Impact of Domestic Tourism on Attracting Investment: Organizing and Regulating of Tourism Activities by Municipal Authorities

Anna Alexandrovna Silaeva¹; Elena Nikolaevna Podsevalova²; Sergey Anatolyevich Makushkin³; Evgeniya Olegovna Ermolaeva⁴; Yulia Petrovna Maidanevych⁵

¹Russian State University of Tourism and Service, Cherkizovo, Moscow region, Russia.
²Russian State University of Tourism and Service, Cherkizovo, Moscow region, Russia.
³Russian State Social University, Moscow, Russia.
⁴Kemerovo State University, Kemerovo, Russia.
⁵V.I. Vernadsky Crimean Federal University, Simferopol, Russia.

Abstract
The article deals with the experience of tourism management at the level of municipal districts. Currently, the tourism industry is going through hard times due to the general economic decline and travel restrictions imposed due to the COVID-19 pandemic. The purpose of the article is to define the most promising routes for cooperation between local authorities and business to support tourism in modern conditions. Although the possibilities and mechanisms of tourism development in cities and towns largely depend on the national tourism management model best global practices indicate the importance of the coordinating function fulfilled by the local authorities. To successfully solve the key problems of tourism development at the regional and local levels, one must organize the cooperation of the key interested parties: tourists, small and large businesses, local communities, and authorities. Special consideration is given to attracting outside investment to the tourism industry within the framework of public-private partnerships. The main conclusions are made based on the analysis of statistical data and the current trends of development of the domestic and foreign situation. The authors conclude that only domestic tourism can be promising under the present conditions. The problems are defined and recommendations are given for the improvement of the tourism industry in Russia. The practical significance of the study consists in systematization and actualization of theoretical approaches to analyzing the possible routes for recovering and further developing the tourism industry in the Russian Federation.

Key-words: Crisis, Domestic Tourism, Tourism Management, Entrepreneurship, Support Measures.
1. Introduction

Tourism is one of the leading sectors of the world economy with an annual income of 5.7 trillion dollars. About 10% of the world's gross domestic product is generated by one of the most profitable businesses in the world. Tourism development influences the creation of new jobs. Thus, if in 2005 about 125 million people were employed in the global tourism industry, then in 2018 there were already 370 million people (Afanasov, 2019).

In recent years, there has been an increase in tourism all over the world, and only 2020 became an exception (Bondarenko et al., 2020). The state of tourism and its development directly depends on external factors (environmental and transport disasters or social and political unrest) (Chernyakova, 2019). The crisis that arose all over the world due to the coronavirus infection destroyed all plans, including those in the tourism sector (Miloradov et al., 2020).

The COVID-19 pandemic in the spring of 2020 virtually froze the entire tourism market due to the closure of all borders, air traffic, and, naturally, tourist routes (Nath, 2020). The situation in the tourism market will not improve soon, so now the main task for almost all travel companies, regardless of the scale of their activities, is to survive (Wagner et al., 2020; Alekseev et al., 2020).

Currently, the tourism sector can exist mainly due to domestic tourism in view of the restrictions on international travel and the complete quarantine of many popular tourist destinations. The importance of domestic tourism varies widely across countries but on average, domestic tourism in the OECD (Organization for Economic Cooperation and Development) countries typically accounts for 75% of domestic tourism consumption (Shakhramanyan & Ivolga, 2020; Kamalieva et al., 2020).

Therefore, researchers' increased interest in the development of domestic tourism in the current environment is highly justified. Research on the problems of domestic tourism in modern conditions was carried out by I.V. Loguntsova (2020), E.I. Makrinova (2020), I.D. Shakhramanyan (2020). The works available for study are mostly not focused on the experience of management and organization of the tourism industry at the local level even though it is local authorities, in particular, municipalities, who directly face specific organizational and managerial tasks and problems, and the implementation of the socio-economic potential of tourism depends on the successful solution of these problems. Research hypothesis. In the current tourism crisis, one must organize interaction
between tourism entrepreneurs and authorities, primarily municipal authorities, to develop domestic
tourism and attract investment to the infrastructure of municipalities used for tourism.

2. Methods

The methodological basis of the study is the systematic approach associated with the analysis
of the Russian and global markets of tourist services, general scientific methods of cognition, analysis
and synthesis, dialectical, abstract-logical, systemic analysis, as well as methods of legal analysis –
analogies, comparisons, and generalizations. The study of theoretical aspects was carried out using
such methods of scientific cognition as induction and deduction, methods of actualization,
classification, abstraction, and concretization. The hypothesis was proved based on theoretical and
methodological developments in the field of studying the problems associated with the functioning
and development of the tourism industry, as well as revealing the features implementing tourist
activities in non-standard cases – in a pandemic.

3. Results

Today tourism, especially domestic tourism, is a promising field. The wealth of Russian
tourist and recreational resources makes it possible to develop most types of tourism including
recreational (beach), cultural and educational, business, active, health and ecological tourism, as well
as sea and river cruises, rural tourism, etc.

Almost all over the world, tourism is a business area. Entrepreneurship helps to develop new
segments of the tourist market, meeting the needs of various segments of the population. The
development of entrepreneurship is a condition for solving many problems, among which the most
urgent are socio-economic development of the state; formation and functioning of financial and
commodity markets; creation of competitive market relations that contribute to better satisfaction of
the population and society's needs; the opening of new production facilities; reduction of
unemployment through the creation of new jobs; creating a wider variety and improving the quality
of goods, works, and services; ensuring the availability of travel services and decrease in dependence
on imports of products (import substitution), etc. (Arslanova, 2015).
At the present stage of economic development, the characteristics of which are determined by the transition to new forms of management and administration, entrepreneurial activity continues to experience serious difficulties (Dudin et al., 2019; Sekerin et al., 2019). Therefore, speaking about the economy in general and the economy of the tourism sector, one inevitably has to focus on entrepreneurship as an integral part of economic activity (Arslanova, 2015).

However, the fulfillment of the tourism potential requires a competent policy and organizational efforts from business and authorities.

The state contributes to the development of tourism by determining the policy in this area and passing regulatory legal acts. At the federal level, tourism policy is governed by the norms of federal laws, decrees, and orders of the Government of the Russian Federation, as well as other regulatory legal acts. The federal law on the Fundamentals of the Tourism Business in the Russian Federation (State Duma of the Federal Assembly of the Russian Federation, 1996) is the fundamental federal law that enshrines the basic norms and principles of tourism and tourist activities in the Russian Federation. The law stipulates the definition of tourism, tourism activities, and security, defines the rights and obligations of tourists, enshrines the powers of the authorities regulating the tourism sector, describes the conditions for the implementation of travel agent activities, and provides a classification of objects of the tourism industry. The Decree of the Government of the Russian Federation No. 1852 dated 18 Nov. 2020 on approval of the Rules for the sale of a tourism product is a federal legal act that specifies and regulates tourism activities. The Decree contains the basic requirements for organizing the contractor's activities and provides information on the services provided for the implementation of a tourism product. The procedure for concluding, executing, amending, and terminating an agreement on the sale of a tourism product is considered. The procedure for filing claims and the liability of the parties under an agreement on the sale of a tourism product (Government of the Russian Federation, 2020b) is described. The key and priority idea from the perspective of regulatory and legal analysis is the concept of the federal target program "Development of domestic and inbound tourism in the Russian Federation (2019–2025)" (Government of the Russian Federation, 2018). First, the program describes the activities that will be started next year, and second, the program is aimed at the implementation of not only personnel and administrative and management tasks but also innovative, cluster tourism projects in the Russian Federation. At the regional level, the state tourism policy is governed by the laws of the federal subjects of the Russian Federation as well as other regulatory legal acts.
In the current challenging environment, it is worth mentioning the regulatory legal acts specifically aimed at supporting entrepreneurship in the field of tourism during the crisis caused by the onset of the COVID-19 pandemic. At the beginning of Apr. 2020, the Government of the Russian Federation (2020a) identified the sectors of the economy that would be the first to receive government support due to the pandemic, including the tourism industry and associated hotel business and health resort institutions. The following measures were adopted for the tourism industry as the most affected sector: 1) the due dates for taxes and insurance fees for small and medium-sized enterprises (SMEs) have been postponed for three to six months, depending on the tax; 2) the tax rates for the simplified tax system have been reduced to 1% for the object of taxation "income" and down to 5% for the object of taxation "income – expenses" in some federal entities of the Russian Federation, 3) reduced payments were approved for the lease of federal and municipal property; 4) subsidies in the amount of 24 billion rubles were allocated to banks for the issuance of subsidized loans to strategic enterprises for replenishment of working capital and the rules for the distribution of subsidies; 5) a subsidy in the amount of the minimum wage (12,130 rubles) was determined for each employee for organizations and private entrepreneurs included in the register of SMEs and operating under the OKVED (Russian National Classifier of Types of Economic Activity) code, included in the list of affected economic sectors; 6) loans were provided at a preferential rate of down to 0.5% in some federal subjects, while a partial guarantee was given by regional guarantee and microfinance organizations; 7) the interest-free loans were provided for the payment of wages; 8) the procedure and conditions have been established for the return to tourists or other customers of the amounts paid by them for the tourism product from the travel agent's personal liability fund; 9) the 2020 contribution to the Reserve Fund of the Association of Tour Operators in the Field of Outbound Tourism has been reduced to one ruble; 10) the rules for granting subsidies to tour operators for reimbursement of costs in connection with the COVID pandemic were approved (Government of the Russian Federation, 2020a).

The state measures of regulation and anti-crisis support are aimed primarily at increasing the competitiveness of the Russian tourism market, creating conditions for the development of infrastructure, attracting investment, promoting employment by providing jobs, preserving natural, cultural, and historical resources, and shaping the country's image as a tourist destination. Relatively new tourist regions of the Russian Federation are gradually entering the tourist turnover. Conditions are being created for the specialization of tourist activity which is characterized by the mandatory
presence of an innovative moment. Such a moment may be associated with the creation of a new tourism product, the introduction of information technologies, and the use of new forms in certain areas and types of tourism (Arslanova, 2015).

The tourism industry presents great opportunities for socio-economic and cultural development, strengthening international relations, and improving the quality of life of the population not only at the state and regional levels but also at the level of individual municipalities.

Unlike the state and regional levels, the municipal tourism management in most Russian cities is at a low level (Frolova & Afonina, 2017). Although many systemic problems such as deterioration of the tourism infrastructure or poor quality of services cannot be resolved without the active participation of municipalities, the level of elaboration and interconnectedness of the corresponding development programs is the subject of active criticism. Thus, T.K. Popova, having analyzed the strategies of the municipalities of the Ivanovo region, concluded that the activities related to the development and promotion of tourism products did not have enough detail. The programs themselves did not form a comprehensive system of measures without which the development of tourism in a separate municipality faced a bleak future (Popova, 2013). The problem of coordinating tourism development programs for individual municipalities is especially relevant for small towns on popular tourist routes, typical, for example, of Central Russia. Tourists are interested in a chance to build an interesting route that allows them to visit several cities in one trip, and the municipalities have to coordinate local initiatives and programs supporting the industry. For small towns located far from major tourist centers, the development of event tourism is a promising area. The experience of the small town of Totma located in the Vologda region confirms the efficiency of this approach for towns with weak tourist potential. Due to regularly holding conferences and other events, the town managed to organize efficient marketing promotion based on the interaction of local authorities and organizations, due to which the annual number of tourists arriving is about 130 thousand people (Mikheeva, 2016). However, event tourism can turn out to be an important driver for the development of the industry in large cities. For example, Kazan, where the 2013 Universiade took place. Holding this unique event became an incentive for local authorities and allowed them to acquire valuable experience and competencies which later became the basis for the implementation of new tourism projects (Nikonova & Lyamov, 2016). It is sometimes argued that the tasks of local authorities in the field of tourism are, first of all, the creation and development of local initiatives and stimulation of entrepreneurship in the hospitality industry (Kabanova, 2015). This approach, in general, reflects the
established practice in which municipalities independently develop local documents and programs in the field of tourism and promote the development of entrepreneurship using the mechanisms of tax incentives, licensing, allocation of land, etc. However, this is a narrow view of the problem of urban tourism management which does not reflect current trends in this area.

A solution to this problem is attracting investment through the mechanisms of public-private partnerships. A public-private partnership implies a legally formalized cooperation between public and private partners for a certain period and based on the pooling of resources, the distribution of risks. It attracts private investment into the economy, ensures the availability, and improves the quality of goods, works, and services. The public partner can be the Russian Federation, federal subjects, as well as municipalities. In the former two cases, one should speak of such a unifying concept as a public-private partnership, in the latter, a municipal-private partnership. A private partner, in turn, can be a legal entity registered on the territory of the Russian Federation (ROSINFRA, 2019). According to the statistics presented on the ROSINFRA portal, public-private partnerships in the Russian Federation are more often concluded in the form of a concession agreement, somewhat less often – in the form of a public-private partnership agreement or an agreement on the municipal-private partnership, rarely in the form of a lease agreement (Ministry of Culture of the Russian Federation, 2015). An example of an agreement on public-private partnership in tourism is the creation of the Okolitsa park in the Tomsk region. Under the agreement, the financial base is formed from the budget of the Tomsk region and funds of medium and small businesses. The project is aimed at the development of the territory and event tourism. An example of a concession agreement is the construction of the hotel complex "Skornyakovo Estate" in the Lipetsk region. Under the agreement, restores the original historical appearance of the estate and also constructs objects on the site of the destroyed structures that were part of the estate. It is assumed that the estate will function as a suburban recreational and hotel complex (Phillips, 2003).

4. Discussion

The system and mechanisms of management at the local level are largely determined by the existing system of tourism management in each country. The highest level of responsibility of local authorities exists in countries with a market model of tourism management. In countries such as the United States, it is the local authorities and the structures created with their assistance that play a key role in tourism development.
role in tourism management. For example, in the US, special tourism bureaus are created which include representatives of local authorities and business structures working in the hospitality industry and related industries. Such bureaus perform the function of coordination and self-organization of the industry, ensuring the development and implementation of local programs and tourism development initiatives. The bureaus are funded from special city taxes paid by tourists as well as advertising and membership fees (Artemova, 2013). In countries with a centralized model of tourism management, on the contrary, the task of local authorities is to ensure the implementation of national programs, adapting them to the characteristics of a particular region. At the same time, the top-down nature of management can lead to contradictions between key stakeholders, between the interests of the state and business, which can negatively affect the economic efficiency of tourism projects. An example is the contradictions in the development of the tourism industry in China (Wang & Xu, 2014). In the global practice, there is a clear understanding that in tourism management at the local and regional level one must consider the specific features of a particular type of tourism. For example, medical tourism, which is one of the key areas for countries such as Germany or Israel, requires government support aimed at the development of the entire industry of medical services (Kovaleva, 2015). At the same time, architectural and, in general, cultural and educational tourism, particularly important for European countries, such as Italy, France, or Spain, requires increased attention to urban infrastructure, integrated solutions for urban planning, strict regulation of the outdoor advertising market, etc. – tasks solved to a greater extent at the municipal level (Specht, 2014). Cities are the main points of attraction, primarily for cultural and event tourism but also for other areas. However, regardless of the dominant type of tourism, cities that are large destinations face two main problems: a significant load on urban infrastructure and the need to manage the logistics of mass tourism, as well as related problems of supply, environmental quality, etc.; the need to ensure efficient interaction with local communities, for which an intense tourist flow is not only a source of income but also a factor affecting their living space. The number of tourists constantly staying in large tourist centers can be comparable or even exceed the number of residents, and this is typical not only for "resort" destinations but also for large cities with a large number of residents and a developed, diversified economy (Paris, Rome, Barcelona, Venice, etc.). If in the first case the whole life of the city is focused on tourists, then in the second the city authorities are forced to seek a balance between the interests of tourism and other industries, residents and visitors. The massive influx of tourists has an impact on almost all aspects of the city's life: transport and utility systems, supply, environmental
conditions, security issues, etc., which requires a response from the city authorities. A key tool for increasing the efficiency of urban infrastructure management in large tourist centers is currently specially developed information systems and services. Thus, in Paris, computer modeling systems make it possible to predict the flows of inbound tourism from other countries, making it easier for local authorities and businesses to plan their activities (Gunter & Onder, 2015). GPS-based information and analytical systems allow detailed analysis of the logistics of tourist flows and solve logistical problems. In Salzburg, a large-scale study was carried out, during which tourists consented to having their movements tracked using GPS (Kellner & Egger, 2016). Based on the collected data, the routes typical for different categories of tourists were drawn up, the directions, sequence, and speed of visits to various objects were analyzed, common mistakes that tourists make when orienting in the city were revealed. Similar solutions for the development of urban infrastructure and information support for tourists are being developed in China within the framework of the nationwide program of "smart tourist destinations" (Wang et al., 2013). This program involves the creation and support of a special IT-platform that integrates information about tourism products, destinations, and the availability of tourism resources and activities. By becoming available to key interested parties (tourists, travel industry organizations, non-profit organizations), the platform increases the efficiency of decision-making at every level. This example also shows possible ways to integrate different levels of tourism management; if at the state level the task is to develop and promote a common IT-platform, then the responsibility of local authorities is its content, involvement of local business, ensuring the relevance of information as well as the use of information for municipal tourism management. Thus, the main directions for improving the efficiency of tourism management at the municipal level are associated with the development of information services for the collection, analysis, and exchange of tourist information, ensuring the interaction of key interested parties, including residents, as well as integration into regional, national, and international programs and initiatives.

As a result, one can propose a system of measures that can authorities at different levels can apply to develop and support entrepreneurship in the tourism sector and presenting the measures in the form of a table.
Table 1 - System of measures applied by the authorities to develop and support tourism entrepreneurship

<table>
<thead>
<tr>
<th>Authorities</th>
<th>Organizational legal measures and support measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal (centralized) authorities</td>
<td>Development of tourism support strategies, development concepts, basic legislation, comprehensive crisis support measures for entrepreneurs, their funding.</td>
</tr>
<tr>
<td>Regional authorities</td>
<td>Creation of tourism clusters and zones, development and implementation of public-private partnership projects for the development of tourism infrastructure in the region, the use of tax incentives and licensing mechanisms for entrepreneurs.</td>
</tr>
<tr>
<td>Local authorities</td>
<td>Information and analytical support of the tourism industry, monitoring their condition and quality, branding of tourist destinations.</td>
</tr>
</tbody>
</table>

The global, as well as, in some cases, successful Russian experience shows that local authorities should take an active part in coordinating the interaction of many interested parties, facilitate information and analytical support of the industry, monitor and control the quality of tourist services, and carry out marketing activities to promote the town as a tourist destination in the Russian and foreign markets.

5. Conclusion

Based on research on tourism development and support for the tourism business, the main tasks for the development of tourism by the authorities at various levels are: 1. The creation of conditions for the tourism industry through organizational and legal measures and support, primarily financial in times of crisis. 2. Application of benefits, co-financing of infrastructure projects, marketing, information, and analytical support at the regional and local levels. Best practices in tourism management at the municipal level prioritize the coordination function of local authorities, ensuring efficient interaction of key interested parties: tourists, local communities, and business structures. Therefore, in the field of domestic tourism today, one must, first of all, intensify the interaction of the authorities and business on the ground. Thus, the hypothesis of the study seems to be proven.
References


Chernyakova, S.A. (2019). Certain aspects of the legal regulation tourism in Russia. Servis v Rossii i za rubezhom, 13(3(85)), 87-100.


ISSN: 2237-0722
Vol. 11 No. 4 (2021)
Received: 15.05.2021 – Accepted: 07.06.2021