# Leadership Styles and Employee Engagement: Generation Z Perspective in Russia

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## ABSTRACT

The foremost aim of this study is to measure the direct relationship between leadership styles, namely: Servant and Authentic leadership and Work Engagement among Gen Z' employees in Russia. In addition, this study also examines the mediating role of Psychological Capital between the above mentioned variables. Data was collected among tourism faculty students with experience no less than 6 months in three high education institutions in the city of Krasnodar, Russian Federation. The empirical study was conducted with the cooperation of lecturers of tourism faculty of the selected institution from the beginning of January to the end of March 2019. The statistical methods included descriptive statistics, Structural Equation Modeling (SEM) and bootstrap analysis. The value of the study is parallel with uniqueness, aligned with the knowledge of the author. Moreover, this interaction is examined for the first time in literature of hospitality. As a result, leadership styles significantly influenced Gen Z employees' PsyCap and Work Engagement; specifically, servant and authentic leadership which positively predicted Gen Z employees' PsyCap and Work Engagement. Also, compared with Servant leadership, Authentic leadership had stronger predictive power to Gen Z employees' PsyCap and Work Engagement. Furthermore, Gen Z employees' PsyCap acts as a partial mediator between leadership styles and employees' Work Engagement. The discussion part includes theoretical contributions, as well as, recommendations provided for future exploration.

**Keywords:** Generation Z, Psychological Capital, Work Engagement, Leadership Style, Russian Federation

Bu çalışma, liderlik stillerinin (otantik ve hizmetkar) etkisine odaklanarak, Psikolojik Sermayenin (PsyCap) Z kuşağı çalışanlarının İşe Bağlılığı Üzerindeki aracılık rolünü incelemektedir. Rusya Federasyonu Krasnodar kentinde bulunan üç yükseköğretim kurumunda en az 6 aylık deneyime sahip olan turizm fakültesi öğrencileri nden veri toplanmıştır. Araştırma, seçilen kurumun turizm fakültesi öğretim görevlileriyle ortak bir çalışma kapsamında Ocak ayının başından başlayarak Mart 2019'un sonuna kadar sürdürülmüştür. İstatistiksel yöntemler, tanımlayıcı istatistikler, yapısal eşitlik modellemesi (YEM) ve ön yükleme analizi bu çalışmada ayrıca kullanılmıştır. Yukarıda bahsedilen ilişkiler, turizm alanyazında ilk kez test edilmiş ve çalışmanın orijinalliğini ortaya çıkarmıştır. Sonuç olarak bu çalışmada liderlik stilleri (otantik ve hizmetkar) "Z kuşağı" çalışanlarının psikolojik sermaye ve işe bağlılıklarını önemli ölçüde etkilemekle beraber, özellikle, hizmetkar ve otantik liderliğin, Z jenerasyonu çalışanlarının Psikololojik Sermaye ve işe bağlılıklarını olumlu yönde etkilediğini göstermiştir. Ayrıca, hizmetkar liderlik ile karşılaştırıldığında, otantik liderlik, Z jenerasyonu çalışanlarının psikolojik sermaye ve işe bağlılık değişkenleri için daha güçlü bir öngörü güçüne sahip olduğunu göstermiştir. Buna ek olarak çalışmada, Z jenerasyonu çalışanlarının psikolojik sermayedeğişkeni, liderlik stilleri ve işe bağlılık değişkinleri arasında kısmi bir aracı rolü olduğunu göstermiştir.

Anahtar Kelimeler: Z kuşağı, Psikolojik Sermaye, İş Bağlılık, Liderlik tarzı, Rusya Federasyonu.

# **DEDICATION**

To My Family

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# LIST OF ABBREVIATIONS

AL	Authentic Leadership
Gen Z	Generation Z
HRM	Human Resource Management
PsyCap	Psychological Capital
RF	Russian Federation
SEM	Structural Equation Modeling
SL	Servant Leadership
WE	Work Engagement

# **Chapter 1**

## INTRODUCTION

#### **1.1 Introduction**

The collapse of the Soviet Union left its mark in all the countries that belonged to the union, including Russia. The Russian economy was in a state of disrepair in the 1990s and required a transition (Burns, 1998). Therefore, the expansion of tourism sector which had been observed as a direct and indirect tool to enhance the quality of population's lives and the status of economy have been taken into account seriously by Russia (Ma & Hassink, 2013; Matarrita-Cascante, 2010; Tang & Tan, 2015; Tugcu, 2014). In fact, the country has had climate and favorable cultural condition, for almost all types of tourism; yet the population of the country has not been ready for a sharp transition in the development of the tourism sector due to the reset (secondary development of economy) and the impact of the post-Soviet regime (Annaraud, 2010; Chernishev, 2000). Problems such as lack of accessibility of tourism services (e.g., housing and restaurants), unreliable standards of quality of tourism (Sheresheva, Polyanskaya, & Matveev, 2016) or small supply of convenient pre-installed services and tour packages for tourists (Sheresheva, & Kopiski, 2016) were identified. In 1998 problems in the tourism sector were identified among the challenges that the country had to overcome, which were stated as the need for investment in infrastructure, competitive advantage, workfares and economic fluctuations (crises) (Burns, 1998). However, many of those challenges remained virgin to the extent in which after 25 years. Andrades & Dimanche, (2017) indicated that Russia, despite being rich in

natural and cultural resources for tourism development due to lack of sufficient trained staff, and poor shattered quality of HRM cannot augment its tourism industry. On top of that, the most imperative dilemma has been the attraction of potential employees to the hospitality industry in Russia (Andrades & Dimanche, 2019). In 2018, the tourism sector in Russia retained a total of 3.36 million direct, indirect and forced jobs that represented only 5.3% of total employment in Russia (WTT, 2017). Crouch (2010) explained that the most important determinants of tourism competitiveness were core resources and attractors and the management of these resources. Human capital and work forced skills turned out to be highlighted narratives as they had an impact on incentives and therefore hindered the development of a competitive tourism sector (Kask, Kull, & Orru, 2016; Line & Runyan, 2014).

What's more, there is a possibility of deterioration of human capital due to the changes of generations. As Grobelna (2017) pointed out that the new generation (or Gen Z) of employees has a negative attitude towards careers in the hospitality industry due to long working hours, low financial compensation, lack of career development opportunities and low motivation, which all would lead to emotional exhaustion. Accordingly, all these characteristics lead to a widespread problem of high turnover in the hospitality industry (Chalkiti & Sigala, 2010). Besides, Casado-Díaz & Simón (2016) noted that hotel managers have to pay more attention to the motivation of graduates, in order to engage them with work in the hospitality industry. In addition, Gen Z main complaints were associated with environmental factors referring to the fact that Work Engagement (WE) could be taken into count, as long as it had been related to employee's well-being. Bearing in mind, recently WE topic has attracted much attention from academia and industry due to its representation of work

experience and impacts on organizational culture, which can generate various benefits for the organization (Jung & Yoon, 2016; Raina & Kalse, 2018; Arasli & Arici, 2019). However, previous studies focused on various aspects of WE impacts and most of them had investigated relationships with employees of varying degrees of WE (Schaufeli & Salanova, 2007; Wood, Kim, & Khan, 2016), whereas others investigated the relationship between WE and its predecessors and results (Bakker & Demerouti, 2008). Furthermore, Park and Gursoy (2012) examined the degree of WE between different groups of "generations" and indicated that the level of WE could be varied greatly depending on the generation of workers thus the degree of WE had an impact on the intention of changing jobs through differences between generations. Leaning to this idea, it can be emphasized that intergenerational change in the hospitality industry involves a variety of working relationships that would impact on HRM in the hospitality industry (Davidson et al., 2011). For example, Generation X cared more about the social climate while Generation Y was more motivated by career development and job content (Lub et al., 2015). However, Gen Z was born in the 2000s which was the period of their growth falling into the economic crisis in Russia in 2008, 2014 and 2017 (InvestmentinRussia, 2017), as well as changes in social culture, technology development and globalization (Ivanov, Idzhylova, & Webster, 2016; Sheresheva, Polyanskaya, & Matveev, 2016). All these aspects dispensed their part in the basis of the formation of the personality of this generation. Gen Z was much more sensitive to widespread hypocrisy in Russian society as they were offended by lies and the lack of open, honest communication in society (Snegovaya, 2018). They were protesting against the current political elites, their outdated language and policies of the previous generations of the 1970s and 1980s as well as party apparatus of the USSR

(Snegovaya, 2018). It is also possible to note another significant moment that had an impact on the Gen Z in Russia which is a demographic change that is associated with the emergence of an increasing number of single-parent families (most often mothers with children) which confirms the consequences of an increase in the number of births out of wedlock. Another aspect affecting demographics is the increase in mortality among men of working age (Perelli-Harris & Gerber, 2011).

Over the last decade, the area of demographic and generational was a common recurrence in the hospitality industry's literature (Baum, 2012; Baum et al., 2016; Bencsik, Horváth-Csikós, & Juhász, 2016; Sakdiyakorn & Wattanacharoensil, 2017). However, Gen Z employee's knowledge was significantly undervalued (Crinson, 2013; Goh & Lee, 2018). Furthermore, Park and Gursoy (2012) made an advice in order to fill the gap in the previously under-taken studies on different influences of generations on the WE. Moreover, with this in mind this research will exercise and exhaust this gap in the literature. Therefore, the study will look into WE of Gen Z under the influence of leadership by using latest types of leadership such as Servant Leadership (SL) and Authentic Leadership (AL). Insofar as, in 2007 Schaufeli and Salanova (2007) argued that human resources strategies, such as leadership, would help to increase WE since leadership greatly influenced employee performance both attitudes and behavior, in terms of job satisfaction (Rothfelder, 2012) and job performance (Kim & Brymer, 2011), innovation (Slåtten & Mehmetoglu, 2014), organizational commitment (Tuna et al., 2011), and leader-follower relationship (Brownell, 2010). However, there were late studies which focused on leadership types such as transformational and transactional leaderships (Chaudhry, 2012; Luthans et al., 2007; Rothfelder, 2012; Tuna et al., 2011) and some few were dedicated to the

center on SL and AL styles (Hoch et al., 2016; Ling, Liu, & Wu, 2016; Rego, Reis Júnior, & Pina e Cunha, 2014).

In addition to this, similar study in China was held (Ling et al., 2016) which had the analogous experience of economic convulsions and communism oppression resembling Russia; this further testified that the SL style would be more effective for influencing Gen Z employees' work engagement (Avolio & Gardner, 2005) yet, the Gen Z of Russia probably differed from China, as Russia after the acquisition of independence of these countries had different economic development, as well as various social factors. Besides Russian Gen Z had its own values, such as justice, ethics and trust (Snegovaya, 2018). Considering from this angle, it can be concluded that the AL can be more productive in working with the Gen Z in order to satisfy their requirements. Based on studied literatures ALs has its own approach to leadership, which focuses on building the leader's legitimacy, through honest relationships with followers under the umbrella of an ethical basis and the value of the contribution of each employee. To the provided knowledge, AL are positive and open leaders with true self-esteem whom by creating trust and evoking enthusiastic support from their subordinates can sharpen individual team work (Gardner et al., 2011).

Following the study by Corey, & Grace (2017), it could be clarified that psychological factors as well as other factors had an impact on WE of Gen Z, bearing in mind, the Gen Z was the most unstable emotional generations which had been required special psychological approaches. Based on recent studies, it can be clarified that psychological capital (PsyCap) is one of the most promising psychological resources that has a particular impact on various areas of a person's life and affects various emotional aspects, such as motivation, cognition and behavior (Luthans et al., 2007).

As a rule, positive psychological state contributes to the increase of psychological resources and a positive emotional state especially at work place where they can easily avoid the difficulties since they are full of positive feelings, such as hope and optimism (Tsaur et al., 2019). Thus, as a positive psychological state, PsyCap contributes to increasing individual WE and well-being (Datu & Valdez, 2015; Shu & Lazatkhan, 2017).

## **1.2 Purpose of Study**

To the best knowledge of the authors, none of the previous studies has paid attention to the topic of leadership styles, as SL and AL in Russia hospitality as well as, Gen Z. Also, unfortunately, there has been limited past of the studies in the hospitality industry regarding PsyCap of the employees. Given this shortcoming, this study has two objectives. First, it attempts to determine which type of leadership, SL or AL might influence the WE of the Gen Z' employees more in the Russian hospitality industry. Second, how the PsyCap works as a mediator that might have impacts on the Gem Z's WE.

## **1.3 Contribution of Study**

Advancing our knowledge on the Russian Gen Z' employees, WE may be important in several ways:

• First, this study is one of the first to investigate the effects of SL and AL on the attitudes and behavior of the Gen Z' employees in the tourism and hospitality in Russia. Therefore, this study broadens the field of leadership studies and demonstrates evidence for Brownell's (2010) argument and others that SL matters in the tourism and hospitality beyond China (i.e. Russia).

• It is worth noting that, after conducting a study of Russian Gen Z employees of the hospitality and tourism industry, it provides empirical evidence that, compared with SL, AL has a stronger effect on the attitude and performance of employees, regardless of their Eastern or Western culture. These results show that, although culture inevitably influences leadership styles, the effectiveness of SL and AL has intercultural coherence.

• This study addresses the effectiveness of SL and AL and allows better understanding of industry workers and thereby improving the relationship of the leaders with followers under the influence of enlightening PsyCap that can lead to the WE of employees.

• Comparing the effects of AL and SL styles to the Gen Z, employees are practically valuable for HRM and organizational development in Russia as the results of this comparison can suggest important empirical links to leaders for effective adjustment of leadership styles for Gen Z.

## Chapter 2

## LITERATURE REVIEW

#### 2.1 Theoretical Background and Hypotheses

#### 2.1.1 PsyCap and WE

In the countries of the former Soviet Union, serious social, economic and political changes took place after the fall of communism. These factors imprinted on the everyday and working atmosphere of the life of Russian people. As early as 1972, Sillier emphasized that traditional stress models view physiological stress as a nonspecific response of the organism to external influences and define it as a general adaptation syndrome that occurs in response to external circumstances. Psychological stress is defined as a kind of reflection by a subject of events surrounding reality, which depends not only on external conditions but also on many variables such as personal characteristics, constitutional features and the structure of central nerve system on the assessment of the degree of threat in a particular environmental context. From the point of view of many researchers (Goodhart, 1985; Janoff-Bulman, 1989) its emotional, cognitive assessment events as stress is a key factor for the development of psychological stress. It also supports Roberts et al. (2012), study that underlies psychological health in post-Soviet countries, including the influence of broader factors such as social and economic changes and social capital. For this reason, currently, the problem of stress and coping behavior is one of the most popular in Russian. However, based on the researcher's points of view, the problem of the root cause is perceiving a situation as threatening escapes. In other words, having answered

the question: how does the psychological state of an individual influence his/her workforce? Assistance in finding the answer to this question may be the Resource Conservation Theory (COR), which is the theory that the loss of human resources is the key due to threat leading to stress (Hobfoll, Tracy, & Galea, 2006). Thus, the concept of "resources" is central to the COR theory, representing the values that individuals and communities seek to acquire, preserve, multiply and accumulate. In the psychological literature, resources are considered as significant predictors of wellbeing and quality of life (Diener & Fujita, 1995; Holahan & Moos, 1990). Within the framework of the COR, resources become important not only in the context of coping but fear of loss of resources is a key predictor for stress. From the point of view of Hobfoll et al. (2006), the life circumstances themselves such as changing social status, moving to another place of residence, divorce and changing jobs are not stressful if they are not worth the actual loss of resources, which is a key factor leading to stress. This was confirmed by Ivanova (2013) in the study of psychological consequences of the economic crisis, in which the level of subjective well-being was not associated with a subjective assessment of the degree of influence of the crisis along with the actual loss of resources. As far as, given that valuable resources are always difficult to obtain, people are more sensitive to loss of resources rather than to receiving resources (Rappaport, 2002).

Among individual resources, psychological resources are an integral part of domestic resources. For this reason, this research focuses on an important psychological resource that is, Psychological Capital (PsyCap). Luthans and Youssef (2004) are pioneers in the use of PsyCap in the field of management. They confirm that PsyCap has a positive impact on the development of the psychological state of the employee. In other words, they view PsyCap as a positive basic psychological construct, unlike other researchers, mostly focused on the negative aspects of the PysCap theory. This constriction includes self-efficacy, hope, optimism and resilient (Avey et al., 2011). Moreover, PsyCap has a property for development and it has a special individual influence on the development process, attraction to work and satisfaction and also affects the success in work. (Luthans et al., 2005).

This research used the concept of Stevan E. Hobfoll (2002), who proposes using the constructions as a whole, rather than separately as he believes the complete construction will have more influence.

The topic of PsyCap and WE were used upon in the study of workers in the field of hospitality (Datu & Valdez, 2015; Paek et al., 2015; You, 2016). More, it was proved that these two aspects had a positive impact on employees. For example, it was revealed that hotel workers with a high level of PsyCap, had more engagement with their job and doing their work effectively (Paek et al., 2015). Thereby it provides evidence that PsyCap has the power to influence job satisfaction and productivity, which in return both affect to the WE. This supports the idea of Sweetman and Luthans (2010) which is the face of difficulties considering people with a high level of PsyCap are more likely to feel control over the situation. Also, college student research shows that PsyCap positively predicts academic activity (You, 2016). However, in Russia, as far as we know, there is no research that had been devoted on studying the benefits of PsyCap to the WE of employees. Thus, in this study, the goal is to fill the gap by assessing the extent which PsyCap is associated with the WE of employees in the working place. Therefore, based on what has been cited, the first hypothesis has been proposed as:

H1. Gen Z employees' PsyCap is positively related to their WE.

#### 2.1.2 Leadership Style and WE

Nowadays, tourism for the regions of Russia has received special recognition and importance for the country's socio-economic system (Gudkov & Dudina, 2017). This is very noticeable in the growing number of articles that address a wide range of aspects of hospitality and tourism in Russia over the past decade. (Andrades & Dimanche, 2017; Ivanov, Idzhylova, & Webster, 2016; Sheresheva & Kopiski, 2016). The studies affect crucial areas and problems mainly related to the application of the hospitality and tourism market under the influence of cultural and economic opportunities (Andrades & Dimanche, 2017, 2019; Annaraud, 2010; Bystrov, 2016; Sheresheva & Kopiski, 2016; Sheresheva, Polyanskaya, & Matveev, 2016). However, research into the failure of Russian leaders in hospitality and tourism organizations remains scarce (Gudkov & Dudina, 2017). One of the critical element in achieving strategic plans is human resources strategies and their behaviors, furthermore, management of human resources underlines the importance of leadership style in the hospitality industry (Boxall & Purcell, 2011). Leadership theory influences the integration of the emotional response and mental state of an employee. Consequently, leadership style is a crucial aspect affecting the employee's work environment, as well as affecting the psyche and mental state of the workers, in which, in return affects the potential development of the employees (Oldham & Cummings, 1996).

Russian research in the field of leaders showed that the authoritative style of leadership is in the first position and this leadership style implies the authority of rational coordinators and organizers who support the smooth growth of the organization. The next position is taken by the adhocracy style, according to which managers take on the role of innovators and entrepreneurs willing to take risks (a strict manager and strict competitor). In the longer term, students would like to see leaders using clan leadership style because they need a mentor (Vasyakin et al., 2016). Based on this result, this study considers two types of leadership as AL and SL. Also, early studies on the territory of China showed that SL and AL in the hospitality industry manifested themselves as effective types of leadership (Lin, Liu, and Wu, 2016), in comparison with the past and the characteristics of the country of China, it can be said that Russia as a country has similar political past (Michailova & Hutchings, 2006). However, Russia remains particularly poorly studied in the field of tourism and hospitality compared with China, despite the size and growth of this country (Andrades & Dimanche, 2019).

In 1977, Greenleaf suggested that SL differed from other leaders and more distinctive features consisted of increasing self-esteem and motivation of employees, because SLs in general consider themselves to be servants rather than owners and their leadership motivation is what they put in the first place is serve the employees, which is usually not practical to leaders (Sendjaya & Sarros, 2002). SLs gain influence over employees by using follower-leader relationships through perfect service (Brownell, 2010; van Dierendonck, 2010; Wu et al., 2013), while the goal of SL is to promote the personal growth of followers (Greenleaf, 1977). SL fully develops the potential, needs, value system, conscience and motivation of subordinates, helping them to understand their responsibilities and autonomy, helping them to realize that their work is valuable and meaningful for their organization, thereby meeting their development needs (Bande et al., 2016; Gutierrez-Wirsching et al., 2015; Huertas-Valdivia, Gallego-Burín, & Lloréns-Montes, 2019; Ling, Liu, & Wu, 2016). All these factors further contribute to

the willingness of subordinates to perform more important work, increasing their ability to cope with more serious problems, strengthening their solidarity and cooperation and in a good way forcing them to sacrifice their personal interests for the sake of their organization (Yii Tang, Dai, & De Meuse, 2013). Ultimately, it helps them to achieve and even exceed the goals that the organization expects (Walumbwa et al., 2007). Therefore, SL has great potential for effective leadership in the hospitality and tourism organizations (Boxall & Purcell, 2011; Jung & Yoon, 2016; Ling et al., 2016).

It is necessary to emphasize that ALs manage subordinates through building legal relationships, through honest relationships with followers who value their contribution and are built on an ethical basis (Walumbwa et al., 2007), in fact, they are not very concerned about what subordinates really need, but on the contrary, they manage to stimulate external working motivation of subordinates through positive communication and open management, which in return, stimulates subordinates in their constant efforts. In essence, AL became popular as an important leadership concept after it was proposed by Luthans and Avolio (2003) and developed by Gardner, Avolio et al., (2005) and Luthans et al., (2007) in response to corporate corruption, and executive scandals (Kiersch & Byrne, 2015). Since corruption has become one of the most serious problems in modern Russia and as a result of the annual publication of the "Transparency International", Russia is among the 50 most corrupted countries in the world (Corruption Perceptions Index 2018). Corruption is manifested in all spheres, such as government organizations (Suhara & Manabu 2016; Meduza, 2015), medicine (Sabirianova Peter & Zelenska, 2010), education (Denisova-Schmidt, Leontyeva, & Prytula, 2014) and so on. For this reason, it can be said that the AL style can be considered as the main appropriate type of leadership for a Gen Z (Snegovaya, 2018). Furthermore, this type of leadership derives from the psychological concept of authenticity, which means that "a person acts in accordance with the true self, expressing himself in accordance with his inner thoughts and feelings" (Harter, Schmidt, & Hayes, 2002). Such leadership qualities lead to an increase in self-awareness and self-regulating behavior of employees and contribute to positive self-development (Luthans & Avolio, 2003) which is a reflection of the leadership vision for the Russian generation. In addition, they need a leader which allows them to be independent and honest (Snegovaya, 2018).

Although the work responsibilities of both managers are positive, the SL primarily focuses on stimulating intrinsic motivation and takes most of the responsibility for itself, which does not allow employees to feel their desire and independence, thus, this can lead them to be slow in development. As well as by peculiarities of country, stress, which was dumped after the collapse of the Soviet Union on the shoulders of the people has its own influence and for these reasons the new generations have endured numerous changes. Since the AL has a special approach to the development of employees, mainly due to the development of internal and external motivation and in addition to open and trusting relationships of AL, some researches have argued that AL is a proactive leadership (Wang et al., 2014) especially for hospitality organizations where employees work under stress and need leadership support, thus AL will have a greater impact on WA of Russian Gen Z behavior, than SL. Therefore, based on the cited literature review, we have proposed:

H2. Compared to SL, AL has a greater positive effect on Gen Z employees' WE.

#### 2.1.3 **PsyCap as a Mediator**

Russian culture management and etiquette differ from the norms adopted in other countries and this is not the problem of Russians, but the uniqueness of the national character (Krysko, 2002). Moreover, Modern Russian management was formed in a relatively short time in which the collapse of the Soviet Union for entrepreneurs was a challenge to form a new corporate and management culture in companies (Filin, 2006) and Russian economic development marked a new trend in mentality and leadership style, such as: enhancing the role of the individual and the development of individualism (taking into account individual investments in the common cause and payments) as well as the appropriateness of payments for work. (Badmaeva & Timofeeva, 2010). These changes lead gradually to the development of management in Russia and acquired new forms of leadership. Most employers are beginning to promote democratic freedoms in business, taking into account Russian specifics. Currently, many leaders have academic knowledge and skills for business development. However, Russia often lacks flexibility at higher levels of management in organizations and managers sometimes cannot take into account the influence of external factors and adequately respond to these challenges by changing the company's strategy (Dedkova, Gudkov, & Bykova, 2018). The features characteristic of the majority of representatives of modern Russian management are rigid authoritarianism in management, individual decision making (centralization of power), dualism in the behavior of Russian managers, as well as the predominance of administrative management methods based on power, strict subordination to the superior and sanctions (Alekseev et al., 2016). However, in the 21st century, charismatic leaderships can no longer be effective. This is due to the fact that members of the organization are interested in more meaningful work and they are no longer satisfied with the leaders who view employees as a tool for generating profits. Members of the

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organization expect recognition of their value, trust and respect (Petrushikhina, 2016). For this reason, young leaders should review the type of influence on an employee and take into account the stressors and characteristics of the next generation of workers (Gen Z). So far as the study of psychologists Small and Vorgan (2008) in his monograph "Meet your IBrain" (A person in the Internet era) claims that the new generation of people (Gen Z) of the information age will have a completely different psychology and way of thinking compared to the older generation. Also Kolin (2012) predicted the threat of the psychological "gap" of generations, would be quite real, although it is not yet fully understood by modern society. Based on this, a proper understanding of the aspects of employee's stress and its relationship with other important employee-related job characteristics is of paramount importance, as it allows to improve and optimize personnel management, reduce staff turnover and increase job satisfaction (Cavanaugh et al., 2000; Scott et al., 2010).

With regards to leader behaviors AL has influence on PsyCap employees, for example, Gardner et al. (2005) argue that AL rely on positive PsyCap that accompany optimal self- esteem and psychological well-being, such as confidence, optimism, hope, and resilience, in order to model and promote the development of these states in others. By observing the exemplary behavior and psychological qualities of the AL and receiving constructive criticism and feedback from them with respect and development, employees can gain greater confidence in their ability to achieve goals (Ilies, Morgeson, & Nahrgang, 2005; Luthans et al., 2007; Luthans & Youssef, 2004). When ALs solicit opinions that challenge deeply held positions and openly share information with employees, they can be expected to become more confident (Kirkman & Rosen, 1999; Walumbwa et al., 2008). Also, Avolio et al., (2004) observes that ALs have the ability to remain realistic, encouraging, and trustworthy, such leaders can strengthen the hope of followers by establishing not only their own willpower but also incorporating in their comments the positive aspects of the power of the path or directions to pursue, which increase the sense of self-sufficiency follower. Moreover, due to the property of AL to inspire and motivate employees, as well as stimulate selfdevelopment, this leader can help employees realize their abilities and use their best qualities in their work, as well as take advantage of the weak (Kirkman & Rosen, 1999; Walumbwa et al., 2008; Rego et al., 2014). Several studies have shown that AL was positively associated with PsyCap or with its aspects (Clapp-Smith, Vogelgesang, & Avey, 2009; Jensen & Luthans, 2006; Wang et al., 2014; Woolley, Caza, & Levy, 2010).

However, only a few studies have examined the cooperation between SL and PsyCap of employees. In fact, the effect of SL on PsyCap employees should not be underestimated, since there are significant characteristics to maintain the prognosis of the relationship between SL and PsyCap. Walumbwa, Hartnell, and Oke (2010), suggested that leadership behavior associated with the development of followers contributes to the positive psychological well-being of followers and through emotional interactions. Thus, SL convinces followers to maintain a positive attitude, by using as a tool optimism and motivation. By considering the individual needs of people and showing experience, SLs can earn the respect and trust of employees and set an example to emulate. Meanwhile, SL has a character of server that firstly consented to the serving of workers, therefore, imitate the behavior of SLs, which bring positive emotion experience to the employees, thus at last increases their self-efficacy and work motivation (Searle & Barbuto Jr, 2011). Also, SL is trying to not leave employees without attention and thereby letting employees know that their contribution to the work is important for the organization (Hu & Liden, 2011). This behavior helps improve employee self-efficacy and hopefulness (Liden et al., 2008). SL influences the behavior and attitudes of employees under their charisma, mental rewards and individual approach (Sun et al., 2017).

Both leadership styles have their own approaches to playing on the strings of psychology; nevertheless, SL focuses more on internal influence, and AL looks at such influence more extensively, thereby helping develop individually a sub-element of particular attention to each employee (Avolio & Gardner, 2005). Therefore, this leadership should have a more positive impact on the psychological development of employees. Consequently, one of the promising positive constructs is PsyCap due to the positive impacts to the feelings, desires and emotions of employees in various aspects, by four psychological factors which are self-efficacy, hope, optimism and stability. All these factors have an impact on the mental resources of the worker, and thereby develop the inner motivation, spiritual strength and energy (Greenleaf, 1977). Therefore, two more hypotheses can be postulated:

H3a. AL has a positive effect on Gen Z employees' PsyCap.

H3b. SL has a positive effect on Gen Z employees' PsyCap.

Previous studies show that employees demonstrate a higher level of involvement in work when their needs and interests are better taken care of by their leaders (Harter et al., 2002). Van Dierendonck (2010), also proves an effective link between SL and WE, since aspects of SL are in a strong position which strengthens the personal resources in order to support employee engagement in work (Jorge Correia de Sousa & van

Dierendonck, 2014). The main highlight of SL is his concern for employees, thereby having a follower-oriented leadership style (Greenleaf, 1977) and a positive impact due to the increased psychological safety and value of employees (Aranzamendez, James, & Toms, 2015). AL as a leadership style is focused on such a process as exchange where the leader and subordinate have free communication and feedback. AL each time clearly defines its own expectations and sets specific goals for employees. Also, destroys difficult goals for smaller achievable stages and motivates employees to perform tasks more effectively and support employees (Oh, Cho, & Lim, 2018). Such behavior should reinforce employees' hope for the future. Apart from this, offering the necessary advice on career problems, leadership in transactions has the ability to increase the stability of employees (Al Sahi Al Zaabi et al., 2016). Based on the foregoing, both SL and AL can influence the PsyCap of workers in hospitality and labor tourism. Meanwhile, both can affect their WE. Thus, starting from the foregoing, we have identified the following hypotheses:

H4a. Gen Z employees' PsyCap mediates the relationship between AL and their WE.H4b. Gen Z employees' PsyCap mediates the relationship between SL and their WE.

## Chapter 3

# **TOURISM IN RUSSIAN FEDERATION (RF)**

#### 3.1 Development of Tourism in the RF

#### 3.1.1 The Economic Importance of Tourism Development

Currently, the tourism industry in the world is one of the most dynamically developing areas in international trade in services. If in 1950 the number of tourists all over the world was 25 million and the turnover of the tourist industry was 2.1 billion dollars. According to the United Nations World Tourism Organization (UNWTO, 2012a), in 2012 the number of international arrivals in the world reached 1,035 million people and the annual turnover in the sphere of tourism exceeded 1.3 trillion dollars. In fact, 5 to 6 billion people participate in tourist trips within their countries. Tourism accounts for about 9% of world GDP (over \$ 6 trillion. Dollars), 6% of world exports (which is second only to revenues from exports of oil, petroleum products, and cars), include up to 30% of world exports of services. There are more than 260 million jobs related to tourism and travel (more than 100 million works directly in the industry). This means that each 11th person in the world is engaged in the travel industry (Kruzhalin et al., 2014).

Tourist business stimulates the development of other sectors of the economy: such as, construction, trade, agriculture, production of consumer goods, communications, etc. This business attracts entrepreneurs for many reasons: small start-up investments,

growing demand for tourist services, a high level of profitability and a minimum payback period (Gulyaev, 2010).

In modern conditions, the role of the tourism industry is great not only in the economies of developed countries but also in developing countries. Tourism plays an important role in the fight against poverty and also contributes to the development of closer contacts between representatives of different countries and regions of the world. For example, in the small island states of the Caribbean, tourism plays a vital role providing employment and bringing up to 3/4 of a country's GDP. In the developed countries of Europe, tourism provides 10–15% of the GDP of the so called countries. In Africa, the importance of tourism is great only in South Africa and some countries in North Africa. In the countries of the Middle East, tourism plays an increasing role in the economy (especially in the UAE), but its development is hampered by security problems. Moreover, the contribution of tourism to the economies of the countries of Southeast Asia is growing rapidly.

According to preliminary estimates by UNWTO, by 2020 the number of international tourist arrivals will be 1.36 billion people and by 2030 it will reach 1.8 billion, which means, every fifth inhabitant of the Earth will travel. The average annual growth rate of tourist arrivals is projected at 3-4% per year. Furthermore, the total contribution of tourism and travel to world GDP by 2020 will increase to about 10% (\$ 9.2 trillion); more than 21 million jobs directly in the industry will be created, and the share of tourism in employment will also be close to 10% (325 million employed) (UNWTO, 2012b). Despite the continuing economic and political instability in the world, tourism shows a steady upward trend. New countries and regions are developing at a faster pace. The appearance of new tourist centers and countries that are quite competitive

with traditional tourist leaders of the world is noted. At the same time, the dynamics of international tourists which flow are extremely uneven, this is primarily explained by the different levels of socio-economic development of countries and regions of the world. The development of tourism is influenced by numerous economic (for example, the crisis of 2008–2009), political (military conflicts, the events of the "Arab spring" in the countries of the Middle East and North Africa, etc.), natural (natural disasters and epidemics) factors. However, despite all the challenges, touristic countries try to demonstrate their sustainability and large-scale development. Many developing countries in the first place still have significant opportunities to further increase the volume of tourist flows. However, in a number of small countries and in countries where tourism has been developing for a long time and on a large scale, it is a question of reaching the limit of the country's tourist potential.

Proceeds from international tourism have traditionally been concentrated in the developed countries of Europe and North America. The list of the most profitable tourist destinations continues to lead the United States, leading by a wide margin.

The tourism industry in Spain, France, Italy, and Germany brings significant income. It is worth noting China, which over the past two decades has increased its income from tourism by more than 20 times and is already ready to press France in third place.

The greatest interest from the point of view of the development prospects of the tourist market is the rapid growth in the number of tourists from Asia, primarily from China. The flow of tourists from Asia in the future has chances to become the largest tourist flow in the world, especially when tourists can join it - representatives of an increasingly numerous middle class - from India and other Asian countries. The number of tourists from the Middle East is also growing rapidly.

In 2012, there was an important change in the ranking of the leading countries in terms of expenditures on international tourism: for the first time, China ranked first with an indicator of \$ 102 billion, which grew by 37% over the last year. Such unprecedented growth rates of tourism spending allow some researchers to talk about the "Chinese factor" in the development of world tourism. Since 2000, expenditures on tourism in this country have increased by 8 times due to the simplification of leaving the country, the growth of incomes of its citizens and the strengthening of the Chinese currency.

The highest growth rates of expenditures on international tourism are characteristic, in addition to China, for Russia (3 times) and Australia (3.5 times). Periodically there is some reduction in the cost of international tourism in Japan and the UK. Despite the dramatic changes taking place in the global tourist market, regional tourist arrivals continue to predominate inside: in 2011, 81% of all trips took place within the region of origin of tourists. Large part of tourist exchanges takes place between neighboring countries or countries of one region.

The tourist market, which covers most of the countries and regions of the world continues to grow successfully in the context of increasing competition and increasing economic rivalry between its participants. In the first place, this is indicated by increasingly widespread, often aggressive measures of advertising influence in promoting their tourist product in foreign markets. In addition, tourist demand and tourist supply depends on a number of such changing factors as economic and financial development, the influence of government policies, demographic and social changes and the development of innovative technologies. Thus, increasing competition between countries and regions, both in the tourist demand market and in the tourist supply market is one of the significant trends in the development of world tourism.

# 3.1.2 Analysis of the Tourism Industry in the RF: The Main Trends and Development Prospects



Illustration 3.1: Map of RF

Statistics for 2011 show that, the domestic tourist flow in RF amounted to 33.3 million people. According to experts, in 2012 the domestic tourist flow increased by t10% and amounted to thirty-seven million two hundred ninety-nine thousand nine hundred thirty. With the start of the implementation of the Federal Target Program "Development of domestic and inbound tourism in the Russian Federation (2011–2018)", tourism in Russia begins a new stage in its development (Vetkin & Wintaykina., 2010). The dynamics of the inbound flow of tourists indicates its growth in 2011 by 10% compared to 2010. Yet, the number of visits of foreign tourists to Russian country for the purpose of tourism was quite low and by 2011 only 2.3 million.

The departure of Russian citizens for the purpose of tourism in 2011 increased compared to 2010 by eleven percent and amounted to fourteen million people.

In 2013, the main directions of development of RF tourism can be identified as: the flow of foreign tourists in RF has grown and flows are about to almost 2 million tourists. Domestic tourism also has its own changes in the increase of the number of Russians traveling around the country (Rosstat, 2013). Also, the flow of outbound tourism has increased by 20%. That is to say Russian population started to travel abroad more often. At the end of 2013, about 15 million people travelled abroad.

The crisis in 2014, also affected the tourist atmosphere since ruble lost its price and for this reason, Russia had become one of the cheapest tourist countries. However, the crisis did not have a strong impact on the growth of tourism; in 2015. According to the television company, in 2015 the demand for river cruises and railway tours, which were traditionally popular with foreigners continued to decline. Thus, the results of the Volga Dream poll by Cruises showed that ticket purchases dropped to 40%. The main reason for this decline is sanctions against Russia, introduced after Russia acquired Crimea. For example, booking tickets for the company Lernidee Erlebnisreisen which organizes tours on the train "Tsarskoye Gold" (Moscow-Beijing). Also, Viking Cruises and Uniworld had a negative impact on businesses in cooperation with Russia. Some companies have completely closed their activities, such as AmaWaterways. Such negative effects on the economy and business have required drastic changes in strategy from Russia, such as attracting a new market from the East, which do not have such an influence of politics (Shapoval & Kudinova, 2015). Russia's plans are that the number of tourists from China will grow by at least 10% and therefore based on expert

opinion, it can be said that Russia will make changes in the visa regime for the countries of the East and also Yuan will rise in relation to the ruble.

Great negative damage was inflicted in the period of 2013-2014, because during this period, the flow of tourists in Russia fell by 30-40%. Sanctions scared off American (up to 17% in 9 months) and European (from 60% to 20-30%) tourists. However, not everything was so bad, since Turkish tourists have increased by 13.5%, and 10-15% of Chinese, as well as 70% of South Korea (for Korean passport holders, the visa regime for Russia was canceled) (Rosstat, 2013). RF needs to increase its competitiveness, change the domestic product in a modern way, and also develop a new strategy to improve the product. Since RF has a large market for various tourism, but the domestic product is very weak to compete with the international market (Shapoval & Kudinova, 2015).

According to the data provided by the state bodies for the protection of cultural heritage sites of the constituent entities of the RF, as of December 31, 2013, there were 133,627 cultural heritage sites under state protection: 129499 monuments (including 64,504 federal, 62,652 regional, 2,343 local) 3489 ensembles (1318 federal, 2142 regional, 29 local), 639 places of interest (including 23 federal, 609 regional, 7 local). At the same time in the ensemble, there were 18,919 monuments. Many of these sites are truly unique and can be attributed to the world's cultural treasures: there are 26 sites on the territory of Russia on the UNESCO World Heritage List (MCRF, 2014). The basis of the historical, cultural and natural potential of RF is constituted by objects that are expedient to classify according to their characteristics as follows: museums and museums-reserves; National parks; historical cities and settlements. Movable

monuments stored in museum collections play an important role in shaping Russia's cultural potential and developing tourism. In RF, the total number of state museums as of December 31, 2013, according to the data of the Information Center, was 2730 (MCRF, 2014).

In RF, not only historical and cultural monuments were put on state protection, but also especially valuable territories, where the entire historical, cultural and natural heritage complex, unique cultural and natural landscapes are preserved (as of 2013, 160 museum-reserves and museums operated in RF-state (Garant, 2015). The basis of the federal system of specially protected natural areas is 102 state natural reserves, 47 national parks and 69 state natural reserves of federal significance. In many of them, not only natural heritage is preserved, but also unique historical and cultural objects were preserved. The particular importance in which tourists are interested in affiliated to routes which are historical cities and settlements. In RF, 539 settlements belong to historical sites. They preserve not only individual monuments of history and culture, but also monuments of town planning, architectural ensembles, samples of historical buildings and historical landscapes (Rosstat, 2014 May 31).

The RF, having a high tourist potential, occupies an insignificant place in the global tourist tourist market. Its share in 2012 accounted for about 1 percent of the global tourist flow. One of the most attractive tourist resources of Russia is the historical and cultural natural heritage. RF is traditionally perceived as a country that has made a huge contribution to world culture. RF writers, composers, artists, scientists are known all over the world. In addition, many unique historical and cultural monuments are built in RF. Concerning the development of inbound and domestic tourism in the Russian

Federation dated May 31, 2014, No. Pr-1814, a strategy for the development of tourism in the Russian Federation for the period up to 2020 has been developed, approved by Decree of the Government of the RF dated December 8, 2011 No. 2227-r, provides activities in the field of tourism, which faces the following tasks (FAOT, 2015): -Consolidation and retention of achieved results;

-Reorientation of a part of consumer demand of Russians to domestic tourism;-The attraction of foreign tourists;

-Implementation of the strategic role of tourism in the spiritual development, education of patriotism and enlightenment;

-Ensuring the growth of the quality of life of the population.

The strategy is an integral part of the Concept for the long-term socio-economic development of the Russian Federation until 2020, which is approved by order of the Government of the RF of November 17, 2008, No. 1662-p, and fully correlates with the objectives of the state program of the Russian Federation "Development of Culture and Tourism" on 2013 - 2020, as well as continues to implement activities planned in previous years in the field of tourism (StateProgram, 2014 April 15). Over the past 15 years, the industry has achieved a certain level of development, and by now the prerequisites have emerged for the intensive development of tourism, based on the principles of complexity, sustainability and orientation to people.

Thus, the purpose of developing tourism in the RF for the period up to 2020 is the comprehensive development of domestic and inbound tourism, taking into account the provision of economic and socio-cultural progress in the regions of the Russian Federation (Rosstat, 2014 May 31). The fulfillment of the goal requires the solution of the following set of tasks:

-Formation of an accessible and comfortable tourist environment;

-Improving the quality and competitiveness of the tourist product of the Russian Federation in the domestic and global markets;

-Implementation and strengthening of the social role of tourism, including the development of social, health and wellness, children's, youth and youth tourism; improvement of the management and statistical accounting system in the field of tourism;

-Ensuring the growth of the economy and the quality of life of the population of the regions of the RF through the development of tourism;

-Integrated security in the field of tourism and sustainable development of tourism services;

-Promotion of the tourist product of the RF in the domestic and international tourist markets;

-Integration of tourism services provided by the Republic of Crimea and the city of Sevastopol into the tourism management system and the professional tourist community of the RF.

The priority directions of tourism development in the RF are:

-Development of domestic and inbound tourism;

-Unification of the quality of tourist services in the country, bringing them into line with international standards;

-Creation and development of a comfortable tourist information environment, including a system of tourist navigation, orientation signs, information on tourist resources and programs of the regions;

-Strengthening the role of tourism in education and shaping the cultural and moral potential of the population of the regions of the RF;

-Coordination of efforts of all regions to promote the tourist product of the RF (StateProgram, 2014 April 15).

The RF has significant potential for the growth of domestic and inbound tourism, but the domestic tourist product is experiencing the strongest competition from the proposals of the international market. In this regard, it is necessary to develop a system of measures to improve the competitiveness of the domestic tourist product including: -Providing high-quality tourist services;

-Improvement of vocational education in the field of tourism;

-Creating and maintaining an effective level of competition in the industry;

-The use of modern marketing tools for the formation of the offer of tourist services in accordance with the needs of the actual and target audience of customers;

-Elaborating of possible options for reducing the price of domestic transportation within the Russian Federation;

-Creating and developing of Russian reservation systems for tourist services in the domestic market;

-Introducing of classification of objects of the tourist industry, including hotels and other means of accommodation, ski slopes, and beaches.

Improving the quality of tourist services today is the main task of all industry participants. Russian and foreign tourists, who are actively traveling around the world,

have accumulated considerable tourist experience and are accustomed to world-class service standards. Besides, domestic tourism organizations have to deal with a sophisticated and demanding consumer.

One of the most actively used tools for assessing the quality of tourist services today is the classification of tourist infrastructure facilities. It is necessary to introduce a unified system of classification of tourist industry objects, including hotels and other means of accommodation such as ski slopes and beaches to develop a procedure for assessing the quality of services and category assignment, as well as a mechanism for periodic reevaluation and increase or decrease of the already assigned category. In order to improve the quality of the tourist product of the Russian Federation, it is necessary to provide a wide range of tourist programs offered in the market and their periodic updating. This will increase consumer interest in the tourist product and increase the number of repeated visits to resorts and tourist infrastructure facilities. Government documents indicate that the effective development of tourism will significantly increase the flow of foreign tourists in Russia and the inflow of foreign exchange earnings into the country's economy, as well as to ensure, on the one hand, an increase in tax deductions to the budget at various levels and on the other hand, given the impact of tourism on all aspects of society, - the development of related sectors of the economy and increase employment.

The state of development of the tourism sector is indirectly characterized by inbound tourism statistics (charts 1 and 2) (Rosstat, 2013). It should be noted that the inbound tourist flow accounts for about 10% of the total flow of foreign citizens into the RF. So, for example, in 2007, the total number of trips of foreign citizens to the RF for the year was 22,908,625 and the tourist flow was 2,213,597 people. The total inbound

tourist flow of foreigners to RF in 2013 amounted to 2.67 million people, which was only 3.67% higher than the similar figure in 2012. The total number of foreign arrivals in the RF, including tourism and business trips, increased by 9.28% over the year and

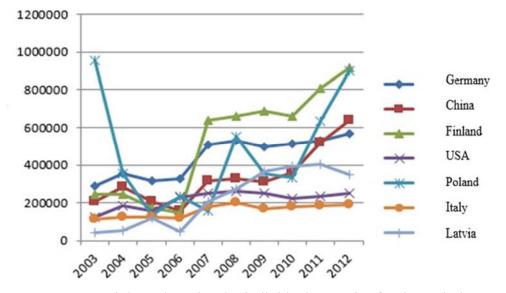


Figure 3.1: Data on inbound tourism by individual countries for the period 2003 - 2012

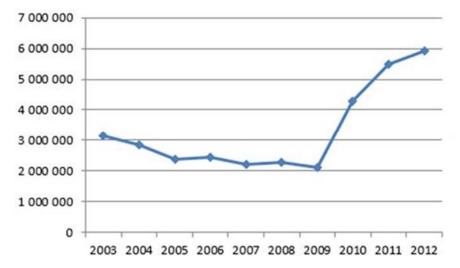


Figure 3.2: Inbound tourism data for all countries for the period 2003 – 2012 Source: Time series based upon annual reports published by UNWTO.

reached 30.79 million people (Rosstat, 2013). Data on the entry flow of foreign citizens into the RF are presented in table 3.1. The table below includes statistics for all countries, including countries from which less than a hundred citizens entered the RF.

Purpose	Office	Tourism	Private	Transit	Service Desk	Total
Total	5817	2665	19875	328	2106	30791

Table 3.1: Entry flow of foreign citizens in the RF in 2013 (thousand people)

Positive trends for RF in the development of international tourism are the following:

-The RF has been demonstrating a high growth rate of the incoming flow in recent years and is among the top ten leaders in receiving foreign citizens;

-In the near future, growth in the number of tourist arrivals will continue, although its pace will decrease;

-The forecast of the growth of tourist spending shows that, despite the unfavorable economic situation in a number of countries, tourists do not reduce their spending and this trend will continue in the next decade;

-The largest increase in outbound activity is shown by the countries of the Asia-Pacific region neighboring the RF, while the developed countries of Western Europe remain the main donors of the tourist flow;

-As a result of growing political instability in the world, many countries in the Middle East are no longer an attractive tourist destination, including for Russians;

-The number of tourist trips of residents from countries with an unstable political situation is growing, which creates an opportunity to enhance the competitiveness of Russian tourism products in the domestic and international tourist markets;

-Interest in cultural, educational and nature-oriented tourism is growing in the world, which makes the RF the most attractive tourist destination for Russian and foreign tourists;

-Tourism has become an essential need of a modern person, which an experienced traveler cannot refuse even as a result of the influence of economic or political threats.

However, the following negative trends in the development of international tourism for the RF should be taken into account:

-The RF is one of the largest donors of tourist flow in the world;

-Despite the double-digit growth rate of the entry of foreigners into the RF, the domestic economy cannot effectively take advantage of the favorable trend and earns almost 5 times less on tourism than other countries at the same rate of increase in incoming tourist flow;

-International events that attract the incoming tourist flow to the RF do not fully fulfill the task of attracting Russian tourists and maximizing the economic effect of their holding;

-Threats to the safety of tourists in the traditional mass tourism destinations for Russians as a result of political, technological and natural environmental factors are increasing;

-The growing competition in the field of international tourism makes the tourism industry a low profit, and the domestic tourist product of the RF is uncompetitive in price. In addition, it should be noted that the ongoing process of world globalization and the simplification of visa formalities for Russian citizens removes administrative barriers that provide part of the artificial competitiveness of the domestic tourist product in the domestic market. Russians are used to traveling around the world and

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highly appreciating the level of services. They are also willing to spend considerable amounts of money on holidays and are sophisticated and demanding tourists. This dictates the need to modernize the material and technical base, the use of advanced innovative technologies in the field of tourism and the adaptation of the tourist product in accordance with the demands of modern Russian and foreign consumers. All these trends should be taken into account when developing plans for the development of tourism in the RF.

It is necessary to note the positive impact on the development of tourism in the RF of such major sporting events as the XXII Olympic Winter Games and the XI Paralympic Winter Games of 2014 in Sochi, the XXVII World Summer Universiade 2013 in Kazan, the 2017 FIFA Confederations Cup, the FIFA World Cup 2018 and Russia will have to hold no less significant event - the XXIX World Winter Universiade 2019 in Krasnoyarsk. It can be stated that Event tourism not only strengthens the country's image in the international arena as an open and hospitable state, but also creates an impetus for the development of tourism infrastructure that will serve for many years, attracting new tourist flows to the region (Tourism, 2015).

The social role of tourism is manifested in its health, educational, educational functions. The development of a social tourism system with the attraction of budgetary and extra budgetary sources of financing is today one of the main directions for meeting the needs of socially unprotected groups of the population of the RF and increasing the availability of tourist services. Each region should pay close attention to the task of developing social tourism. It is necessary to look for ways to use financial incentives for employers who sponsor social tourism programs or compensate for their employee's part of the cost of tourism services in the RF. Any initiative to support

social tourism programs from the business community should be encouraged. It is important to increase the availability of tourist services for the least socially protected groups of the population and students.

Tourism also has an important function in restoring public health. In this regard, special attention should be paid to the development of health tourism, improving its material and technical base, training and attracting personnel to this area and actively promoting health tourism on the domestic market, including through the organization of cooperation (awareness-raising and training activities) with medical professionals.

In general, the development of tourism should provide a significant contribution to the sustainable development of the regional economy by increasing tax payments to the local budget, improving the quality of life of the population, providing additional funding for programs to protect and restore cultural objects, historical heritage and nature, environmental programs, preserve and develop socially -cultural environment of the region (Rosstat, 2014 May 31). Besides, strategies for developing tourism will allow Russia to create a competitive market for high-quality tourist services, providing conditions for high-grade recreation for Russian citizens and foreign tourists.

### **3.2 Development of Tourism in the Krasnodar Region**

The Krasnodar Region is a part of the aggregate tourist market in Russia. The main advantage of the Krasnodar is recreational and tourist potential, which consists of 18 resort and recreational areas and is mainly concentrated in the resort cities of federal importance - Sochi, Anapa, Tuapse, Gelendzhik, and other cities and regions. In addition to the Black Sea in the south-west, the Krasnodar Region is washed by the Azov Sea in the north-west. In the Krasnodar Region, the number of holidaymakers from 2010 to 2012 increased by 6.6% and in 2012 amounted to over 11.3 million people (Region, 2014).

The unique recreational potential ensures the development of almost all types of resorts, tourism and recreation industries - seaside, mountain, ski, and health resources. The Krasnodar Region is a comprehensive center for rehabilitation, recreation, and tourism, which has a network of various enterprises specializing in organizing sanatorium-resort treatment, health, sea, water, mountain-sports, and sightseeing-educational recreation.

Tourism provides employment opportunities for many people since this area requires a wide infrastructure. The main purpose of attracting human resources is to serve tourists. Thus the resort and tourist sphere of the region, having a multiplicative effect, provides jobs for up to 380 thousand people (Gulyaev, 2010).

The uniqueness of the resorts of the Krasnodar Region is also given by the rich hydro mineral base of the region, which is represented by the mineral waters of the healthiness and drinking profile, therapeutic mud. On the territory of the region, 45 mineral water deposits underwent state expertise; another 173 sites are promising for study and further development.

In Krasnodar all the main sea resorts of RF are concentrated which are Sochi, Anapa, Gelendzhik, Tuapse, Yeisk. The region occupies a leading position in terms of the number of tourists served - 13.18% of all Russian tourists (Kuban, 2014). In addition, such types of tourism as the event, ethnographic, and rural are actively developing.



Illustration 3.2: Map of the RF, the territory of the Krasnodar region is marked in red



Illustration 3.3: Map of Krasnodar Region

Recreational resources are a combination of elements of natural, natural-technical and socio-economic geo-systems which with the appropriate development of productive forces can be used to organize a recreational economy. Recreational resources, in addition to natural objects, include all types of matter, energy, information, which are the basis for the functioning, development and stable existence of a recreational system. Recreational resources are one of the prerequisites for the formation of a separate industry sector of a constituent entity of the RF and Russia as a whole. Recreational resources are resources of all kinds that can be used to meet the needs of the population in recreation and tourism. On the basis of recreational resources, it is possible to organize branches of the economy specializing in recreational services (Kuskov, Odintsova, & Golubeva, 2005).

There are a large number of classifications of recreational resources cited by various sources. Recreational resources include:

-Natural - natural complexes and their components (relief, climate, water bodies, vegetation, wildlife);

-Man-made - cultural and historical sites;

-The economic potential of the territory, including infrastructure, labor resources.

Given the natural and anthropogenic components of recreational resources, they are divided into relevant species, groups that characterize climatic, hydro-mineral, aquatic, fauna, soil and vegetation resources. The anthropogenic component of recreational resources includes cultural and historical monuments, cities and other settlements, unique technical facilities. In addition, recreational resources are divided by type (tourism resources, curative resources, etc.) and functions (resort or curative, recreational, sports and sightseeing, tourist or educational) recreational activities (Sovmen, 2010).

#### 3.2.1 Characteristic of Natural Touristic Resources of the Region

Primarily, the location of the Krasnodar Region in the south of Russia determines the annual amount of heat. The duration of sunshine is 2200-2400 hours per year, which is 800-900 hours longer than in central Russia. The continentally of the climate is determined by the distance from the ocean, which is reflected in the temperature difference between the coldest and warmest month and the amount of precipitation during the year. The proximity of the ice-free seas and the high mountains of the Caucasus, protecting the Black Sea coast from the invasion of cold air masses, create favorable conditions for rest.

Rest in the Krasnodar Territory is characterized by the fact that the warm period averages 260-300 days, and there is no stable cold period on the Black Sea coast. In Yeisk, the frost-free period is an average of 208 days, in Krasnodar - 193 days. The Black Sea coast is characterized by the fact that frosts end earlier in spring and later begin in autumn. On the Taman Peninsula, the frost-free period is 222 days, in Tuapse - 248 days, in Sochi - about 289 days.

In the conditions of the climate of the Krasnodar Region, there is no sharp boundary between the individual seasons. It is difficult to establish the beginning of summer after spring, and the beginning of winter after autumn. In some years around the edge of the frost does not begin until November. The Taman Peninsula and the Black Sea Coast stand out for their high autumn temperatures, where the influence of the warm Black Sea affects. The winter period lasts 60-90 days. However, a steady winter is extremely rare. Winters are mild with frequent thaws, often the temperature rises to 15-20 ° C. Steady snow cover is also rare. The edge in the flat part differs in climate - moderately warm, with mild winters and hot summers (Sovmen, 2010; Tourism, 2015).

Krasnodar Territory is located in the southwestern part of the North Caucasus, the 45th parallel divides it into approximately two equal parts. In the north-east the region borders with the Rostov region, in the east with the Stavropol region, in the south with Abkhazia. From the northwest and southwest, the territory of the region is washed by the Azov and Black seas. The total length of the region's borders is 1,540 km, of which 800 km is by land and 740 km is by sea. The greatest length of the region from north to south is 327 km and from west to east is 360 km. Krasnodar Region covers an area of 76 thousand km<sup>2</sup> and is the southern region of Russia.

Water resources and the hydropower potential of the region is low. 77% of all hydropower reserves fall on the Kuban River. The Kuban river flow is regulated by the Krasnodar reservoir, the volume of which is 3 km<sup>3</sup>. The main functions of the reservoir are to supply water to irrigation systems in the lower reaches of the Kuban and to cut off the peaks of floods, which previously led to devastating floods.

Three basins of groundwater are distinguished on the territory of the region: the Azov– Kuban artesian basin, the Big Caucasus basin of underground pressure water, the System of small artesian basins of the Taman peninsula. Daily selection of fresh groundwater in the Krasnodar Territory is more than 1,700 thousand km<sup>3</sup> (Lotyshev, 2000). To regulate the flow and expand the rice systems, the Kryukovskoe, Varnavinskoe and Krasnodar reservoirs were constructed; the latter is the largest in the south of Russia. On the territory of the region, there are 42 mineral groundwater deposits, of which 18 are exploited. The region is rich in thermal waters, which are used not only for medicinal purposes but are also widely used in the national economy, being a source of cheap energy.

As for the natural conditions in the territory of the region is divided into two sharply different parts: the northern lowland and the southern mountainous. The flat zone -Prikubanskaya lowland - occupies two-thirds of the territory and is the most economically developed part. The southern zone is formed by the ridge systems of the Western Caucasus, the adjacent foothills strip and a narrow ribbon of the Black Sea coast. Located on the border of temperate and subtropical latitudes, at the junction of plains and mountains, the region is characterized by a variety and inconstancy of weather conditions. The climate in most of the territory is temperate continental, on the Black Sea coast (south of Tuapse) - subtropical. The average January temperature in the plain is -3–5  $^{\circ}$  C, July - + 22–24  $^{\circ}$  C. The annual amount of precipitation varies from 350 mm on the Taman peninsula 500 mm on the right bank of the Kuban to 2500 mm and higher on the south-western slopes of the Caucasus Mountains. On the other hand, in terms of soils. Almost the entire Prikubanskaya lowland is located in the steppe zone. The main part of its soil cover consists of Ciscaucasian carbonate and leached black earth. The Taman Peninsula is occupied by chestnut, Western Ciscaucasian, and swamp soils (Lotyshev, 2000).

The total land area of the Krasnodar Territory is 7.5 million hectares, of which arable land is 3.9 million hectares. This is its main arable fund, characterized by high fertility. A narrow strip in the left bank of the Kuban, Prikubanska sloping plain and part of the foothills are suitable for gardening and cultivation of yellow tobacco. The total area of forests of the region is over 1.8 million hectares. The flora of the region has about 30

thousand species, of which more than half are vascular plants. Dendroflora includes 165 species, of which 142 are deciduous, 16 are evergreen, deciduous, and 7 are coniferous. Of the total number of relic species - 22%, endemic - 24%. The alpine flora includes 819 species of herbaceous plants, of which 287 are endemics. 30 species of rare and endangered plants are listed in the Red Book of Russia. There are 86 species of mammals, 20 reptiles, over 300 birds, 11 amphibian species, and a significant number of animals are listed in the Red Book of Russia (11 mammals, 24 birds, 2 amphibians, 3 species of reptiles) in the Krasnodar Territory. Among them are rare species such as Caucasian otter, ferret-dressing, golden eagle, bustard, snake-eater, roundabout, spoonbill, gravedigger, steppe eagle, white-tailed eagle, Pelly, and pink pelicans, peregrine falcon, osprey, gyrfalcon, black grouse, etc (Lotyshev, 2006).

In addition, out of the totality of natural resources, the richest in the territory of the region are agro climatic, soil, forest and water resources, as well as recreational resources directly associated with them. The latter determine the role of the Krasnodar Territory as the main resort region of Russia, soil and agro-climatic resources as the food basket of the country, and the presence of large ports - its specialization as an export-oriented region.

# 3.2.2 Characteristic of Cultural and Historical Resources of the Krasnodar Region

Cultural and historical potential is represented by combinations of objects of material and spiritual culture (various types of historical monuments, memorial sites, folk crafts, museums, etc.). Cultural heritage is a heritage of the historical development of civilization that has accumulated in a given territory. In general, among the monuments of cultural heritage are: -Monuments of archeology;

-Cult and civil architecture;

-Monuments of landscape architecture;

-Small and large historical cities, typical rural settlements;

-Museums, theaters, exhibition halls and other social infrastructure;

-The objects of ethnography, folk art and craft, centers of decorative and applied arts;

-Technical complexes and facilities;

-Not all monuments reflecting the history of civilizations can be landmarks capable of attracting tourists to the region.

To do this, they must have a number of the following features:

-Have sufficient preservation, otherwise the ruins of the object will become only a reminder of the monuments;

-Be unique or exotic, which is especially necessary for sights, which are supposed to give the status of a "monument of international importance";

-Have a high cognitive value (Tokarev, 1978).

The historical and cultural potential includes the entire socio-cultural environment with traditions and customs, features of everyday and artistic activities. Tourists visiting this or that country perceive cultural complexes as a whole. There are many forms of the inclusion of cultural and historical resources in the system of recreational tourist services. The most common form is the organization of museums and sightseeing tourist routes. The collections of local history museums, museums of fine arts, decorative and applied arts (all predominantly state-owned) give the most complete and versatile insight into the history and culture of the region. They are the foundation for the development of tourism. Municipal, having materials of a local nature, are of interest only for a relatively small number of residents of the surrounding area. Thanks to the museums in the North Caucasus, intra-regional excursion tourism flows are formed.

Krasnodar Region has a variety of historical and cultural objects in number and significance, which can be of great interest to tourists. There are more than 15 thousand historical and cultural monuments on the territory of the region. They are monuments of architecture, history, archeology, monumental art. The given types of monuments have different categories of values: federal, regional and identified.

Among the monuments of history and culture dominated by archaeological (more than 70% of the total number of monuments). In the Krasnodar Region, more than 500 dolmens have been preserved, which is a significant part of the world dolmen culture, unique monuments of the Scythian period, which have become exhibits of the Hermitage, the Museum of the East. In the second half of the 18th century, Russia sought to reach the shores of the Black Sea. Securing the Black Sea coast of Russia was supposed to eliminate the danger of an attack from Turkey.

In 1774, after victory in the first Russian-Turkish war and the signing on July 17 of the Kuchuk-Kaynardzhsky agreement, under which the lands between the Bug and the Dnieper, the Kerch and Enikale fortresses in the Crimea, and the land to the Kuban, were transferred to Russia, Russian history begins in the Kuban. Because of the danger of a new attack by the Turks and the Highlanders, Suvorov, the commander of the Caucasian Corps, ordered the construction of fortresses, redoubts and fortifications on the right bank of the Kuban. In 1835, the Abinsk fortification, after reconstruction was called the fortress. In 1836, the government approved the barter in the Abinsk fortress. In the summer, trade was brisk. Soldiers, Cossacks, officers bought or changed livestock, poultry, butter, eggs, milk, cheese, and the Shapsug population from the villages bought salt, gunpowder, tools. Shapsug foremen asked to open in the fortress shops with the manufactory and other goods. This year Velyaminov with a detachment passed through the Abinskoe and Nikolaevskiy fortifications more than once, overcame the Nako Pass (later the

Velyaminov Pass, now the Kabarda Pass). This bad road, overgrown in some places, existed for almost 100 years until 1943, when due to military necessity army sappers performed a tremendous job on its reconstruction, but even today, not every car can pass here.

At the end of 1839, the state of the fortifications (Abinsk, Nikolaev, Afipsk, Olginsky post) was poor, and they were easily taken by the Circassians. On March 30 at dawn, a large gathering of mountaineers — Shapsugs, Natukhais, numbering from 7 to 10 thousand people, according to various sources, rushed at the Nikolaev fortification. During the summer campaign of 1861, General Babich's detachment passed through the ruins of the Nikolaev fortification taken by the Mountaineers in 1840 and which the Russians have not seen since. A funeral ceremony was performed over the bones of the garrison 21 years after his heroic death. The walls of this fortification are still partially preserved in the center of the Shapsugskaya page behind the store closer to the Abin River (Museum, 2000).

At the end of the 18th century, the northern slopes of the Caucasian mountains were inhabited by peoples who were known as Circassians - the Adyghe tribes. By the mid60s of the XIX century, all the peoples of the Caucasus became part of Russia. The Cossacks, who settled the steppe and foothill parts of Zakubanya, often left names that sounded in the Adyghe language, but the combination of several consonants was difficult for the Slavs, so there were some changes in the sound. The village of Shapsugskaya is located in the valley of the Abin River, 18 km south of the city of Abinsk. It was named after the most numerous of the Adygei tribes, the Shapsugs. L.YA. Lulie points out that the tribe lived on the southern slope of the Main Caucasus Range. Then, with an increase in population, lacking land, the Shapsugs began to move to the northern slope, populating first the upper reaches of the rivers. "Along the Abin Shapsugs, the land occupied only to the narrow passage of Nediyapch, far from the place where this valley expands into a plane, behind it in 1854 Lieutenant General Veliyaminov built Abinskaya fortress".

## **3.2.3** Socio-economic Conditions for the Development of Tourism in Krasnodar Region

There is an historical essay on the development of tourism in the Krasnodar Region. The impetus to the development of tourism in the Krasnodar Region was given by the opening of Matsesta hydrosulphuric water in Sochi. In 1902, on the initiative of Minister Yermolov was built the first bath building. In 1909 the Caucasian Riviera hotel complex was commissioned, and 5 years later Podgursky and businessman Zenzinov built a hotel with hygiene building. The railway was built. After the revolution of 1917, the new government declared Sochi a resort of national importance, and since 1933, the All-Union shock construction project. According to the designs of the famous architects Zholtovsky, Shchusev, Shuko, Chernopyatov, Alabyan, Vesnin, Vesnin, and others, palace and park sanatorium ensembles, theaters, stations, viaducts were built. Many buildings - palaces immediately after opening became excursion objects.

In the 1960 in Sochi, a branch of the official tourist organization of the Soviet Union was opened. The city began to take for the treatment of residents of all the Union Republics. More than half of all planned All-Union routes were built across the Black Sea coast. By 1970 In the Krasnodar Region, training centers are being established to improve the qualifications of tourism instructors, guides, and attendants. In the 1980s routes for parents with children have been developed. The restructuring and subsequent collapse of the USSR led to the destruction of a single all-Union tourist excursion system (StatisticalCollection, 2015).

According to the Ministry of Tourism and Resorts of the Krasnodar Region, it is known that the number of tourists who visited the resorts of the region in 2012 remained at the level of 2011 and amounted to eleven and one-tenth million people. Recently there has been an increase in times of inbound tourism. Krasnodar region is the most popular region for recreation in Russia. In 2013, the Krasnodar Region accounted for ninety- seven point and eight-tenths percent of all Russian tourists sent by travel agencies on tours in Russia (MinKurort, 2014).

Krasnodar region due to its geographical location is the main recreational area of Russia. The sanatorium and resort industry of the Krasnodar Region in comparison with other regions is quite developed and is about a third of the total in Russia. A very important factor in the attractiveness of the region is that the Krasnodar is the only well-developed tourist destination, where we will take rest on the sea coast. It is worth noting that an important characteristic of consumer preferences in the field of tourism is that rest on the sea is preferable for the majority of Russian citizens. According to the results of regular surveys conducted by the All-Russian Center for the Study of Public Opinion, in 2013, with financial resources available, thirty-one percent of respondents would prefer to relax on the Black Sea coast (Russiatourism, 2014).

When the image of the region is considered, the image of the region, Krasnodar has the image of the best place in Russia for a beach holiday for tourists with different income levels. And it is already traditional. Recently, with the growth of interest from the top officials of the state and the state as a whole to the development of this region, the image of Krasnodar Region, as an optimal recreational direction, is constantly being strengthened.

Krasnodar is accessible to residents of the European part of Russia by various means of transport, including personal transport and rail transport, which are less expensive for tourists and more popular (FederalProgram) It should be borne in mind that the duration of the annual paid vacation in Russia is twenty-eight days, and a very substantial proportion of citizens prefer not to break the vacation into parts. In this regard, the preferred seaside resorts are Russian, since in foreign resort countries standard tour packages are seven, ten or fourteen days. In this context, it should be borne in mind that in many budget organizations there is a distribution of vouchers for sanatorium-resort treatment, the duration of which on average is twenty-one days. Due to these factors, the most popular duration of rest in the Krasnodar Territory is from fifteen to twenty-eight days.

A very important factor that significantly changed the influx of tourists in the Krasnodar Region, of course, are the XXII Olympic Winter Games in 2014. This event

significantly increased the fame and popularity of the resort. It also contributed to the inflow of investments in infrastructure development and the decision to create a tourist-recreational type in the Krasnodar Region, including four popular resort areas: the resort town of Gelendzhik, the city of Sochi, the resort town of Anapa and the Tuapse municipal district. Krasnodar region is one of the most promising regions of Russia in terms of existing tourist potential. The resort complex of the region is more than one thousand two hundred enterprises of the sanatorium and resort complex and tourism, which can simultaneously accommodate about two hundred twenty thousand people. In the Krasnodar region are concentrated all the main sea resorts of Russia: Sochi, Anapa, Gelendzhik, Tuapse, Yeisk. Every year the volume of sanatorium and tourist and excursion services grows in the region. In 2004, the volume of services provided exceeded twenty-one billion rubles, yet the number of holidaymakers was seven million people.

Natural climatic conditions of the region, unique for Russia, the availability of historical attractions, advanced medical institutions and technologies create the potential for the development of a highly efficient, competitive tourist and recreational complex, as well as providing the growing needs of the population in services related to recreation, treatment, and tourism.

Compared to national indicators, Krasnodar Region is among the leaders in terms of the development of tourism infrastructure, however, in terms of the potential for attracting tourists to the region, the level of infrastructure development is insufficient (Krasnodar, 2014 January 1; Rosstat, 2014 May 31). The characteristic of the level of development of the tourist infrastructure of the region was carried out in the following main areas:

- The development of catering and retail;
- Training of tourism professionals;
- Hotels and similar accommodation facilities;
- Specialized accommodation facilities.

In terms of the number of hotels, the Krasnodar region is among the first three regions: - The leaders and second only to Moscow and the Tyumen Region, that is, regions with a higher level of economic development.

-The specialization of hotels in the region is the placement of persons traveling on vacation for the purpose of rest, while a significant proportion of those served by leaders of the other regions of the Russian Federation is business travelers (Table 3.5) (Rosstat, 2014).

Due to the combination of the presence of mineral waters and therapeutic mud and favorable climatic conditions, the Krasnodar region is the most popular resort and tourist region of Russia. In addition to, it is the only seaside health-care and resort-recreational center in Russia. The region is the leader among the subjects of the RF by the number of specialized accommodation facilities (sanatoriums, boarding houses, etc.) and the number of visitors.

Currently, the most important market for Krasnodar Territory is the beach tourism market. In the beach tourism market, the main competitors of the Krasnodar Territory are foreign resorts. As mentioned above, in the near future the tourist attractiveness of Krasnodar Region will be high, due to which the tourist flow will be stable or growing. In connection with the holding of the XXII Olympic and XI Paralympic Games in 2014, the infrastructure and hotel facilities of the resort city of Sochi were significantly improved and expanded.

The development of the tourism market in the Krasnodar region is also promoted by a number of external factors such as the high cost of tours at European resorts, the insecurity of tourist trips due to the unstable political situation in the most popular countries among Russian tourists - Turkey and Egypt. In addition, the Russian consumer of tourism services with increasing incomes and opportunities to visit foreign resorts increase their requirements for recreation and tends to change their preferences more often. In connection with the identified threat, in order to maintain its leading position in the tourism industry and increase its contribution to the regional economy, the Krasnodar region requires diversification of the tourist offer, including through the development of the region's historical and cultural potential and event-based tourism based on it.

In addition, the development of the historical and cultural potential of Krasnodar region will reduce the negative impact of seasonality on the development of the tourism industry in the region, attract tourists to the region several times, and increase the expenses of tourists during their stay on vacation, which will increase the revenue of the tourism industry (Alekseeva, 2011).

To develop measures aimed at the best use of the cultural and historical potential of the Krasnodar region, it is necessary to investigate the current state of the objects, assess the degree of infrastructure development and the amount of additional investment needed to create a tourist product based on a particular object. The following system of criteria includes the most important characteristics of objects from an economic point of view, can be divided into two group (Moseev, 2008):

- Infrastructure criteria (remoteness of the object; the availability of additional services (infrastructure) for tourists);

- Investment criteria (type of object; condition/preservation of the object; uniqueness/fame of the object; attendance (tourist popularity/tourist image of the object; personnel security).

Infrastructure criteria combine characteristics that are not directly related to the object, but largely determine the attractiveness of the object for the tourist. The criterion of remoteness allows you to select objects located within two to three hours of accessibility from places of mass accommodation of tourists. This criterion is of particular importance when a tourist makes a decision on visiting a new or little-known object. In addition to remoteness, an important role is played by the availability of convenient transport on long journeys and good road condition.

Additional services for tourists include the availability of promotional and informational materials about the object and souvenir shops, accommodation in the immediate vicinity of the object of public catering organizations, toilets, parking places, etc. (Moseev, 2008). Thus, the identification of the most promising objects requires a system of criteria that will allow them to fully assess their potential, identify the missing characteristics of the functioning of the objects and provide recommendations on how to involve objects in the economic turnover for the sake of their most successful use.

### **3.2.4 Promising Tourist Areas of the Region**

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The territory occupies the western part of the ecotourism mountainous and foothill of the region, which has low heights and the largest area (7350 km2). In administrative and territorial terms, it includes the lands of the Seversky, Abinsky districts and the Goryachy Klyuche town council. The district has rich tourist resources for organizing tours of the history of nature, science, and adventure tourism, sanatorium-resort treatment (Psekupskoe mineral water field). A steady snow cover is formed only in the eastern part of the region and lasts no more than 20 days a year (maximum height 50 cm). Therefore, the development of ski and ski tourism, snowboarding in the area is not yet possible. Although there is a ski resort on Lysaya Mountain, which includes two campsites, a track less than 2 km long and drag lifts (Lazovskaya, 2011).

The total number of unique nature monuments of the Krasnodar Territory in the district is 20. Accessibility of the district and its proximity to the major cities of the region are favorable for organizing children's ecological tours (settlement Novosadovy, Tkhab), tourist and alpinist gatherings (Stavropol and Krymskaya glades). The area has great potential in organizing sanatorium-resort treatment in the mountains.

The main mineral resource base of the health care resort Goryachiy Klyuch is the Psekupskoye hydro carbonate-sodium chloride and iodine-bromine mineral water field, which is being developed in eight wells. On the territory of the district is located Goryachy Klyuche State Reserve Development prospects: the area may be aimed at the Local Mountain and social ecotourism (Hrabovchenko, 1999).

The Caucasus Range area is most attractive for tourists from various regions of the country. Here is a significant number of nature monuments of the mountain Kuban. The district is characterized by a high degree of the aesthetic appeal of landscapes,

favorable technological conditions for organizing mountain adventure tourism, sanatorium-resort treatment. A steady snow cover is formed on the territory of the region (the maximum height is up to 200 cm), however, the treeless areas of the mountain slopes are difficult to access for the construction of lifts, means of accommodation ways of communications. Therefore, the area is favorable for the development of the so-called "off-piste" ski and skiing.

Currently, the socio-economic development of the area is characterized by low rates: - The constant reduction in the number of population in the mountain villages, which is associated with the demographic situation and the migration of the population to regional centers;

- The disappearance of mountain settlements is due to low employment rates in industrial production, agriculture and the service sector, which leads first to an outflow of the economically active population to favorable areas, and then the general trend of "aging" of the population.

This process can be stopped through the development of mountain ecotourism, which should become a priority sector in the development of the regional economy. In the Apsheronsky tourist area, there are resorts Apsheronsk, Khadyzhensk specializing in the treatment of the nervous system, musculoskeletal system, gynecological diseases. Prospects for development: spa tourism and mountain all-Russian (Hrabovchenko, 1999). Not many people know that tourism in Absheron district will give a lot of impressions not only in summer, autumn and spring, but also in winter. Fans of snowcapped peaks in the cold season should pay attention to the Lagonaki Highlands, where today there is a lift, a trail, sledding slopes and snowmobile rides are popular. During the New Year holidays there are no free rooms here. On the territory of Lago-Naki in Absheron district it is planned to build a large-scale mountain-climatic resort for family holidays, the one-time capacity of which will reach 7,000 people. On the mountain slopes will build a ski village, 7 cable cars with a length of almost 9 kilometers and 14 trails with a length of 30 kilometers. In addition to the classic ski slopes, there will be a snowboard park, a sled area and children's entertainment, routes for snowshoes and tourist skis, as well as an ice skating and curling rink. The deadline for completion of the first phase of construction of the ski resort "Lago-Naki" is 2019 (StateProgram, 2014 April 15).

The boundaries of the district coincide with the administrative limits of the territory of the Federal resort of Sochi. The total area is 350,602 ha. The transport accessibility of the area is the best in the country. All tourist facilities are located in the two-hour zone of accessibility by road from the airport of Adler, railway, sea and bus stations in Sochi. Currently, the district specializes in medium and long-term vacation cycles. Over 70% of all holidaymakers spend more than 10 days of vacation here. Directly the mountainous part of the area occupies a significant area compared to the seaside, but the latter concentrates more than 90% of all holidaymaker (Petrov & Shapkina, 1986).

The steady snow cover remains 3 months a year. In the village of Krasnaya Polyana, developed ski complex. Here are all kinds of ski tourism: skiing on prepared tracks of varying difficulty, off-piste skiing, descending from mountain peaks with a helicopter dropping, snowmobiling. Functions ropeway. The level of development of tourist infrastructure is quite high. The resort specializes in the treatment of circulatory, respiratory, nervous system, musculoskeletal, skin, gynecological diseases. Most resorts offer treatment with Adler silt mud. Development prospects: spa, international beach, water, festival, mountaineering (Fedorov, 2013; Hrabovchenko, 1999).

Psebay area is not sufficiently developed due to a number of reasons: remoteness from major cities and highways; developed transport network within the region; border position; low fame and knowledge of the territory; lack of tourist infrastructure. For the Psebay district, the mid-mountain and high-mountain relief is characteristic, which is favorable for the development of mountain climbing. Here is the highest point of the Krasnodar Territory of Tsakhvoa (3345.9 m) and a number of other peaks with a height of more than 3000 m. In the area there are five passes with a height of 2765 m to 2995 m, including the highest pass of the Krasnodar Territory - Red Fire (2995 m). It is dominated by alpine and subalpine meadows with thickets of rhododendron and crimship. Therefore, we can expect a high psychological and aesthetic assessment of landscapes by tourists and experts. The Caucasus Biosphere Reserve is located on the territory of the Psebay tourist region.

Currently, there are six tourist routes in the Kavkazsky Reserve, two recreational facilities: a unique yew-tree-grove in the Khostinsky district of Sochi (last year 18.5 thousand tourists visited it) and a captive complex of wild animals not far from the protected cordon of Laura from Krasnaya Polyana. The total area of the reserve is 280,335 hectares. It is surrounded by a protected zone, zakazniks, and on the southern side it adjoins Sochi National Park. Development prospects: mountain and scientific tourism (Hrabovchenko, 1999). The Krasnodar Territory offers ecological tours "Western Caucasus" to the mountains of the Western Caucasus, to the snow-covered Lago-Naki plateau, to the Rufabgo waterfall, to the Asim cave, to the mineral springs with a tour of the unique archaeological monuments - dolmens.

### 3.2.5 Problems of Tourism Development in the Krasnodar Region

The administration of the region implements several large investment projects aimed at ensuring the attractiveness of the regional resorts. Thus, the "Program for the Development of Mountain Areas of the Kuban" suggests the creation of a new yearround mountain resort 100 km from Krasnodar in the Guam Gorge. It is planned to build a highway, several hotels, create a ski infrastructure. Projects of new highways and railways, increasing the availability of the Black Sea resorts and Krasnaya Polyana, are being realized. Projects for creating a tourist center in Primorsko-Akhtarsk, a business center in Russia's largest port - Novorossiysk, and tourist development of the Taman Peninsula are in the development stage (Krasnodar, 2014 January 1).

The Government of the RF, in cooperation with the Sochi 2014 Application Committee, the administrations of the city of Sochi and the Krasnodar regime and all interested departments, developed the concept of the Federal Target Program "Development of the City of Sochi as a Mountain-Climatic Resort". In this regard, these hotels are under constructions number of rooms will increase significantly. It is planned to build an additional more than 25 thousand placements category stars. The authorities pay special attention to the reconstruction of the port in Sochi. 9 billion rubles allocated for the project. In addition, it should be noted that the Italians showed great interest in the Absheron district. They are going to design the entire ski structure in the Lagonaki Plateau (Petrova, 2012).

German investors show interest in the ski slopes of the Mostovsky district. Hot Key, which is famous for its beautiful nature and clean air, has prospects for attracting foreigners. In June 2009, a unique new object of the show opened here - the first and only geopark in Russia. It is also necessary to pay attention to the training of instructors. Until May 20, 2012, Absheron, Mostovsk, Labinsk, Seversk, Abinsk, and Otradnensky districts should be trained in 10 such specialists. In addition, in the territories of these municipalities, as well as in Krasnodar and Goryachiy Klyuch, there are more than 170 tourist attractions.

Districts and cities have great prospects for the development and organization of excursion activities (Hrabovchenko, 1999). Also, in the region, measures were taken to improve the legislative and regulatory support of the sanatorium and resort complex of Krasnodar region (Table 3.2).

Region	Number of hotels and similar accommodation facilities	Number of persons served by hotels and similar accommodation facilities (thousand people)
Tyumen region	182	605,1
Moscow	159	3469,0
Krasnodar region	144	547,1
Sverdlovsk region	130	400,0
Bashkortostan	124	284,4
Tatarstan	106	372,4

Table 3.2: Distribution of hotels and accommodation facilities by region (2012)

The strategic goal of the Concept was to create conditions for the creation in the Krasnodar region of a modern, competitive and highly efficient spa and tourist complex, accessible to all segments of the population. This Concept was the basis for the implementation of the long-term regional target program "Development of the sanatorium-resort and tourist complex of the Krasnodar region" for 2011-2015 (Table 2) (Krasnodar, 2010).

The implementation of the Program's activities was aimed at solving the following tasks:

1. To create conditions for the creation on the territory of the Krasnodar region of a modern, highly efficient and competitive spa and tourist complex accessible to all segments of the population;

2. To improve the quality of spa and health services provided;

3. To transform the resort and tourist complex of the region into a socially and economically significant sector of the economy;

4. To improve the ecology of the resorts, ensuring the environmental safety of the population at the level of national and international standards, as well as preserve and rationally use natural healing resources (mineral waters, curative mud, healing climate, etc.), health-improving areas and resorts;

5. To create conditions for the support and development of inbound, domestic and social tourism (Krasnodar, 2010).

In order to attract foreign tourists to the Krasnodar region, the regional administration pursues an active policy to promote the tourist attractiveness of the region to the West. It should be noted that the problem of attracting investment is vital for the region. Creating a favorable investment climate is a priority task for the socio-economic development of the sanatorium-resort and tourist complex of the region.

For the implementation of the task, the availability of legislation of the Krasnodar region, which ensures the transparency of the investment process, the stability of the legal field, the protection of the rights of the investor as an owner and preferential conditions for enterprises during the implementation of the investment project, becomes extremely important. In connection with the above, it is necessary to continue

work on improving the legislation of Krasnodar Region, which stimulates investment activity. Every year in the Krasnodar region increases the number of against 3.4 billion rubles in 2007, therefore, the growth rate is 188%; the income tourists. In 2000, there were 4.8 million tourist arrivals, according to operational data in 2012, this figure was 12 million people. According to the Krasnodar Department of Statistics, tax revenues to the regional consolidated budget in 2011 amounted to 6.4 billion rubles (services) of the sanatorium, resort, tourist and hotel complex in 2011 was 57.5 billion rubles, that is, for the period 2008–2011. This figure increased by19%. In 2011, the share of tourist value added in the region's GRP was 14.8% (Astapov, 2013).

Investments in recreation and entertainment, culture and sports in the period 2007–2011 increased by more than 11 times and amounted to 60.3 billion rubles. As a percentage of the total volume of all investments of the Krasnodar region, received in 2010, investments in the tourism and recreation complex are 14.7%. In 2011, 104 projects for the development and modernization of the tourism industry were included in the unified register of investment projects of the region, with an investment volume of 209 billion rubles.

However, in the Krasnodar region there are a number of systemic problems that weaken and constrain the development of the spa and tourist complex, namely: -Technical base of accommodation facilities in the resort territories of the region; -Often there is a discrepancy between the level of service and the material; -The developed transport infrastructure of the region, in comparison with other regions of the Russian Federation, is experiencing serious loads during the high season. Roads, in their current capacity, are overloaded at the entrances to the Black Sea coast; -The pronounced seasonal nature of the functioning of the resort complex; - outdated material and technical base of enterprises providing health care resorts and mud therapy services. The condition of many wells and most mineral pipelines is characterized by high wear and tear;

-Lack of control over the work of entrepreneurs and individuals in the informal sector (individual means of accommodation);

-Low level of qualification of employees of the sanatorium and tourist industry;
-Lack of orientation to foreign tourists and the insufficiently high image of the resorts of the region in comparison with foreign resorts;

-Lack of control, as well as uneven load on the objects of tourist display (Krasnodar, 2008).

This leads to pollution and reduced attractiveness of recreational land. There is also a problem of recycling waste in resort areas, and this, as a consequence, the deterioration of the ecological situation and the attractiveness of resorts. Purposeful and coordinated work of regional executive authorities, local governments of municipalities of the Krasnodar region, the creation of various programs and strategies for the development of the tourist and recreational complex in solving the identified problems and barriers will allow the regional tourism industry to a new level of development and attractiveness.

### 3.2.6 Prospects for the Development of Tourism in the Krasnodar

According to the available statistics, expert estimates and calculations, a favorable conclusion can be made about the further development of tourism in the Krasnodar region. In particular, by 2020 it is planned to increase the tourist flow to 18 million people, most of which - 12.5 million people - from the unorganized sector (Krasnodar,

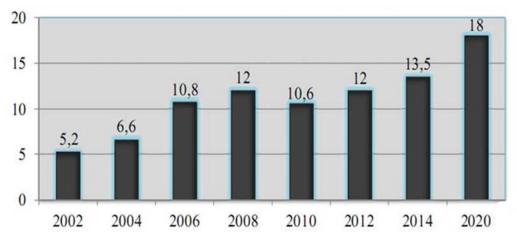


Figure 3.3: Dynamics and forecast of arrivals in Krasnodar Region until 2020 (million people)

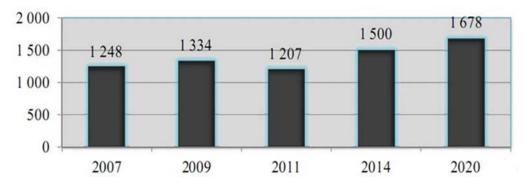


Figure 3.4: Dynamics and forecast of the number of accommodation facilities of the Krasnodar region until 2020 (number of units)

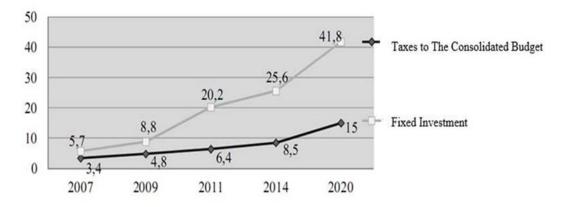


Figure 3.5: Dynamics and forecast of tax revenues to the consolidated budget, the volume of investments in fixed assets of enterprises of the sanatorium and resort and tourist complex of the Krasnodar region until 2020 (billion rubles)

2008). The number of CSDs will increase to 1600 - 1700 enterprises (Figure 3.3). The number of classified SRs 4 \* and 5 \* will increase to 270 units against the currently existing 180. The amount of revenues (services) of the spa and tourist complex will amount to 122.5 billion rubles - an increase of more than 2 times compared to 2011. Tax revenues to the consolidated budget of the region will increase to 15 billion rubles, against the existing 6.4 billion rubles. in 2011, the volume of investments in the fixed capital of the sanatorium-resort and tourist complex enterprises will significantly increase - up to 42 billion rubles - increase by 2 times compared with 2011 (Figure 4). Also, the share of tourist value added in GRP (14.8% in 2011) will increase to 17%, the number of infrastructure facilities (parks, water parks, dolphinariums) will increase significantly, and the number of tourist facilities visited will increase.

Such a scenario of the development of the tourist and recreational complex will enhance the image of the Krasnodar Territory and will allow to bring the resorts of the Krasnodar region to the same level as the well-known European and world destinations (Krasnodar, 2008). According to the Ministry of resort and Tourism the GRP of the Krasnodar region in 2012 amounted to 15.4%. The volume of investments in the fixed capital of the sanatorium-resort and tourist complex increased and in 2012 amounted to 24.3 billion rubles, which is 20% more than in 2011 (Figure 5). In order to disseminate positive information about the resort tourist opportunities of the Krasnodar region in major cities of Russia (Moscow, St. Petersburg, Omsk, Belgorod, Samara, Voronezh, Ufa, Yekaterinburg, Rostov-na-Don, Chelyabinsk, Stavropol, Volgograd), as well as in Krasnodar and resort cities and districts the edge is continuously carried out advertising campaign. In 2011 and 2012, the Ministry of Resorts and Tourism of the Krasnodar Region held 17 information tours for representatives of the media and travel agencies of Russia, China, Japan, and Italy. In order to separate the territory of the Krasnodar region according to the types of tourism and concentration, depending on this, in certain places of the relevant infrastructures, work began on the formation of tourist clusters planned to be created within the framework of the federal target program "Development of domestic and inbound tourism in the RF (2011-2018), Approved by Decree of the Government of the RF of August 2, 2011 No. 644. One of the primary tasks in this area is the preparation of projects planned to and land surveying for tourist clusters created in the Krasnodar region (Table 3.4) (Koroleva, 2013). To stimulate the organizations of the sanatorium and resort and tourist complex of the Krasnodar region, a competition of the leaders of the tourism industry "Resort Olympus" is annually held in terms of the quality of services provided (MinKurort, 2014).

In order to implement the state policy in this area in the region, a long-term State program, "Development of the sanatorium and resort and tourist complex of the Krasnodar Territory 2014-2017.", was implemented from January 1, 2014. It includes the subprogram "Development of the sanatorium and resort and tourist complex of the Krasnodar region" and the subprogram "Creation of the mountain-climatic resort of Lagonaki and the objects providing its functioning" (Krasnodar, 2014 January 1; MinKurort, 2014). The budgetary effect of the implementation of the Program is projected to increase tax revenues to the budgets of all levels, including through the construction of new facilities of the sanatorium and resort and tourist complex. The current indicators of the socio-economic effect, as well as the indicators expected from the implementation of the Program, are presented in the table 3.4.

Indicator	2005	2006	2007	2008	2009	2010	2011	2012	2015
Stages of Strategy Implementati on				Stage 1	I			Stage 2	
The entry of foreign citizens i n Russia (million)	22,2	22,5	22,9	25,1	27,2	28,5	29,8	31,5	35-36
Number served in accommodati on facilities (domestic tourist flow) (million people)	24,810	26,567	29	31	33,0	35	37,5	40	46-48
Number of hotels (units)	4812	5375	6000	6700	7500	8300	9200	10200	13000- 14000
Number of overnight stays in hotels (thousands)	51922	55148	78000	87100	97240	107900	119600	131820	156000
The volume of paid hotel services and similar accommodati on facilities (million rubles)	60098	74711	88900	107560	130140	157460	190520	224800	370000
Export of tourism services (billion rubles)	564	604,4	679,6	796,3	913	1029,7	1146	1262,7	1613
Investments in fixed assets (billion rubles)	532,6	599	709,7	983,3	1257	1531	1804,6	2278,2	2898,5

# Table 3.3: The Strategy for the Development of Tourism in the RF until 2015

Table 3.4: Assessment of the socio-economic effectiveness of the program "Development of a sanatorium-resort and tourist complex of the Krasnodar Region 2014 - 2017"

Indicator	Assessmer	nt	Forecast			
	2012	2013	2014	2015	2016	2017
Number of vacationers, million people	11,3	11,4	11,9	12,0	12,5	12,8
Number of persons accommodated in collective accommodation facilities (hotels and specialized accommodation facilities), million people	3,07	3,08	3,23	3,4	3,5	3,6
Investments in fixed assets of accommodation facilities (hotels and specialized accommodation facilities), billion. Rubles	24,3	25,0	15,2	15,6	18,1	19,1
The amount of income sanatorium resort and tourist complex, billion rubles.	62,8	63,3	65,6	69,4	72,2	73,1
Income derived from collective activities accommodation facilities (hotels and specialized accommodation facilities), billion rub.	36,3	37,2	40,7	41,6	42,7	43,1
Revenues of travel companies, billion rubles	2,5	2,5	2,7	3,0	3,1	3,2
The volume of paid tourist services rendered to the population billion rubles	3,7	4,2	4,6	4,8	5,4	5,6
The volume of paid hotel services and similar accommodation facilities, billion rubles.	18,0	20,7	23,1	24,7	26,9	29,0
The amount of sanatorium wellness toll services, billion rubles.	7,4	8,5	9,7	10,4	11,7	13,1
Number of rooms collective accommodation facilities, thousand square meters.	2412,6	2422,7	2436,2	2446,5	2457,4	2468,9

Number of beds in collective accommodation facilities, thousand	214,9	216,0	217,2	218,1	219,1	220,2
units Tax revenues in the consolidated budget of the region, billion rubles	4,3	4,8	5,4	5,6	5,7	5,8

## **Chapter 4**

# **RESEARCH METHODOLOGY**

#### **4.1 Sample and Procedure**

The data were collected among students of the Tourism Faculty, with experience of minimal of 6 months. Since the study mainly focuses on the Gen Z, approximate age from 16 to 22 years (Ozkan & Solmaz, 2015), as well as their relations related to work in the field of tourism and hospitality. The study was conducted in collaboration with lectures of the Tourism Faculty, at universities located on the territory of the Russian Federation in the city of Krasnodar. Since Krasnodar region is one of the main tourist regions of the country, which takes almost a third of the domestic tourist flow of the Russian Federation (Kulgachev, 2014). Institutions were selected in accordance with the presence of the Faculty of Tourism and the number of students. Based on Ministry of Education and Science of the RF (2017) the total numbers of students in the tourism faculty in Krasnodar city are almost 1250 (with college students). As a result, out of six universities of Krasnodar (Maksimov, et. al., 2016) in three institutions data was conducted from the beginning of January to the end of March 2019.

In this study, a quantitative approach was used as the basis for a clear test of the COR theory to test students' preferences for the type of leader under the influence of a psychological behavior. The questioners were made of two parts; the first part of the questionnaire consisted of the main independent variables (SL and AL styles and PsyCap), the second part of the questionnaire is consisted of the dependent variable

(WA), and last part of questioner provided demographic information. It should be noted that all the variables were translated into Russian using the standard back translation procedure. Before the data collection, a mini-presentation of the current study was done, after which informed consent was obtained from the participants.

For the survey, a cross-sectional delayed survey method proposed by Podsakoff et al. (2003) in order to reduce the potential prevalence of the systematic method. In the first part, 450 questionnaires were sent, 400 of them were returned, and after an interval of one month, 400 questionnaires were distributed among the participants who returned the questionnaires from the first survey. From the second survey, we received 397 questionnaires. Having rejected 4 questionnaires due to incomplete data, we finally received 393 valid questionnaires (98% reliable answers) for further statistical analysis.

## 4.2 Measures

#### 4.2.1 Leadership styles

Both Leadership styles were assessed by a self-administered questionnaire. Totally 11 items, where 6 items for Servant leadership ( $\alpha = 0.88$ ), 5 items for authentic leadership ( $\alpha = 0.92$ ). Subjects were asked to respond on a Likert-5 scale (1 = "strongly disagree", 5= "strongly agree"). The questionnaire was answered according to knowledge student' perceptions of their immediate manger' leadership approach and behaviors. In the present study, the results of confirmatory factor analysis supported the two-dimensional structure,  $x^2 / df = 3.52$ , GFI = 0.93, AGFI = 0.93, CFI = 0.92, RMSEA = 0.054, SRMR = 0.051, indicating a good construct validity.

#### 4.2.2 Psychological Capital (PsyCap) and Work Engagement Dimensions

In time out 2, we collected second part of our data a month later about both

Psychological Capital and Work engagement in order to avoid bias as we previously mentioned. To measure Psychological Capital, Psychological Capital Questionnaire (PCQ) was provided by Luthans et al. (2007). The scale of the questionnaire includes 24 items that are divided in to four subscales: hope, resilience, optimism and efficiency (for each subscale 6 items). The result of the PCQ have shown the quality of the reliability and constrict validity of the scales (Luthans et al., 2008). In the present survey the Cronbach's  $\alpha$  was 0.88 for overall PCQ (0.83, 0.82, 0.83, and 0.81 for the four subscales, respectively). All subjects were rated on a Likert - 5 scale (1 = "strongly disagree", 5 = "strongly agree"). The results of the confirmatory factor analysis confirm the four-dimensional structure:  $x^{2}/df = 3.46$ , GFI = 0.93, AGFI = 0.96, CFI = 0.95, RMSEA = 0.042, SRMR = 0.056, which indicates good structural validity.

#### 4.2.3 Work Engagement (WE)

The Utrecht Work Engagement Scale (UWES) by Schaufeli et al. (2006), original items include 17 items, however, in this research we had used short version of items which includes 9 items. Students were asked to respond on a Likert-5 scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"). The result of the Cronbach's  $\alpha$  was 0.87 for overall WE. Also, the result of the confirmatory factor analysis showed a reliability and validity of the three-dimensional structure:  $x^2/df = 3.88$ , GFI = 0.92, AGFI = 0.94, CFI = 0.94, RMSEA = 0.045, SRMR = 0.056.

#### **4.2.4 Demographic Results**

After final check control of questioners, we had received 393 valid questionnaires (98% reliable answers) for further statistical analysis.

Among the actual respondents, 142 (36.1 percent) were male, and 251 (63.9%) were female. Age demographics included ages 18 to 22, thus 269 (68.4%) were between

the ages of 18 and 20, 120 (30.5%) were between the ages of 21 and 22; and 1 (3%) student under 18 years old and 3 students over 22 years old. Also, the dates were collected specifically from students studying at the Faculty of Tourism, starting from the first year of study through the fifth, where 3 (8%) are students of the 2d semester, 69 (17.6%) are students of the 4th semester, 180 (45.8%) are students of the 6th semesters, 125 (31.8%) students of the 8th semester, as well as 16 (4.1%) students of the 9th semester.

One of the important criteria for respondents was at least 6 months of experience in the service and tourism industries. The statistics of the survey showed that the majority of the respondents 147 (37.4%) had work experience from 7 months to 1 year, then 124 (31.6%) of the respondents had work experience from 2 to 3 years, as well as 118 (30%) had experience within 7 months, and more than 3 years of respondents amounted to 3 (1%).

#### 4.3 Statistical Analysis

In order to follow the calculations and process the data, we used programs such as SPSS 19.0 and Amos 20.0. Also for statistical chats, static models such as boot analysis, descriptive statistics and structural equation modeling (SEM) were used.

# 4.3.1 The Discriminant Test of the Validity of Variables and Common Method Bias (CMB)

Due to limited research conditions, all variables were measured only using the questionnaire method. Also in this study some measures proposed in 2003 by Podsakoff et al. were used, such as an unnamed answer, a change in the order of the components and a reverse expression of the constituent elements, this method was

done in order to change the possible CMV, but this method does not promise significant changes in the CMV. For this reason, the Harmon's single-factor test was used in this study to test CMV. If the CMV is significant, a single factor will be produced by the main component assessment or a factor will explain most of the different variations (James and Brett, 1984). Thus, Harmon's single-factor test revealed that there are four factors in this study: the first showed is only 22.29% deviation from the total variation, indicating that displacement by the CMB was not a problem.

According to Wang et al. (2015) in this study, four variables were identified for testing DTVV, namely: SL and AL Styles, PsyCap and WA. Then, study was constructed by merging and combining variables with an additional 6 three-factor and 3 alternative two-factor models of nests. Thus, we obtained the result of Confirmatory Factor Analysis (CFA), which showed that the four-factor baseline model is derived from all the other model of the nests, thereby confirming the validity of the better match model for the current date,  $x^{2}/df = 3.10$ , GFI = 0.92, AGFI = 0.95, CFI = 0.95, RMSEA = 0.052, SRMR = 0.047, also this result confirms the positive result of DTVV.

# Chapter 5

# RESULTS

#### **5.1 Descriptive Statistics**

Table 5.5 provides the study variable correlations, standard deviation and the means. In this study collinearity of the pairwise and multiple-variable were diagnosed by the SPSS before analyzes were done. The result of the tolerance value showed 0.82, well above the 0.10 general cutoff limit value (Hair et al., 1998). More, the correlation coefficients between of the main variables (AL and SL, PsyCap and WE) indicated that the magnitude is below moderate. These findings provide preconditions for the later modeling of the structural equation.

### **5.2 Test of Hypothesis**

To control the hypotheses, structural equations were simulated under consideration of two types of mediation effects, such as partial and complete. Also, to test the hypotheses special model was designed, namely M1 for the effect of partial mediation of PsyCap of Gen Z's employees, also the model M2 for the effect of complete mediation, and direct effect model M3 that is corresponding to M1, however, avoiding the path from leadership to PsyCap.

Table 5.6 demonstrated the results of SEM, M1 in compare with M2 and M3 showed the better result in relation to the presented data  $\Delta x^2 (M2-M1) = 57$ ,  $\Delta df = 2$ , p < 0.001;  $\Delta x^2 (M3-M1) = 63$ ,  $\Delta df = 2$ , p < 0.001 (see Table 5.5). Table 5.5 provides the significant evidence of the direct (0.29, p < 0.001) and indirect (0.3, p < 0.001) effects of AL on BE through the influence of the PsyCap of Gen Z's employees. Moreover, SL also showed a significant effect, both through a direct (0.27, p < 0.01) and indirect (0.01, p < 0.01).

Accordingly, to the result of the study revealed that PsyCap has a partial relationship between the two leadership styles, and BE. In addition, both leaders positively predicted BE and PsyCap, but the former had a greater effect on BE ( $\beta = 0.29$ , p<0.001) than the second ( $\beta = 0.27$ , p <0.01); as well as on PsyCap ( $\beta = 0.35$ , p <0.001) than the second ( $\beta = 0.26$ , p <0.01). Thus, all the hypotheses presented by the study were supported.

Researchers Hayes and Scharkow (2013) and Lau and Cheung (2012) evaluated the importance of bootstrap analysis in the study of indirect effects, thus encouraging us to use additional analysis using Amos with 5,000 original load samples to study indirect effects in M1. As a result, a significant indirect effect of AL on BE through PsyCap was found (indirect effect = 0.14, p <0.001, 95% CI = [0.084, 0.212], excluding zero); Meanwhile, the indirect effect of ST on BE through PsyCap was also significant (indirect effect = 0.08, p <0.01, 95% CI = [0.044, 0.143], excluding zero).

Variable	Μ	SD	1	2	3	4
1. Authentic leadership	3.85	.63	(0.78)			
2. Servant leadership	4.04	.84	0.28**	(0.76)		
<b>3.</b> Psychological Capital	3.79	.52	0.35***	0.26**	(0.75)	
4. Work Engagement	3.80	.99	0.28**	0.27**	0.32***	(0.82)

Table 5.5: Means, standard deviations and correlations between the study variables

Notes: N = 393; the Cronbach's  $\alpha$  coefficients are in parentheses; \*\*p < 0.01; and \*\*\*p < 0.001

Model	x <sup>2</sup>	df	x ²df	RMSEA	SRMR	GFI	AGFI	CFI
M1	1181.00	318	3.71	0.054	0.052	0.92	0.94	0.92
M2	1238.41	320	3.87	0.068	0.059	0.88	0.91	0.93
M3	1244.06	320	3.89	0.077	0.067	0.89	0.92	0.91

Table 5.6: Results of SEM analyzes

Notes: N = 393. M1 = partial mediating effect model of PsyCap; M2 = full mediating effect Model of PsyCap; M3 = direct effect model of leadership styles and PsyCap

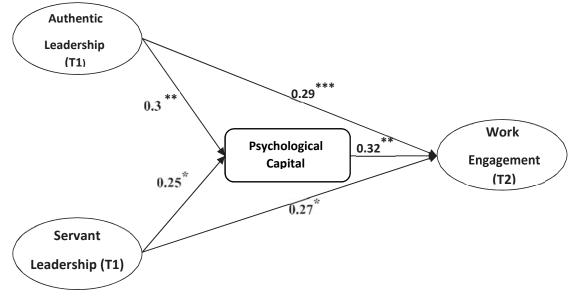


Figure 5.6: Model of partial mediating effect (M1) of PsyCap Notes: The path coefficients are standardized coefficients; \*\*p < 0.01; and \*\*\*p < 0.001

## **Chapter 6**

## **DISCUSSION AND CONCLUSION**

## 6.1 Discussion

Avolio et al., (2004) emphasized that leadership styles greatly influence the attitude and performance of employees. As two high-ranking leadership styles, SL and AL have become important leadership research topics over the past few decades, especially these leaders have been studied by Chinese researchers and have shown a positive effect on hospitality organizations' staff (Hoch et al., 2016; Ling, Liu, & Wu, 2016; Rego, Reis Júnior, & Pina e Cunha, 2014), especially researchers have identified the SL (Brownell, 2010; Ling et al., 2016; Wu et al., 2013) as a suitable type of leadership for organization in the service sector. However, the mechanism of their action remains unclear (Graham, 1991), for this reason, the present study provides a comprehensive picture of this issue.

#### 6.1.1 Leadership Style and WE

According to the results of the study, it is clearly seen that the both leaderships have own contribution in relation to the Gen Z' employees. However, the Russian Gen Z's has some distinctive views on the AL style position, compared to the SL that was preferred by the new generation of China (Ling et al. 2016). In this way, confirmed H2, which carried the idea that the AL can have a positive effect on WE of the Russian Gen Z's employees in the industry of tourism, due to the correspondence of the characteristics of the Gen Z. In addition, this result also confirms the argument that is likely to cause a positive response among employees in collectivist culture (RubioSanchez, Bosco, & Melchar, 2013), as well as, an individual influence, which helps in the development of each individual employees, this brings success not only to the employee himself, but to the whole group.

In accordance with this conclusion, the leaders of tourism and hospitality organizations should understand that both SL and AL is efficient and should be used uniformly; in particular, its provide visual effect on the WE of Gen Z' employees in the hospitality organization, the managers in Russian should pay more attention to AL type and use it in the implementation of HRS.

The national culture of the country and the type of leadership has a close relationship (Hofstede, 2001), since culture has its own reflection in every person, essentially an employee. Intercultural studies have shown that compared with most Western countries, Russia is characterized by a masculinity culture (Breines, Connell & Eide, 2000) with a greater distance of power and stronger collectivism (Elenkov, 1998; Puffer, 1994), which was influenced by communism and Marxism for a long time (Beamish, 1992). Repelling from this AL as a leadership style can be considered as uniquely suitable, placing greater emphasis, concerning interpersonal harmony and morality (Khuziahmetov, Shafikova, & Kapranova, 2015).

Moreover, while AL is more effective in a culture with a high level of collectivism (Panaccio et al., 2015), this leadership benefits less from the culture of distance power, compared to SL (Walumbwa, Hartnell, & Oke, 2010). Consequently, Russian culture is likely to have a dual influence on leadership styles, in other words, although its element of increased collectivism can be as an advantage for AL, but an element of great power distance probably prevents to the AL. As for the hospitality and tourism

organization in Russia, given their demands for innovation (Sheresheva, 2016), it is better for them to use more AL, than SL leadership behavior. In addition, it is obvious that in order for the AL to work more efficiently, the hospitality and tourism organizations of Russia needs to reform the leadership structure and create a smallcontrolled organizational culture to overcome the adverse impacts of a large-distance national culture.

#### 6.1.2 PsyCap and WE

In accordance with a previous study (Datu & Valdez, 2015; Paek et al., 2015; You, 2016), this study showed that the PsyCap of Gen Z' employees of hospitality and tourism organizations, positively predicts their WE. Accordingly, this result confirms H1, which can be develop from the point of view of the Job Demands-Resources (JD-R) model. JD-R model follow the idea that an attitude and results of employees' work largely depend on the needs and resources at work. As a rule, during work, employees constantly spend their energy, and thereby reducing their resources, and if the leader contributes resources under the guise of work motivation, can replenish the energy of workers and thereby facilitate the WE of employees (Hakanen, Schaufeli, & Ahola, 2008). Work motivation or work resources can be divided into two types: indoor and outdoor resources. Indoor resources include PsyCap, which has positive properties. In general, HRM will never be considered complete without psychological resources, since it is an important tool in achieving labor regulation, attitude and motivation of employees (Fredrickson, 2001). Following psychological resources, it's important to mention that PsyCap is one of the most important psychological mechanism, and having the properties of incompatible development, it provides employees with energy and thus replenishes resources, in other words, it's like a never-ending jug of lifegiving water. Accordingly, a contribution to employee resources has a positive effect

on their working condition and results; this influence is especially noticeable when employees face difficulties, they do not despair under the influence of the relationship of a leader, they remain faithful, do not accept the losses, and with overflowing hope and optimism move forward (Zhu and Mu, 2016). In conclusion, in order to facilitate WE Gen Z' employees, managers of hospitality and tourism organizations are encouraged to improve the PsyCap among Gen Z' employees.

#### 6.1.3 The Mediating Effect of PsyCap

Considering the positive PsyCap factors such as labor productivity and labor interaction (Datu & Valdez, 2015) and WE (You, 2016), it would be important to point out the past merits of this significant psychological resource. The present study showed that both SL and AL have a positive effect on PsyCap Gen Z 'employees in hospitality and tourism organizations. This conclusion confirms H3 (both a and b), and corresponds to some relevant literature on well-being and psychology of young generation (Datu & Valdez, 2015; Paek et al., 2015; You, 2016). However, our results also showed that, compared with SL, the AL had a stronger effect on the PsyCapl of Gen Z' employees of hospitality and tourism organizations. These conclusions can also be explained in terms of the spiritual advancement of the leader. In accordance with the Bass and Bass (2009) leadership theory, compared with SL, AL more strongly stimulates the internal working motivation and need of employees, therefore, it has a higher spiritual progress (George & Sabhapathy, 2010). Furthermore, PsyCap has a particular value, and by combining four psychological factors (self-efficacy, hope, optimism and resilience), it can be attributed to motivators that affect a person under the influence of emotions, using spirituality and inner strength of a person (Fredrickson, 2001; Luthans & Youssef, 2004). To the knowledge of author, only a few studies have ever studied the effects of AL on PsyCap (Luthans, Youssef, &

Avolio, 2015; Walumbwa et al., 2010; Wang et al., 2014), but, the SL has not been reviewed previously, to PsyCap, some research studied separate parts of the PsyCap, like hope and optimism (Searle & Barbuto Jr, 2011). Furthermore, this study first compares both SL and AL on PsyCap and WE. Therefore, this study broadens the possibilities of research related to the theory of leadership.

However, the most original contribution that this research has made to the literature is the new point of view to the leadership styles model influence to the WE. Since the previous studies have mostly concentrated on job satisfaction (Rothfelder, 2012), performance (Kim & Brymer, 2011), innovation (Slåtten & Mehmetoglu, 2014), organizational commitment (Tuna et al., 2011), and leader-follower relationship (Brownell, 2010). The present study also examined the leadership system and PsyCap, thereby the analysis of the structural equation models that PsyCap of Russian Gen Z's employees in hospitality and tourism organizations is a partial mediator between both leadership styles and WE employee, in general, both styles of leadership have direct impact on employee WE, as well as indirectly affect employees WE through PsyCap. Thus, these results support H4 (as well as a, b).

## **6.2 Research Implication**

In the present time in literature become very noticeable the growing number of articles that address a wide range of aspects of hospitality and tourism in Russia over the past decade. (Gudkov & Dudina, 2017; Andrades & Dimanche, 2017; Ivanov, Idzhylova, & Webster, 2016; Sheresheva, & Kopiski, 2016). The studies affect crucial areas and problems mainly related to the application of the hospitality and tourism market under the influence of cultural and economic opportunities (Andrades & Dimanche, 2017,

2019; Annaraud, 2010; Bystrov, 2016; Sheresheva, & Kopiski, 2016; Sheresheva, Polyanskaya, & Matveev, 2016). However, research into the fail of Russian leaders in hospitality and tourism organizations remains scarce (Gudkov & Dudina, 2017). Thus, this study had touched the inner fail of tourism sector, as leadership types by testing the date from new generation (Gen Z) of employees, because Gen Z differs from the previous ones and needs a new approach in order to engage them to the work in the tourism sector. Based on this, present study had focused on the leadership types, as SL and AL, to test the positive impacts to Gen Z. Also, study has followed two main objectives; first, it attempts to determine what type of leadership, SL or AL may influence on the WE of the Gen Z' employees more in the Russian hospitality industry and second, how the PsyCap as a mediator may has impacts on the Gem Z's WE.

Based on the results of the study, it can be clearly seen that the both leaderships have own contribution in relation to the Gen Z' employees. However, the Russian Gen Z's has some distinctive views on the AL style position, compared to the SL. In accordance with this conclusion, the leaders of tourism and hospitality organizations should understand that both SL and AL is efficient and should be used uniformly; in particular, its provide visual effect on the WE of Gen Z' employees in the hospitality organization, the managers in Russian should pay more attention to AL type and use it in the implementation of HRS. In addition, both styles of leadership have direct impact on employee WE, as well as indirectly affect employees WE through PsyCap.

Accordingly, the result of the present study on the Russian Gen Z' employees WE through PsyCap may be influent in several ways: since this study is the first study to investigate the effects of SL and AL on the attitudes and behavior of the Gen Z' employees in the tourism and hospitality in Russia. It had broadened the field of

leadership studies and demonstrate evidence for Brownell's (2010) argument and others that SL matters in the tourism and hospitality beyond of China (i.e. Russia).

Furthermore, after conducting a study of Russian Gen Z employees of the hospitality and tourism industry, provides empirical evidence that, compared with SL, AL has a stronger effect on the attitude and performance of employees, regardless of their Eastern or Western culture. These results show that, although culture inevitably influences leadership styles, the effectiveness of SL and AL have their intercultural coherence.

Another valuable implication of this study addresses the effectiveness of SL and AL, and allows to better understand industry workers, and thereby improve the relationship of the leader with followers under the influence of improving PsyCap that can lead to the WE of employees. Effecting on the vital psychological resources of employees as motivation and well-being, can provide the hope for an employee; giving employees the opportunity to show themselves, allows them to increase their self-esteem and influence individual development, which in turn will affect the optimism of employees and also make them feel resistant rod. Accordingly, PsyCap has a direct impact on the WE of employees, which means quality work, organization development and low work turnover.

Comparing the effects of AL and SL styles to the Gen Z employees are practically valuable for HRM and organizational development in Russia, because the results of this comparison can suggest important empirical links to leaders for effective adjustment of leadership styles for Gen Z. Thus, this gives a new look to leaders in Russia, namely in the tourism sector: to focus on the characteristics of the AL style,

such as managing subordinates by building honest relationships with followers by evaluating their contribution and building relationships based on an ethical basis, give the empowerment to subordinates in solve problems and the freedom to perform their work, as well as accompany them with support and true feedback.

#### **6.3 Limitations and Future Research Directions**

This study was not without drawbacks, and we would offer such advice as one of the first tips for the future of the study: since in this study the result of the influence of PsyCap on leadership and WE has partial indirect effects, which indicates that there should be other moderators that can have better influents. In order to reveal this topic further researches should study the mechanism, based on the types of leadership and their influence on WE, regardless of their composition.

In addition to the first advice, in this study, PsyCap was considered on the advice of the Hobfoll (2020), in the big picture, using all four psychological resources, inasmuch as, by use the base psychological resource better show the core that can be positive strength for research, but for future investigators, we recommend considering PsyCap in an integrated approach, that is, to consider PsyCap as a general picture (of a higher order) with all dimensions, as well as with a mediating role, which can help to examine the influence of leadership through PsyCap on WE from a new level.

The next limitation of this study lies in the information collection model, despite the fact that two phase data collection was used, with an interval of one month. All data were collected from a single source by using a questionnaire, for which reason CMV may be cause for concern. Based on it, we used the Harman test to reduce CMV, the

following researchers may consider this, and for better quality of date use several resources for data collection.

It is also necessary to mark as one of the last limitation of this study, the influence of culture on leadership and PsyCap, in this study the aspects of culture and leadership were touched upon but not fully explored, since we viewed leadership only from the perspective of the psychological model but it is important to note that the impact of PsyCap is closely related to the culture of the country and organization. Thus, we advise future researchers to take into account the influence of culture, thereby combining the present research model and revealing a new research model that can be more strong and valuable.

#### 6.4 Conclusion

The 25 years since the collapse of the USSR, the generations have undergone changes and their views on leadership are also become different, and since the past regime considered high control of the employees, the Generation Y who had born in the 90s had similar views, although they did not live under Soviet power, but they were not much different in their attitudes from the repentance of their parents, and to a lesser extent from their grandfathers (Gudkov, 2016). However, now the ranks of workers are joining the new generation (Gen Z), they are expected to be more solid and capable and has its own views on leadership. In this case, this study had concentrated in the system of the current Leadership styles. So, the results indicated that SL and AL, had positive influence on the WE thought PsyCap of Gen Z' employees in the tourism sector. Furthermore, in compare with AL to SL, the first one has more influence to the Russian Gen Z's employees. In addition, PsyCap not only has great effect to the WE' employees but also has partial mediating impact of the both leadership to WE' employees. The results of this study contribute to the development of a system of WE under the influence of PsyCap at the work in the tourism sector, under the two types of leadership, like AL and SL, and thus facilitating the WE of Russian Gen Z' employees and helping leaders of the tourism industry to take effective and targeted measures for improve employee WE under the action of PsyCap.

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APPENDIX

#### **Questioner Sample (ENGLISH)**

As part of my thesis on the MBA at the Eastern Mediterranean University in Northern Cyprus, I am conducting a study, the purpose of which is to study the relationship between leadership styles, psychological capital and involvement in work. In other words, how does a different leadership style affect the attitude and performance of employees? The survey can be attended by young people of the Russian Federation who have experience in hotel companies, in the service and in the tourism industry.

In this questionnaire there are no right / wrong answers, only the choice of the answer that suits you. Be sure that your responses to this survey will be treated as confidentially as possible. Survey results will be used for academic purposes only. Thank you for your cooperation!

#### Work Engagement

The following 17 statements are about how you feel at work. Please read each statement carefully and decide if you ever feel this way about your job. If you have had this feeling, indicate how often you felt it by crossing the number (from 1 to 5) that best describe show frequently you feel that way.

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1	2	3	4	5

1.At my work, I feel bursting with energy. (VI1)	1	2	3	4	5
2.I find the work that I do full of meaning and purpose. (DE1)	1	2	3	4	5
3.Time flies when I am working. (AB1)	1	2	3	4	5

4.At my job, I feel strong and vigorous. (VI2)	1	2	3	4	5
5.I am enthusiastic about my job. (DE2)	1	2	3	4	5
6.When I am working, I forget everything else around me. (AB2)	1	2	3	4	5
7.My job inspires me. (DE3)	1	2	3	4	5
8.When I get up in the morning, I feel like going to work. (VI3)	1	2	3	4	5
9.I feel happy when I am working intensely. (AB3)	1	2	3	4	5
10.I am proud of the work that I do. (DE4)	1	2	3	4	5
11. I am immersed in my work. (AB4)	1	2	3	4	5
12.I can continue working for very long periods at a time. (VI4)	1	2	3	4	5
13.To me, my job is challenging. (DE5)	1	2	3	4	5
14.I get carried away when I am working. (AB5)	1	2	3	4	5
15. At my job, I am very resilient, mentally. (VI5)	1	2	3	4	5
16.It is difficult to detach myself from my job. (AB6)	1	2	3	4	5
17.At my work, I always persevere, even when things do not go well. (VI6)	1	2	3	4	5

### **Psychological Capital**

Instructions: Below are statements that describe how you may think about

yourself right now. Use the following scale to indicate your level of agreement or

### disagreement with each statement.

1. I feel confident analyzing a long-term problem to	1	2	3	4	5
find a solution					
2. I feel confident in representing my work area in	1	2	3	4	5
meetings with management.					
3. I feel confident contributing to discussions about	1	2	3	4	5
the organization's strategy.					
4. I feel confident helping to set targets/goals in my	1	2	3	4	5
work area.					
5. I feel confident contacting people outside the	1	2	3	4	5
organization (e.g., suppliers, customers) to discuss					
problems.					
6. I feel confident presenting information to a group	1	2	3	4	5
of colleagues.					
7. If I should find myself in a jam at work, I could	1	2	3	4	5
think of many ways to get out of it.					

8. At the present time, I am energetically pursuing my work goals.	1	2	3	4	5
9. There are lots of ways around any problem.	1	2	3	4	5
10. Right now I see myself as being pretty successful at work.	1	2	3	4	5
11. I can think of many ways to reach my current work goals.	1	2	3	4	5
12. At this time, I am meeting the work goals that I have set for myself.	1	2	3	4	5
13. When I have a setback at work, I have trouble recovering from it, moving on.	1	2	3	4	5
14. I usually manage difficulties one way or another at work.	1	2	3	4	5
15. I can be "on my own," so to speak, at work if I have to.	1	2	3	4	5
16. I usually take stressful things at work in stride.	1	2	3	4	5
17. I can get through difficult times at work because I've experienced difficulty before.	1	2	3	4	5
18. I feel I can handle many things at a time at this job.	1	2	3	4	5
19. When things are uncertain for me at work, I usually expect the best.	1	2	3	4	5
20. If something can go wrong for me work-wise, it will.	1	2	3	4	5
21. I always look on the bright side of things regarding my job.	1	2	3	4	5
22. I'm optimistic about what will happen to me in the future as it pertains to work.	1	2	3	4	5
23. In this job, things never work out the way I want them to.	1	2	3	4	5
24. I approach this job as if "every cloud has a silver lining".	1	2	3	4	5

## Leadership Style

# Please indicate your disagreement or agreement with each statement by marking

### under the number

SERVANT LEADERSHIP					
1.My supervisor encourages work unit employees to be involved in community service and volunteer activities outside of work	1	2	3	4	5
2.My supervisor holds work unit employees to high ethical standards	1	2	3	4	5
3.My supervisor's decisions are influenced by work unit employees' input	1	2	3	4	5

4.My supervisor works hard at finding ways to help others be the best they can be	1	2	3	4	5
5.My supervisor makes the personal development of work unit employees a priority	1	2	3	4	5
6.My supervisor makes me feel like I work with him/her, not for him/her	1	2	3	4	5
AUTHENTIC LEADERSHIP					
7.My supervisor Says exactly what he or she means.	1	2	3	4	5
8.My supervisor Is willing to admit mistakes when they are made	1	2	3	4	5
9. My supervisor Listens carefully to different points of view before coming to conclusions.	1	2	3	4	5
10.My supervisor Demonstrates beliefs that are consistent with actions.	1	2	3	4	5
11.My supervisor accurately describes how others view his or her capabilities	1	2	3	4	5

# Information required for research:

Gender: Omale Ofemale
Age: (18-22 () 23-27 () 28-32
Work experience: Oless than 6 months O 7 months - 1 year O 2 - 3 years
Faculty:
Year of study: $\bigcirc 1 \bigcirc 2 \bigcirc 3 \bigcirc 4 \bigcirc 5$
Marital Status: OMarried OSingle