

TOURISM AS AN APPROACH TO SUSTAINABLE RURAL DEVELOPMENT: CASE OF SOUTHERN RUSSIA

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Summary

The paper's goal is to presents contemporary approaches to understanding of sustainable development, role of tourism in assurance of sustainable rural development, and analyses the practical issues of efficient utilization of tourist and recreational potential on the example of the Caucasus Mineral Waters resort area. Methods of benchmarking analysis, SWOT-analysis and program prognosis are implemented. The major results of the current research are authors' interpretation of regional sustainable development by means of utilization of tourist and recreational potential; conclusion that assurance of sustainable economic development promotes investment attractiveness, development of its tourist and recreational infrastructure, sanatorium, resort, engineering, technical, transport and touristic spheres. One of the most important issues of the current topic is effective preservation and rational usage of existing environmental, climatic, health and recreational resort resources of resort and rural territories.

Key words: *sustainable development, rural tourism, region.*

JEL: *Q01, R00, L83*

Introduction

The relevance of assurance of sustainable economic in a particular region is conditioned by the necessity to provide certain conditions for sustainable development and raising of living standards by means of effective utilization of the existing sanatorium, resort, tourist and recreational potential.

The given research is conducted on the examples of Stavropol Region and particularly Caucasus Mineral Waters, one of the major Russian areas on existence of tourist, recreational, sanatorium, resort and balneological resources. Stavropol Region is the intensively growing tourist and recreational region. It hosts the major part of Caucasus Mineral Waters area, the specially protected environmental and resort territory. This is a unique place worldwide

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with over 130 mineral springs of 30 types narrowly spaced on a relatively small area. As a comparison, Karlovy Vary has around 60 springs, Baden-Baden only 20.

The current research consists of three parts. First: when analysing various approaches to assurance of sustainable development of a particular region by means of existing tourist and recreational potential, we faced the necessity to divide and substantiate such definitions as “sustainable regional development” and “sustainable development” in general. Due to the fact that those definitions are often implemented in various spheres of science and their emphasizes vary from each other, we conducted the comparative analysis of the major approaches to understanding of sustainable development in a regional aspect. Such an analysis let us to develop the authors’ interpretation of sustainable regional development by means of utilization of the regional tourist and recreational potential.

Secondly, the economic characteristic of the Caucasus Mineral Waters resort area was provided in the context of available tourist and recreational resources and effectiveness of their utilization. The benchmarking method was implemented in order to compare the current economic indicators of Caucasus Mineral Waters area with one of the largest and famous recreational centres of Europe, Karlovy Vary.

The third part of the given research was discovery of strengths and weaknesses of tourist and recreational complex of Caucasus Mineral Waters (based on the results of benchmarking analysis), problem domains and the most perspective spheres to increase efficiency and to impact positively into assurance of sustainable development of rural territories. We implemented SWOT-analysis for the purposes of such research. The derived results were compared to the key points of the “Strategy of social and economic development of Stavropol Region – 2025”. That let us to develop the prognosis of potential effects of tourist and recreational complex for the regional economics in general and particularly for rural territories of Stavropol Region and Caucasus Mineral Waters.

Material and Methods

For the purposes of the current research, we implemented official data of the Federal Service of State Statistics of the Russian Federation, Federal Agency of Tourism of the Russian Federation, Ministry of Economic Development of the Russian Federation, Ministry of Resorts and Tourism of Stavropol Region, Territorial office of the Federal Service of State Statistics in Stavropol Region.

Method of benchmarking analysis was implemented in order to compare the current conditions of economic development, as well as tourist and recreational potentials of the Caucasus Mineral Waters resort area and Karlovy Vary. The region of Karlovy Vary was selected for benchmarking as the Europe’s largest tourist and recreational complex with close to the Caucasus Mineral Waters area environmental, climatic, health, sanatorium and resort conditions. The comparison was held on 14 criteria, which let us to correlate diversely two tourist and recreational complexes on the major indicators. For the purpose of assessment of the main effects of tourist and recreational complex for rural development in both regions, we introduced the certain criteria into the benchmarking pool (share of

rural people in total population, share of agriculture in gross regional product, share of rural tourism in regional tourist flow, number of rural households involved into domestic tourist services).

In order to aggregate the discovered competitive advantages of the touristic and recreational complex of the Caucasus Mineral Waters area, spheres for enhancement, potential threats of internal and external environments, as well as perspective directions to increase sustainability and economic effectiveness of tourism, we implemented the method of SWOT-analysis.

Determination of potential effects of tourist and recreational complex of the Caucasus Mineral Waters resort area on sustainability of rural development in the region, we implemented methods of program prognosis, medium term and long-term prognosis.

Results and Discussion

Growing attention is paid by modern economists to research and assessment of economic sustainability. Theory of competition, summarized by A. Smith, was developed by D. Ricardo, M. Porter, D. Robinson, F. Edgeworth, E. Chamberlin, P. Heyne, and F. Knight. Such Western economists as B. Venturi, P. Gerstner, F. Leitner, A. Wall, K. Druri, and S. Posani impacted a lot into elaboration of theoretical and practical issues of economic sustainability (Gannon, 1994). The word-combination “sustainable development” was introduced by G.H. Brundtland in 1987 for the first time. She defined sustainable development as an ability to satisfy requirements of current generation with safety for future generation to meet their demands (Sillignakis, 2001). In Russia the issues of sustainable rural development are investigated in the works of I. Balabanov, V. Kovalev, E. Stoyanova, A. Sheremet, A. Bakanov, M. Kreykina. Issues of implementation of agrarian reforms, conditions of assurance of sustainability in agriculture and rural territories are researched by A. Altukhov, G. Bepakhotny, I. Burobkin, K. Pankov, A. Petrikov, E. Serova, V. Uzun, I. Ushachev, and others (Chernova, Erokhin, 2010a).

The range of definitions, which describe the essence of sustainable development, are interpreted broadly, but all definitions agree that sustainable development considers a correspondence of current and future life necessities. However, the issues of sustainable rural development in relation to tourism are not researched widely.

For the purpose of our research, it is necessary to concretize the essence of sustainability in relation to the specifics of rural development by means of utilization of tourist and recreational potential. In such a view, the problem of sustainability becomes more difficult and complex, as it unites two spheres: agricultural production and tourist activity. The main complexity of agricultural production is related to entwinement of economic, natural and climatic factors. The sustainability of tourist and recreational complex is influenced by aggregation of environmental, infrastructural, cultural and social aspects. Besides, it is necessary to consider the regional specifics of particular tourist and recreational complexes.

Region can be assumed as an open system, divided nominally in three interacted constituents: environmental part (primary resources and environment), economic (production system and infrastructure) and social (society). The given constituents feature the technological chain, aimed at assurance of high life living standards in a region (Lane, 2005). Such researches as G. Fetisov, O. Pchelintsev and A. Granberg emphasize those three components as a basis of regional tourist and recreational complexes (Erokhin, Ivolga, 2009).

In view of the aforesaid, we conclude, that sustainable rural development in particular region by means of utilization of its tourist and recreational potential is the combination of legal, economic, social and production relations and recreational, climatic and environmental resources, because of which tourist and recreational complex reverts to stability, but hereby increases quality of life in rural areas, competitiveness of rural households as subjects of tourist activity and regional tourist market, as well as balances interests of state, business, society and environment.

In the modern conditions, creation of necessary economic, social, politic, legal and other conditions for development of tourist and recreational activity is one of the factors, which ensure sustainable development of rural territories (Wiggins, Proctor, 2001). The effective sustainable tourist and recreational complex should involve as much rural population as possible in order to increase production of agricultural commodities and food, decrease social tensions in rural territories, activate mechanisms of free competition of agricultural producers and other subjects of tourist market, increase the overall economic sustainability of the region (Briedenhann, Wickens, 2004).

In order to apply that approach to particular tourist and recreational complex and assess its influences on rural development we selected the Caucasus Mineral Waters as a model region. Currently tourism and recreation provide the significant part of gross regional product of Stavropol Region in general and Caucasus Mineral Waters in particular. As of 2011, share of tourist and recreational complex in regional product of Stavropol Region was 3.2%. In comparison, the analogous indicator globally is 3.6%, in Europe – 6-9%, in Russia – 2.5%.

According to the Ministry of Resorts and Tourism of Stavropol Region, the annual growth of number of incoming tourists is over 6%. Herewith, 11% of that tourist flow is foreign citizens, which testifies the high tourist potential of the region. In comparison with 1991, the tourist flow of Stavropol Region increased twofold (Table 1).

Table 1. Dynamics of tourist and recreational complex of Stavropol Region

Indicator	2010	2011	2012	2012 to 2010 (%)	2013 (prognosis)
Overall income from incoming tourists, € mln.	343.2	367.5	407.6	118.8	450.0
Incoming tourists, people	852 680	880 730	960 120	112.6	980 000
Share of foreign tourists, in %	9.2	10.6	11.2	121.7	11.6
Accommodation facilities, in 000 places	31.1	31.8	33.5	107.7	34.0

Source: Government of Stavropol Region, 2011.

The overall income of Stavropol Region from incoming tourists in 2010 was €343.2 mln, in 2011 – €367.5 mln, in 2012 – €407.6 mln. According to the Ministry of Resorts and Tourism of Stavropol Region, income from incoming tourists will exceed €450.0 mln in 2013. Over 960 thousand people visited Stavropol Region in 2012, which is 12.6% more than in 2010. The Ministry of Resorts and Tourism of Stavropol Region prognoses 980.000 incoming tourist in 2013. Share of foreign citizens coming to Stavropol Region and Caucasus Mineral Waters grows with every year. Forecast is 11.6% of total tourist flow in 2013.

There are over 40 tourist operators and about 200 travel agencies working in Stavropol Region, as well as 302 collective accommodation facilities, including 132 sanatoriums and resort houses. The total accommodation capacity was 33.5 thousand places in 2012. The capacity increases every year with reconstruction and construction of new sanatoriums, hotels and resort houses. There were 14 new accommodation facilities introduced in 2012 (1.7 thousand places), 20 in 2011 (0.7 thousand places). The total volume of investments into sanatorium, resort and tourist complex of Stavropol Region and Caucasus Mineral Waters during 2010-2012 exceeded €212 mln.

Caucasus Mineral Waters resort area includes four towns: Kislovodsk, Essentuki, Zheleznovodsk and Pyatigorsk. Those small towns are equivalent in their sizes to such European resort centres as Karlovy Vary and Baden-Baden. All the towns are located not far from each other and compose a single health resort district.

Kislovodsk is the biggest and the most manifold resort town of the Caucasus Mineral Waters resort area. It focuses on health improvement, not on treatment itself, because of its perfect mountainous climate. There are good facilities for sport leisure, especially because of the proximity of Caucasus Mountains. Resort is popular among all age-group population, including young people.

Pyatigorsk is the centre of active, business and educational tourism. It is also popular among people interested in culture and sports. Treatment component does not dominate, but accompanies various entertainments.

Essentuki is the health and recovery resort. It is a centre of family recreation. Of all mineral springs of Essentuki, about twenty are of medical value. Sodium carbonic hydro carbonate-chloride (i.e. salt-alkaline) water, which has made the health resort popular, is the most famous and therapeutically valuable. Alongside with mineral waters, the medical establishments of Essentuki use sulphide silt muds of Tambukan Lake. The health resort specializes in treatment of patients with diseases of digestion organs as well as those with metabolic disorder.

Zheleznovodsk is the resort town of Caucasus Mineral Waters area with high-developed health treatment infrastructure. This is the only place in Russia and Europe with hot calcic waters. The town has over 20 mineral springs, which mineral water is used for drinking, bathing, inhalations and other water procedures. Another treatment resource of Zheleznovodsk is mild mountainous and forest climate, similar to Alps. Zheleznovodsk's woodland park is the only natural park in Caucasus Mineral Waters area with terrainkurs.

In order to compare the current conditions of economic development, as well as tourist and recreational potentials of the Caucasus Mineral Waters resort area with major tourist centres of the world we implemented the benchmarking analysis. We selected the region of Karlovy Vary as the Europe’s largest tourist and recreational complex with close to the Caucasus Mineral Waters area environmental, climatic, health, sanatorium and resort conditions. The comparison was held on 14 criteria, which let us to correlate diversely two tourist and recreational complexes on the major indicators (Table 2).

Table 2. Benchmarking analysis of Caucasus Mineral Waters resort area and Karlovy Vary

№	Criteria	Caucasus Mineral Waters	Karlovy Vary
1	Mineral springs	130	12
2	Diseases treated	12	3
4	Hotels and sanatoriums	134	90
5	Incoming tourists per year	970 000	2 100 000
6	Structure of tourist flow (social insurance / independent / holiday-makers, %)	71 / 10 / 19	0 / 56 / 44
7	Average cost of treatment, € / day	65	350
8	Annual gross income from holiday-makers, in € mln	66.2	275.0
9	Annual gross income from subsidiary tourist business and regional tourist trade, € mln	48.5	210.0
10	Tourists’ rating according to reviews and comments (excellent / good / satisfactory / bad / very bad), %	7 / 29 / 31 / 26 / 7	77 / 19 / 2 / 1 / 1
11	Share of rural people in total population, %	42	31
12	Share of agriculture in gross regional product, %	14.0	2.4
13	Share of rural tourism in regional tourist flow, %	0.3	5.2
14	Share of rural households involved into domestic tourist services	4.8	13.7

Source: authors’ development according to (Gorenak, Bobek, 2010), (McGehee, Andereck, 2004), (Chernova, Erokhin, 2010b).

Our analysis shows that Caucasus Mineral Waters area has favourable conditions for development of its tourist and recreational sphere. Among the apparent competitive advantages of the region, we emphasize:

1. Favourable climatic and environmental conditions, diversity of picturesque landscapes;
2. Treatment resources (variety of mineral water springs of various types, therapeutic muds);
3. Essential historical and cultural potential;
4. Transport accessibility (relative proximity to the most densely populated regions of Russia, development of air, railroad and highway connections);
5. Existence of advanced treatment and recovery technologies, balneotherapeutic research centres, specialized educational establishments and a number of specialists of high qualification.

However, having the essential competitive advantages, touristic and recreational potential in

the sphere of health tourism, Stavropol Region in general and Caucasus Mineral Waters resort area in particular attract lower number of tourists, comparing to resort and tourist centres of other countries. The benchmarking analysis demonstrated that Caucasus Mineral Waters, having more mineral springs and accommodation facilities, attract threefold lower tourist flow, than Karlovy Vary.

The economic effect ratio is even worse: annual gross income from incoming tourists in Caucasus Mineral Waters is fourfold lower than in Karlovy Vary. In addition, the rating of Caucasus Mineral Waters among tourists and travellers is incomparably worse than the one of Karlovy Vary: only 36% of respondents in Caucasus Mineral Waters consider services and overall level of resort as excellent and good (96% in Karlovy Vary). Infrastructural and qualitative backwardness of Russian resort is one of the most serious problems and limiting factors of its sustainable development in future.

Concerning rural aspects, the positions of Caucasus Mineral Waters and Karlovy Vary are different as well. Share of agriculture in gross regional product is higher in Caucasus Mineral Waters, while rural tourism plays more important role in Karlovy Vary. Share of rural households involved into domestic tourist services is bigger in Karlovy Vary, which confirms the higher level of infrastructural development and economic involvement of rural areas into tourism.

Based on benchmarking analysis, we aggregated the major competitive advantages of Caucasus Mineral Waters resort area on the global tourist and recreational market, as well as weaknesses, which may grow into serious threats to sustainable development of tourist and recreational complex. Results of conducted SWOT analysis are presented in Table 3.

As we introduced four criteria into the benchmarking analysis in order to assess current situation and interrelations between tourist and recreational complex and development of rural territories, we emphasized the relevant strengths, weaknesses, opportunities and treats in the SWOT-analysis as well.

Table 3. SWOT analysis of tourist and recreational potential of Caucasus Mineral Waters

Strengths	Weaknesses
Location in climatic zone with minor seasonal fluctuations and mild climate	Treatment component and quality of medical services are developed slowly
Developed transport system, including two airports, road and railroad network	Difficulty of personal selection of necessary treatment procedures of required volume and costs
Agricultural specialization of the region gives an opportunity to provide tourists with qualitative agricultural commodities and food	Underdevelopment of infrastructure of accommodation and dining, lack of accommodation facilities of medium level
Annual growth of investments into tourism in the region	Absence of regular, rich and interesting cultural program

Opportunities	Threats
Utilization of natural advantages: language and cultural identities, educational opportunities, treatment and recovery potential	Infrastructural backwardness of regional tourist and recreational complex from its competitors in Russia and abroad
Federal program on establishment of high-effective cluster of tourist and recreational type	Active marketing and advertising campaigns of neighbour countries (Turkey, Greece, Czech Republic, Egypt)
Big sport events of global importance in the South of Russia (Olympic Games, World Football Cup)	Tendency of reduction of tourists' residence time (down to 7-14 years in average)
Existence of tourist market with high capacity of 5-6 mln people located within 4-5 hours proximity to the region	Drain and decrease of share of skilled labour, ageing

Source: authors' development.

Conducted SWOT-analysis demonstrated that tourist and recreational complex of Caucasus Mineral Waters in many ways loses its positions to its foreign competitors and some of the Russia's regions. That decreases the economic effect of tourist and recreational complex for regional economics and creates serious treats for its sustainable development in future. The global market of tourist services is being globalized, many artificial barriers are removed, and new rules are established after accession to World Trade Organization. Many regional tourist and recreational complexes are not ready for such radical changes. Rural areas are the most unprotected, since rural households are not deeply involved into domestic tourist services, do not produce commodities with high added value, of high quality and competitiveness, and very much depend on domestic state support and rural state policies. However, the conducted SWOT-analysis let us to define the key success factors, which may ensure the sustainable development of rural areas of Caucasus Mineral Waters by means of utilization of its tourist and recreational potential.

The SWOT-analysis led us to the aggregation of the scientific backgrounds of the Strategy of sustainable rural development of Stavropol Region until 2025 by means of effective and comprehensive utilization of the existing tourist and recreational potential. Obviously, development of tourist and recreational complex is not a thing in itself. That sphere along with agriculture is the backbone for economics of Stavropol Region in general and Caucasus Mineral Waters in particular. Enhancement of economic activity in tourism will influence positively on other sectors of regional economics. Among possible system effects of tourism development for regional economic development and rural territories, we have to emphasize the following:

1. Growth of tourist flow, both from Russian regions and from abroad, that increases trade and transportation, and extends marketing opportunities for rural households.

2. Growth of profitability and turnover of trade with agricultural commodities and food by rural households that affects the regional budget positively.
3. Development of tourist industry, that increases number of workplaces in rural areas and creates favourable conditions for enhancement of quality of agricultural commodities, food and tourist services provided by rural households.
4. Improvement of image of resorts and tourist locations of Caucasus Mineral Waters, including its rural areas, increase of living standards in rural territories.
5. New opportunities for development of small and medium entrepreneurship in rural areas.
6. Positive influences of tourist market on real estate market and construction in rural territories.
7. Development of sustainable financial background for preservation of unique monuments of nature, history and culture, located in Stavropol Region and area of Caucasus Mineral Waters.

Assurance of sustainable rural development by means of utilization of tourist and recreational potential is expected through the following kinds of tourism:

1. Health and treatment tourism (balneological, climatic, ecological).
2. Sport tourism (Olympic Games, hiking, cycling, mountainous, equine, paragliding).
3. Excursion tourism (cultural, national, ethnographic, photographic).
4. Rural tourism (educational and recreational agri-tourism, gastronomy tourism).

Implementation of such a multisided and complex project involves a range of tasks to be completed. Among the top-priority tasks of the given research we emphasized the following: development of theoretic and methodical issues of sustainable rural development by means of utilization of the existing tourist and recreational potential; assessment of current and long-term sustainability of economic development of rural territories in Stavropol Region; development of mechanisms of implementation of the Strategy of sustainable rural development through particular kinds of tourism and action plan in short, medium and long-term perspectives; elaboration of social, economic, legal, administrative and managerial measures, which drive touristic and recreational complex of Caucasus Mineral Waters on the brand new qualitative level and provide complex sustainable solution of economic, social and environmental tasks along with preservation of natural, resource, historical and cultural potential of the region.

Government of Stavropol Region accepted the Strategy of social and economic development of Stavropol Region until 2025 in 2009. The Strategy paid the special attention to assurance of sustainable regional economic development. In accordance with the findings of our research, we compared the key points of the Strategy with obtained results. That let us to develop the prognosis of potential effects of tourist and recreational complex for the regional economics in general and particularly for rural territories of Stavropol Region and Caucasus Mineral Waters (Table 4).

Table 4. Potential effectiveness of implementation of Development Strategy of tourist and recreational complex of Caucasus Mineral Waters

Indicators	2010	2015	2020	2020 to 2010 (in %)
Incoming tourists, thousand people	1172	1980	2420	206.5
incl. foreign citizens	30	80	120	400.0
Total annual expenses of tourists, € mln	710	1825	3000	422.5
Incomes of regional budget from tourist complex, € mln	58.5	172.5	295.0	504.3
Number of new workplaces	138000	198000	242000	175.4
incl. sphere of tourism and recreation	46000	66000	81000	176.1

Source: Government of Stavropol Region, 2011.

In order to achieve the target indicators set by the Strategy in the sphere of rural tourism it is necessary to diversify touristic products and promote their advancement to foreign countries and to other regions of Russia; to accelerate development of tourist and recreational infrastructure of Caucasus Mineral Waters and its modernization to make tourist's residence in the region more comfortable, interesting and safe. It is very important to solve the existing environmental problems of Caucasus Mineral Waters as well.

Major results of the given research should be the development of the Strategy of sustainable rural development of Stavropol Region until 2025 and a set of the following measures:

1. Diversification of economics of Stavropol Region by means of complex development of tourist and recreational potential.
2. Provision of sustainable rural development by means of enhancement of economic activity of rural households and expansion of their incomes.
3. Improvement of quality of tourist and recreational services, including their diversification, accessibility, infrastructure, support of innovations.
4. Rebranding of tourist and recreational complex of Caucasus Mineral Waters as a provider of diversified tourist product of high quality, including rural tourism.

There are several cluster projects implemented in the region of Caucasus Mineral Waters aimed at enhancement of investment climate, attraction of domestic and foreign investors and development of modern touristic objects in rural areas (Chernova, Erokhin, 2010b). Various events organized in Caucasus Mineral Waters promote its image as a rural touristic territory, attractive for foreign incomers.

Conclusions

The research of theoretic and practical approaches to insurance of sustainable rural development through utilization of regional touristic and recreational potential provided us with the following results.

Essence of sustainable rural development by means of rural tourism is complex, as it unites two spheres: agricultural production and tourist activity. The complexity is caused by the entwinement of economic, social, cultural, historical and environmental factors, as well as the regional specifics of particular tourist and recreational complexes.

Sustainable rural development in particular region by means of utilization of its tourist and recreational potential is the combination of legal, economic, social and production relations and recreational, climatic and environmental resources, because of which tourist and recreational complex reverts to stability, but hereby increases quality of life in rural areas, competitiveness of rural households as subjects of tourist activity and regional tourist market, as well as balances interests of state, business, society and environment.

Case analysis of the Caucasus Mineral Waters resort area shows that the region has favourable conditions for development of its tourist and recreational potential in rural sphere, including favourable environmental conditions, treatment resources, essential historical and cultural potential, and easy transport accessibility.

However, the benchmarking analysis shows that despite of such essential competitive advantages, Caucasus Mineral Waters resort area attract lower number of tourists, comparing to resort and tourist centres of other countries, for example Karlovy Vary. That decreases the economic effect of tourism for rural areas and creates serious treats for their sustainable development. Rural households of Caucasus Mineral Waters are not deeply involved into domestic tourist services, do not produce commodities with high added value, of high quality and competitiveness, and very much depend on domestic state support and rural state policies.

SWOT-analysis let us to define the key factors, which may ensure sustainable development of rural areas of Caucasus Mineral Waters by means of utilization of its tourist and recreational potential, which are health and treatment tourism in rural areas, excursion and ethnographical tourism, educational and recreational agri-tourism, gastronomy tourism. Development of those spheres of tourist and recreational complex of Caucasus Mineral Waters, supported by the Strategy of social and economic development of Stavropol Region until 2025, should help to: diversify economics of Stavropol Region by means of complex development of tourist and recreational potential; ensure sustainable rural development by means of enhancement of economic activity of rural households and expansion of their incomes; improve quality of tourist and recreational services, including their diversification, accessibility, infrastructure, support of innovations; rebrand tourist and recreational complex of Caucasus Mineral Waters as a provider of diversified tourist product of high quality, including rural tourism.

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