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## The Impact of International Tourist Movements on the World Economy

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### Abstract

In recent years, tourism has undergone major development, directly affecting economic growth. So in this paper I tried to elaborate some of the issues and main themes in the field of tourism and its role and impact on the world economy, which is precisely the purpose of this work. In this way, tourism enables the creation of additional income and greater economic impacts in tourist resorts or regions.

On the other hand, tourism affects employment, the regulation of space and the development of tourist and hotel facilities, higher national incomes and the increase of foreign currency funds by foreign tourist. Apart to the positive economic effects, tourism also has negative effects on the economy.

Therefore, it is briefly mentioned that: tourism can cause poor economic losses, economic distortions in the national economy and at the same time appear to be a negative factor in the balance of payments. In addition, within the economic and positive effects of tourism, their direct and indirect impacts are analyzed. At the end of the work, after describing and presenting general data on tourism movements in the world economy, I have presented the conclusions and recommendations that I think will contribute to the development and elimination of the negative impacts of tourism in the world economy and to work more to further promote positive impacts.

*Keywords:* Tourism, economic growth, positive and negative impacts, economic development.

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### Introduction

Speaking of the essence of tourism, most importantly its economic dimension is emphasized, emphasizing the great contribution it has to the development of economic activities that participate in fulfilling the needs of tourists, both at the travel stage and at the time of their stay in the tourist resorts. In doing so, the economic importance of tourism is based on the expenses of tourists in the country they visited. Respectively, the money that tourists earn in their place of living and permanent work passes it to a certain tourist destination. It is precisely as a result of this consumption that certain economic effects occur, both for the economy of the country where the tourists come and for the country to come.

In the literature dealing with this issue, there are different views about the economic functions (effects) of tourism that are globally divided into two basic groups:

- (1) those related to the turnover of income, viz. with the spatial, land and border redistribution of already generated incomes;
- (2) those who works towards creating a new income, source, or newly created value.

In this context, within the economic functions of tourism, the main ones are those that have a positive impact on the economic development not only of a given tourist place but of the country as a whole. Therefore, the most frequently analyzed economic effects of tourism are:

- Impact on gross domestic product;
- The possibility of tourism to create new jobs directly and to absorb indirectly a large number of skilled people;
- Impact on Capital Investments;
- Tourism contribution to balancing the balance of payments;
- Impact on the development of other economic activities;
- Encouraging the proper regional development of the country

It is expected that, in addition to the positive economic effects, tourism also has negative effects on the economy. Therefore, it is briefly mentioned that: tourism can cause poor economic losses, economic distortions in the national economy and at the same time appear to be a negative factor in the balance of payments. In addition, within the economic and positive effects of tourism, their direct and indirect impacts are analyzed.

### **Methodology of scientific research**

The realization of the goals set in the research on this topic is based on the combination of certain methods and will mostly be guided by the inductive method and the deductive method. The research also uses the quantitative method because the data collected is more structured and because data can be copied more easily and directly compared to other data.

In developing this topic, primary and secondary data are used, that is, official data presented in all types of documents and analyzed the most relevant data and information for confirming current images for the situation in the declared relationship system. Based on these data we will try to build the right conclusions. Labor research is mainly based on desk research, while field research is carried out with the help of the Internet as a medium that contains a large number of data.

#### **1. Economic impacts of tourism**

Economic impacts of tourism are all those impacts that are due to tourist spending. During the trip, tourists spend some money on purchasing and consuming products and services. So it has to do with the money flowing into the tourist destination and they represent income for the destination, region or state in general.

Namely, economic tourism impacts refer to:

- People as transporters of tourism,
- Enterprises in the field of tourism,
- Tourist Regions,
  - The economy as a whole
  - Country

In all tourist sites or destinations, the major tourist expenses are realized by tourists. This consumption is converted into revenue to tourists' products and services used by tourists while traveling and staying at a particular resort. So it can be said that it has to do with billions of dollars or Euros flowing into tourist destinations. All this represents great financial power that can cause major changes in the economic plan of all participants in the tourism industry.

Thanks to tourism, some processes of accelerating the development of tourism and economy in general are taking place in host countries.

Tourist revenues generated by foreign tourists, increase national income and foreign exchange reserves. Therefore, tourism plays a major role in the development of each country, especially those that are developing or less developed. Revenues received by tourists go first to the tourism economy, and through tourism they take activities and other branches that are engaged in production or service for tourists. In this way, there is an economic link between tourist regions with developed tourism in less developed tourism regions. In this way, in the economy to increase the monetary mass that helps in the ability to pay and invest in all subjects and directly and indirectly relate to the service of tourists.

All this affects the growth of the number of employees in the tourism sector and other sectors and thus increases the standard of living of the population. All effects or functions of tourism can be divided into two groups: the economic effects and the non-economic effects of tourism. In this context, within the economic effects of tourism, the main ones are those that have a positive impact on the economic development, not only of a given tourist place but of the country as a whole. In addition, we will see them, and within their framework, we will analyze and identify separately the most characteristic impacts.

## **2. Direct economic effects of tourism**

Tourism has direct effects for those participating in the tourism industry that directly sell goods and services to tourists, such as accommodation facilities, transport companies, commercial network, and all other participants who fulfill the tourist needs directly.

Consequently, as the most characteristic of the group of direct economic effects of tourism, we distinguish:

- Impact on gross domestic product
- Impact on employment;
- Impact on investment;
- Impact on the balance of payments;
- Impact on other economic activities;
- The impact of tourism on regional development.

### **2.1 Impact on gross domestic product**

Although in the textbooks there is a categorical view that tourism cannot be considered an income generator, it's still a GDP generator, and there are still contrary attitudes and beliefs towards this. Namely, the assertion that tourism consumption in GDP has a direct and indirect impact is acknowledged as an enforceable attitude.

Thus, tourism consumption indirectly affects the GDP by stimulating the development of those material production areas that supply the tourism industry. On the other hand, the direct impact of tourism is perceived on the basis of income from other countries. Furthermore, tourism's contribution to GDP can be calculated numerically in the same way as for crafts, agriculture etc.

However, while tourism can be an important component of the economy, ranging from 5% to 10% of total GDP for domestic and foreign tourism in large countries, it rarely appears as an independent sector. Rather, tourism is often included in services, transport or other sectors. In doing so, its role is even more important in smaller countries with a highly developed tourism industry, such as Cyprus, the Caribbean Islands, Greece, Hungary, etc.

## **2.2. Impact on employment**

Tourism, despite its complexity, has a major impact on the employment of the population. This economic impact of tourism, in fact, coincides with one of the goals of economic planning for the development of tourism, and this is its contribution to reducing unemployment.

Research around the world points to the fact that tourism is not structured to absorb and qualify the workforce directly but indirectly. Thus, as a direct employment, all jobs created specifically and intentionally have been defined only for the needs of the tourist offer and for meeting the needs of tourists. Thus, a typical example of direct employment in tourism is the creation of jobs that arise, for example, by opening a hotel.

Also, here are all employments in tourist companies, private accommodation, basic and additional accommodation, employment in tour operators, etc.

However, tourism, on the other hand, uses services from other economic activities, thus creating so-called indirect employment. In fact, this means employment in other activities, which indirectly participate in the fulfillment of tourist needs. For example, all those jobs for the construction of a hotel for visitors are an opposite link with tourism. For this reason, craftsmen, agriculture, enterprises and the like represent an indirect employment caused by tourism. Therefore, tourism appears to be a key factor in faster economic development and engagement of the working population.

At the same time, the number of employees changes, mainly due to its specificity known as seasonal character, eg. engagement of workers who work only during the touristic season. All of this has a significant impact on the revitalization of economic activity in specific places and areas of tourism, as well as on the living standards of the population living there. All of this has a significant impact on the revitalization of economic activity in specific places and areas of tourism, as well as on the living standards of the population living there.

## **2.3. Impact on investment**

We also emphasize the impact of tourism on investment activity and investment structure. That is, large capital investments for the development and modernization of road infrastructure are important for the development of the whole economy, and especially for tourism. In addition, it is necessary to mention the importance of investment in accommodation capacities, which in turn increases the total investment.

This also has a direct impact on the growth of economic activities in construction, industry, employment and in general, increasing the country's economic activity. At the same time, we mention that tourism development causes incentives for local entrepreneurship, mainly through the creation of local tourism enterprises and the development of skills to work in tourism, which can later be transferred to other activities.

#### **2.4. Impact on the balance of payments**

Since the beginning of tourism development as a mass phenomenon, the great importance of his word was realized. "Invisible exports" and "invisible imports" that arise from the movement of tourists from one country to another.

Actually, it was perceived that tourism had a major impact on the country's balance of payments, efforts have been made to stimulate the flow of foreign currencies on the basis of tourism, to disrupt the flow of currency on the same basis. Moreover, for a number of countries, the inflow of foreign currencies from tourism is the most important element of income in the balance of payments and a very important factor for the development of the economy as a whole. This is especially true for countries that have negative results on their trade balance. In them, tourism appears to be an important factor in balancing unfavorable trade or balance of payments in general.

At the same time, foreign exchange inflows based on international tourism are also important for economically powerful countries. Therefore, it can be concluded that regardless of the level of economic development, all countries, if they have objective conditions for cultivating and developing tourism, pay great attention to this economic activity.

#### **2.5. The impact of tourism on the gross domestic product (GDP)**

The world's direct tourism contribution (World Travel and Tourism Council (WTTC), 2016) to GDP in 2015 was \$ 2.229.8 billion (3% of total GDP) and according to forecasts it is expected to reach 3.3% or \$ 2304 billion in 2016.

#### **2.6. The impact of tourism on the number of employees**

In 2015, tourism created directly 107,833,000 jobs (3.6% of total employment) in the world and was expected to increase by 1.9% in 2016 and to reach 109,864,000 jobs (3.6% of total employment), (World Travel and Tourism Council (WTTC), 2016)

#### **2.7. "Export Invisible" and investment in tourism**

Money spent by foreign tourists at the site (invisible exports) is an important part of the direct tourism contribution, so in 2015, 1308.9 billion dollars of "invisible exports" (World Travel and Tourism Council (WTTC), 2016) were created in the world. It is anticipated that in 2026 the world will travel to 1,932 billion tourists, who will create \$ 2056 billion or 4.3% more during those ten years.

Tourism as an activity attracted capital of \$ 774.6 billion in 2015, up 4.7% in 2016 and is expected to grow by 4.5% over the period up to 2026, which means that capital will reach \$ 1.254.2 billion.

#### **Conclusion and Recommendations**

The world and national tourism go a long way ahead. The world has become a "global village" in which most destinations are made available. Tourism as a sector has been explored as a source of multiple positive impacts. In general, it contributes to economic growth and development, promoting international understanding and peace, improving living standards, promoting local trade and industry, protecting cultural heritage, and so on. The basis for

advancing all this is in the number of tourists and travelers. To understand the essence of tourism as an economic activity, it is necessary to properly define and analyze the effects it creates.

It should be noted that the tourism study includes many dimensions, characterizing it as a more dimensional phenomenon and at the same time, it is inevitable to include in the analysis the economic effects and the impacts that tourism has on the world economy and the national economies of the countries. Regardless of whether they are positive or negative effects, should be considered their interconnection and complex conditioning of modern pulsation.

All these impacts should be foreseen and should not be overlooked in order to maximize positivity and minimize the problems and disadvantages resulting from the development of tourism. There is a causal connection between them, so the necessity is to take care of achieving sustainable tourism development. As it mentioned above, it can be concluded that tourism regarding to effects should be treated as an interdependent, complementary and complex field of influence and multiple effects that characterize it as a special multifunctional phenomenon.

Tourism is one of the few stories of the success of modern times. The industry, which began its move in the 1950s, has grown rapidly and reliably in the past 60 to 70 years in terms of earnings it has earned and the number of people involved in tourist activities.

Taking into account all the assumptions for a successful future tourism development (according to the World Tourism Organization) international travel trips in 2016 amounted to 1.235 billion, compared to 25.5 million in 1950, surely to say that tourism exceeds the conditions of the casual crisis and is expected to achieve a significant developmental pace, not only in quantity, but also in terms of quality.

Today tourism is an indication of the level of development of our civilization. For some people is a way to increase the cultural level and restore the health or entertainment and other income opportunities, but it should be noted that its definition and division criteria are subject to continuous function of continuous development and complexity tourism.

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