

# TOURISM - AS A DEVELOPMENT STRATEGY

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*Third year PhD candidate at the University of Oradea, under the guidance of Professor Mrs. Alina Bădulescu in the doctoral research project entitled: "Doctoral studies and Ph.D. candidates for competitive research on a knowledge based society", a co-financed project by the European Social Fund through the Sectoral Operational Program for Human Resources Development 2007 - 2013, Priority Axis 1. "Education and training in support for growth and development of a knowledge based society" I chose to present this subject in order to demonstrate the connection that exists between tourism and development. Having as research topic "Tourism and development in the Euro regional context" I dedicated a subchapter of this thesis in presenting tourism as a development strategy.*

*Thus we have analysed a series of specialised papers encountered at national and international level in order to achieve a synthesis about the addressed topic. Authors like Sharpley and Telfer (2002) found that the specialised literature in the tourism domain contains few articles on the relationship between tourism and development despite the fact that tourism remains an important area of the economic policy regarding development in most regions of the world.*

*Writings on tourism, that debate development, are often written in terms of the impact of tourism on the environment in which it unfolds.*

*Following statistical data collected on *Faits saillants OMT du tourisme*, 2011 Edition I found that indeed tourism is an important element in the development strategies.*

*The research methodology that was used consisted in documentation from the specialised literature and the site <http://mkt.unwto.org/sites/all/files/docpdf/unwtohighlights11fhr.pdf> in order to gather representative data on the evolution of international tourism for the 1950-2010 period, also highlighting the potential success of tourism in the economic development.*

*For this study to be more representative I presented the evolution of international tourist arrivals in the main tourist regions of the world. The graphical representation shows that Europe is the main destination for tourists from around the world.*

*Projections made by UNWTO (2011), confirm the fact that international tourism is continuously expanding, in 2020, the number of international tourists arrivals is approaching 1.6 billion.*

*Keywords: tourism, economic development, development strategy, international tourism*

*JEL codes: O16*

## **1. Introduction**

The articles on tourism can be traced to the 1930s and even before that, but the most part of the tourism literature appeared after 1960 (Sharpley and Telfer 2002:50 after Pearce, 1993). The development and tourism theory evolved almost in the same manner since the Second World War, however, there have been few efforts to connect the two fields of study (Sharpley and Telfer 2002:35 after Telfer 1996a). Tourism research initially functioned as an instrument for development having the most of researches done by planners and economists who worked for organizations such as UN, World Bank, and OECD (Graburn & Jafari, 1991). During the 1960s, tourism has been considered development and there also existed the belief that tourism creates increases in the currency exchanges and level of employment and the tourists' spending generate a multiplier effect that stimulates the local economy (Sharma 2004:201 after Davis 1968, Graburn & Jafari, 1991).

Regarding the specialised literature in the tourism domain, it was written much about the relationship between tourism and development, despite the increasing social and economic

significance and the use of tourism as a development strategy in developing countries. Writings on tourism, which refer to development, they are most times written from the perspective of the impact of tourism (Sharpley and Telfer 2002:51 after Pearce, 1989b) on the environment in which it unfolds. This is surprising, given the fact that tourism remains an important area of economic policy for development in many regions and in many nations (Sharpley and Telfer 2002:35 after Maleki 1997).

## **2. Tourism - an effective means to ensure development**

Due to its rapid and continuous growth and the related contribution of economic potential it is not surprising the fact that the tourism is generally considered both in practice and in academic circles, as an effective means to ensure development. In other words, both in industrialized countries as well as in the less developed world, tourism has become an important and integral element in the development strategies (Jenkins 1991:61).

Countries from all around the world turn to tourism as a strategy for development, thus, in a fierce competition for the revenues obtained from the international tourism, (the foreign tourist arrivals are estimated at a peak of 1.6 billion; source UNWTO 2011:11). The locations that can develop even on the market of a tourist product, (a natural attraction, historic or cultural, an urban or rural destination), can take advantages of this market by attracting revenues from visitors (Sharpley and Telfer 2002:35 after Maleki, 1997). Tourism is used to generate foreign currency exchanges, the increase of the volume of employment, attracting capital for the development and promotion of economic independence (Sharma 2004: 180 after Britton, 1982). However, tourism literature has given low attention to the notion of development and to the link between tourism and development.

The specialists in the tourism domain recognize the importance of tourism as a development strategy, but only a small number of studies make any reference to the theoretical construction based on the development theory (Sharma 2004: 202 after Pearce 1989b, Britton 1991, Oppermann, 1993, Harrison 1994, Dieke 1993 and 2000, etc..).

As a result, the alleged contribution of tourism to development was accepted quietly, while a number of fundamental questions remain unanswered. For example: What is "development"? Which are the development's goals and objectives? How is development made? Does tourism represent an effective or realistic means of achieving development? Who benefits from development? Which forces/influences will contribute to tourism's development or militates against it? (Sharpley and Telfer 2002:12; and Sharma 2004:149)

Therefore, it is important to understand what the term "development" refers to and how its meaning can vary in different contexts. However, first of all, it is necessary to reconsider the reasons for which tourism, as opposed to economic industries or sectors, is seen as being an attractive vehicle for development (Sharpley and Telfer 2002:13; and Sharma 2004:150).

## **3. Tourism - an industry in a continuing evolution**

The most compelling reason to consider tourism as a development strategy has to do with the alleged positive contribution that it has in the local or national economy. Internationally, tourism represents an important source of income derived from currency exchanges; indeed, it has been suggested that the main reason why governments support the development of tourism is its contribution to the balance of payments (Opperman & Chon 1997:109). In developing countries tourism has become one of the main sources of income from the currency exchanges while even in developed countries revenues obtained from international tourism can have a significant contribution in general to the balance of payments and especially to the travel accounts. Tourism is considered to be also an important source of creating jobs. In Cyprus, for example, about 25% of the labour force is directly or indirectly employed in tourism. It is also one of the reasons for

which tourism is often considered to be a new activity or a replacement activity for the areas in which traditional industries have been in decline (Sharpley and Telfer 2002:14; and Sharma 2004:151-152 ).

For many developing countries, with a limited industrial sector, with few natural resources and dependent on international aid (for example Gambia - one of the poorest and smallest countries in Africa), tourism represents the only realistic mean to win the much desired foreign income, creating jobs and attracting more foreign investments (Sharpley and Telfer 2002:15; and Sharma 2004:152).

Table no 1. International tourist arrivals and international tourism revenue (1950-2010)

| Year | Arrivals (million) | Receipts (bilion US \$) | Year | Arrivals (million) | Receipts (bilion US \$) |
|------|--------------------|-------------------------|------|--------------------|-------------------------|
| 1950 | 25                 | 2                       | 1990 | 435                | 262                     |
| 1960 | 69                 | 7                       | 1995 | 528                | 403                     |
| 1965 | 113                | 12                      | 2000 | 675                | 475                     |
| 1970 | 166                | 18                      | 2005 | 798                | 679                     |
| 1975 | 222                | 41                      | 2008 | 917                | 939                     |
| 1980 | 286                | 105                     | 2009 | 882                | 851                     |
| 1985 | 327                | 118                     | 2010 | 940                | 919                     |

Source: from 1950 to 1985 and adapted by Sharpley and Telfer (2002: 16) and Sharma (2004: 154), and from 1990-2010 completed by the author after *Faits saillants OMT du tourisme*, 2011: 4 Edition, available on: <http://mkt.unwto.org/sites/all/files/docpdf/unwtohighlights11frhr.pdf>

Since 1950 (Table no 1), when there were recorded around 25 million of international tourists arrivals, international tourism has shown a constant and remarkable growth (issue confirmed the UNWTO data of June 2011). Thus, in the second half of the 20th century, it is shaped the importance of tourism in the economic and social activity under the name of tourism industry.

Interesting is the fact that the growth rate in arrivals is constantly decreasing (Table no 2). For example, during the years 1980 - 1990, the average increase rate in international tourist arrivals was of 4.8%, the lowest value recorded since 1950 to the present day (Sharma 2004:154).

Table no 2. Tourism arrivals and receipts growth rates, 1950-2010

| Decade    | Arrivals (average annual increase %) | Receipts (average annual increase %) |
|-----------|--------------------------------------|--------------------------------------|
| 1950-1960 | 10,6                                 | 12,6                                 |
| 1960-1970 | 9,1                                  | 19,4                                 |
| 1970-1980 | 5,6                                  | 10,1                                 |
| 1980-1990 | 4,8                                  | 12,6                                 |
| 1990-2000 | 4,5                                  | 6,1                                  |
| 2000-2010 | 3,4                                  | 6,8                                  |

Source: from 1950 until 1990 adapted by Sharpley and Telfer (02: 16) Sharma (2004: 155), and from 1990-2010 conducted by the author based on the formula:  $\sqrt[\text{years}]{\frac{\text{ending value}}{\text{beginning value}}} - 1$ . The source regarding the method of calculation of the average rate can be found on this site: <http://www.investopedia.com/terms/c/cagr.asp%20#%20axzz1YOwbrZj2>

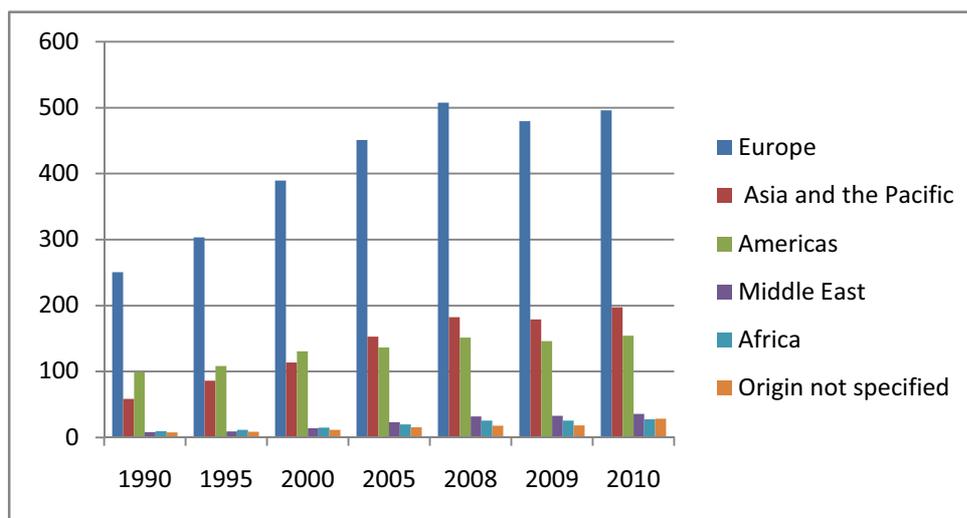
However, predictions made by UNWTO suggest that international tourism will continue to grow in the new century, in 2020, the number of international tourists arrivals approaching 1.6 billion (WTO 2011:11). So, at first sight, tourism as an economic sector showed a healthy growth and, therefore, is considered an attractive and safe option for development.

However, the general overall data mask important factors (Sharpley and Telfer 2002:16-17; and Sharma 2004:154-155):

-First, although international tourism can claim to be a growth sector, certain periods showed decreases or even negative growth. OPEC crisis of the mid-1970s, the global recession of the early 1980s and the 1991 Gulf conflict, have led for some countries, a decline in arrivals. Thus, tourism is very susceptible to external influences that, certainly in the short term, can have a significant impact to a tourist destination, regarding tourism's contribution to economic development.

-Second, Shaw and Williams (1994:23) show that global tourism growth does not imply the fact that "mass tourism materialized at global level, and that populations in most countries are caught in a whirlwind of international passenger traffic." Despite the increase in international tourism in some regions, especially in Eastern Asia and the Pacific, the flow of international tourism remains highly polarized and regionalized. That is, international tourism is still dominated in most of developed countries and, in a lesser extent, in developing countries and less developed. Indeed, despite the emergence of new destinations and more popular, such as China, Thailand, etc., the economic benefits of tourism still remain highly polarized (Vellas and Becherel, 1995:21). The largest international movements of tourists take place between well-defined regions, especially in Europe.

Graphic No. 1. The evolution of international tourists' arrivals (expressed in millions of persons) on regions during 1990-2010



Source: made by author on the basis of the statistical data obtained from the work *Faits saillants OMT du tourisme*, 2011:10 Edition, available on:

<http://mkt.unwto.org/sites/all/files/docpdf/unwtohighlights11frhr.pdf>

The above figure clearly highlights the fact that the number of arrivals on “the old continent”, has increased continuously from 250.7 million in 1990 to 507,5 million in 2008 and in 2009 - 2010 compared to 2008 (the year with the largest number of arrivals) were recorded slight decreases of

1.10% (2009) respective 0.97% (2010). Compared with other continents, we see that despite recorded declines in 2009-2010 Europe remains the main destinations of tourists from around the world.

#### **4. Conclusions**

The attraction of many countries and regions lies in the natural resources – the sea, the beaches, the climate, the mountains, and so on. This aspect suggests the fact that tourism's development is based on natural resources that are free or "of the country", as far as these don't have to be constructed or created, and "the economic value can be derived from limited resources that may or may not have alternative uses."(Jenkins 1981:86) Similarly, historical sites and attractions, (whether natural or artificial), which have been passed on from generation to generation, can be considered free, although the costs are obviously included in their care, maintenance and management of tourist attractions and resources (Sharpley and Telfer 2002:19; and Sharma 2004:155)

Due to the fact that tourists need a variety of goods and services in the destinations in which they are, including accommodation, drinks and food, entertainment, local transport services, souvenirs and so on; tourism mainly offers more opportunities than other industries, in establishing connections with the entire local economy. Such opportunities include direct links, such as the expansion of the farm industry of the area in order to provide food for local hotels and restaurants (Telfer 1996b) and indirect links, for example, the construction industry.

A variety of other reasons, secondary, can be suggested for tourism's popularity as a development option. These include the idea that tourism development can lead to improvements in infrastructure and in providing facilities that are useful to both local communities as well as to tourists; the fact that tourism often provides justification for the protection of the environment and that tourism can encourage the revitalization of traditional crafts and cultural practices. These secondary reasons along with the primary ones, explain why all the countries of the world have developed, in greater or lesser extent, the tourism industry (Sharma 2004:159).

#### **5. Bibliography:**

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