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Petro Mohyla Black Sea State University (Mykolaiv)***THE IMPACT OF TOURISM DEVELOPMENT ON THE ECONOMIES OF THE WORLD**

The article analyses the main directions of the impact of the tourism sector on the countries' economy. Among them, there are defined: improving infrastructure, increasing the business activity, reducing unemployment, increasing the welfare of the population. A particular attention is paid to definition of correlation between revenue from tourism and national income, as well as GDP in different countries of the world.

**Keywords:** tourism, infrastructure, unemployment, business activity, national income, GDP, correlation.

**Конєва Т.А., Джрагацпанян В.А. ВПЛИВ РОЗВИТКУ ТУРИЗМУ НА ЕКОНОМІКУ КРАЇН СВІТУ**

У статті проаналізовано основні напрями впливу туристичного сектору на економіку країни. Серед них було визначено: становлення інфраструктури, підвищення ділової активності, зменшення безробіття, зростання добробуту населення. Особливу увагу приділено встановленню кореляційного взаємозв'язку між отриманою виручкою від туризму та національним доходом, а також ВВП різних країн світу.

**Ключові слова:** туризм, інфраструктура, безробіття, ділова активність, національний дохід, ВВП, кореляція.

**Конєва Т. А., Джрагацпанян В.А. ВЛИЯНИЕ РАЗВИТИЯ ТУРИЗМА НА ЭКОНОМИКУ СТРАН МИРА**

В статье проанализированы основные направления влияния туристического сектора на экономику страны. Среди них были определены: становление инфраструктуры, повышение деловой активности, уменьшение безработицы, рост благосостояния населения. Особое внимание уделено установлению корреляционной взаимосвязи между полученной выручкой от туризма и национальным доходом, а также ВВП разных стран мира.

**Ключевые слова:** туризм, инфраструктура, безработица, деловая активность, национальный доход, ВВП, корреляция.

**Problem setting.** With the globalization of the world, the development of social networks, cultural and language boundaries between countries and content are erased. In this regard, the development of tourism is gaining momentum due to the very diverse reasons and motives of a modern person who seeks to see the world with their own eyes. Tourism becomes accessible to people of different age groups, different flavours, and different levels of prosperity.

This increases the role of the tourism sector in the economic growth of any country, which is relevant both to developed countries and those regions that transform their own economies. For the latter, it is important to determine directions, by which tourism is echoing economic relations. This will provide an opportunity to formulate appropriate state support policies, reforming, taxing the activities of travel agencies and related businesses.

**Relevant scientific researches and issues analysis.** English reformer T. Cook (1808–1892 years) is undoubtedly considered the founder of international tourism as a sphere of economic activity. Scientists M. Kabushkin, V. Huntsiker, pointing out that only a small part of enterprises and organizations are concentrated on the production of goods and services exclusively for tourists. Ukrainian scientists M. Malska, V. Khudo, and V. Tsybukh hold the same opinion [1]. They believe that tourism is a kind of recreation, connected with departure from the place of residence, active rest, during which the restoration of work capacity is combined with health, cognitive, sport and cultural, entertainment purposes

Uninvestigated parts of general matters defining. Despite existing research, the directions of the impact of tourism on the country's economy are set by the authors on a theoretical level. In connection with this, there is a need for a numerical assessment of the inter-relationship between revenues from the tourism indus-

try, tax revenues from it, and the main macroeconomic indicators of a particular state.

**The research objective.** The purpose of the article is to determine directions of the tourism sector's impact on the economy and to assess the correlation between the revenue generated from tourism and national income, as well as the GDP of different countries of the world.

**The statement of basic materials.** Tourism from year to year becomes important for the growth and development of many countries in the world. The influence of the tourism sector on their economies is manifested in various directions.

It should be noted that the term "tour" was first applied in 1750, and the term "tourist" was used as the name of a participant in entertaining or educational trips (tours).

English reformer T. Cook (1808–1892 years) is undoubtedly considered the founder of international tourism as a sphere of economic activity. He for the first time noted the commercial prospects for its development. T. Cook created the basis of the tourism's organization and opened a travel agency, applied reservation of places in the means of travel and accommodation, issued quality travel guides with complete information.

Despite the history of development, the term "tourism" has not been clearly defined yet. Some experts believe that tourism as an economic phenomenon is limited to the concept of a tourist tour, the activities of tour operators, and travel agents. This vision is supported by scientists M. Kabushkin, V. Huntsiker, pointing out that only a small part of enterprises and organizations are concentrated on the production of goods and services exclusively for tourists [1].

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departure from the place of residence, active rest, during which the restoration of work capacity is combined with health, cognitive, sport and cultural, entertainment purposes.

The current dynamics of tourism development and economic benefits from tourism make it one of the most important sectors of the world economy in terms of the dynamics of economic processes, the improvement of the social component, the preservation of the environment and the restoration of the cultural heritage [2].

Today it is impossible to imagine a large city without foreign tourists: New York, London, Paris, Berlin, Rome, and other cities around the world. The tourist industry has covered not only Europe, a traditional tourist centre, but also Australia, the countries of America, Africa, and Asia.

People are travelling in their own country or in foreign countries for many reasons. Consider the main types of tourism motives:

1. Natural and climatic motives. These include the sun, air, water, vegetation, mountains, etc. All of them play a significant role in the development of certain types of tourism, especially marine, sports, and mountains. Natural and climatic elements relate to the psychological and biological needs of the population of urban areas, which seeks recreation, entertainment, and change in the environment.

2. Cultural motives include historical sites, archaeological monuments, museums, art galleries, folk art, and others.

3. Economic motives that cover the cost of living both in places of residence and in places of staying of tourists, the cost of travel, etc. This type of tourism motive plays an important role in the formation of low-cost tour packages. Economic motives have a significant impact on a large number of tourists who belong to a middle-income class and below.

4. Psychological motives – all internal reasons of tourists visiting destinations. It should be noted that with increasing income of individuals, the psychological motives of tourism have a greater impact on the choice of new tourist destinations.

Everyone has individual reasons for choosing one or another type of tourist trip, region and season for the desired holiday. Of course, every travel agency and country interested in tourism development should take into account similar motives and be able to meet the needs of experienced and potential tourists to the maximum.

Now one should analyse the main directions of the sphere of tourism affecting the economy of any country.

Firstly, the successful development of tourism simultaneously depends on and contributes to the establishment of the appropriate infrastructure: travel agencies, roads, airports, train stations, hotels, restaurants, business centres, health sphere, sports clubs, cinemas, theatres, beauty salons, trade enterprises, etc. This forms the industry serving the tourism and simultaneously leads to diversification of the economy.

Secondly, tourism affects the increase of business activity in the country. Foreign and domestic tourists, spending money, form the demand and business replies by the production of goods and services. The active tourism market can be a source of financing for the conservation of historical heritage, contribute to the preservation and timely restoration of historical monuments, architectural structures, improve the ecology of the region. Besides, business activity is one of the effective methods of unemployment decreasing.

Thus, tourism helps to create working places without large costs and attract a lot of people, because labour in this area is mostly not mechanized and based on communication between different people – staff (administrators, maids, guards, drivers, doctors, chefs, waiters, cleaners, secretaries, guides, etc.) and tourists.

Thirdly, it favours the improvement of the quality of life, the increase of welfare of the nation in the countries with the powerful touristic sector. Enterprises and entrepreneurs in tourism pay tax profit, staff – personal income taxes, providing a budget of their city, region, and country.

Finally, tourism forms macroeconomic indicators of the country, such as the balance of payments, GDP, and national income. Significant is the contribution of tourism business to the balance of payments of the country, which is expressed in the form of a difference between the cost of foreign tourists in the country and the expenses of citizens of the same country abroad.

There are concepts of “visible” and “invisible” trade, “visible” and “invisible” export and import. Visible trade deals with the export and import of goods and raw materials. In this case, the country’s trade balance is formed as a difference between the value of the visible export and visible import.

Invisible trade relates to the export and import of services. Most of the revenue from the invisible export of travel services comes from arriving foreign tourists, as well as from selling tickets to domestic transport and other services in the host country. The invisible import of the country is made up of money spending by its citizens during foreign trips, payment of transport costs, and other services in the host countries, as well as payment of dividends to foreign investors of the tourism industry.

The difference between total country income from exports (visible and invisible) and the total import value (explicit and implicit) is called the balance of payments. The balance of payments may be negative (deficits) and positive. In the case of a large deficit, there is a leak of monetary resources. Not only small countries but also industrialized as the United States, United Kingdom, and Germany, seek to increase revenues from tourism and make serious efforts to attract foreign tourists to the country.

WTO has classified the countries in terms of the material situation of tourism in their balance of payments. Income and expense associated with the flow of capital, costs of imports of goods and services intended for consumption by tourists, and payments from investments and work abroad were excluded from the balance sheet. The balance of the current tourist account reflects the economic situation of the country and can characterize it both with a positive and with a negative balance.

The current tourist balance is, as a rule, positive in the Mediterranean countries (France, Italy, Spain, Cyprus, Malta), as well as Austria and Switzerland, developing countries include Tunisia, Thailand, Mexico, the Caribbean, and others. The main region of international tourism was and remains Europe. It is known that it accounts for 65% of the total number of international tourists. The statistics show that Europeans not only host numerous guests from all over the world but also actively travel the world. This is one of the proofs of a high standard of living in Europe. In the second place in terms of tourism – the American continent, in the third – East Asia [3].

The negative current tourism balance is largely attributable to industrialized countries with a high

standard of living, such as the Scandinavian countries, Germany, Canada and the oil-producing countries of the Persian Gulf.

In most developing countries, the situation is almost hopeless. These countries have a negative tourist balance because they do not have the necessary infrastructure to attract tourists from other countries and often have to import many products, consumer goods, and equipment. In addition, they pay foreign exchange earnings from tourism interest on loans taken abroad, as well as salaries for foreign staff helping to manage firms. A part of the money is in the form of repatriated profits to multinational corporations, etc.

The most important macroeconomic indicator is GDP of the country – the aggregate market value of final goods and services created in the country for a certain period of time (one year). This is the aggregate value of all finite material and intangible goods that are created, distributed, and used by residents and non-residents in the national economy during the year.

In order to assess the impact of the tourism sector on the country's GDP, it is possible to compare the share of income from international tourism to the GDP of different countries (Table 1).

Table 1  
The part of the revenue from international tourism in GDP in regions of the world in the 2016 year, %

Region	%
Caribbean pool	15,4
North Africa	13,1
European Union	11,5
North America	11
East Asia	9,8
Middle East	9,7
Latin America	7,6
Southeast Asia	7,5
South Asia	5,5

Source: UNWTO Tourism Highlights, 2016 edition [4]

The leader position takes the Caribbean Pool with 15.4 % of revenue part from international tourism. Tourism is the main branch of the economy of the islands, directly or indirectly producing more than half of GDP. Government tries to do everything, which will help to increase the attractiveness of tourism, and, as it clearly shown, they do everything in the right way. But as for South Asia, this region has the lowest share of the GDP; the main reason is that this region is oriented on the production of goods and then selling. Tourism is not important for them. But for the last 1–2 years, the level of tourist is increased.

Tourism is an important source of revenues to the treasury of any state. In many countries, the share of tourism accounts for one fifth to one half of the gross national product. In the sphere of tourism, 60% of the world's labour force is employed.

The modern tourist business has become an important factor in the development of the world economy. It covers a wide range of industries, generates revenue in the state budget, attracts foreign capital and investment, promotes the development of advanced technologies. The tourist business is dynamic, it is constantly expanding and developing, which gives it the opportunity to make a significant contribution to the country's GDP. Table 2 shows the share of tourism industry income in GDP.

Table 2  
The share of tourism industry income in GDP, %

Country	2009	2010	2011	2012	2013
Croatia	14,86	13,84	15,49	15,69	16,8
Cyprus	9,67	9,39	10,16	10,81	12,49
Thailand	7,51	7,47	8,95	10,31	11,89
Bulgaria	8,52	8,29	8,17	7,99	8,5
Greece	4,49	4,2	5,19	5,34	6,68
Singapore	4,79	6	6,57	6,53	6,31
Tunisia	8,11	7,83	5,5	6,48	6,09
Austria	5,34	5,38	5,23	5,26	5,28
Hungary	5,42	5,09	5,19	4,89	4,93
Spain	3,99	4,12	4,53	4,67	4,85
Vietnam	2,88	3,84	4,21	4,4	4,4
Turkey	4,28	3,6	3,88	3,99	4,23
Czech Republic	3,86	3,87	3,74	3,75	3,74
Cuba	3,35	3,45	3,63	3,57	3,41
Switzerland	3,09	3,03	2,96	2,92	2,92
OAU	2,9	3	2,65	2,79	2,87
South Africa	2,93	2,75	2,57	2,82	2,86
Egypt	6,22	6,23	3,95	4,12	2,67
Netherlands	2,08	2,23	2,35	2,45	2,66
Sweden	2,35	2,25	2,29	2,36	2,4
Poland	2,26	2,09	2,21	2,39	2,37
France	2,18	2,12	2,3	2,38	2,35
Israel	2,45	2,5	2,33	2,4	2,22
Italy	1,92	1,88	1,99	2,07	2,16
Finland	1,63	1,82	2,04	2,11	2,14
Australia	2,91	2,72	2,46	2,24	2,14
Denmark	1,76	1,78	1,86	1,9	1,9
UK	1,67	1,69	1,77	1,75	1,84
Germany	1,39	1,44	1,42	1,46	1,48
USA	1,01	1,12	1,21	1,24	1,28
Norway	1,28	1,24	1,32	1,17	1,22
Chile	1,37	1,11	1,1	1,17	1,15
Mexico	1,4	1,2	1,06	1,12	1,13
Indonesia	1,12	1,01	1,01	1,03	1,13
India	0,82	0,85	0,96	1	1,02
Russian Federation	1,01	0,87	0,89	0,89	0,97
Canada	1,14	1,14	1,12	1,13	0,96
Argentina	1,18	1,22	1,08	0,93	0,81
China	0,84	0,83	0,71	0,65	0,59
Japan	0,25	0,28	0,21	0,27	0,34
Brazil	0,34	0,27	0,26	0,29	0,29

Source: UNWTO Tourism Highlights, 2015 Edition [5]

Based on the table, it worth to say that the Croatia stay the leader in this share according to 2009–2013. And the growth of the share of tourism industry income in GDP keeps on. For this period, the share is increased by 2%. It means that government pays more attention to this sphere and does all for making the tourism activity in the country better. Countries like USA, China, and UAE have some stability. It so weird that Egypt in 2009 has 6.22% of share but in 2013 the level of the share goes down and gets the 2.67% of share. The main reason – not a stable economy. Egypt has a lot of problems and step by step tries to solve them and, of course, without decreasing in a different sphere, it is unreal to get a good result.

To determine the degree of influence of the tourism industry on the economy and welfare of the population, a correlation analysis was carried out.

Table 3

Coefficient of correlation (1), Coefficient of correlation (2)

Country	Correlation coefficient		Country	Correlation coefficient		Country	Correlation coefficient	
	(1)	(2)		(1)	(2)		(1)	(2)
India	0,98	0,98	Indonesia	0,93	0,92	Hungary	0,86	0,85
Singapore	0,98	0,99	South Africa	0,93	0,91	Poland	0,86	0,94
Chile	0,98	0,97	China	0,92	0,93	Canada	0,84	0,91
The Russian Federation	0,98	0,99	Spain	0,91	0,95	UK	0,79	0,95
Sweden	0,97	0,98	Croatia	0,91	0,97	USA	0,77	0,86
Turkey	0,97	0,96	Switzerland	0,9	0,99	Argentina	0,75	0,81
Germany	0,96	0,99	Bulgaria	0,9	0,97	Greece	0,73	0,8
Czech Republic	0,95	0,99	France	0,9	0,96	Japan	0,69	0,33
Denmark	0,95	0,97	Israel	0,89	0,93	Tunisia	0,59	0,6
Thailand	0,95	0,94	Finland	0,88	0,9	Cyprus	0,5	0,59
Vietnam	0,95	0,95	Netherlands	0,88	0,91	Egypt	0,35	0,41
Austria	0,94	0,98	Brazil	0,88	0,92	Cuba	0,33	0,54
Norway	0,94	0,98	Mexico	0,87	0,75	OAU	-0,35	0,97
Australia	0,94	0,96	Italy	0,87	0,95			

Source: UNWTO Tourism Highlights, 2015 Edition [4]

The coefficient of correlation (1) – Revenues from tourism and national income per capita; correlation coefficient (2) – Revenues from tourism and GDP.

Calculation of the correlation coefficients is finding out by the formula (1):

$$r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \times \sum (y_i - \bar{y})^2}}, \quad (1)$$

where r – correlation coefficient 1 (2);

x – revenues from tourism;

y – national income per capita (GDP).

The correlation was calculated using Excel statistical formulas, namely CORREL, based on data from the 2016 year. Results are presented in Table 3.

Based on Table 3, it should be noticed that the huge amount of countries like India, Singapore, Chile, and Russia has a strong connection between revenues from tourism, recreational economy, and national income per capita. And the main thing is that the connection is direct. It means, with the increase of one of these indicators, other will also grow up. But it is so weird that UAE in this table is only a country with the indirect connection. The connection is so low but in indirect. It means that if one of the indicators is increased the other will go down. But as for the correlation between revenues from tourism, recreational economy, and GDP, the UAE takes the leader position. It means that UAE and the GDP of this country are mainly connected first of all with tourism. As it is well-known, the oil helped them to become one of the leaders in this market share. And when the oil finished the government has to think how to keep the leader position in the market. In order to further develop the tourism sector, a particular attention should be paid to proposals for the establishment of programs for the protection of the environment and cultural heritage, improvement of legislation, formation of a favourable climate for the activation of business and investment and innovation activities in the tourism industry and the development of the socio-economic sphere in terms of the night of full realization of tourist

potential. Relevant and promising is the further study of the international experience of management in the field of tourism, the study of the role of the non-governmental sector, the issue of sustainable development and mechanisms for encouraging innovation and investment in tourism in the context of imperatives of global development of the present [1].

**Conclusions.** Tourism and tourist activity with developing the world brings a lot of changes in the structure of countries economy and, more correctly, in GDP. In most of the countries, this activity is really very important and even it can be said that countries like UAE become so attractive for investments just because of tourism.

Tourism now is one of the world's largest industries and one of the fastest growing sectors of the economy. For many countries, tourism is seen as the main tool for regional development, as it stimulates new economic activities. This activity can have a positive economic impact on the balance of payments, employment, gross income, and GDP.

Determining the directions of the impact of tourism on the country's economy, the relationship of the tourism sector with macroeconomic indicators will enable the development of appropriate ways to support it by the state and commercial financial institutions.

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