

Tourism as Preferred Direction in the Strategy of Substitution of Industry Branches in Mono-territories of Russian Federation

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Abstract: Currently the problem of stable socio-economical development of one-factory towns is one of the priorities of state policy. This problem became particularly topical in conditions of financial crisis of 2008-2009, which revealed interrelation of one-factory towns' development and performance indicators of local economic mainstays. Consequences of global financial and economic recession together with decline in production aggravated situation in one-factory towns, resulted in the state that many one-factory towns had to go through difficult financial situation. Analyses of international practices devoted to solving problems of one-factory towns demonstrated predominance of market methods, one of which is diversification of one-factory town's economy based on forces of local economic mainstays (creation of small enterprises, profile specialization change) or through engaging public finances. Current trends of economical advancement are characterized by predomination of service industry, thus the strategy of manufacturing sectors' substitution is aimed at refocusing toward service industries (advancement of tourism, telecommunications, education, logistic services etc). The article contains analysis of foreign and domestic (Russian) practices in the area of economical diversifications of mono-territories. There has been presented the proof for hypothesis, which states that economics' refocusing by means of tourism and hospitality industry, as well as service industry could become promising direction. The authors give specific examples, typical for the territories in Russia and abroad being investigated, which are of practical interest for forming effective state support for one-factory towns in Russian Federation.

Key words: One-factory towns • Mono-territories • Socio-economical development of one-factory towns • Problems of socio-economical development of one-factory towns • Service industry • Tourism and hospitality industry • Strategy of substitution • Diversification

INTRODUCTION

Company towns hold a special place both in regions and in the country as a whole. They are specific objects of socio-economical and ecological and town-planning

politics. Company towns are the settlements, in which some manufacturing sector or economical sphere dominates in economical base of the town. In scientific literature mono-territories are often referred to as mono-specialized or one-company town.

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First signs of crisis both in one-company towns and in the country in general manifested in the period of market-type reforms. Collapse of economic territory resulted in disruption of processor chains and decline in production. Liberalization of external economic relations revealed uncompetitiveness of many types of domestic products.

In conditions of financial and economic crisis one-company towns sustained the biggest losses. Research made by Institute of regional politics showed that maximum rate of decline in production in company towns for 9 months of 2009 comparatively the same period of 2008 was in mechanical engineering industry (-37%). Decline in production directly affects unemployment rate, which is of particular importance for company town, where local economic mainstay is the only place where people can get employed [1].

Current trends of economical development are characterized by prevalence of service industry, thus the strategy of manufacturing sectors' substitution is aimed at refocusing toward service industries (advancement of tourism, telecommunications, education, logistic services etc). In each particular case the peculiarities of company towns should be considered. There is no unified strategy, applicable to all company towns – one should understand that any diversification trend of mono-territories' economy may be accompanied with even more aggravation of the problem.

MATERIALS AND METHODS

In order to prove the hypothesis, we studied Russian official media and foreign sources, as well as experts' opinions regarding diversification of mono-territories' economy. There have been detected typical problems and on their base there have been validated examples of strategy of substitution of industry branches in mono-territories.

In the course of periodic we used the methods of system-oriented approach, statistical and comparative analyses for definition of development trends of mono-territories in Russia and abroad. Analysis of key problems of mono-territories' development was conducted via content analysis of publications in Russian and foreign media and also by involving experts. In addition, business managers of local economic mainstays and local community were interviewed

While forming proposals concerning development of strategies of economic diversifications, scenario methods and methods of normative forecasting were applied.

RESULTS

Foreign countries demonstrate a lot of striking examples of substitutive strategy, applied to industry sectors [2-5], for instance, Glasgow (Great Britain) [6, 7]. Glasgow had lost its competitive advantages in plant engineering and construction up to 1960. In the mid 1980s programs aimed to diversify economy were launched; they were based on substitution of manufacturing industry by range of services for the purpose of obtaining sustainable growth of town's economy.

In order to attract investments, the following measures were taken: advancement of town's image, restoration of production infrastructure, cultural infrastructure and residential areas.

As long ago as 1990 Glasgow was called European cultural capital.

As a result of implemented municipal policy, at about 50000 people were being provided employment within ten years. 90% of population is involved in service industry. At about 10% of population is involved in tourism industry of the city. Employment in financial industry increased for more than on 30% during the period from 1998 to 2001. Development of service industry caused versatile effect – electronic and communication industries received a stimulus for development, based on involvement of skilled professionals and effective educational system.

In 2006 new strategic plan for city development was adopted, which was called “Step change for Glasgow” for the next 10 years. The plan points out the necessity of taking measures towards keeping remunerative job positions, innovations and high productivity, general prosperity, harmonization of economical, physical, cultural and social conditions. The strategy is aimed at strengthening economical base and quality of job positions by means of continuous physical, social, economical, cultural and ecological revival of the city, solving poverty problems, problems of social withdrawal and nation's health.

The strategy was financed at the cost of private and state investments. The most part of state financing was focused on development of city's production infrastructure, which created congenial investment climate and allowed to involve new companies.

Some Russian towns have similar opportunities to restore their economies. This strategy would be efficient provided that skilled professionals are involved and educational system works effectively. City of Baikalsk (Irkutskaya region) can be a good example for it, where

local economic mainstay is “Baikalsk Pulp and Paper Mills” JSC [8]. Currently the plant is about to stop functioning and Russian government is considering possibility of building exhibition centre “Zapovednaya Rossiya” there [9, 10].

Park “Zapovednaya Rossiya” will be situated on the place of industrial sites and will occupy some part of buffer zone. Landscape Park and educational centre will be built there. It is also planned to create municipal recreational area and exhibition centre dedicated to natural and cultural heritage of the country; the city will get about 25K of job positions.

Hotel complex, research laboratory and training buildings would be the main objects of the place. The latest object of the park is a complex of Russian landmarks, among which it is planned to place the Kremlin of Moscow, idiosyncratic stave churches and the Kazan Cathedral.

It is guesstimated that the park will be visited by more than 2 millions of tourists per year. Thus, the park will become a leisure area, as well as the center of ecological education in Russia – which is even more important. Here young specialists will be able to gain both theoretical knowledge and practical skills.

However, it should be mentioned that all these strategies are based on social actions, in which key place belongs to the problem of unemployment. In deciding the question of structural reorganization of mono-territories’ economies, differentiated approach should be applied, which would be based on historical conditions and development of the territory in question that would enable conditions of investment and social attractiveness, that would advance creation of competitive industrial areas. At the same time, the strategy can’t be implemented without active involvement of non-commercial associations, local authorities and businessmen, who would help resolve issues, cooperating as state and private representatives.

CONCLUSION

Practical relevance of the work lies in description of one-company towns’ functioning, in performance analysis of state support and proposal development that would concern improving of its methods. Proposals being developed may be used by Treasury department of Russian Federation for implementation of solutions that are aimed at sustainable social and economical development of one-company towns, as well as effectivization of budget expenditures.

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