitical changes in the country have caused considerable transformation of the management process of the regional development. New opportunities of the regional authorities have been followed by the appearance of new social-economic problems. The barest necessity of regional management of social-economic development appeared under such new circumstances. Since the 1990s of the XXth century up till now the system of the land-use strategic planning has been functioning and improving for this purpose in Republic of Karelia. Within the framework of the system there is a whole complex of interconnected and mutually complementary systematic documents [5].

According to the objective stated in the Concept of social-economic development of

Republic of Karelia till 2012 tourism development is to stimulate the realization of the following trends:

1. Formation of the most favourable image of the republic in the international market.
2. Creation of a modern tourist-recreation complex.
3. Increasing of the investment appeal of the region [1].

The Strategy of the regional development of the republic was stated in the network of the Concept of social-economic development of Republic of Karelia. The Strategy of tourism development is worked out and realized in the region in order to specify the ways of tourism development, means of their implementation and consequently more effective management of the economic sphere. The Strategy of tour-

ism development 2000 – 2006 had been carried out by 2006, nowadays the next Strategy of tourism development 2007 – 2010 is being implemented. The republican target programs of tourism development are worked out and realized on the basis of the main strategic documents. The programs stipulate detailed elaboration of tasks and measures for the relevant period as well as resources and organizational support while implementing them.

Thus, choosing tourism as a priority guideline of social-economic development of Republic of Karelia and including it in the main strategic document were a new step in the development of tourism business in the region. On the republican level authorities, business, society reconsider the role of tourism in the economic life of the region. Nowadays tourism positions itself as a prospective, effectively developing branch of business which can speed up social-economic processes in the region and demands different approaches to the management of its development from the side of local authorities [2, 6].

At present tourism sector development in Pryazhenskiy National Municipal District of Republic of Karelia<sup>1</sup> is considered as one of the most prospective guidelines of social-economic development of the area.

One can single out the following factors which determine the guideline in question:

- ◆ beneficial economic-geographical location;
- ◆ favourable environmental situation;
- ◆ developed hydrographic system;
- ◆ underdevelopment of agricultural areas;
- ◆ existing cultural traditions etc.

The region participation in various special-purpose tourist exhibitions and fairs and international projects contributes to tourism development on the territory of the municipality [4].

While elaborating the General Scheme of the Distribution of Tourist Objects in Republic of Karelia<sup>1</sup> they took into consideration the concept of a tourist area and included the territory of Pryazhenskiy National Municipal

District to the "central" tourist area. The following criteria were chosen as the main ones while zoning the territories of the municipalities which were included to the tourist area:

- developed infrastructure (transport and so on);
- high density of tourist objects;
- views (nature, landscape);
- tourist potential (marketing and prognosis of financial result);
- investors' interest [3].

It is necessary to mention when they were developing the Scheme of Land-Use Planning of Pryazhenskiy National Municipal District till 2030 the above-stated criteria were used as the main ones while creating the municipal recreation areas such as "Vedlozerye", "Syamozerye" and "The Shuya Middle Course"<sup>2</sup>.

In connection with the fact that there were no registered tourist economic management subjects in the municipal tourist recreation areas there was a decision to develop the management structure in two stages.

The former one is the organization of the offices of tourist enterprises of Republic of Karelia, Saint-Petersburg, Moscow (no less than two) on the territory of Pryazhenskiy National Municipal District and of economic management subjects providing tourist-excursion services on the basis of cultural and educational institutions, forestry and agriculture.

The latter stage is the organization of the municipal tourist information center by the municipal authorities, regional tourist agencies, enterprises and organizations concerned. Alongside with economic management the tourist information center will ensure the creation of the electronic database of the tourist areas' potential, the collection of information for publishing reference books and guidebooks.

Tourist areas development is closely connected with social-economic development of the rural settlements of the municipality and is aimed at activation of such economic spheres as tourist and entertainment sector, commerce, transport, souvenirs and agricultural production.

Coordination and cooperation of republican, municipal and settlement authorities and leading tour operators of Karelia, St.-Petersburg, Moscow and economic management subjects will allow:

- ▶ to create a great variety of competitive tourist produce and services;
- ▶ to create employment in the sector of tourist infrastructure;
- ▶ to revive culture, traditions, handicrafts of the native peoples of Karelia;
- ▶ to mobilize investment in order to develop modern tourist infrastructure;
- ▶ to increase payments to the municipal and rural settlements budgets;
- ▶ to involve in the economy the areas which are not put into economic operation but have recreation value.

For tourist-recreation area "Vedlozerye" they have chosen the territory of Vedlozersk Rural Settlement which is in the west of Pryazhenskiy National Municipal District and borders on Olonetsk, Pitkyarantsk and Suoyarvsk Municipal Districts. It is within the distance of 50 km from urban settlement Pryazha and 100 km from the city of Petrozavodsk.

The centers of tourist activity in tourist-recreation area "Vedlozerye" are: "Kinerma" and "Tulmozero".

Due to unique historic-cultural heritage and natural potential they observe favourable conditions for tourism sector development in tourist-recreation area «Vedlozerye» with predictable economic activities in *table 1*.

The most important objects of tourist infrastructure in the area which need investing are: reconstruction of the highway section, building

of petrol stations, a hotel and a tourist camp, a handicraft center.

The second tourist-recreation area in Pryazhenskiy National Municipal District includes historic-cultural area "Syamozerye". The centers of tourist activity in tourist-recreation area "Syamozerye" are "Korzinskaya", "Tsentralnaya"/"Central", "Vostochnaya"/"Eastern".

Predictable economic activities of development of tourist-recreation area "Syamozerye" are presented in *table 2*.

Tourist-recreation area "The Shuya Middle Course" stretches along the Shuya riverbed on the territories of urban settlement Pryazha and rural settlement Matrosy along the Shuya riverbed. The tourist-recreation area gained popularity among tourists due to holding such events as:

- ♦ Russian Acrobatic Freestyle on Rapids Championship;
- ♦ Russian Water Tourism Championship;
- ♦ Russian Rafting Junior Championship;
- ♦ Republican rural folklore humour festivals (People's humour festival in the open air).

*Table 3* presents predictable economic activities of the area development.

For further development of tourism sector in tourist-recreation area "The Shuya Middle Course" in Pryazhenskiy National Municipal District it is necessary to establish the following modern objects of tourist infrastructure:

- special departments on the basis of higher and specialized secondary education institutions for training and professional development of personnel for the tourism business of Republic of Karelia;

Table 1. Predictable economic activities of development of tourist-recreation area «Vedlozerye»

Description of activity	2010	2015	2030
Number of tourists and excursionists, thousands per year	4	5	8
Number of new jobs	5	10	10
Number of enterprises (organizations) dealing with tourism	1	2	2
Number of tourist establishments	5	10	10

\* Predictable economic activities are performed by the authors while working out The Scheme of Land-Use Planning of Pryazhenskiy National Municipal District till 2030.

Table 2. Predictable economic activities of development of tourist-recreation area "Syamozerye"

Description of activity	2010	2015	2030
Number of tourists and excursionists, thousands per year	5	6	10
Number of new jobs	10	10	5
Number of enterprises (organizations) dealing with tourism	1	2	2
Number of tourist establishments	10	10	5

\* Predictable economic activities are performed by the authors while working out The Scheme of Land-Use Planning of Pryazhenskiy National Municipal District till 2030.

Table 3. Predictable economic activities of development of tourist-recreation area "The Shuya Middle Course"

Description of activity	2010	2015	2030
Number of tourists and excursionists, thousands per year	5	7	10
Number of new jobs	10	10	10
Number of enterprises (organizations) dealing with tourism	1	1	1
Number of tourist establishments	5	5	5

\* Predictable economic activities are performed by the authors while working out The Scheme of Land-Use Planning of Pryazhenskiy National Municipal District till 2030.

- health resort clinic and medical holiday home in rural settlement Matrosy with attracting specialists from the republican hospital named after V.A. Baranov;

- military-memorial complex for the dead in Great Patriotic War (the village of Kindasovo).

While choosing ground areas to locate tourist objects in Pryazhenskiy National Municipal District the following demands were met:

- ↗ close proximity to key tourist objects and preferential proximity to water bodies;

- ↗ transport accessibility and access conditions as satisfactory as possible;

- ↗ available area and possibility to build and place a complex of tourist and services infrastructure;

- ↗ absence of or minimum restrictions to economic management of the area (land use conditions);

- ↗ favourable environmental situation and beautiful landscape;

- ↗ possibility to integrate the tourist objects and the objects of infrastructure [8].

Management of tourism development process demands elaboration of the system of strategic documents on the municipal level. The program "Tourism Development in Pryazhenskiy

National Municipal District 2008 – 2010" was purposely worked out (with the participation of the authors)<sup>3</sup>. The program comprises the most urgent trends of tourism sector development in the municipal district and measures of their implementation in order to create management-organising and economic situation favourable for further tourism development.

The realization of the municipal program of tourism development in 2008 – 2010 is mainly aimed at creation of modern competitive tourist sector as one of the guidelines of the area specialization [14]. To reach the goal the following program objectives were singled out:

- arranging conditions to revive, develop and open up new tourist-recreation resources in the municipal district;

- making the most efficient use of natural and cultural heritage of the district;

- improving the system of training, retraining and professional development of personnel in the tourist sector;

- involving local people to the process of organizing tourist services in the district, handicrafts development, creation of new jobs;

- organizing and holding national holidays, folk festivals, exhibitions, fairs and other events which attract tourists to the region;

- developing competitive municipal tourist produce which creates a positive image and recognizability of Pryazhenskiy National Municipal District in the international, national and regional markets;

- promoting competitive advantages of municipal tourist services at the expense of improving quality of service, safety of tourists and information support on the tourist routes according to the international standards;

- supporting business development and first of all small and medium size enterprises in the tourist sector;

- assisting tourism infrastructure development by means of attracting Russian and foreign investors to reconstruct, improve and create new tourist produce and objects;

- increasing payments to the budgets of every level.

The implementation of the municipal program «Tourism Development in Pryazhenskiy National Municipal District 2008 – 2010» is divided into two stages from the organizational point of view:

1. Analytical and preparatory stage (the first half of 2008).

2. Stage of taking measures described in the program (the second half of 2008 – 2010).

The first stage is aimed at information and marketing support while realizing the program steps and at arrangement of conditions for attracting investments to the tourist sector. This presupposes such measures as:

- ➔ analysis of the results reached in the tourist sector in 2005 – 2007;

- ➔ preparation and beginning of the realization of the system of program steps;

- ➔ analysis of interim results;

- ➔ adjustment of the system of program steps of the second stage.

Within the bounds of implementation of the second stage the following measures are planned:

- ➔ attraction of investments and building of infrastructure objects;

- ➔ training and professional development of personnel in the tourist sector;

- ➔ involvement of the local population in tourist business.

The main result of the municipal program "Tourism Development in Pryazhenskiy National Municipal District 2008 – 2010" is provision of the circumstances for gradual formation of the modern tourist complex which can attract a steady tourist drift into the district, increase of tax proceeds, retail turnover, investment into the basic production assets, self-employment of the population, maintenance and efficient usage of cultural-historic and natural heritage of the region. The financing of the municipal program will be carried out at the expense of the following sources:

- cash means from the republican budget, including the means assigned on the competitive basis as centralized investment resources – 7 000 roubles;

- means from the municipal budget of Pryazhenskiy District, budgets of rural settlements which are concentrated at the realization of the main steps of the program – 204 000 roubles;

- off-budget means, coming from the establishments of the tourist sector, loans, various funds and social organizations, private home and foreign investors, targeted profits tax from organizations interested in tourism development (on a voluntary and contractual basis) – 45 156 roubles.

To characterize the effectiveness of tourism development in Pryazhenskiy National Municipal District they used the factors of economic and social results.

To estimate economic effectiveness after the realization of investment projects on creation and development of the tourist-recreation complex in the republic they used the following design data:

1. An average cost of residence of 1 tourist taking into account his/ her placement with full or half board and lodging and use of extras is 2 000 roubles per day.

2. An average length of stay in the republic is 3-4 days.

3. Investment rate in the projects of the tourism sector in the region is estimated in terms of the list of infrastructure objects which are supposed to be built and their estimated cost.

As the factors of the effectiveness of the investment projects in the tourism sector they chose:

- ◆ to estimate economic effectiveness – net effective discount income (roubles), profitability index and income-expense ratio;

- ◆ to estimate budget effectiveness – consolidated sum of tax revenue to the budgets of all levels while implementing the projects in the tourist sector;

- ◆ to estimate social effectiveness – number of new jobs created in the tourist infrastructure and an average wage rate [7].

Economic results of carrying out the program measures should promote investments to the tourist infrastructure, develop the territories and objects of tourist interest, new tourist produce. The increase of tourist drift to the municipal district will rise direct and indirect revenues from tourism, create favourable conditions for business development in tourism sector as well as in related sectors of economy and in services sector. Calculated economic result after implementation of the program comprises the following factors:

- ⇒ development of the area infrastructure, increase of the number of the functioning placement objects: from 29 in 2007 to 35 by 2010;

- ⇒ increase of tourist drifts one and a half times as much by 2010;

- ⇒ tax revenue and due to the budget from the tourist sector while the program is operating: 2007 – 211 000 roubles, by 2010 – 650 000 roubles;

- ⇒ increase of off-budget spending sights to tourism infrastructure 5 times as much<sup>4</sup>.

The majority of the suggested projects mean the construction of tourist, transport, engineer and subsidiary infrastructure, aimed at creation of modern competitive tourist sector in Pryazhenskiy National Municipal District. The implementation of the project on the tourist infrastructure development will create the conditions for diversification of Pryazhenskiy National Municipal District economy with strengthening services sector.

As the factors of social result of the program implementation one can enumerate:

- ➔ increasing self-employment of the population and developing alternative occupations;

- ➔ creating conditions to develop services sector in the district;

- ➔ diversification of tourist services market and improvement of the quality of tourist services;

- ➔ cultural and moral education of the population and the guests of the district with the help of developing various kinds of tourism;

- ➔ maintaining and efficient using the natural and socio-cultural heritage of the most important tourist-recreation resources and traditional way of life of the local population.

It is necessary to emphasize that the main social result of tourism development in the district is business development and creation of self-employment. At the same time they observe maintenance of national traditions, culture and traditional way of life of the local population that gain currency under the circumstances of a difficult demographic situation and the drift of the population away from rural areas [3].

Thus, management of the process of tourism development on the territories of certain municipalities is a prospective trend of social-economic development of the particular areas and the ones in Republic of Karelia on the whole. It can stabilize economic situation, soften social problems, become a real factor of maintenance, reproduction of the natural and cultural-historic potential of the areas.

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## Notes

<sup>1</sup>The General Scheme of the Distribution of Tourist Objects and Tourist Infrastructure in Republic of Karelia as part of the Scheme of Land-Use Planning in the Republic of Karelia. St.-Petersburg, 2007.

<sup>2</sup>Developers: the Institute of Economics Karelia SC RAS (with the authors' assistance) and Shtrikh Ltd.

<sup>3</sup>Municipal program "Tourism Development in Pryazhenskiy National Municipal District 2008 – 2010" (validated by the decree № 34 of June 10, 2008 at the 21th session of the 1st convocation the Council of Pryazhenskiy National Municipal District).

<sup>4</sup>According to the survey 2008 there are the following activities in Pryazhenskiy National Municipal District: 30 Karelian tourist firms are functioning, 125 new jobs are created in tourist business; 2 guest houses are launched, about 100 new placements are created on the territory of the region; the web page about tourist development is created on the official site of the Administration of Pryazhenskiy National Municipal District and it is constantly being renewed; about 47 000 000 roubles of off-budget investments are attracted.