System Infrastructure Formation Support for Business Activities in Coastal Destinations

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Abstract. The intensive development of the infrastructure support for entrepreneurship is considered to be one of the major strategic foci of the public regulation of business in the conditions of the developing market relations and is particular sensitive to the structural changes in the economy, efficiency of the national economic policy and economic, social, financial, structural and administrative measures, specifically in small business as it takes on a social function as a catalyst of the new products and service creation by serving the needs of the population and finding new supply and sales channels. The infrastructure system for entrepreneurship in a coastal destination is a complex of locally operating industries including construction of roads, canals, ports, bridges, airdromes and warehouses, power stations, transport, communication, education, information services, science, healthcare, financial and credit and legal services. However, it is crucial to understand that coastal destinations display a certain distinctive feature; i.e., apart from being associated with a certain territory, they, first of all, generate tourism services which play the role of a key strategic factor in the development of such destinations. Thus, there is an objective need for providing rationalization and methodological recommendations on further effective development of tourism destinations influenced by the bulk of tourism services. Further studying of coastal destinations under current conditions of entrepreneurship development requires elaboration of workable tools of destination promotion based on the range of offered services, which is expected to subsequently allow for continuous development of recreation and tourism.

1. Introduction

Any plot of land, a separate location, a region or a national territory can be considered a tourist destination. Commercially, tourist destinations incorporate all the zones visited seasonally or throughout the year by a number of people whose purpose of travelling is not limited to tourism. However, on a practical level, a tourist destination is solely regarded as a place tourists travel to. Thus, according to the concept of a tourist destination, attention should be paid to the strategy and marketing behavior of a certain territory as a system of active elements cooperating with the purpose of developing an integrated tourism product.

Development of the available destinations and emergence of the new ones is explained by the
increasing human mobility, technological progress in communication, transportation and other key areas for tourism as well as by greater variability of motivation for travelling. A great number of tourist destinations appeared and developed spontaneously; nevertheless, nowadays the rational planning of new destinations proves more than reasonable.

2. Background
The destinations are the major zones of tourist flows concentration. The typification of destinations serves the foundation for the development of an efficient administrative system. The types of destinations are defined based on various approaches and according to different features. A.A. Lyubitseva’s classification divides the destinations into two types depending on their intake capacity:
- zones characterized by the great intake capacity without their recreational value being negatively affected;
- zones with limited intake capacity restricted by the admissible level of ecological and aesthetic condition of the environment (mountain resorts, coastal areas, etc.) [1, p.7].

The mechanisms of the tourist destinations development strategy comprise the processes typical of all spheres and activities of the destinations, among them are:
- administrative mechanism (a set of administrative tools: concepts, programs, projects, plans, etc.);
- regulatory mechanism;
- financial and economic mechanism (with a separate mechanism of internal financing);
- social mechanism;
- information and communication mechanism [2].

Coastal destinations experience tremendous demand for unorganized recreation, including rural and gardening recreation. Coastal destinations display the following problems in terms of the recreational economy development: underdeveloped service segment and market infrastructure for entrepreneurship; poor management and marketing; unsatisfactory socio-ecological background; disorganized and, at times, spontaneous construction of leisure centers and privately owned buildings on beaches.

In order to ensure further development of entrepreneurship in coastal destinations, the following measures should be taken:
- developing land registry of resort and recreational territories to define business opportunities and restrictions in the use of the resort and recreational resources while outlining future possibilities and advantages of the territorial development;
- strategic planning of coastal territories development and elaboration of a functional zoning scheme of the coastland;
- registration and classification of lands intended for recreational and nature protection purposes;
- optimization of the coastland management in compliance with the environmental standards and priorities of the territorial development, including decision-making as for the assigning the status of a resort of local significance to natural areas;
- differentiation of the tourism and recreational services (development and support of sea and river cruise tourism, yachting tourism, etc.)
- advances in the innovativeness of the recreational product;
- increasing the level of professional training of the tourism and recreation industry employees with the purpose of putting the service quality standards on a par with the international ones;
- providing retraining for the tourism and recreation industry employees so that they could serve foreign tourists;
- implementing up-to-date service technologies on the market of tourism and recreation services;
modernization and reconstruction of the available tourism facilities and infrastructure so that their condition would comply with the international standards.

3. Focus of the research
Infrastructure support for entrepreneurship in coastal destinations targets exercising a number of functions:

- institutionalization of business relations;
- improvement of operational efficiency of various economic entities via differentiation of the niche markets they fill in;
- simplification of different forms of legal and economic regulation procedures;
- support for small and medium-sized businesses in accessing financial services and public regulation of business relations in general.

The basic characteristics of a tourist destination are its geographical position, infrastructure, services and local community.

The infrastructure for entrepreneurship in coastal destinations is comprised of small businesses whose condition and development play a major role in activating the tourism industry due to the fact that tourism services show a high level of customization. The obstacles that entrepreneurs face also affect condition and development pace of the tourism infrastructure [3–5].

In their activity, entrepreneurs often face challenges and obstacles common for small and medium-sized businesses, among them are: resource scarcity (in terms of finance, information, labor forces, property, etc.), imperfect legislation and policy applied to small businesses, difficulties in registration and getting permits and unnecessarily frequent checks and inspections. The tourists referred to the shortage of skilled workers as the major factor constraining business development. Another critical issue is limited access to the resources and high tax rates. Among other bottlenecks are: lack of effective economic reforms, political intervention into economy and poor management in the key industries, which results into low gross national product. The other deterrent factors are exchange restrictions and high inflation [6].

Favorable environment appears to be more important for the experienced small and medium-sized business players than unmediated governmental support. Entrepreneurs expect the government to take practical measures targeting business support. The priorities include reduced paperwork required for the records and accounting, simplified fiscal management and better accessibility to the legislative acts regulating business activity via a single information resource [7].

4. Solutions, results and recommendations
What definitely matters for the development of entrepreneurship in coastal destinations is the support of governmental institutions. Governmental structures should not only be authorized to elaborate and implement development programs for tourism while planning the use of budgeting funds, but should also be obliged to create favorable environment contributing to the active cooperation of the commercial and nonprofit sectors of tourism, local population and public organizations. Tourism service suppliers are in search of effective interaction forms between different spheres of the tourism industry as well as between the public, commercial and nonprofit sectors.

Coordinated behavior of the tourism service market stakeholders requires simultaneous and integrated activities in different segments (transportation, tour operation, catering, leisure, souvenir production and sales, capital improvement, information support, etc.). According to “the institutional theory”, such coordination is ensured by the development institutions: banks, funds and agencies providing financial, organizational and information support.

However, the number of such institutions does not guarantee the quality. Our region is marked by a high degree of various kinds of their misuse. One of the widespread negative phenomena is the formalization of the institution if it is created due to certain external factors only, which, therefore, results in lack of its positive impact. In particular, on the regional level, similar institutions are often established in order to meet the terms for getting governmental subsidies, loans and grants from
international financial organizations when initiating reforms or under the influence of universal trends when constructing the regional net of public unions, etc. Such shell institutions either never perform their primary functions or transform them to a great extent due to the external circumstances.

As a result, such institution as tourism entrepreneurs’ associations capable of ensuring successful setting and accomplishment of standards of cooperation and business do not have any real leverage. Despite the fact that such associations exist on the regional level, they do not meet their purpose and often serve the interests of separate representatives of the tourism industry rather than the industry itself. [8, p. 106].

Formalization of the market institutions considerably reduces their impact on the market processes and invalidates the functions of public regulators capable of reducing transaction costs and creating favorable conditions for business operation. Such a situation adds to the negative image of governmental institutions in the court of public opinion and allows the interested parties to deter further development of the market relations in the tourism industry.

Current institutional failures appear to be the major bottlenecks in the development of the historical and cultural heritage potential as a resource of economic growth, which has been successfully implemented in many other countries.

The infrastructure of a coastal destination includes both the enterprises responsible for providing services throughout the region (transport and communication, trading, catering and entertainment companies, etc.) [9] and the enterprises whose service is limited to the tourism market (travel bureaus, tour operators, travel agencies, accommodation facilities, etc.). Most of such enterprises are small businesses (Figure 1).

Regional infrastructure facilities, goodwill and the quality of services and goods on sale as well as the interplay contributing to cooperation are cluster-facilitating factors [10]. Entrepreneurial initiative makes the potential opportunities into conditions generating demand for the tourism cluster services. The image of the territory works as a stimulus for investment promotion and its proper positioning in the external environment creates the territory’s reputation and stirs interest among the target audience, first of all, tourists.

In this case, the key role is played by the following factors:

- resource potential of the region (nature and climate, labor, financial and information support);
- potential for intellectual capital development, favorable environment for business and unhindered access to the market for new stakeholders.

A pivotal role is attributed to the information transparency in the public-private cooperation which requires open public access to the data including reports of tourism businesses and local authorities, results of the research, concepts of investment projects, notifying publicity of the planned events and results of governmental activities and provision of consulting services on various aspects of tourism business, etc. [11, p. 27].

Effective support of business activities by the governmental authorities and local self-government divisions generally comes in terms of programs of entrepreneurship support, preferential loans, organized courses of retraining and further education for the employees, etc. These measures are supposed to minimize barriers at entering the market [12]. The most valuable resource for climatotherapy and thalassotherapy is the beaches and coasts of water areas which can be used for the recreational purposes during the warm season. By far the most important element of health improvement on the sea coast is the availability of beaches, simple accumulative landforms composed of alluviated deposits (volcanic, pebble, gravel, sand, shell, coral, etc.) in the swash zone [13].

Barred profile beaches have to be protected from the negative tidal effects, for this reason most of the beaches on the steep lands subject to erosion were fortified with engineering constructions in the second half of the 20th century.
Attractors
- cultural heritage;
- unique natural and climate conditions;
- high-profile events and extraordinary activities;
- attractive tourism and residential infrastructure;
- excellent service.

Infrastructure
- transportation, information and communication;
- accommodation, catering, entertainment and trade facilities;
- travel bureaux, tour operators, travel agencies;
- innovation;
- venture business.

Factors
- human resources, capital resources;
- innovations and accumulated knowledge;
- information transparency of business operations and governmental administration;
- safety and market accessibility;
- favorable business environment;
- system of governmental (public) support.

Building the foundation for the extensive use of coastal destinations
- creating a positive image of the territory;
- preferences for businesses in the tourism industry;
- motivation of the business organizations;
- control of the tourism product quality;
- institutional marketing (boosting popularity);
- competition policy.

Establishing special economic areas of the tourist and recreational kind (destinations)

| Developing an administrative strategy of a coastal destination: |
|---------------------------------------------------------------|
| 1. Stating the mission |
| 2. Positioning the territory |
| 3. Identifying the consumers |
| 4. Defining the assets and advantages |
| 5. Outlining the plan of actions |
| 6. Implementing the strategy |
| 7. Working out and adjusting the system of regulation |

**Figure 1.** Formation of the infrastructure system of entrepreneurship in coastal destinations.

The condition of beaches has to be defined in order to be able to use them for recreational purposes. The evaluation of the resort zones can be carried out as per a few aspects: geomorphological, economic and social.

The geomorphological approach to the evaluation of beach quality is the basic one for creating comfortable conditions for recreation; it amounts to a number of quantitative indices and encompasses orographic, climatic, hydrological and ecological factors affecting the development of beach recreation.

The beaches are comprised of three landscape zones: water area, beach area and beachside area [14]. The standard sizes of the landscape zones of sea beaches per one visitor are presented in Table 1.

It is essential to calculate the beach carrying capacity and the capacity of its zones. The calculation of the indices can be done according to the formulae below. Beach zone carrying capacity \( M_1 \), people can be calculated as follows:

\[
M_1 = \frac{S}{N}
\]  

(1)

where \( S \) is the area of the beach zone in square meters;
\( N \) is the standard beach area per one visitor (5 square meters/person).
Table 1. Sizes of landscape zones of sea beaches per one visitor.

| Zone                        | Beach type: sea beach |
|-----------------------------|-----------------------|
| Water area, square meters  | 5 - 10                |
| Beach area, square meters   |                       |
| Sand                        | 5                     |
| Pebble                      | 5                     |
| Beachside area, square meters | 5 - 15              |

The analogous calculation is done to define the beachside carrying capacity ($M_2$, people):

\[
M_2 = \frac{S}{N} \tag{2}
\]

where $S$ is the area of the beachside zone in square meters; $N$ is the standard beach area per one visitor (5–15 square meters/person).

T. Punchenko [15] suggests using the following formula in order to calculate the beach zone carrying capacity:

\[
W = \frac{F}{N} \times k \tag{3}
\]

where $W$ is the capacity of the coastal recreational zones; $F$ is the total area of natural and artificial beaches, in square meters; $N$ is the standard beach area per one visitor (5 – 8 square meters/person); $k$ is the coefficient of the concurrent beach capacity (0,5–1,0).

It is noteworthy that the beach and beachside zones carrying capacity is calculated according to the maximum possible concurrent capacity without taking into account the fluctuations in the number of visitors during the day and in the high season.

5. Conclusion

The infrastructure of a coastal destination includes both the enterprises responsible for providing services throughout the region (transport and communication, trading, catering and entertainment companies, etc.) and the enterprises whose service is limited to the tourism market (travel bureaus, tour operators, travel agencies, accommodation facilities, etc.). Most of such enterprises are small businesses [16–19].

Regional infrastructure facilities, goodwill and the quality of services and goods on sale as well as the interplay facilitating cooperation are the factors contributing to the formation of a coastal destination [20]. Entrepreneurial initiative makes the potential opportunities into conditions generating demand for the services provided at a tourist destination. The image of the territory works as a stimulus for investment promotion and its proper positioning in the external environment creates the territory’s reputation and stirs interest among the target audience, first of all, tourists. A major role in the support of entrepreneurship in a coastal destination is played by the institutional complex of the regulatory mechanism applicable to the entrepreneurship – efficient laws and administrative policy.

The critical institutional problems for small businesses include: nontransparent mechanisms of tax management, multiple administrative barriers, inter alia various inspections; procedures of land allocation and siting tourist attractions, obstacles in having lease agreements in cultural heritage sites, etc. Another significant problem for small businesses in the tourism industry is limited access to the resources of financial markets; according to the theory of institutional economics, this creates a negative effect not only for a certain sector (in this case, tourism), but hinders business activity in the country in general as the functioning of the financial markets and the level of competition are strongly connected.

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