

**AZƏRBAYCAN RESPUBLİKASI TƏHSİL NAZİRLİYİ**

---

**AZƏRBAYCAN DÖVLƏT İQTİSAD UNİVERSİTETİ**  
**“SABAH” Resurs mərkəzi**

**THE ROLE OF TOURISM SECTOR IN EXPANDING ECONOMIC OPPORTUNITY: WORLD  
EXPERIENCE**

**BURAXILIŞ İŞİ**

**Elmi rəhbər:** Sadıqova Qərənfil Feyzulla

**Tələbə:** Məmmədova Aysel Şirəli

**Bakı-2019**

## ACKNOWLEDGEMENTS

*I would like to say special thanks of gratitude to my teacher, **Garanfil Sadigova** who gave me the golden opportunity to do this great projection the “The role of tourism sector in expanding economic opportunity: World Experience” ,which also helped me to do a great deal of research and I came to know about so many new things I am really grateful for.*

*Thereafter , I’d also like to thank my parents and friends who helped me a lot in limited time frame to complete this project. Without their support ,my completion of this project could not have been accomplished.*

## **ABSTRACT**

The purpose of this research is to determine the role of tourism in the economic development of local regions. Tourism is considered one of the largest and fastest growing economies in the world. Tourism in developing countries is a tool for promoting economic growth and reducing poverty, as an alternative to other traditional economies, such as industrialization.

Tourism has been criticized for having negative impacts on many of the destinations which tourists visit. There are considered to be three principal impacts - economic, environmental, & socio-cultural.

This research looks at economic impacts and, despite some adverse destinations, brings the most economic benefits to tourism. These advantages influence the price and profitability of income, as well as the economic outcome of tourism costs, including the creation of foreign currency. This process stimulates at the local level the speed of the economy, direct, indirect and convinced. The study uses three tables to describe the multiplier, and policy results are viewed as reference points with Turkish and Jamaican studies. In spite of that, the difficulties encountered during the calculation of the multiplier are considered and, in case of deflation, the multiplier can return to the negative from the positive.

While the economic effects of tourism are generally kept to aggravate the economic benefits of tourism, negatives may be significant. These speakers link to the increasing demand for imported products, especially after the emergence of tourists, income from the economy, tourism dependence, and land value inflation. As a result of the research, the economic benefits of tourism can normally surpass what negative features. At the same time, they believe that, in contrast to the economic one, the situation is clearer when considering the environmental and socio-cultural issues.

## CONTENTS

Acknowledgements .....

Table of Contents .....

### **1. INTRODUCTION** .....

1.1 Background .....

1.2 Research Aim and Research Questions .....

1.3 Literature Review .....

### **2. TOURISM SECTOR AND ITS IMPACT ON ECONOMIC GROWTH**

2.1 The Global Perspective .....

2.2 The National Perspective .....

2.2.1 Positive Economic Impacts of Tourism Growth. Measuring of the Economic Impact of Tourism  
.....

2.2.2 Direct, Indirect and Induced Multiplier Effects .....

2.2.3 Policy Implications of Multiplier Analyses .....

2.2.4 Negative Economic Impacts of Tourism Growth .....

### **3. THE ROLE OF THE TOURISM SECTOR IN EXPANDING ECONOMIC ACTIVITY**

3.1 Building Business Opportunities .....

3.2 Creating Inclusive Business Models .....

3.3 Developing Human Capital .....

### **4. CASE PROFILES**

4.1 Tourism as a long-run economic growth factor: the Spanish case .....

4.2 Tourism as an economic growth factor: A case study for Starwood hotels & resorts  
and The Haciendas of the Mayan World Foundation .....

4.3 Tourism and Development in the Third World .....

**5. CONCLUSION** .....

**6. SUMMARY** .....

**7. LIST OF THE BIBLIOGRAPHIC REFERENCE**.....

## **1. INTRODUCTION**

The role of tourism in expanding economic opportunities in developing countries is paradox. Solving this paradox offers tourism companies the potential to play a leading role in industry and business.

On the one hand, over the past decade, politicians, development experts, and industry leaders have paid attention to the contributions made by the tourism sector in many countries, especially in developing countries.

There are extensive examples of private tourism enterprises and companies - large and small-scale operators - bringing economic benefits to partners and remote areas with societies. They provide local business relationship initiatives, community tourism trainings, and other local tourism professionals to deliver fresh products and crafts, and provide environmental services to healthcare and education programs.

On the other hand, studies comparing the corporate responsibility practices between the World Bank and the Price Water Cooperatives show that tourist tourism, which is behind the rest of the industry, despite the growing influence of tourism in developing countries.

As in numerous different enterprises, the travel industry organizations have so far concentrated to a great extent on corporate duty regarding natural focuses and open projects. All through the nearby and worldwide esteem chains, less consideration has been paid to dealing with their financial effects and effects. The capability of creative business rehearses that broaden ominous monetary open doors has not been completely figured it out.

It is considered that tourism has already had a significant impact on emerging economies. Regardless of how, tourism agencies are not development agencies. Tourism is a sophisticated, rapidly developing trade sector. This is the diversity of large companies and a large number of small businesses operating in a tight investment margin. It does

not help encourage shareholders to prioritize cash or profit growth. CEOs need to consider strategic public issues, there are many other candidates for carbon industry emissions, health and safety, and respect for human rights.

Chapter 1 deals with the development of the guaranteed development of the tourism sector. Chapter 2 explores how business strategies can be used to expand economic opportunities, including the concept of "inclusive business models" in the field of tourism. In Chapter 3, researches are a small example of novelty and practice between large and small-scale tourism companies operating in different developing countries. By applying business practices that explicitly point to the purpose of expanding local economic opportunities, there are some potential benchmarks for achieving both commercial success and development. The report investigates cases involving large and small-scale operators in the housing sector.

**Background.** Tourism involves the movement of people from their places of residence to new locations. It is the temporary movement of people to destinations outside their normal places of work and residence the activities undertaken during their stay in those destinations and the facilities created to cater for their needs. Economic growth is the increase in capacity of an economy to produce or increase in the value of goods and services produce by an economy.

In addition to, tourism increases tranquility among countries that take part in tourism. On the other hand, economic growth is an important factor the economic success of any nation; economic growth is linked to a long-term rise in the nation's ability to supply more and more different types of economic products.

The concerns of economic growth on the agenda are related to the economic growth, more than just other things, and the welfare of the population. Tourism can be an

engine there are sounds that support the economic growth and creation collaboration between public and private sectors to promote investment in this industry. Tourism is not only a creator of a GDP, but also an important contribution value added. This industry can also have a variety of natural resources tourist destinations, in everyday life of these places and also from individuals whether it's a village or a city. However, the needs of the tourism sector are also there important places for tourists and locals. As far as the relationship between economic growth and tourism is concerned, it can be noted it is important for tourism to support growth. So, through strategies promoting this sector can be a solution for reducing this area of the economy unemployment, improving the economic status of the assignment. It could have been tourism creates an increase in professional choices for individuals and the tourism sector developments can lead to the development of a highly appreciated infrastructure by the local population communities.

***Research Aim and Research Questions.*** The main purpose of this report is to evaluate the importance of tourism and offer more ideal for the development of the tourism sector to make a significant contribution to the economy. The aim of this report is to promote the tourism development of Spain and to determine the tourism potential of Starwood hotels and resorts.

1. What is an economic impact analysis?
2. What economic impacts does tourism have?
3. What are multiplier effects?
4. How are tourism's economic impacts measured?
5. How does tourism affect to economic growth?

6. Which negative impacts does tourism have?

7. What are the steps for conducting a tourism economic impact study?

**Literature review.** Gartner W, Seafarer B, Guillet (2015) 21, "The Effects of Negative Travel"  
*The Impact of Tourist Experience in Economic Growth "*

Investigated the impact of a negative experience a target for tourists, showing the impact on individuals' opinion. Empirical expressions There is no material impact on individual travel experience. Articles generally critical criteria for target selection and assignment assessment these criteria were collected before and after the examination. One result showed that one single travel experience is important and influences the future decisive behavior of tourists helping shape individual target selection criteria.

Johri A, Aggarwal N (2014) 37 "Financial and Economic Perspective Tourism Development  
*Industry's Economic Development "*,

India has the largest revenue generators in the foreign currency and the highest level of employees number of human power. The Indian economy has been witnessing a variety of change sectors. Though a little more successful, it was less developed. There are different areas has played an important role in the development of economic development in India and, therefore, in recent years year, hotel and tourism industries economy, and at the same time, major changes in financial terms. Tourism as a sector also provides FOREX for India and thus is the largest revenue generator for foreign exchanges money supply. Conde Nast Traveler was regarded as India, one of the most admired travel magazines. One of the hottest goals in the world. The results of the World Tourism Organization are summarized by 2020, the tourism industry in South Asia will reach 8.9 million. Is from India gradually becomes the second fastest growing (8.8%) tourism economy.

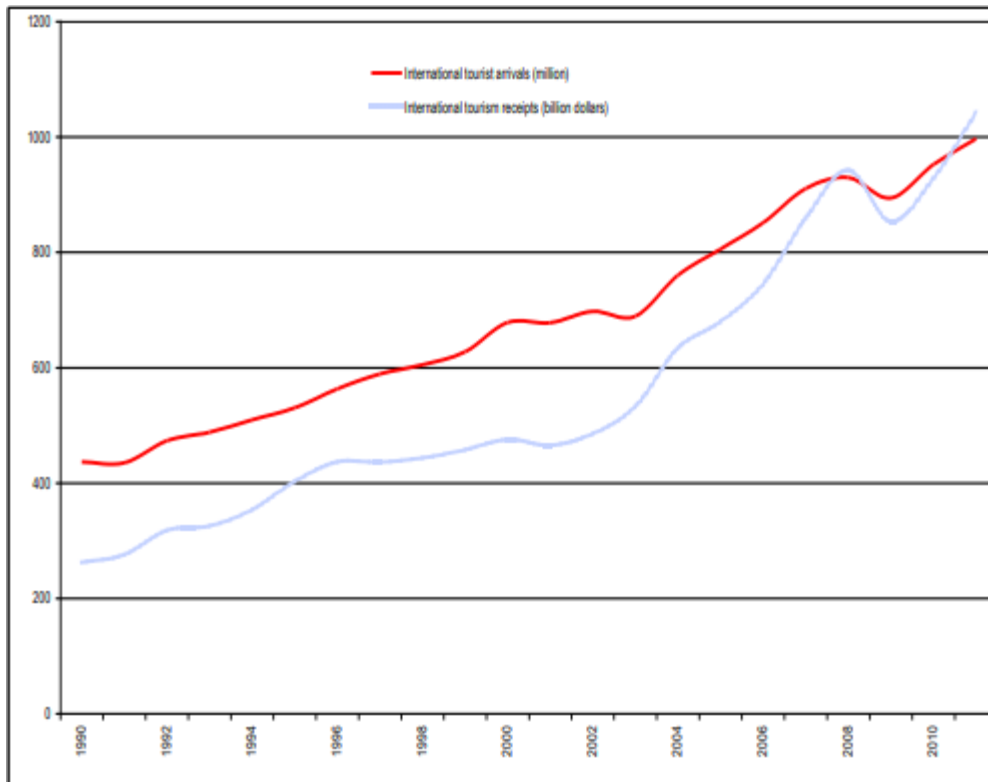


## **2. TOURISM SECTOR AND ITS IMPACT ON ECONOMIC GROWTH**

### **2.1 The Global Perspective**

Tourism with increasing globalization and lump sum income has become one of the largest and fastest growing industries in the last few years. In 2011, the industry's global gross domestic product (GDP) amounted to about 5 % and 6 to 7 % of the total number of jobs worldwide. Freshness is expected to continue in emerging economies due to increased international trade, which increases incomes and business travels in emerging economies. Given its size, the division has noteworthy potential for financial development, expansion of the economy and auxiliary change. . Worldwide sightseers have appeared unfaltering increment in their development from 25 million of every 1950 to 435 million of every 1990, to 675 million out of 2000 and to 940 million of every 2010 (Figure 1). It is evaluated that one billion sightseers travel globally in 2012. Only in 2008-2009 there was a significant decline.

According to UNWTO, the tourism sector is one of the first companies to revive the recent global financial and economic crisis. Is relatively firm, but sensitive to the economic instability that international tourists come to with an increase of about 3-4 % in 2012. The assurance is expected to keep up to 4 per cent of the annual growth of international arrivals up to 2020. Europe, East Asia and the Pacific, and the United States with Africa, the Middle East, and South Asia.

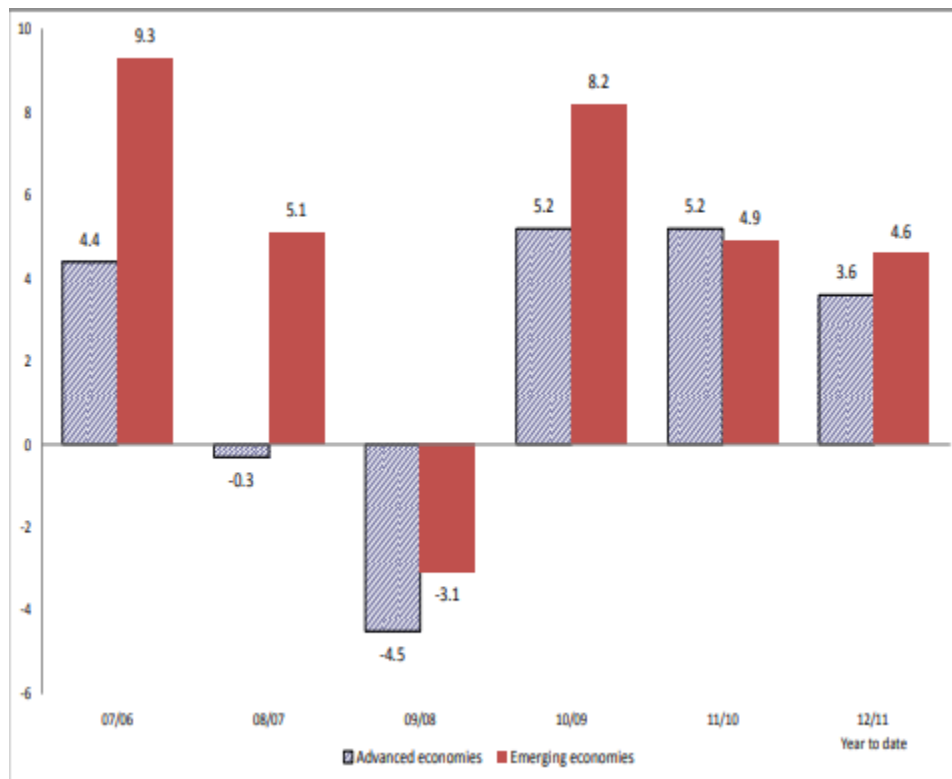


Picture 1 Inbound tourism, 1990–2011

In terms of staying in traditional places of Europe and North America, the market share of developing economies increased from 30 % in 1980 to 47 % in 2010. Developing economies are increasing in size than developed economies, and the market share of the past will be expanded. In addition (picture 2). As for source markets, about a quarter of all international tourists are from developed countries

In addition, figures for 2008 show that approximately 51% of all international tourists are related to leisure tourism; 15% on business trips; 27% for family purposes, including religious visits, health and education; and 7 % have not been identified. Over portion of them are joined via air transport (52 % ), the rest of surface transport (48 %). The number of international tourists is less than the estimated one billion - estimated at approximately 4 billion locals. Domestic tourism is especially important for

employment and internal value chains in advanced economies. Nonetheless, the potential for financial improvement in the travel industry division is frequently connected with worldwide the travel industry and gives chances to the outside trade's capacity to make and exchange capital and learning.



Picture 2 International tourist arrivals, 2006–2012, by type of economy

Worldwide the travel industry is the real wellspring of outside cash, which makes a significant commitment to the parity of installments and macroeconomic dependability, in creating nations specifically. As appeared in Picture 1, the travel industry exportations estimated by worldwide the travel industry livelihoods came to \$ 1,030 billion out of 2011 or around \$ 1,000 for global sightseers. Notwithstanding the expense of universal traveler traffic, the aggregate sum of income from the travel industry and the travel industry in 2011 surpasses \$ 1.2 trillion. The tourism sector, which holds the fourth place in global exports in 2011, accounts for 30% of world trade

services or 6% of total exports. Another surprising feature of the tourism sector is that it accounts for 60-70% of the female workforce, and half of its employees are 25 years old or younger. Access to tourism is relatively easy for migrant workers. Tourism services are significantly transferred for many developing countries provided by citizens working abroad. Tourism and traffic services export by immigrant workers in their economies are approximately beneficial to countries with migrant workers.

Concerns regarding the employment patterns of the sector concern a number of jobs, but a relatively high share of amateur and semi-trained employment and, in some cases, poor labor relations. The endeavors of the International Labor Organization (ILO) and non-legislative associations (NGOs) to make familiarity with the poor working condition and to animate the travel industry supervisors and significant authorities to progress satisfactory work and worthy pay in the travel industry circle. The ILO evaluate that in terms of labor prospective of the sector, a business in the major tourism sector has made about 1.5 additional or indirect professions in economic projects referred to tourism. In developing countries, especially in less developed countries (LDCs), many tourism-related businesses have small, medium-sized and micro-enterprises that operate in the informal economy.

## **2.2 The National Perspective**

Naturally, a global picture masks considerable heterogeneity among nations. Economic Impacts of Tourism in Major and Diversified Economies, such as the United Nations, China, Japan, France, Brazil, Spain and Italy, the Ministry of Economic Development, the World Economic Cooperation Organization, the Ministry of Economic Development, the Ministry of Economic Development and the Ministry of Economic Development most important. UNWTO believes that tourism in developed

and multifarious economies is about 2 per cent for countries where tourism is a relatively small sector of tourism and tourism is more than 10 percent of the economy's crucial stages. Over the past two decades, growth in emerging economies has increased faster compared to the sector due to the rising incomes of the developing economies and the relatively less expensive and easier travel.

Up to present, creating nations represent more than 45 % of world visitors and 35 % of worldwide the tourism industry profit. The liability to develop tourism in the region approximately contributed to the development of the tourism sector in a great number of developing countries. On the report of World Tourism and Tourism Council evaluate, the best 10 countries in 2011 were the quickest developing countries in the travel and tourism sector. (17.2 %), Thailand (15.7%), Uruguay (15.1 %), Hong Kong, China (14.4 %), Namibia (13.4 %, Turkey (13.4 %), Lao People's Democratic Republic (12.2 %), Singapore (11.6 %), Tonga (11.5 %) and Mali (10.7 %). Regard to contribution to global GDP and employment, the impact of tourism is attending prominent in developing countries. In some cases, tourism accounts for more than 25 % of GDP. Indeed, tourism is the 1 or 2 export revenue source in more than 20 NDCs around the world. The tourism sector is the major source of export revenues in these 10 countries. In general, tourism among developing countries accounts for 12-15 % of total exports. Tourism sector has gained significant importance as international and national parts of GDP and employment. As a result, governments will pay more attention to the development of the sector and will help to achieve employment and high returns, which will help reduce poverty

### **2.2.1 Positive Economic Impacts of Tourism Growth. Measuring of the Economic Impact of Tourism**

The economic growth of the tourism sector, the creation of jobs, the creation of internal capacity and the reduction of poverty depend on the following factors:

(a) integrated into the national economy through the integration of the tourism sector with other spheres of backward and forward links and integration into regional and global value chains;

(b) a vibrant local economy to develop investment infrastructure, develop the skills and capabilities needed to support local businesses, especially small and medium-size enterprises (SMEs) and to create a tourism area;

(c) Encouraging policies, strategies and strategies adopted by governments to increase local and international investment, technology and know-how; encourage self-employed; and the areas where the poor live and work;

d) national efforts to ensure sustainable tourism activities and economic, social and environmental objectives:

Managing Travel and Tourism Foreign Trade: Taking into account the differences in cultural, language and time between countries, face-to-face meetings are the key driver of international trade and world trade. Over the last few years, even though video conferencing and other indirect communication technologies are more premium, they serve out their business excursions rather than give in place of them. All the more comprehensively voyage business travel markets have higher fares, and quick business travel is related with quicker exchange development. Business travel is a noteworthy commitment to the economies of both created and creating nations. Trade creates a wide range of economic benefits that go directly beyond the participants. Trade develops economic growth through the creation of scale economies, allowing countries to concentrate on competitive edge, encourage innovation and rival, reduce prices.

Business travel approximately allows entrepreneurs to communicate with potential customers and suppliers abroad.

As a result of the global financial crisis, the economic prospects of many developed countries are largely dependent on the use of opportunities in emerging markets in Asia and Latin America. Half of the global economic growth that can take place in emerging markets over the next 10 years will be increasingly important to promote trade and investment ties provided by Travel and Tourism.

Travel and Tourism Encourage Investment: Trade and venture follow up one another. The utility of business travel to transnational exchange is supported by nearby firms and outside direct speculators. Remote Direct Investment (FDI), affecting from a business get-away, improves capital, innovation, capacity, human, information, nearby interest for neighborhood solicitation and exchange dependability. It can roughly contribute new items and lessen the supply set for nearby organizations. The challenge for outside speculation is strenuous between nations, however around between districts. It would be all the more testing to pull in outside speculation from the flight sub-division, without the merger given by the movement and the travel industry part. Extension of outside interest in the airplane terminals' focuses.

Develops Travel & Tourism infrastructure and services: Travel & Tourism requirement both internationally and internally - promotes investment. Travel and Tourism approximately conducts the infrastructure improvements that are utilized by tourists, locals and the spacious economy. Improvement in the movement and the travel industry ordinarily prompts the advancement of eateries, bars, bistros, retail exchange offices and other the travel industry related organizations . Not only these businesses are part of the exact impacts created by Travel and Tourism, but



approximately indemnify to improving the merit of life of local people by expanding their living choices in local communities.

Travel & Tourism provides the development of collective investment in transport infrastructure, including utilities and roads, airports, ports, electricity, sewerage, drinking water and communications infrastructure. These speculations are a basic segment of Travel and Tourism, however give advantages to different enterprises and inhabitants. Fortifying urban framework by improving transport foundation (air, water, rail and street) expands portability of people (the two travelers and occupants), guarantees steady progression of merchandise (both all through the nation), builds intensity and open security of the neighborhood Current, proficient, dependable broadcast communications for broadband access is fundamental to the financial prosperity of numerous entrepreneurs, including visit administrators. Correspondence framework, created as a significant piece of the travel industry and the travel industry advancement, improves understanding for guests, however around makes new financial improvement open doors for the neighborhood economy, and may influence extra travel and salary produced by Travel and Tourism.

Travel and Tourism provide wider economic development: Travel and Tourism has strong connections with many other industries within national economies. The industry approximately broke down in a geographical area. These demeanors of Travel and Tourism are an effective instrument for the bigger monetary development of the business, especially for suburb and low-pay local economies. The travel industry and the travel industry based organizations set up occupations, convey new cash to the zone and help differentiate the interior monetary base. Monetary decent variety is critical for the accomplishment of most country territories not just in the created and furthermore creating globe.

Travel & Tourism provides dwellers with the prospect to benefit from the cultural inheritance of local communities and to improve the goods and commitments sought by tourists, national dishes, music, storytelling and management services. These activities provide additional funds for households that help reduce poverty. Travel and Tourism support to accelerate the cultural heritage of the public. Cultural tourism for many countries has been a key component of the tourism platform, which has contributed to the conservation of many countries. Raising its one of a kind social custom around grants nations to separate themselves to copy at the travel industry costs. Travel and Tourism roughly support the neighborhood economy by expanding work profitability. Travel and Tourism area encourages vagrants' contact with family and companions and return home. Both host country and country of beginning stage benefit by extended speed.

Unlike its environmental and socio-cultural impacts, tourism's economic impacts are particularly useful. These are:

- Creature of new jobs and employment possibilities,
- Promoting trade, income and entrepreneurship - especially in service and small business sectors,
- Providing a new infrastructure for non-tourism use,
- Developing the region, especially in isolated areas,
- Reducing more tax revenues or other activities that allow more government spending
- Dangerous work called labor.

The economic impact of the visitor's presence on the destination depends on whether travelers and tourists spend their money on a wide range of goods and

services. These costs can be viewed as injection of financial resources to households, thereby creating new levels of consumer demand.

### 2.2.2 Direct, Indirect and Induced Multiplier Effects

The casual effect of tourists on the economy of households starts at the "front line" in tourist facilities, hotels, restaurants and taxis. The effects of these costs are later introduced into the economy (Mathieson & Wall, 1982), affecting three different levels: direct, indirect, and induced levels. It is multiplier effect.

**Fig1: The Multiplier effect**

<i>No</i>	<i>Expenditure</i>	<i>Costs</i>	<i>Total</i>
1	<i>A tourist spends \$100 at a hotel</i>		<i>\$100</i>
2	<i>The hotel spends \$100 on:</i> <ul style="list-style-type: none"> <li><i>An employee's daily wages</i></li> <li><i>Electricity bills</i></li> <li><i>Building repairs</i></li> <li><i>Imported drinks for guest</i></li> </ul>	<i>\$40</i> <i>\$20</i> <i>\$20</i> <i>\$20</i>	<i>\$100</i>
3	<i>The employee spends his \$40 on:</i> <ul style="list-style-type: none"> <li><i>A meal</i></li> <li><i>Part of is rent</i></li> <li><i>A taxi of fare</i></li> </ul>	<i>\$10</i> <i>\$20</i> <i>\$10</i>	<i>\$40</i>
4	<i>The café which was paid the \$10 by the employee buys from vegetables</i>	<i>\$10</i>	<i>\$10</i>

5	The landlord who received the \$20 towards the employee's rent saves it to pay for a future building extension (i.e creates 'leakage')	0\$	0\$
6	The taxi driver , who received the 10\$ taxi fare, spends it on: <ul style="list-style-type: none"> <li>• More fuel</li> </ul>	\$10	\$10

**Fig2: How Tourism Spending Flows into the Economy**

<b><i>Tourists pay for:</i></b>	<b><i>Travel companies pay for:</i></b>
<i>Lodging</i>	<i>wages, salaries, tips &amp; gratuities</i>
<i>Food</i>	<i>commissions &amp; payroll taxes</i>
<i>Beverages</i>	<i>food &amp; beverage stocks</i>
<i>Entertainment</i>	<i>music &amp; entertainment</i>
<i>Clothing</i>	<i>administrative expenses</i>
<i>gifts &amp; souvenirs</i>	<i>professional services &amp; insurance premiums</i>
<i>Photography</i>	<i>advertising &amp; publicity</i>
<i>medicines &amp; medical attention</i>	<i>utilities: gas, water, electricity, rubbish removal etc.</i>
<i>Jewelry</i>	<i>purchases of goods sold</i>
<i>Tobacco</i>	<i>materials &amp; supplies</i>
<i>hairdressing</i>	<i>repairs &amp; maintenance</i>
<i>Cosmetics</i>	<i>transportation, licenses &amp; taxes</i>

<i>internal transport</i>	<i>rentals of premises &amp; equipment</i>
<i>tours &amp; sightseeing</i>	<i>interest charges &amp; loan repayments</i>
<i>Miscellaneous</i>	<i>capital asset replacements</i>

The accurate impact is that the cost of tourists expenses hotels and etc. Some of the "front line" is less than the import value required for service providers. Direct impact - and the size of this speed is likely. Except for the rare occurrences in which the local economy can meet the needs of those tourists, the actual costs of the individual tourist are spoiled (Cooper, 1993).

Travel industry enterprises, which can buy tourists' money directly, approximately need to buy goods and services from other organizations in the local economy. This is the speed effect due to the economic activity that has taken place in the subsequent periods. The indirect impact will not, first of all, cover all the money spent by tourists, because some of these money are likely to leak through imports, savings and taxes.

Finally, during the direct and indirect periods of expenditure, local people will be paid salaries, salaries, leases, interest and dividends; as well as to local businesses for regular services. Some of these costs (called induction speeds) create more stages of economic activity - expenditure on local goods and services. Only three of the impacts (direct + indirect + induced) are assessed, and the full nature of this impact of tourism can be determined.

In the multiplier process, the direct multipliers are created by the expense of the time spent by the exhibition, and by the indirect tourist industry costs. Induction coefficients come from the direct costs of direct tourists and indirect tourism industry profits by non-tourism industry suppliers.

### *The Multiplier Effect in Action*

In the first place, the tourist costs 100 dollars, at least \$ 160, cost \$ 40 per leak (\$ 20 for import, \$ 20). The left column in Figure 2 illustrates the type of activity that directs the multiplier effect paid by tourists, and travel companies in the right column use the money generated by tourists to identify and sell businesses. Table 3 below shows non-travel industry enterprises that can generate the money generated by tourists and generate inductive multiplier generating income.

### *Different Types of Multiplier.*

There are five kinds of stunning ones. Firstly, income multipliers are the number of individual travel expenses that must be increased to determine the overall impact on the place of residence.

The second and third types are sales or operating rates that measure changes in business turnover generated by tourism costs; and output accelerator. It resembles the latter's sales speed, but approximately includes changes in inventory or stock levels.

The last two types are the employment rate that measures changes in economic activity due to the increase or decrease in tourism employment and the rapid increase in economic revenues. The latter measures the impact of changes in tourism costs on government revenues.

### **2.2.3 Policy Implications Analysis of Multiplier**

Despite the varying sizes both locally and locally, the analysis of tourist factors is often used to help the public sector decide. This is particularly relevant for the study of short-term changes in the current activity or product of a particular industry's tourism industry or on the level or samples of tourism costs (Cooper et al., 1993). This is especially true of business turnover, income, employment, public sector revenues and payment balance.

For example, Diamond J (1976) used an input-output model of the Turkish economy, analyzing every sector of the economy's role as a seller of goods and services, as well as other economic sectors of the country. The aim was to measure sectoral outputs for the tourism sector in other sectors, in line with the policy objectives of the fourth Turkish government.

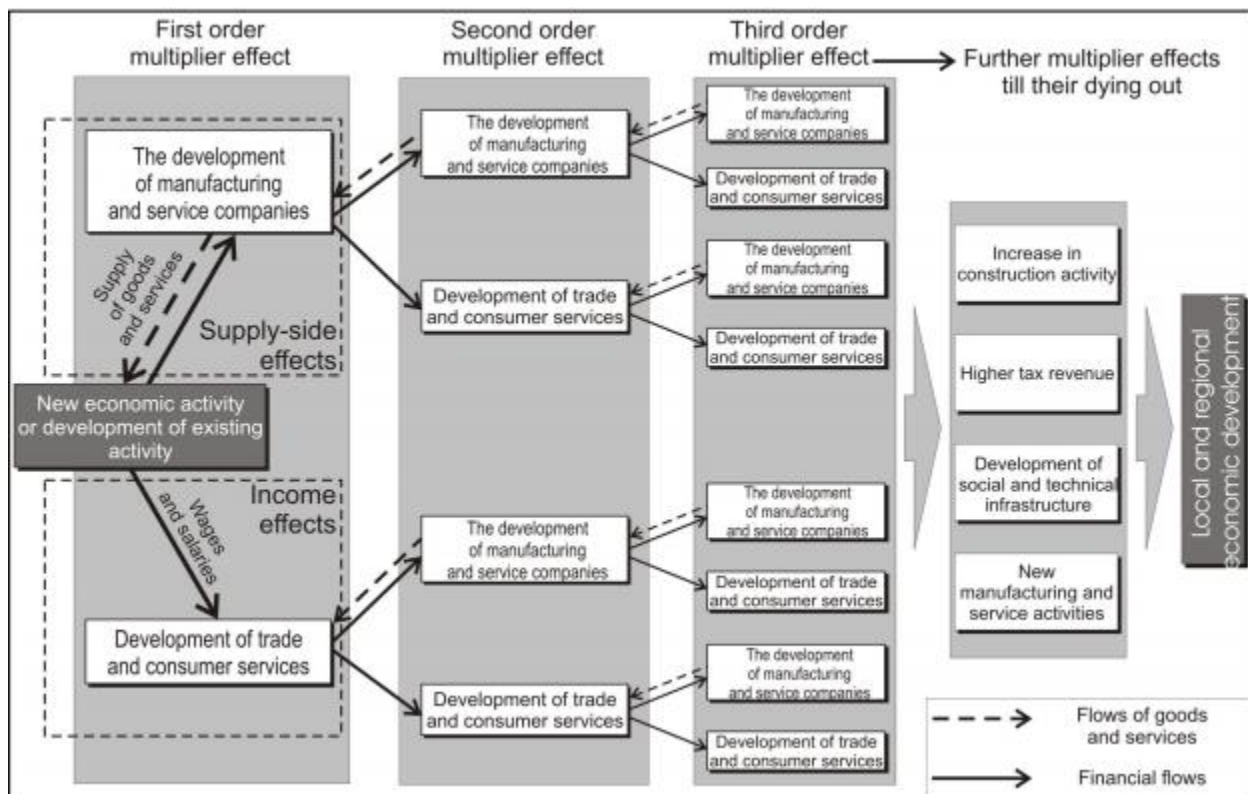
Diamond's work has shown that speed analysis can be used to study short-term resource allocation issues. According to Cooper et al (1993), the value of the speed analysis can be used to provide valuable information about the following, using detailed input-output models:

- the structure of the economy,
- to connect the economics to each other, to each other,
- probability and availability of possible supplies
- relative capital and labor intensity of each sector.

Similarly, in his research in Jamaica in 1985, Fletcher J examined the economic impact of tourism costs:

1. The purpose of each tourist's visit,
2. Whether in summer or winter, and
3. Let the first or repeat trip.

The purpose of Jamaica education was to determine what kind of tourists would be at the highest level of revenue for the unit of income, employment and expenditure. The Jamaican government could use this information to target future marketing to maximize the economic benefits of its local tourism industry.



**Mechanism of supply-side and income-type multiplier effects Source: Domański et al. (2005)**

### *Difficulties in Measuring Multipliers*

Despite the apparent value of the multiplier effect, difficulties in calculating it (Cooper, 1993) are for the following reasons:

- data collection problems,
- difficulty in choosing information and
- supply restrictions.



This is due to the fact that the secondary data is rarely available to provide a precise calculation of a specific field or industry sector, the actual accelerator. In addition, there is a complete record of each transaction, the first requirement for any basic information request. In fact, some transactions, such as restaurant tips and some taxi fares, can rarely be cash.

When all transactions are marked, a basic requirement that requires such accuracy can be properly analyzed in each corrected example. All purchases need to be classified as tourist expenditures (consumers or industry) or non-tourist expenditure.

Finally, if the existing potential of the local tourism industry is insufficient to meet the additional demand caused by the speed, the supply constraints may violate the accuracy of the multiplier analysis. If there is no additional labor, the increase in tourism costs is likely to be higher than the increase in inflation and the higher the demand for more imported goods and services.

#### *Problems with Employment Multipliers*

Similarly, great attention is required when interpreting employment factors. Employment levels do not necessarily grow at the same rate as income or output. Indeed, the increase (or decrease) in the tourism expenditure is rarely compatible with changes in the number of people employed. Much depends on the full use of existing labor force in each sector and the degree of transfer of labor between various professions and divisions of the economy.

#### *When the Multiplier can be Deflationary*

As additional costs can stimulate additional costs beyond speed, the reduction in regular costs may have an adverse effect. For example, if the normal costs are

substantially limited, the effect of the tourist spend (usually most of the economy) can actually be defective.

This is due to the fact that many enterprises that are dependent on tourism are unable to spend on previous levels. As a result, their suppliers are no longer required to spend, so they have to deliberately limit their expenses. Naturally, this is even worse if someone's cash flow crisis, even bankruptcy, occurs.

Multipliers tend to have secondary economic effects (indirect and induction) of tourism activity. In tourist surveys (Archer 1984) are often incorrectly misinterpreted and misinterpreted, and is a source of confusion among non-economists. Multipliers represent economic interactions between sectors in a particular region's economy. The region differs significantly from the region and the sector. There are many different types of income (sales, income, or employment), which include secondary impacts and the extent to which the economic activity is used.

For example,

*The Type I sales multiplier = (indirect sales + direct sale) / direct sales.*

When selling first-rate sales, direct sales give direct and indirect sales. A Type II or III sales multiplier generates direct sales, including direct, indirect, and induced impacts. The above-mentioned multipliers are referred to as the ratio of type of factor when the overall impact measure measures the corresponding direct impact. Comparative income and employment ratio multipliers can be determined by adjusting sales in revenues or transactions above. Proportion multipliers ought to be utilized with alert. A common sales error is to accelerate the sales speed to increase the overall sales impact of tourist expenses. This creates exaggerated assessments of tourism impacts. The problem is that tourism costs or sales are not the same as the "direct impacts" that appear in the multiplier formula. The main source of the

problem is the purchase of goods by tourists (services). For the proper use of tourists' purchase of tourist inputs (or relevant identifiers), different costs should be deducted from good interest (retail, wholesale and transportation) to separate the "producer price".

In an I-O model, retail stock enthusiasm for the retail exchange part, discount edges for discount exchange, transport edges (transport, rail, air, and so on.) in transport, and item maker costs are given to the area creating great harvests.

In many cases, the factory producing the products produced by tourists is outside the local area and, in the first place, costs are "fugitives" and therefore good production does not have local effects. Before applying a tourist to a tourist spending, it is necessary to include the producer's prices of all imported goods (ie, local retail margins, and possibly wholesale and margins, if these companies are in the region. When all is said in done, just 60-70% of vacationer costs seem, by all accounts, to be the last interest in a neighborhood. Although all service purchases are included in the local area as the last requirement, merchandise margins of retail merchandise must be calculated as a domestic final requirement. The local demand for the last resort is called the rate of capture:

$$\text{Capture rate} = \text{local final demand} / \text{tourism spending in local area}$$

#### **2.2.4 Negative Economic Impacts of Tourism Growth**

Although travel and tourism studies tend to emphasize the benefits of economic impacts of tourism, there are some negative results. These are:

- Leakage of expenses from the local economy
- Increasing trends for imports (trends)

- Costs of opportunity
- displacement effect
- dependence on tourism
- inflation and higher land values
- seasonal issues
- Ability to foreign forces
- Creating new or additional costs and
- problems with foreign investment.

Increased number of tourists may increase import requirements. According to Mathieson & Wall (1982), foreign tourists, particularly domestic foodstuffs and drinks, may use additional costs for home-based amenities, requiring homeowners to import these goods for recycling purposes. This is not the place where tourists prefer wherever they are, but rather the food and beverage brands they prefer, the jewelers, the cameras, the photo equipment, and so on.

### *Leakage*

Revenue / leakage, which leads to the acquisition of foreign goods for the re-sale of the new foreign currency to the tourists. Other forms of leakage include resources that have not been consumed for a long time by anyone and have been reserved for the future or are given by banks, but not in the vicinity of the tourism destination. In the latter case, the country is benefiting from the money, such as people who have finally spent money, but not really the original community hosting tourists.

### *Opportunity Costs*

In nature, every tourism expenditure theory could have led to another project: for example, a new hotel or a new road, a hospital or a school. it is desirable to allocate resources that can be used for the purposes of tourism, other, perhaps even more

socially-available, goods and services. In such circumstances, the cost of using resources sufficient for tourism, such as consumption or development, is unlikely to be used as an alternative, perhaps even more socially advantageous.

### *Displacement Effects*

Deportation may occur when a tourism development occurs on another industry, or a new tourism project can add to a large number of new visitors to the local tourism facility to justify investment, leaving customers away from existing attraction and device. Such a situation where tourism development is merely a kind of expense and a type of economic activity is known as a displacement effect.

### *Over-dependence on Tourism*

Whether it's a city, a city, or a country, it's only economically vulnerable when it depends on the health and strength of an industry. This is approximately the case when the tourism industry is the main industry (Mathieson & Wall, 1982). Indeed, tourism revenues may change much more than one season, one destination, or the ability of an attraction to predict and manage such a situation.

### *Inflation and Higher Land Values*

Whether it's a city, a city, or a country, it's only economically vulnerable when it depends on the health and strength of an industry. This is approximately the case when the tourism industry is the main industry (Mathieson & Wall, 1982). Indeed, tourism revenues may change much more than one season, one destination, or the ability of an attraction to predict and manage such a situation.

### *Seasonality*

Revenues and revenue streams are usually seasonal. Some of the places and attractions of the hill season can often pass the steering wheel attendance figures. Very

few beds or restaurant tables and so on. It may mean that customers have turned away in the high season. At the same time, excessive over-the-air capability is still near-empty sources, even though the organization is still facing fixed fixed costs.

#### *Creation of Extra and/or New Costs*

More and more tourists are new or growing demands for utilities and / or facilities such as water, electricity and gas supply, sewerage and waste disposal. In addition, repair and maintenance works will be carried out in tourism facilities and tourist sites. That's why all the infrastructure, especially the roads; other transport links and facilities, including railways, air and / or water connections.

#### *Foreign Capital Investment*

Investments in tourism and transport plants (airports, roads, railways, hotels, etc.) can be very expensive and may require foreign investment. However, revenues will be invested in the investing countries. Indeed, many investors will not want to invest in less developed tourists - it is quite understandable that they can get a favorable currency to repay their businesses or sell their businesses.

### **3.THE ROLE OF THE TOURISM SECTOR IN EXPANDING ECONOMIC ACTIVITY**

#### **3.1 Business Building Opportunities**

The expansion of economic opportunities, in particular through key business and

hybrid mechanisms, can help tourism companies in a number of ways, including strategic, durable and targeted charities, such as improving customer experience by reducing costs and improving access to finance.

#### *Enhancing Customer Satisfaction*

- *Increasing customer satisfaction is of definite importance for the tourism industry.* Expanding of financial open doors can upgrade client administration in the accompanying ways:
- *Improving employee morale and service quality* - Employees with training and personal development capabilities are positive in their work and are better equipped and better equipped to provide high quality service to their guests. When employees feel that they are part of an organization that contributes to a better business, they are at higher levels of job satisfaction. Local workers know the impact of a company on societies they come to. Additionally, when a tourism firm systematically activates its congregation, employment in the industry will develop, better and more stimulated staff will be demanded, improved service and guest experimentations.
- *Providing an assortment of unique items to clients* - Tourism organizations can develop better items for sightseers by joining household administrations, wares and social usage into get-away alternatives. It varies from companies to regional competitors or from other geographic locations with parallel physical characteristics.
- *Grow public relations and mutual effect with guests.* Working with local dealers and communities to work on sprawling economic opportunities, upraising the tourism industry's achievement and enhancing the social degree to operate the company. Tourists are likely to experience mutual friendships with local people if local residents, taxi drivers, entrepreneurs and government officials visit hotels or resorts in a positive light. For example, hotels in Gambia allowed sellers and sellers of the craft market to sell guests at

the hotel and in the days appointed on fruit juices. The relationship between sellers and visitors has improved, and the difficulty on the beach and markets has diminished.

Tourism companies can help to create more wealth in the market through economic opportunities. There are many sun and sand cleaners, so the inclusion of local culture, supplies and services into guest practice can help make product distinctions and marking.

The Haciendas, Mexico, can be considered as an example of the extravagance spa occasion machines that can adequately apply conventional fixes dependent on inside societies and standards. It creates new marketing chances. Better spirits can gain premium and free of charge promotions by adding more travel and lifestyle journals than business editions. In some cases, unusual packages offer five-star hotels, as well as hotels offering basements and hotels.

Domestic costs can help reduce long-term costs. Several travel destinations are located in isolated areas in which there is no well-developed infrastructure. Companies are widely pressured to import unavoidable properties. In the case of domesticated equipment advancement, these prices should be reduced, while the development of local suppliers, primarily requires the first assets of preparation.



Working intimately with living quarters to grow the financial open door can have a superior association with nearby, national and provincial legislators. Governments can either straightforwardly or in a roundabout way bolster organizations with positive social and monetary improvement while choosing to issue planning grants, working licenses and different chances. For instance, experts may enable an organization to turn out to normal assets and social spaces, in this manner pitching itself to a one of a kind encounter.

### **3.2 Creating Inclusive Business Models**

**Making Inclusive Business Models** The United Nations Development Program (UNDP) is a money related, natural, and socially supportable plan of action that draws in needy individuals, for example, managers, business people, providers, wholesalers, retailers, clients or wellsprings of advancement. by expanding the sum and nature of nearby business and acquisition, for instance.

Respecting international labor standards in these and other areas can provide tourism companies with the skills and financial capabilities of their employees, while approximately reducing their confidence. A few organizations, for example, Serena Hotels, pay higher than their lowest pay permitted by law, offer representatives' benefits, disaster protection and other monetary help administrations. Effects on organizations' financial limits can roughly be expanded by procuring and showing nearby occupants to oversee low-paid, fragmented employments.

The hotel and other tourism companies can help visitors to smaller tourist attractions and service providers both in formal and informal spaces by associating their guests with local restaurants, crafts, tour guides, museums, natural healers and traditional performers. The hotels can do the following:

- Direct advertising of goods and services

- Use local products in their decorations and inform their guests with label and other materials
- allows local small businesses to sell at their own premises
- Foundation of legally binding plans with neighborhood social business people to bring fascinating visitors to social occasions or workshops.

Acquisition of other products and services from local suppliers is an effective and easy-to-use way of expanding economic opportunities mainly through key business activities. Products can include food, furniture, hospitality and other local items. The hotel can approximately provide local companies with various services ranging from rental and gardening to transport and service. At the development arranges, the lodging can utilize neighborhood temporary workers, which gives significant alternatives to transient business and salary age. With littler firms giving preparing and preparing to staff, this can turn into the reason for progressively experienced neighborhood organizations in the long haul.

Relatively fewer increases in domestic procurement can bring more money to the local economy than is possible from benevolence. For example, Spire Estate concluded that as a traditional benevolence program for 10% of total purchases to local small businesses, the local economy will have a more dynamic impact on the economy and local economic development. As a result, he bases his acquisition experience.

Domestic procurement can only help farmers and non-farmers earn more than living and may have a dynamic impact. For example, small farmers and businesses can help open bank accounts and increase their creditworthiness. This can diminish the reliance on the travel industry by invigorating business visionaries to deliver new items and/or pitch existing items to different markets. At times, nearby obtainment activities can result in the making of littler modern bunches and totally new esteem chains.

Detailed analysis of hotels that use local products and services still exists in many countries. Research in South Africa shows that most resorts and hotels do not yet increase the use of local products and services.

In many cases, even if a hotel operator wants it, there are problems with the local resource. Nearby items won't be sufficiently arranged, their quality might be powerless, or the sums provided might be inadequate or shaky. Nearby occupants may around have deficient work abilities or an absence of comprehension of the flavors of visitors. Bigger organizations can enable nearby providers to create business the executives frameworks, for example, stock plans and quality affirmation frameworks, and prescribe bundling and showcasing. They can roughly enable nearby organizations to comprehend which quality is required and how they can develop to this standard. Coaching is regularly incredulous of achievement here. Preparing can take a ton of time, yet representatives have the chance to volunteer their nearby networks and can have a huge distinction in the exchange of new abilities and work encounters.

In synopsis, neighborhood acquirement systems are not in every case simple to apply, offering a high potential way to deal with growing monetary chances, and numerous organizations can additionally create.

Another kind of comprehensive plan of action offers direct proprietorship choices or money related commitment to the achievement of nearby networks. This model is presently being investigated by various extractive industry organizations and there are some energizing components that might be significant to the travel industry. Systems can run from undeniable joint dares to network based assets and trust reserves. Some travel industry offices have made joint endeavors with pay from networks, including people or defenseless gatherings, who are unfit to take part in the travel industry through business and buying. Such activities offer an incredible

potential, yet it very well may be very hard to recognize important benefit sharing structures and fair appropriation of money inside the general public itself.

### **3.3 Developing Human Capital**

Human capital is the main source of economic growth. Both productivity and source of technological development. Truth be told, the principle contrast among created and rising economies is the advancement in human capital . Low-developed countries should help the new and expanding public services of the staff to apply new land use systems and new farming practices, develop new industries and build an education system. Professor Galbraith says, "Presently we get a greater bit of the financial development from men's speculation and enhancements made by improved men. "Human capital work is described as skill, training, and health gained through training and education. Michael describes Pakistan Park as "people's skill and knowledge". This is defined as the "ability to reproduce in every human being".

By what means Can a Country Increase Human Capital?

It can be expanded through formal training

- On-the-work preparing
- Improved wellbeing and mental prosperity.

Individuals in a nation are accomplished, well-bolstered, experienced and solid, and are said to have progressively human capital.

Developed countries around the world aim to increase their programming capabilities, social abilities, ideals and health because they invest in people. These ventures expect to build profitability. The achievement of their economies relies upon the expansion in human capacities. Be that as it may, human capital does not exist in vacuum. So as to more readily comprehend this confounded issue, we should mull over

the physical/uninvolved components that join the capacity of a nation to put resources into this.

How much an inn or resort puts resources into representative preparing and the advancement of abilities broadly affect its long-haul monetary prospects.

Physical elements are viewed as "inactive elements" of financial development. They are discrete from one another, not bound by each other. These HR are viewed as "dynamic elements" of financial improvement.

While dynamic elements of a nation have huge measurements as the extent of populace development both in urban and rustic zones, aloof factors incorporate the presence of land in every one of these regions .If the quality of a population is vital to the cultural and economic progress of a nation measured by health standards, education level and technology, capital and land requirements are inextricably intertwined for these major changes.

A country that creates learning and information of its own kin can keep on using regular assets, manufacture financial and political establishments, and seek after national improvement. That is, a nation that does not focus on the uninvolved components influencing these objectives will battle to see the fast development of human capital they need.

*First*, boss specialized and the board preparing programs help to improve client administration, and around to create transmitting abilities that workers can create in the travel industry and past. Now and again, previous representatives leave their own independent company to turn into their boss provider.

*Second*, numerous lodgings need to give their staff general wellbeing and cleanliness to ensure the prosperity and security of visitors. This learning is regularly utilized at home, improving the strength of families and networks and, by making

human capital, greater efficiency and monetary security. Get ready approaches and practices that can be shared all the more locally, for example, winged animal influenza, HIV/AIDS, tuberculosis and intestinal sickness, for instance, inns in neighborhood networks. Numerous lodgings roughly have driver security preparing for mindful staff, which can around advantage neighborhood networks, particularly quickly developing markets, for example, traffic trouble wellbeing.

*Thirdly*, as referenced prior, organizations wishing to give locally should give preparing and guidance to providers in the board frameworks, client connections and showcasing so as to acquire merchandise and ventures that regularly meet amounts, quality and dependability prerequisites. Indeed, the far reaching utilization of such aptitudes and abilities can profit both the organization and the nearby economy after some time

*Fourthly*, inns and the travel industry organizations bolster the endeavors of the business to help youngsters and bolster schools and colleges. For instance, they can contribute learning or grants to school courses and preparing focuses, as preparing is given to countless, upgrades the ability pool, and spares their immediate expenses. For instance, the American Express Foundation was built up and upheld by the Global Travel and Tourism Partnership. The Partnership works with instruction experts, the travel industry services and organizations to furnish youngsters from different nations with a profound the travel industry segment training. The association at present serves in excess of 418,000 secondary school understudies and youthful grown-ups.

## **4. CASE PROFILES**

### **4.1 Tourism as a long-run economic growth factor: the Spanish case**

A distinctive feature of Spain is the importance of the relative weight of the foreign currency income in the economy, such as an international tourist destination. In fact, tourism revenues have been systematically compensated by Spanish trade disparities since the 1970s. Taking this into account, economists have often found that this concept will stimulate the economic development of the country in the flow of foreign currency. However, this hypothesis has not yet been tested and, therefore, it has an empirical significance or may be of interest in checking out over time.

Expansion of several decades of tourists in Spain is likely to take enough time to explore whether international tourism development has had a significant impact on the country's economic development. The analysis should go beyond its speed. Thus, the main purpose of this article is to evaluate the extent to which Spain's economic growth in the period 1975-1997 responded to the development of foreign tourist activities and how it would be. Backgrounds of this question refer to the latest theory of export-oriented growth hypothesis and only the non-commercial property, such as tourism. As with the export-driven growth assumption, the assumption of tourism-driven growth will confirm the existence of various arguments that tourism will be the key determinant of overall long-term economic growth. More traditional, it should be argued that tourism will bring foreign currency to be used for imports of goods and services, leading to economic growth. In other words, it is possible that tourists can provide a considerable part of the important funding for imports rather than export to the country. If imports are major commodities for the production of goods in any of the sectors of economy, or the major inputs, revenue from tourism plays a key role in economic development.

Obviously, as a result of the distribution of wealth of a country, it will approximately benefit from non-tourist regions. On the other hand, international

tourism will contribute to revenue growth by at least two additional ways, because the export-oriented growth hypothesis postulates. Increased efficiency, primarily among firms and other international tourism destinations (Bhagwati and Srinivasan, 1979; Krueger, 1980), and secondly, facilitated the use of scale economies in local firms (Helpman and Krugman, 1985). Given that a large portion of a tourist's expenditure is spent on the use of non-commercial goods and services in the home country, there are factors that can have a positive role or a positive impact on economic growth. Non-commercial goods and services cannot be traded traditionally because their value is not determined in the international market, but on the domestic market. Doubtless, the use of non-commodity products and services by tourists affects the relative price and availability of non-commodity services and goods for domestic consumers. When the price of the tourist country is determined by the forces of foreign demand, a model of monopoly power can be established to assess the impact of local demand and supply, and the impact of tourism. There are at least two analytical documents in the statistical context that tourists check the connection between tourist and wealth used in non-commodity goods and services. Hazari and Nq (1993) show that tourism in a rolling energy framework can reduce tourism. In the second article, Hazari and Kaur (1993) say that the first best-selling model in Komiya (1967) is always improving the well-being. More recently, Hazari and Sgro (1995) have developed a dynamic model that will positively impact the long-term growth of a small economy, with the positive impact of a live world demand for the world. This favorable effect has been created as a time saving device that allows tourists to consume more locally with less demand.

Generally, it is often referred to several complementary approaches to explain the rate of product growth over a long period of time. Firstly, the growth theory, which is the model of interaction between actual growth, productivity, savings and



investment in the growth process. Other production growth is accounting, which tries to measure the contribution of various determinants of production growth. Many documents are directed to the growth hypothesis for export, both for emerging and industrialized countries. However, the purpose of this article is to analyze the role of tourism in the economic development of Spain as mentioned earlier. If it assumes that tourism in Spain is a key determinant of long-term growth, then it is tested. The model includes the gross domestic product, tourism and exchange rate. Based on the likelihood that Spain is a small open economy, these are the minimum and more favorable variables that are considered. The equation in econometric terms is as follows:

$$\log Y_t = \alpha_0 + \alpha_1 \log TOUSA_t + \alpha_2 \log q_t + u_t \quad (1)$$

$t=1975Q1 \dots 1997Q1$

1975Q1 stands for the first quarter of 1975; analogously for 1997Q1.

$Y$ ,  $TOUSA$  and  $q$  are expressed by natural logarithms because the coefficients of the last two variables are elastic;  $Y$  is probably a gross domestic product;  $TOUSA$  is a real tourism advantage,  $q$  is a real effective exchange rate;  $u$  is an error that reflects the exceptional factors abandoned by the deterministic part of the model (see Appendix for details on variables).

Problems with equation 1 may be the result of a fake regression phenomenon, first described by Granger and Newbold (1974). This is due to non-stationary trends in time series data. The mean, variance, and autocorrelation of the series are generally unstable over time, the coefficient of coefficient ( $R^2$ ) can only deal with related trends, and Durbin-Watson (DW) can reflect statistical residuals.

In this case, as Phillips (1986) argues, the OLS estimates do not contain constants and do not contain restrictive deviations in standard  $t$  and  $F$  statistics. Given this

concern, whether a series is stationary,  $I(0)$  or, as opposed to,  $I(1)$ ,  $I(2)$ ,  $I(n)$  is the correct methodology to avoid any mistaken steps.

In Spain, it is important to conduct a volatile analysis that can be determined before tourism development and long-term relationships. Testing the stability of the time series leads to the application of an econometric model using the appropriate methodology. The stabilization of the series was studied by single root tests developed by Dickey and Fuller (1979, 1981) and Phillips and Perron (1988) .<sup>10</sup> Three root tests are predicted to be sensitive to the presence of deterministic repressors. The most common model for drift and time was estimated and restricted by models, namely sliding or sliding or trending. Then, single root tests for each variable were performed at both levels (Table 1) and the first difference of variables (Table 2).

Table 1 shows different test statistics for the empty hypothesis of a single root against stationary alternatives. The most common model shows that null can not be denied for each variable, and therefore can be a single root.

When we look at Table 2 it can be observed that  $\Delta \log Y$ ,  $\Delta \log \text{TOUSA}$  and  $\Delta \log q$  reject an  $I(1)$  series in differences ( $I(2)$  in levels) against the alternative of an  $I(0)$  series in differences ( $I(1)$  in levels). Thus, the process of data creation shows that the use of joint methods is consistent with long-term analysis.

*Table 1. Augmented Dickey-Fuller and Phillips Perron Unit root Tests (levels)*

Statistics	$\log Y$	$\log TOUSA$	$\log q$	Critical values 90% and 95%
$\tau_{\tau(ADF)}$	-1.87 (2)	-1.74 (2)	-2.14 (2)	-3.15/-3.46
$\tau_{\mu(ADF)}$	0.099 (2)	-0.28 (2)	-2.36 (2)	-2.58/-2.89
$\tau_{\alpha(ADF)}$	2.65 (2)	2.22 (2)	0.42 (2)	-1.16/-1.94
$\tau_{\tau(PP)}$	-1.40 (3)	-3.31 (3)	-2.19 (3)	-3.15/-3.46
$\tau_{\mu(PP)}$	0.38 (3)	-0.69(3)	-2.30 (3)	-2.58/-2.89
$\tau_{\alpha(PP)}$	6.2 (3)	1.58 (3)	0.26 (3)	-1.16/-1.94

Relationships between economic growth and international tourism have been investigated in literature as it has developed in exports. Variables in the model are not stable and have a single root, Johansen's method has been appealed. the result of the. This methodology has provided a link between variables. These variables are Spanish economic growth indices, international tourism revenues, and foreign competition indicators. (Table 2)

*Table 2. Augmented Dickey-Fuller and Phillips Perron Unit Root Tests (first differences)*

$\tau_{\mu(ADF)}$	-3.25 (1)	-5.70 (2)	-4.79 (2)	-3.15/-3.46
$\tau_{\mu(ADF)}$	-3.23(1)	-5.76 (2)	-4.73 (2)	-2.58/-2.89
$\tau_{\mu(ADF)}$	-1.79 (1)	-5.27 (2)	-4.74 (2)	-1.16/-1.94
$\tau_{\mu(PP)}$	-3.24 (3)	-14.27 (3)	-8.74 (3)	-3.15/-3.46
$\tau_{\mu(PP)}$	-3.27 (3)	-14.35 (3)	-8.74 (3)	-2.58/-2.89
$\tau_{\mu(PP)}$	-1.66 (3)	-13.82 (3)	-8.79 (3)	-1.16/-1.94

The aftereffect of the mix is the verification of the presence of a special vector. In this manner, the elucidation of his forecasts must be clear. Examination demonstrates that there is a long haul connection between financial development and the travel industry extension. True to form, benefits from universal the travel industry positively affect Spain's monetary development. The most grounded impact of the travel industry action demonstrates the presence of critical long haul speed impacts, in light of the assessed parameter estimate. These outcomes will bolster the fundamental forecasts of the travel industry as models of exchange and great administration.

In spite of conventional fare arranged development writing, the travel industry based development does not make a difference to rising economies dependent on outside trade picks up that have relative favorable position in specific parts of the economy. The general impact is identified with the travel industry exercises. Tertiary and non-solid merchandise influence the majority of the shopper part. Then again, the potential effects of the ascent in household costs (Hazari and Ng, 1993) won't be made up for the beneficial outcomes of the nation's general prosperity. In the meantime, the assembly of these two factors (pay and the travel industry incomes) is incorporated into outside challenge.

This changing time can approximately be the basis for the rapid growth of the Spanish economy. At last, the critical effect of the travel industry on the Spanish economy requires the need of open intercession so as to increment and increment the interest for worldwide the travel industry and, then again, the improvement and advancement of the travel industry.

At the same time, it should be warned about the dangers of minimizing the financial support for entrepreneurship initiatives and minimizing the importance of protecting natural and socio-cultural resources, reducing the importance of costs in the tourism infrastructure.

#### **4.2 Tourism as an economic growth factor: A case study for Starwood hotels & resorts and The Haciendas of the Mayan World Foundation**

Toward the start of the twentieth century, Henequen Haciendas Mexico's Yucatan Peninsula, was a prosperous sisal plant that bolstered neighborhood networks through vast scale business. In any case, during the 1970s, a considerable lot of Haciendas were relinquished after "complex disagreements regarding property" where residents confronted high joblessness and extraordinary neediness

While teaming up with a lavish inn in Mexico city the Grupo Plan was admitted to the Haciendas venture by Starwood. Starwood trusts that Haciendas properties will be a ground-breaking expansion to its arrangement of building and social legacy. Haciendas, renowned for restorers and architects, has been restored for luxury accommodation. Starwood Hotels & Resorts Worldwide operates 5 of the approximately 15 Haciendas owned by the Mexico-based company Grupo Plan , which has experience in the development of historical buildings.

The first phase of the project was involved in rehabilitation of five Haciendas. The second phase covers community, health, education and environmental projects,

promotes an active role in the development of the local population and the preservation of Mayan cultural identity.

*Employment.* The Haciendas venture has expanded neighborhood work both at development organize and in the continued inn position. These positions offer preferable working conditions over other neighborhood business frames. for example, horticultural laborers, just as self-improvement openings. Starwood, for instance, gives staff preparing in English, PC education and accommodation aptitudes. The organization additionally underpins wellbeing programs for staff and their families.

This app also creates human capital for Haciendas employees and improves hotel services. About 90%-100% of Haciendas employees come from surrounding villages. According to Starwood, most of them come from Haciendas in the Hengene period

*Local procurement,* Starwood provides nearly 90% of fresh fruits, vegetables and herbs to 100% of local birds and pork. Yucatan is outstanding for poultry and pork that is traded to Japan.

*Development and inclusion of local culture products and services.* Established in order to promote economic, social and cultural development in Yucatan in 2002, 21 people from four communities have been prepared as Haciendas, and Haciendas Spa facilities are able to earn Mexican double wage twice. Some of these masseuses and released from the Maya stoves or bone healing. In collaboration with the Foundation, seminars on the development of 17 micro enterprises were organized to promote traditional jewelry and other crafts such as sisal knitting and embroidery . 63 villages are encouraged to use training and the use of natural materials and traditional methods

Haciendas also offers the latest products-markets for decoration, hospitality and sale in hotel stores , as well as the experiences of visitors to the seminars.

*To solve social issues.* Starwood has experienced various social difficulties in Yucatan towns. Indigenous people are proud of their heritage and are sometimes embarrassed because they did not communicate with foreigners in advance. General Manager of Hacienda Temozon describes the need to encourage workers and other residents to make more incentive to more initiatives. In addition, the workers' families, together with moderation and unemployment. However, these relations were mitigated over time and additional revenues came.

### **4.3 Tourism and Development in the Third World**

For many Third World countries, international tourism is the key factor in the economy, but political instability or environmental disaster may lead the flow of guests for more than a few years. Many smaller countries look at tourism rather than tourism priorities, allowing industry to gradually overseas.

International tourism has been described by Louis Thorner as "the most promising, complex and undiscovered industry that touches the Third World." However, in recent years, tourism has started to take its place along with traditional economic activities in textbooks on the Third World Development. As you explore the great and fast growing literature on tourism, some interesting trends and divisions emerge. Twenty years ago, all studies have tended to think that the expansion of industry in the Third World is a good thing, although there were a number of problems that would be solved in a timely manner. In the 1970s, academic observers, as an active participant in the development of this art, have changed with a more negative view of the tourism outcome in terms of industry's deep criticism.

The political economy approach tries to show how the international threat has developed in a world economic system characterized by severe distortions and

imbalances. The latter are perceived in the past as a peculiar example of the Third Reign of Empire and of the commercial relations and "spheres of influence" of that time. A school of thought, known as the Theory of Addiction, emerged among the Third World Scholars in the 1960s and 1970s when they attempted to explain this inequality by these historical determinants. Notwithstanding the fact that such a global theory of economic development does not have enough space to cover any detail here, the UK companies, organizations and governments have maintained special trade relations with certain elite counterparts in the Third World. These ruling classes have the most benefit from the lesser income and profit of the peripheral economy. The majority of the small population is small, and there are many people who do not have good relations with very few people.

Thus, from the perspective of the UK's political economy, we can refer to the industry as a triangular hierarchy in the UK's major companies, for which it is directly involved in the Third World, and smaller domestic firms are based on it. The relative importance of the three levels can be clearly seen in the diagram of tourist expenditures (Figure 2.1), as shown by the fact that only a small fraction of the total financial aid of local firms (small triangles) is taken.



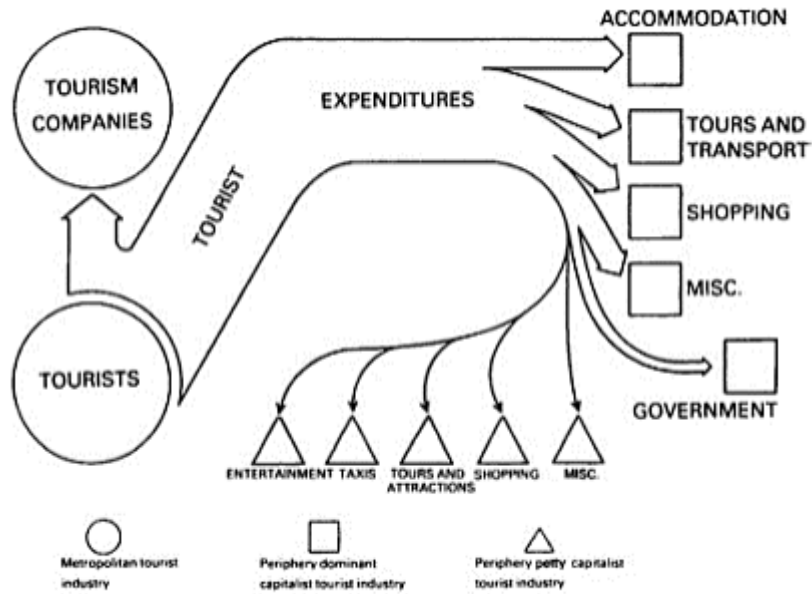


Figure 2.1 Generalized distribution of tourist industry expenditure

Relationships approximately have significant physical, commercial and social dimensions, as described by the enclosed model of tourism development. Britton generally offers a diagram of the most commonly used model from the Third World (Figure 2.2). Here, tourists from major urban countries are showing major turbulence in major environmental towns and resort enclaves. Some of the targets are located in the Third World Capitals, such as Bangkok, Manila or Cairo, and others in the local enclave of tourist destinations. These "environmental bubbles" are the most extreme form of independent tourist villages developed by the French Club Méditerranée.

The presentation for this company, replacing the prepaid wire system, emphasizing the overall nature of the tour packages they spend on tourists, stating that "the best things in life are free" are the cings.

A more distinct and more analytical approach to international tourism is to divide the journey into three key elements: the dynamic phase moving from the destination and the departure; a static phase that contains staying; is an element that

describes the major economic, physical, and social effects of the environment. These categories are described as a series of interconnected parts with feedback links in the Alister Mathieson and Geoffrey Wall (Figure 2.3) system. Any attempt to model complicated activities, such as tourism, will only be partially satisfactory in the representation of the reality, and usually a specific objective is taken into account.

More universal goals are likely to become more abstract. The functional classification shown here has the origins of studying impacts on tourism, and it has been very successful in demonstrating how different conclusions are related to other aspects of the process. At the same time, it is short-term to deal with regular relationships and an apolitical framework, reducing its value in analyzing the Third World situation.

A good example of the constraints that can only be created as a result of an approach lies in the different emphasis of the two models on the design (static) issues. The concern of political economists lies in the description of international tourism as a means of exploiting third-world societies and is described in the description of transnational companies' operations, distorted expatriates and emerging resort concepts. On the contrary, in terms of functionality, less attention is given to inequalities in the industry, preferring to describe the features of the tourists, the various effects and different types of destination. The static approach adopted in Figure 2.3 itself is mixed, as it neglects the dynamics of change in tourism destinations. The shape of the Third World Tourist Industry does not change over time, but it can approximately be dangerous, as the popularity of local attractions can increase the popularity. As we have already mentioned, the full picture emerges when only two perspectives come together.

## **5.CONCLUSION**

The travel industry has a lot of undiscovered potential to help grow financial open doors in neighborhood networks. This potential pivots upon comprehensive plans of action that incorporate the poor into esteem chains as workers, providers, retailers, clients, and recipients, in this way empowering them to fabricate their monetary and human capital resources. Since the travel industry is frequently the fundamental business in generally confined areas, moderately little changes can have lopsided advantages.

The travel industry organizations have the chance to move from conventional altruistic projects to the combination of improvement worries into their center plans of action. This can lessen chance, upgrade a wide exhibit of partner relations, and now and again empower the advancement of new items and business openings.

The profit from the global travel industry influence decidedly the Spanish financial development. The solid effect of traveler movement, as per the extent of the assessed parameter would uncover the presence of significant long-run multiplier impacts. These outcomes would bolster the principle expectations made by those models which treat the travel industry as both a non-exchanged great and an administration. In spite of what the conventional fare drove development writing predicts, the travel industry drove development isn't explicit of creating nations which base their outside trade income on the presence of a near preferred standpoint in specific parts of the economy. An increasingly summed up effect is credited to the visitor movement. It influences to most 11 part of tertiary and non-tough merchandise utilization division.

Finally, the significant impact of tourism justifies the necessity of public intervention aiming, on the one hand , at promoting and increasing the demand for international tourism and, on the other, at developing the provision of tourism and at encouraging.. At the same time, it should be warned about the dangers of minimizing the financial support for entrepreneurship initiatives and minimizing the importance of protecting natural and socio-cultural resources, reducing the importance of costs in the tourism infrastructure.

After my detailed research about this topic, I have come to 2different consequences, which are intended to enhance impact of tourism in economic growth. One of my outcomes is meant for tourism sector, another one is for government.

*Tourism sector:*

- Create a corporate culture that actively explores business approaches that extend economic opportunities in an active business environment. This effort should be focused on situations where there is synergy between business mechanisms and development mechanisms. Continue to support local economies by employing community members where possible, and provide effective training programs to reinforce employees' motivation, customer satisfaction, and local human capital development.
- This effort should be focused on situations where there is synergy between business mechanisms and development mechanisms
- While reviewing and re-evaluating procurement policies and practices to improve your business with local farmers and small businesses, while knowing that it can support credit, technology transfer, and consultation at an early stage to improve product quality, reliability, and quantity.

- Allow visitors to help keep in touch with local artists, cultural events, businesses, and guides that allow them to make their vacation experiences more memorable.
- Consider the ways to create opportunities for access to less restricted, less restrictive local businesses, depending on marginalized groups, such as possible skilled workers and women, youth and ethnic minorities.
- Improve government understanding of how to address property rights issues, accreditation of suppliers and tour operators, and how its policy can be adapted to development.
- Joint investment in efforts to spring up internal capacity to rise efficiency. Pursue funding from governments, NGOs or worldwide financial institutions. Collaboration with regional organizations is to provide the needed training and reinforcement for local start-up businesses. Represent in joint literacy in order to modify in politics. Support and establishment of multilateral unions that promote the enhancement of entrepreneurship.
- Share your involvement with them and bring them to various actors within the tourism sector, including public and private fields, as well as international donors and NGOs.

*Government:*

- Regulatory and public policy should inspire entities to promote business models that grow unfavorable economic aspects. These might include preference for new transactions, planning permissions, incentives, and public procurement of conference and accommodation equipment.
- Co-ordination and support of specific agencies or other mechanisms for local worker and supplier training can help to achieve the scales needed and, as time goes by, these institutions are economically viable, and their training needs are growing.

- Governments, sometimes with the help of external grants, can help businesses reduce the costs of transferring inclusive business practice. Providing information about local suppliers and serving as a third party mediator or "honest broker" can make a difference between a good idea and a real change. Authorities can also assist travel companies by setting up joint approaches to international growth agencies and foundations with joint commercial proposals targeted at achieving tourism improvement objectives.
- Larger-scale corporations should work more with small and micro-entrepreneurs, however the side hardness should be addressed suddenly. They need prospects, business services, markets and data, as well as guide to accelerate the quality and trustworthiness of production.
- At a domestic level, the local government can focus on partnerships between tour and transport operators, government agencies, artisans, vendors, and other entrepreneurs and can assist all parties to prevent inclusive business collaboration.

## 6. SUMMARY

The important inspiration for a business or district to serve vacationers are commonly monetary. An individual business is intrigued basically in its own incomes and expenses, while a network or locale is worried about the travel industry's general commitment to the economy, just as its social, financial and ecological effects. A decent comprehension of the travel industry's monetary effects is in this manner significant for the travel industry, government authorities, and the network overall. The travel industry financial aspects is tragically a specialized region, including ideas, techniques, and models that are new to most non-market analysts. In this release I've endeavored

to characterize the key ideas and clarify the fundamental strategies for evaluating the monetary effects of the travel industry, ideally in as "non-specialized" a path as the subject permits. Understanding the ideas and strategies is basic to translating, assessing, and applying financial effect results. This release ought to be perused alongside at least one monetary effect reports that can be utilized as precedents and chances to test your grip of the issues. For the individuals who don't have a specific the travel industry monetary effect report at the top of the priority list, I've amassed three illustrative models) in a sidekick announcement.

At the danger of distorting an intricate theme, let me finish up with the five recommendations I most as often as possible provide for individuals who get some information about the travel industry financial effects. To begin with, I disclose to them that the most significant data for assessing the travel industry impacts is a decent gauge of the quantity of vacationers. This requires obviously characterizing what one wishes to incorporate as "the travel industry" and the district of intrigue. Besides, I prescribe that visitors be partitioned into unmistakable subgroups (fragments) with particular spending designs and likely responding contrastingly to different strategy and promoting activities. Specifically, nearby clients ought to be recognized from guests from outside the locale and day clients from medium-term guests.

Thirdly, center the majority of your exertion around evaluating the immediate impacts of the travel industry, as a rule as traveler spending in the territory. Multiplier impacts are not so significant by and large, as their utilization in the travel industry would propose and multipliers will in general present complexities that most clients of the outcomes don't completely get it. Regardless of whether multiplier impacts are imperative to the investigation reason, recall that any blunders in assessments of the immediate impacts will likewise be increased by any multiplier. Fourth, in the event

that you should utilize multipliers make sure you get them. For neighborhood impacts, I more often than not suggest the travel industry spending multipliers somewhere in the range of 1.0 and 1.5.

On the off chance that one has no clue about the span of the multiplier, I prescribe utilizing 1.0. This is anything but difficult to increase by and refocuses us on the immediate impacts. The travel industry deals multipliers are regularly near one in light of the fact that the auxiliary impacts of visitor spending (for the most part prompted) are commonly sufficiently huge to counterbalanced the spending that isn't caught by the nearby economy. On the off chance that you should incorporate multiplier impacts, make certain to report the immediate impacts independently, so perusers can choose whether and when to incorporate the optional impacts.

At long last, I prescribe salary or esteem included as the best proportions of monetary effects to report. Deals and employment effects can be very deceptive, as deals may go to a great extent to purchase parts from outside the area and occupation gauges are twisted by low maintenance and regular positions, also very unique compensation rates crosswise over ventures. Salary or esteem included are the best proportions of the financial increase to the district from the travel industry.

## **7. LIST OF THE BIBLIOGRAPHIC REFERENCES**

1. Archer, B. H. 1973. *The impact of domestic tourism. Bangor: University of Wales Press.*
2. Archer, B. H. 1982. "The value of multipliers and their policy implications." *Tourism Management.*



3. Bhagwati, J. and Srinivasan, T. (1979) *Trade policy and development*, in R. Dornbusch and J. Frenkel, eds, *International Economic Policy: Theory and Evidence* (Johns Hopkins University Press, Baltimore)
4. Bull, Adrian (1991), *The Economics of Travel and Tourism*, New York: John Wiley & Sons
5. Bull, Adrian. 1995. *The economics of travel and tourism*. 2nd edition. Melbourne, Australia: Longman
6. Burd, Martha (1991), "*The Economic Impact of Tourism Industries in B.C., draft*," unpublished manuscript, British Columbia Ministry of Development, Trade and Tourism, Canada, September 27.
7. Dickey, D. A. and Fuller, W. A. (1979) *Distribution of the estimators for autorregressive time series with a unit root*, *Journal of the American Statistical Association*
8. Engle, R. F. and Granger, C. W. J. (1987) *Cointegration and error correction: representation, estimation, and testing*, *Econometrica*
9. Frechtling, Douglas C. 1994. *Assessing the economic impacts of travel and tourism – Measuring economic benefits*. In. *Travel, Tourism and Hospitality Research*, second edition. J.R. Brent Ritchie and Charles R. Goeldner (eds). New York: John Wiley and Sons Inc
10. Getz, Donald. 1994. *Event tourism: Evaluating the impacts* In. *Travel, Tourism and Hospitality Research*, second edition. J.R. Brent Ritchie and Charles R. Goeldner (eds). New York: John Wiley and Sons Inc.
11. Getz, Donald. 1994. *Event tourism: Evaluating the impacts* In. *Travel, Tourism and Hospitality Research*, second edition. J.R. Brent Ritchie and Charles R. Goeldner (eds). New York: John Wiley and Sons Inc.
12. Hazari, B. R. and Ng, A. (1993) *An analysis of tourists' consumption of non-traded*

*goods and services on the welfare of the domestic consumers, International Review of Economics and Finance*

13. Helpman, E and Krugman, P. (1985) *Market structure and foreign trade* (MIT Press, Cambridge).
14. Jackson, R. S., Stynes, D. J., Propst, D. B., & Siverts, L. E. (1990). *Economic impact analysis as a tool in recreation program evaluation*. Instructional Report R-92-1. Department of the Army, Waterways Experiment Station, Vicksburg, MS.
15. Jin, C.J. (1995): *Export-led growth and the four little dragons. The Journal of International Trade and Economic Development*,
16. Johansen, S. (1995) *Likelihood-based inference in cointegrated vector autorregressive models*, Oxford University Press Incorporated, New York.
17. McKinnon, R. (1964) *Foreign exchange constrain in economic development and efficient aid allocation*, *Economic Journal*, 7
18. McKinnon, R. (1964) *Foreign exchange constrain in economic development and efficient aid allocation*, *Economic Journal*
19. Murray, John (1991), "*Applied Tourism Economic Impact Analysis: Pitfalls and Practicalities*," *Tourism: Building Credibility for a Credible Industry*, Proceedings of the Twenty-second Annual Conference of the Travel and Tourism Research Association, Salt Lake City, Utah: Travel and Tourism Research Association
20. Romania, World Bank Report, 2012. Rupert, M., Rattrout, A., Hassas, S., 2008. *The Web from a Complex Adaptive Systems Perspective*, *Journal of Computer and System Sciences*
21. Schuber, S. F., Brida, J. G., Wiston, A. R., 2011. *The Impacts of International Tourism*
22. Stevenson, N. A., 1999. *Complexity Theory and Tourism Policy Research International*, *Journal of Tourism Policy*

23. Stynes, D. (1999). *Economic Impacts of Tourism*, Editor. Recreation & Tourism Resources, Michigan State University
24. Stynes, D.J. 1997. *Economic impacts of tourism*. Illinois Bureau of Tourism, Department of Commerce and Community Affairs.
25. Stynes, D.J. and Propst, D.B. 1992. *A system for estimating local economic impacts of recreation and tourism. In. Measuring tourism impacts at the community level*. S. Reiling (Ed). Maine Agr. Expmnt. Sta. Misc. Report
26. Stynes, D.J. and Rutz, E.A. 1995. *Regional economic impacts of Mammoth Cave National Park*. East Lansing, MI: Department of Park, Recreation and Tourism Resources, Michigan State University.
27. Tourism, National Institute of Statistics, 2012. Vasconcelos, F. C., Rafael, R., 2011. *Complexity in Business Environments, Journal of Business Research*
28. U.S. Dept. of Interior, National Park Service. (1990). *The Money Generation Model*. Denver, CO: Office of Social Science, Socio-Economic Studies Division.
29. Valenzuela, M. (1988) Spain: *the phenomenon of mass tourism*, in *Tourism and Economic Development: Western European Experiences*, Williams, A.M. and Shaw, G. (eds), New York
30. Weidenfeld, A., 2013. *Tourism and Cross Border Regional Innovation Systems, Annals of Tourism Research* Ahmed, J. and Kwan, A.C.C. (1991) Causality between exports and economic growth, *Economics Letters*,
31. World Travel and Tourism Council. 1993. *Measuring the size of the global travel and tourism industry*. London: WTTC.