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## RURAL TOURISM AS A FACTOR OF MULTIFUNCTIONAL DEVELOPMENT OF RURAL TERRITORIES (ON MATERIALS OF STAVROPOL REGION)

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### Abstract

Currently, one of the priorities of the state policy of the Russian Federation is the sustainable development of rural areas. Rural tourism undoubtedly contributes to this development, therefore, it has now been named a priority type of tourism. But despite this, the mechanisms of its support and development have not been developed at the Federal and regional levels, which significantly hinders the process of formation of rural tourism. The paper analyses the existing problems in the field of rural development on the materials of the Stavropol region, one of the most agrarian-developed regions of Russia. The paper highlights such threats to sustainable development as unemployment and depopulation, as well as practical ways to diversify traditional sources of income of the rural population through the development of an alternative activity – rural tourism.

**Key words:** rural areas, rural population, economic diversification, rural tourism, sustainable development.

**JEL<sup>3</sup>:** Q01, Z32

### Introduction

A significant sector of the global tourism industry is rural tourism. Its share varies from 12% to 30% of the world tourist flow. Over the past 10-15 years, the growth of the rural tourism segment has become much higher than the growth of European tourism as a whole. The average annual rate of development of rural tourism (not including excursion activities) was 10-15%, and the European as a whole, only 4-5% (Trukhachev, 2016a). Up to 20% of placements are concentrated in the segment of rural tourism. Tourist spending in this sector is about 2,500 billion RUB and the effect on the economy of rural areas exceeds 4,500 billion RUB (ACGRF, 2018).

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According to the Federal Agency for Tourism of Russia, the share of rural tourism in the tourism industry does not exceed 2% (experts estimate the volume of this sector in 4,000 objects). The vast majority of tourism facilities are concentrated in cities (about 196 thousand), but the demand of the country's residents for rural recreation is much higher, and this demand is satisfied by no more than 15% (ACGRF, 2018).

According to forecasts of rural tourism, the number of urban residents who prefer to relax in the village is growing steadily. At this rate, their share of all domestic tourism in Russia can catch up with the European level (15-20%), (Trukhachev, 2017), and it is difficult not to agree with this prospect, because our villages have a rich historical and cultural potential, and the list of opportunities can be endless. More than 33 thousand tourist sites are concentrated in rural areas, which once again confirm the presence of a rich potential (Elfimova, Radishauskas, 2017).

Every year the tourist becomes more sophisticated, requires something new and unusual. This and much more was a prerequisite for the revitalization of rural tourism. The subjects of the tourism industry market are forced to look for new opportunities to diversify the tourist product, to ensure its uniqueness and originality (Erokhin, 2011).

The prospects for the development of rural tourism in Russia are recognized at the Federal level. For example, in the Federal target program "Development of domestic and inbound tourism in the Russian Federation (2011-2018)" rural tourism is named one of the priority types of tourism. But despite the fact that rural tourism was named a priority, the Federal level has not formed a policy to support its development. There are a number of programs aimed at the development of domestic tourism and rural areas. For example, the Federal target program "Development of domestic and inbound tourism in the Russian Federation (2011-2018)", the Federal target program "Sustainable development of rural areas for 2014-2017 and for the period up to 2020", etc., but no clear and consistent actions with regards to support of rural tourism are given (Trukhachev, 2016d).

Lack of consistent policy at the Federal and at the regional level reduces the effectiveness of the development of measures aimed at stimulating and developing rural tourism, which, as practice shows, are taken only at the regional level. Individual instruments and mechanisms of state policy operate in a fragmented and uncoordinated manner (Trukhachev, 2016b). As a result, the potential of rural areas is not used, although it could solve a whole range of problems, and the demand for rural tourism remains unsatisfied.

## Methodology and data sources

Theoretic and methodological background is modern economics, academic papers of national and foreign scientists in the matter of building labour potential. The research was based on abstract-logical, computational and comparative methods with the use of analysis of official statistic information. Informational and empiric background is data from annual statistic reports of bodies of Federal state statistics service in Stavropol region, monitoring of social and labour sphere at regional level.

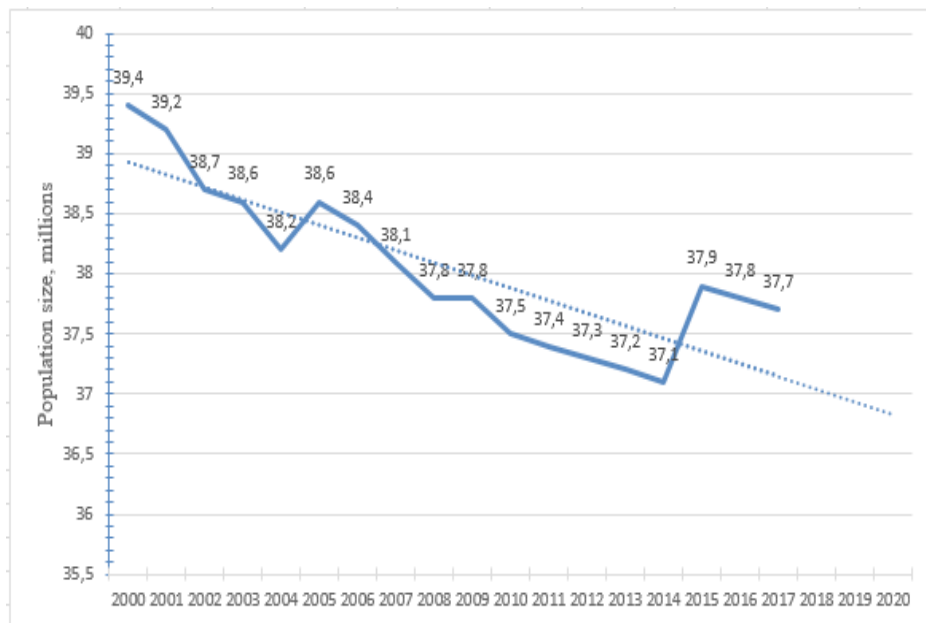
## Results

In modern conditions, an increasing number of countries are faced with the problems of socio-economic development of rural areas. The specificity of agricultural production determines the main problem: the possibility of replacing labour and land with capital is extremely limited (Pavlov, Rassadin, 2015). It is for this reason that sustainable rural development increasingly means keeping rural people in their traditional habitat by providing them with a permanent job and a source of income.

Currently, there are more than 153 thousand rural settlements in Russia, but the vast majority (72%) are extremely small, with a population of no more than 200 inhabitants. Rural settlements with a population of more than 2 thousand people make up only 2% of the total number. The standard of living in rural areas is very low, and the income gap between urban and rural areas continues to grow (FSSS, 2017). In 2017, the average wage in agriculture was only 58% of the average Russian level in other industries (Lisova et al., 2017).

The trend of recent decades in Russia is the reduction in the number of rural residents. Next picture (Picture 1.) shows that from 2000 to 2017 the rural population of our country decreased from 39.2 million people to 37.8 million people. Despite the fact that in 2015 the number of rural population has increased significantly, today it is falling again. While maintaining such dynamics, linear forecasting shows a further decrease in the number of rural residents, up to 36.8 million people by 2020.

**Picture 1.** Dynamics of rural population in Russia (period 2000-2017) and forecast for 2020, in million people



Source: Picture compiled by the author.

If we talk about specific regions of Russia, the most significant reduction in the rural population is observed in the North-Western and Siberian Federal districts (NWFZ and SFU, respectively). Migration outflow is the main cause of rural depopulation in our country. Despite certain natural growth, socio-economic factors dominate the natural ones and have a negative impact on the number of rural population.

The above-mentioned problems are particularly acute in the industrially undeveloped southern parts of Russia. Where agriculture dominates the structure of gross regional products, and the rural way of life is traditional for the majority of local residents. The agricultural regions of Southern Russia are currently facing a shortage of not only capital, but also labour. It has led to the degradation of agricultural production and rural infrastructure, as well as caused an increase in social tension in rural areas (Trukhachev, 2015).

According to mentioned, the retention of labour in rural areas through the creation of various income (generating opportunities), both through employment in traditional agricultural production and through the development of alternative employment, is extremely relevant.

In this article, the study conducted on the materials of the Stavropol region as one of the regions of Russia with a pronounced agricultural specialization. The urgency of addressing issues to improve the sustainability of rural development through the multifunctionality of economic activity in the Stavropol region is extremely high. During 1990-2017, the share of rural residents in the total population of the Stavropol region decreased by 4.5 percentage points (from 46.1% to 41.6%).

The dynamics of the main socio-demographic indicators of rural development of the Stavropol region, shown in next table (Table 1.), confirms the reduction in the number of small rural settlements, while the population continues to concentrate in larger agglomerations.

**Table 1.** Dynamics of socio-demographic indicators of rural development of the Stavropol region in 2010-2017

Indicators	Population (in 000)	Proportion of population younger than working age (in %)	Proportion of working age population (in )	Proportion of population over working age (in %)	Average life expectancy (years)
Years					
2010.	1193,5	18,8	61,5	19,7	66,9
2011.	1191,9	19,1	59,9	21,0	67,99
2012.	1186,8	19,3	59,4	21,3	68,61
2013.	1182,3	19,6	58,7	21,7	69,18
2014.	1175,3	19,9	57,9	22,2	69,49
2015.	1172,0	20,1	57,2	22,7	69,90
2016.	1169,5	20,2	56,5	23,3	70,50
2017.	1167,6	20,3	55,9	23,8	71,38

Source: table compiled by the author.

As the analysis shows, the labour market in rural areas of the Stavropol region characterized by two unidirectional trends: both the population and the share of the population in the working age as a whole are declining. One of the reasons for this is the low level of employment. Unemployment rates in rural areas of the Stavropol region remain high. People are forced to migrate from rural areas to urban settlements in search of work.

There are four main reasons for this high unemployment rate among rural residents of the Stavropol region. They are presented in next table (Table 2.).

Among other identified, a serious obstacle to the sustainable development of rural areas in the Stavropol region, as shown by the analysis, is the underdevelopment of non-agricultural activities and alternative sources of income for rural households. The development of technology in agriculture and increasing productivity are reducing employment. Therefore, in order to preserve rural areas as active social and

productive subsystems, it is necessary to diversify the rural economy through the development of non-agricultural activities, as is the case in many developed countries of the world. Programs for the development of non-agricultural activities in rural areas successfully implemented in the EU, USA, China, etc.

**Table 2.** Main causes of high unemployment in rural areas of Stavropol region

No.	Reason	Content	Consequence
1.	Structural imbalance between supply and demand in the rural labour market	The imbalance is caused by the discrepancy between the professional skills of workers and the requirements of employers in agriculture. Employers have their own qualifications and skills requirements, but the labour market is not ready for an adequate and rapid response.	It has a negative impact on the technological and innovative development of the regional economy and poses a threat to the sustainability of rural development
2.	Demographic ageing of the population	Natural population decline is not compensated by natural growth, and the restoration of labour potential is due to migration inflow	Visiting workers often lack the skills for high-paying jobs, causing increasing competition with the local workforce for jobs with low skill requirements and, as a result, the growth of social tensions in rural areas
3.	The level of income of the population in rural areas is extremely low	The volume of agricultural production per capita in the Stavropol region in 2017 exceeded the corresponding average Russian figure, but at the same time the level of income per capita in the region amounted to only 70.6% of the national level	People of working age prefer to migrate from rural to urban areas in search of higher remuneration for their work
4.	Under development of alternative sources of income for rural households	The inability to earn additional income	

Source: table compiled by the author.

For the Stavropol region, one of the most obvious alternative sources of income in rural areas is tourism and recreation, in general, and rural tourism in particular. Already today, tourism and recreation form a significant part of the GRP of the Stavropol region. Currently, this sector accounts for 3.2% of the gross regional product. For comparison, a similar indicator in the world gross product is 3.6%, the average European 6-9%, the share of tourism in the country's economy, 2.5% (Trukhachev, 2016c).

According to the Ministry of tourism and health resorts of the Stavropol region, growth in the number of visitors to region annually is more than 6%. In the Stavropol region there are 40 tour operators and about 200 travel agencies, there are 302 collective accommodation facilities, including 132 enterprises of the sanatorium complex with a total capacity of 33.5 thousand beds.

In 2009, the Government of the Stavropol region adopted the Strategy of socio-economic development of the Stavropol region until 2020 and for the period up to 2025. This strategy assigned a significant role in ensuring sustainable economic development of the region. However, to development of rural tourism is still not given enough attention. There are still no concrete actions on the part of regional and local authorities aimed at the development of rural tourism in the region.

We believe it is extremely important to emphasize which value and what the effect for increasing the degree of multi-functionality of rural development of the Stavropol region may have precisely the development of rural tourism. Further shows how the socio-economic consequences of rural tourism development in Stavropol region as an alternative form of mass tourism provide opportunities for its harmonious integration into the daily life of the rural population.

Contribution of rural tourism to multifunctional development of rural areas:

- alternative source of income for farmers and rural residents;
- creation of new jobs;
- reduction of unemployment, retention of labour force in rural areas;
- employment of pensioners, women and adolescents;
- the development of local infrastructure;
- attracting investments in rural areas;
- improving the standard of living of the rural population;
- upgrading the skills of the rural workforce;
- development of social relations within the rural community;
- preservation of cultural values and local characteristics;
- conservation of natural resources and biodiversity.

It's possible to achieve an income from the development of rural tourism in many ways (Table 3.). This is mainly the provision of services for accommodation, food, leisure activities, as well as the sale of various agricultural products and locally produced food products.

**Table 3.** Ways to generate income in rural areas through the development of business in the field of rural tourism

No.	The way to generate income	Effect
1.	Sale of agricultural products and local food to tourists	Alternative source of income. Incentive for the development of local production
2.	Provision of services to tourists related to the organization of their stay and leisure in rural areas	Alternative source of income. Development of new activities (hotel services) and commercialization of traditional (horse riding, etc.).)
3.	Commercialization of traditional local activities and crafts	Income from local crafts, making and selling Souvenirs. Preservation of cultural heritage and local identity of rural settlements

Source: table compiled by the author.

The main effect is not so much the possibility of receiving short-term income from this kind of activity, but in general for the rural economy – the multiplier effect, when various business ties in the rural community are involved and all local residents are already interested in attracting tourists to their settlement. After all, the arrival of tourists, by and large, increases the capacity of the domestic market of this rural settlement, creates additional solvent demand for local services and goods, and thus generally revives economic activity in this territory.

The arrival of tourists to at least one of the farms and the receipt of alternative additional income by these farmers can serve as a source of inspiration for many other rural residents. Seeing with their own eyes a vivid example, they will also want to organize the reception of tourists in their households, which, in turn, will launch a mechanism of competition in the market and provide tourists with a variety of high quality services. Business in the field of rural tourism, thus, will contribute to the growth of rural multifunctionality and will differentiate sources of income, thereby creating employment for many rural residents.

### Conclusion

Analysis of international experience shows that the trend of reducing traditional employment opportunities in rural areas will continue. Only the parallel development of the non-agricultural sector can increase employment in rural areas in Russia, improve the quality of life of the population, provide people with alternative sources of income and preserve rural settlements. Entrepreneurs who want to engage in the development of rural tourism should identify “points of growth” in each particular rural settlement, through which it will be possible to increase competitive advantages and attract tourists.

Considering the unique natural and climatic resources of the Stavropol region, we consider the development of rural tourism as one of the most priority and promising tools to attract additional income to the countryside. The work proved that rural tourism in the Stavropol region will provide multifunctionality and sustainability of economic development. The most important expected impacts of rural tourism development is to increase the rural population's engagement in new employment opportunities (for example, in tourist activity), improving the quality of life in rural areas, development of rural areas and, consequently, sustainable growth in agricultural production and the regional economy as a whole.

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