

TOURISM AS AN INTENSIFIER OF NATIONAL ECONOMY

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ANNOTATION

The paper considers tourism as an industry of national economy. Moreover, it is the industry capable of facilitating the processes of economic development of the country. Therefore, the goal of this paper is to analyse the functioning of tourism as an industry of national economy. Since tourism is inter-sectoral sphere of economy, and it embraces means of accommodation, transport, catering industry, entertainment industry, and many other branches of economy, this industry has impact on every national economy and every economic object. The importance of tourism for national economies is connected first of all with the advantages it provides in case of successful development. Another important factor is quick return of investments. Tourism facilitates any economy without employing additional raw material resources. This fact is especially favourable for the countries having minor natural resources but for climate, location, and so on. Tourism has all the features and properties of innovative industry. It is a thriving industry in actually all countries. International tourism intensifies economy diversification, creates new industries, involved in servicing the tourism. Tourism is one of the most dynamic and well-developing forms of service, participating in the international trade.

Keywords: tourism industry, international tourism, economic development, revenue.

INTRODUCTION

Relevance of theme. Tourism is determined as travel for recreational, leisure or business purposes. The World Tourism Organisation (WTO) defines tourists as people “travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes” (UNWTO Technical Manual, 1995).

Nowadays tourism is perceived as a mass phenomenon of the contemporary life, penetrating all spheres of it, capable of changing the economic, social and cultural environment and surrounding world. Today the concept of tourism is much wider than the above presented definition. Practically it is a global aggregate of relations and unity of connections and events following the tourist in his/her travel.

Research problems. Tourism acts as a social-economic development catalyst, so important for the development of this activity. The article also deals with the use of modern technology, the analysis of economic and social indicators.

The aim of research was to analyse the functioning of tourism as an industry of national economy, as tourism companies in the market economy are increasingly recognising the need of developing new products and services capable of generating additional economic benefits.

RESEARCH METHODS

Theoretical substantiation. Scientific literature analysis was performed to define tourism as the fastest-growing industry in many countries and its importance, which is growing steadily in the world economy and combines economic, social, educational, cultural, esthetic factors. Tourism is

analyzed as an innovative industry. The study analysis was performed on the basis of research by D. H. C. Chen, C. J. Dahlman (2006), M. Morozov (2009), A. Skorokhodov (2007), Taichi Sakaiya (1991) and other authors.

Research methods. The article employed theoretical analysis, synthesis and secondary statistical analysis method. The work analyzed the statistics of the development of the tourism sector provided by World Tourism Organization.

RESEARCH RESULTS AND DISCUSSION

Contemporary concept of tourism

Tourism services are a constitutive substantial part of all services consumed by population. As a rule, tourism services have a rather specific social and health-improving nature; it is recreational facilities, possibilities for personal development, acquaintance with historical and cultural heritage, going in for sport, participation in cultural and sports events. Tourism as an economic activity is of great importance; this industry has certain peculiarities. Tourism serves the interests of human society as a whole; moreover it is a source of income at both the micro and macroeconomic levels. Tourism is one of the major factors in the creation of additional jobs, it accelerates the development of road and hotel construction, stimulates the progress of all kinds of transportation, contributes to the preservation of folk arts and national culture of regions and countries (Morozov, 2009).

Tourism has a significant importance in the formation of gross domestic product of many countries, creating jobs and providing employment, enhancing the standards of cooperation. Tourism that has a huge impact on such key economic sectors as transport and communications, construction, agriculture, consumer goods production and others economic industries, i.e. acts as a catalyst for socio-economic development.

In its turn, the development of tourism is affected by various factors: demographic, natural and geographical, socio-economic, historical, religious, political and legal. Economic development of tourism industry is characterised by impressive achievements on the global economic market (Stiglitz, 2007). They demonstrate that tourism is the fastest-growing industry in many countries and its importance is growing steadily in the world economy (Skorokhodov, 2007).

Consequently, tourism combines economic, social, educational, cultural, aesthetic factors.

Tourism is subjected to the influence from political and economic situation, it depends on such factors as fashion and advertisement, which determine the demand for tourism via impact on population needs, interests, spirit, forming human habits and priorities. The supply of tourism service (number of places ready to supply this service) is significantly higher than the demand for such services (number of tourists, or people who are ready to pay for these services). It is the reason why the tourism market is determined as a market of consumer, not producer. It gives rise to the need for creative work in all spheres of tourism activities, starting from the level of government structures and finishing with the small tourism business at the stage of formation. It embraces the elaboration of new forms of work, expansion of supply sphere and intensification of its specialisation.

Tourism as an innovative industry

New technologies are the result of innovative activities, and nowadays they create fundamental for diffusion of new ideas and other innovative products, used in every industry of economic activity, including tourism. The world has become interconnected due to the Internet, e-mail, telephoning, teleconferencing. Electronic media create the forth informative dimension nowadays. This new dimension creates new possibilities for tourism development; since the world is interconnected, the environment of tourism functioning becomes more favourable and more advantageous for travel and rest.

Abundant research has proven that innovations and new technologies, as well as new knowledge and competences have very significant positive impact on the economic growth and level of labour efficiency and productivity.

Lederman and Maloney pursued an investigation on innovations influencing the economy in 2003; their research embraced data from 53 countries for years from 1975 till 2000. According to the results of their investigation the increase of aggregated expenditures on R&D relatively the GDP by 1% provides the growth of economy output (GDP) by 0.78% (Chen, Dahlman, 2006).

Under the condition of globalisation the costs become less important component of competitiveness. The depth of changes connected with the substitution of physical work with knowledge and competences lies in the fact that they become the source of value, but not work under the condition of employing knowledge into the process of resources processing. Physical labour theory is exchanged with the knowledge-value theory. As Taichi Sakaiya emphasizes, we have entered a new stage of civilisation, and the driving force of this stage is the values created by knowledge. And this is the future of civilisation (Taichi Sakaiya, 1991).

This new tendency is absolutely applicable for tourism. Implemented innovations and knowledge and competences decrease the time necessary for moving from point to point, drastically decrease the time of financial operations and cash flows travel, make information available 24 hours 7 days a week. Nowadays, competition in tourism is mostly competition between time of getting and distributing information.

The innovations in the field of tourism have a particularly important role for the economic development of the country. The world practice shows that the tourism industry is the second one in terms of profitability and dynamic development, being behind oil and gas mining and processing only.

Tourism companies in the market economy are increasingly recognising the need of developing new products and services capable of generating additional economic benefits.

Tourism as an intensifier of national economy

Since tourism is inter-sectoral sphere of economy, it embraces means of accommodation, transport, catering industry, entertainment industry, and many other branches of economy, this industry has impact on every national economy and every economic object. The importance of tourism for national economies is connected first of all with the advantages it provides in case of successful development. To begin with it concerns the growth of employment in tourism and related industries. Tourism also provides the tax income at levels of budgets: local and national. Therefore,

tourism provides the multiplication effect on the development of any economy. The multiplication effect is intensified by the fact that the export of local products is also stimulated. Another important factor it is quick return of investments, in general it takes from 4 to 8 years, depending on the level of national economy development and development of the tourism industry. Then, it is important that tourism facilitates any economy without employing additional raw material resources. This fact is especially favourable for the countries having minor natural resources but for climate, location, and so on. Consequently it is possible to speak about tourism as a catalyser of national economy.

At the same time, the development and accordingly the return on tourism greatly depend on the level of economic development of the country and on the willingness of government to heavily invest in this industry. Tourism is an industry requiring the governmental support in the spheres of legislation, foreign countries policy, and financial investments, especially on the first stages of industry development.

Nowadays the tourism industry is the biggest in the world by the number of employed – 298 million people. It is estimated that international tourism, considering all constituent parts, provided revenue of \$1.245 billion or 937 billion Euros in 2014. It represents 3.7% increase, taking into account exchange rate fluctuations and inflation rate. The number of international tourist arrivals grew by 4.4% in 2014, and amounted 1.135 million people in total, compared to 1.087 million in 2013.

Revenue from services provided to non-residents through the provision of services for international passenger traffic by estimations reached \$221 billion in 2014. So the total amount of receipts from international tourism reached 1.5 trillion US dollars. According to the World Tourism Barometer (UNWTO, 2014) neither the threat of international terrorism, nor the events in Eastern Ukraine or Ebola had any decisive impact on overall growth of tourism.

CONCLUSIONS

1. Tourism combines economic, social, educational, cultural, esthetic factors. Tourism is subject to the influence of political and economic situation, it depends on such factors as fashion and advertisement, which determine the demand for tourism via impact on population needs, interests, spirit, forming human habits and priorities.

2. The innovations in the field of tourism have a particularly important role for the economic development of the country. Tourism companies in the market economy are increasingly recognizing the need for developing new products and services capable of generating additional economic benefits.

3. The development and accordingly the return on tourism greatly depend on the level of economic development of the country and on the willingness of government to heavily invest in this industry.

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ABSTRACT

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Research problems. Tourism acts as a social-economic development of the catalyst, so important for the development of this activity. The article also deals with the use of modern technology, the analysis of economic and social indicators.

The aim of research was to analyse the functioning of the tourism as an industry of national economy.

Research methods. The article employed theoretical analysis, synthesis and secondary statistical analysis method. The work analyzed the statistics of the development of the tourism sector provided by the World Tourism Organization.

Conclusions. Tourism combines economic, social, educational, cultural, aesthetic factors. Tourism is subjected to influence from political and economic situation, it depends on such factors as fashion and advertisement, which determine the demand for tourism via impact on population needs, interests, spirit, forming human habits and priorities. The innovations in the field of tourism have a particularly important role for the economic development of the country. Tourism companies in the market economy are increasingly recognising the need for developing new products and services capable of generating additional economic benefits. The development and accordingly the return on tourism greatly depend on the level of economic development of the country and on the willingness of government to heavily invest in this industry.

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