

## The theory of sustainable Tourism Development

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### Abstract

Tourism is a phenomenon that has seen a rapid multifold increase and growth since the middle of the twentieth century. For host communities and countries, the development of tourism has offered numerous advantages, as well as some significant challenges and difficulties. In recent decades, the awareness has been strengthened that tourism needs to be developed following the sustainable development concept. This approach eliminates or significantly decreases the negative impacts of tourism growth and sets the basis for long-term enjoyment of benefits. In the field of tourism, sustainable development translates in two important categories of considerations: conserving natural environment and resources and the biodiversity and conserving the living cultural heritage and traditions. Designing sustainable tourism development strategies should be done in cooperative efforts by the state, businesses and local communities. The strategies need to focus on maximizing the potential positive and eliminating or minimizing potential negative impacts. Impact monitoring and evaluation mechanisms need to be set up, including identification of performance indicators. When tourism growth emerges from a carefully designed and implemented strategy, tourism is documented to contribute to generating foreign exchange earnings, creating employment and income, and stimulating domestic consumption. It also brings about social and cultural development of the host communities. Researches have shown that smaller and developing countries specialized in tourism experience higher economic growth compared to countries without significant tourism industry. Contemporary economic and statistical methods ensure that the contribution of tourism in national economies can be precisely and easily measured, which in itself can be used as an indicator in assessing the impact and effects of tourism growth.

**Keywords:** tourism, sustainable development, sustainable tourism development.

### Introduction

Different people have different understanding of tourism. For some, it is a pleasant and long holiday on the beach, for others an opportunity to visit new places and meet new cultures; some use their holidays to enjoy curative and health treatments, others use the opportunity to become tourists when on businesses travel, and so on and so forth. However, there is a group of people with a totally different view on tourism – the hosts. Tourism is their business, their manner of generating income and earning a living. For them, tourism is a continuous effort to provide better services to tourists and to increase their satisfaction, as that is the manner to increase business turnover and profit, which can then be used to invest in developing new opportunities for future tourists.

Thus, tourism is an ever-growing sector worldwide, which has turned into an important industry with great achievements and successes. In many countries, tourism has become one of the leading, if not the most important, sectors of economy, which is interlinked to other industries and has proven to be able to boost the economic development and the national economy as a whole. One of the issues of paramount importance concerning tourism growth is sustainable development. In recent years, many different studies have been exploring the sustainable development of tourism, examining the implemented strategies, the effects and impact, the needs for further action and lessons learnt, etc. Exchange and learning from the experiences of the many different countries engaged in the efforts to ensure sustainable development of tourism may pave the way for creating functional and effective international, national, or local strategies for sustainable tourism development.

This document explores the theoretical aspects of sustainable tourism development on the basis of various studies and papers of different authors and organizations. It then seeks to present the role of tourism in the overall economic development and introduce a manner of calculation of the impact of tourism on the economy. This is done in an effort to present the importance of sustainable tourism development for the economy and society at large.

### **Sustainable Development of Tourism**

According to the United Nations World Tourism Organization (UNWTO, 2014), the term "tourist" is defined as "a person who travels outside his or her usual residence for a period of less than a year, for any main purpose other than to be employed by a resident entity in the country or place visited"<sup>1</sup>. Tourists' travel purposes, according to this understanding, may include "business, leisure or any other personal purpose". Another important characteristic is that the tourist bears the costs for a wide range of activities that he or she undertakes at the location of visit. In line with these provisions, tourism may be understood as the movement of human beings for the purpose of recreation, entertainment, healing and expansion of cultural knowledge. According to the UNWTO, the key to successful tourism performance is to identify customer needs and reach potential customers with a comprehensive personalized offer and information (Gorica, K & Vela, F., 2007). Tourism is a dynamic and competitive industry that requires the ability to adapt constantly to customers' changing needs and desires, as the customer's satisfaction, safety and enjoyment are particularly in the focus of tourism businesses.

According to Fanell, D. & Butle, R. (2003) tourism calls for a truly interdisciplinary ethical theory to shift attention to the impact of values and interconnection with the natural world. Tourism is the sum of the phenomena and relationships that are created during the travel and stay of a foreigner in a country that is not their permanent residence and where they do not practice any profit activity.

Tourism is the total interactions and phenomena that result from traveling and attitudes of the people, for the residence that region is not their permanent residence

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<sup>1</sup> "UNWTO technical manual: Collection of Tourism Expenditure Statistics". World Tourism Organization. 1995. p. 10. Retrieved 26 March 2009.

and not related to their workplace (Kaspar, C. 1991).

The tourism product is a mixture of interdependent elements, which exist as separate products that complement each other to form a complex product in order to meet tourist needs. Thus the key issue for the state, businesses and local communities at the present stage, is to provide an answer to the challenge of developing relevant tourism products within the framework and approached of sustainable development. Sustainable development became famous worldwide by the publication of Brundtland Report (Our Common Future) in 1987, in which sustainable development is defined as an ability to “meet the needs of the present without compromising the ability of future generations to meet their own needs (Kimura, H. 2011).

The rapid growth of tourism in the course of the 20<sup>th</sup> century raised the awareness of tourism workers and businesses, but also of tourists of the need to ensure sustainable tourism development. In fact, some important tourist resources have suffered consequences from exposure to large number of visitors who overused the available local resources to the extent that the sites lost or heavily damaged some of their important natural and environmental characteristics and landmarks. It was, however, only towards the end of the century, in the early 1990s, that the term “sustainable tourism” emerged. In 1993, the Journal of Sustainable Tourism was inaugurated. Since then, in this rather short period of less than 25 years, the awareness of the importance of sustainable development for tourism has strengthened to the level that sustainable development has been described as the “parental paradigm” of sustainable tourism (Kimura, H. 2011).

According to Kruk, E., et al. (2007), as sustainability principles refer to the environmental, economic, and sociocultural aspects of tourism development, sustainable tourism should do the following:

- Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural resources and biodiversity;
- Respect the sociocultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to intercultural understanding and tolerance.

It is important to stress the importance of the role of the state in tourism development: To help businesses develop, the state creates conditions for businesses, so that ideally businesses and the state develop at the same time. But, according to Peter F. Keller (2014), only companies can actually create wealth, and the state needs to stimulate innovation and accelerate adaptation to structural changes. Companies use state natural resources mainly through the system of licenses, and are obliged to ensure that the natural resources are used in sustainable and non-harmful manner. Such models of cooperation between the state and the business sector are essential in the field of tourism.

The United Nations Environment Program (2014) states that tourism, on one hand, yields tremendously positive economic outcomes: it is one of the world's most significant sources of income and employment. On the other, tourism is a very complex industry involving numerous stakeholders, often with conflicting interests, which requires significant amount of resources. Stretched between these two

opposite characteristics, tourism can lead to opposite categories of effects, depending on the manner how activities are governed and managed: If managed well, tourism can largely contribute to the positive social, cultural, economic, environmental and political development of the destination in question. In such a case, tourism represents a significant development opportunity for many countries and communities worldwide. However, when tourism development is poorly managed or is not managed at all, tourism may lead to damageable and lasting negative impacts. It is the state that needs to play an active role in supporting tourism development and growth, in a responsible and sustainable manner and in cooperation with businesses and local communities.

Thus, tourism development should be implemented in such a way as to ensure: rational use of natural resources and the environment, respect for cultural values, and affirmation of authentic and specific values in certain areas, as well as the spirit and tradition of the country's population.

Finally it can be concluded that sustainable tourism development strategies need to be employed to ensure exploitation of the positive effects of tourism. According to Staniškis, J. Arbačiauskas, V. (2009), sustainable development is increasingly considered to be a driving strategy for development. However, the efforts to achieve sustainable development need to be well documented and verified. Despite the fact that sustainability performance evaluation receives broad attention from international organizations, industrial enterprises and researchers, a lot of unanswered questions remain in this area. It is commonly agreed that the use of performance indicators is the most effective way to evaluate sustainability performance, but design/selection of sustainability performance indicators and their application needs to be further explored at both national and micro levels (i.e. at the level of communities and companies), until a consensus is reached concerning the most effective performance indicator systems and methodologies for their application.

According to Kreag (2001), the goal of developing the tourism industry in a certain community is to maximize specific positive impacts, while at the same time minimizing potential negative impacts. Primarily, when it comes to designing a sustainable development strategy in the field of tourism, it is essential to identify the possible impacts. Tourism researchers have identified a large number of possible impacts. Listing the impacts that may be expected on the location that is within the scope of the planned strategy and categorizing them into different categories (or at least distinguishing between positive and negative possible impacts) is the first step to be done. All proposed activities need then to be assessed in view of the potential effects and the most suitable strategic choice needs to be made.

### **The Importance of Tourism for the Economy**

As an engine for economic growth, tourism has been found to be resilient and associated with positive impacts in terms of generating foreign exchange earnings, creating employment and income, and stimulating domestic consumption.

Tourism is an international event that includes a combination of facts economic, political, environmental and social consequences of more complex, more controversial,

which occurs in delicate manners and often unexpected. The role of tourism is increasingly recognized by governments of all countries of the world, as one of the key factors and indicators of economic growth.

A research by the World Council of Tourism and Travel clearly show the potential of tourism to recover the global economy, to reduce unemployment by helping in this way in ensuring sustainable development and poverty alleviation. The impacts of tourism are: economic, social, natural or environmental, political and cultural. Economic factors are among the most important factors affecting the growth or decline of demand for tourism. The most direct effects occur within the primary tourism sectors: restaurants, transportation, amusements, and retail trade. Through secondary effects, tourism affects most sectors of the economy. An economic impact analysis of tourism activity normally focuses on changes in sales, income, and employment in a region resulting from tourism activity.

According to Lanza, A. & Pigliaru, F. (2000), tourism ensures viable, long-term economic operations, provides socio-economic benefits to all stakeholders and, even more importantly, distributes them fairly by creating stable employment and income-earning opportunities and contributing to the improvement of social services for host communities. In other words, tourism contributes to poverty alleviation. Studies of the relation between countries' level of specialization in tourism and their economic growth rates have revealed that smaller states highly specialized in tourism experience higher economic growth rates compared to those that are not specialized in tourism.

Also, according to Daci, F. (2015), economic development is a very complex phenomenon, which is affected by a large number of factors that manifest different tendencies, including the tourism industry. Numerous studies in different developing countries have found a positive relationship and the significance between tourism and economic growth, as well.

According to Richardson, R, (2010) many developing countries have managed to increase their participation in the global economy through development of international tourism. Tourism development is increasingly viewed as an important tool in promoting economic growth, alleviating poverty, and advancing food security. This briefing note aims to review the relationship between tourism and poverty reduction, and to explore how investment in tourism development in Montenegro may contribute to national development goals.

According to Jayakumar, A. & Palaniyammal P. (2014), tourism can be domestic or international. International tourism has both incoming and outgoing implications on a country's balance of payments. Today, tourism is a major source of income for many countries, and affects the economy of both the source and host countries, in some cases being of vital importance.

Tourism contributes to increased national income, creating employment opportunities, limits the deficit gap trade, reinforces economic development in peripheral regions, intensifying the activity of enterprises in producing goods and services which complete the needs of direct or indirect of tourism.<sup>2</sup>

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<sup>2</sup> "2012 Tourism Highlights". UNWTO. June 2012. Retrieved 17 June 2012.

## Calculating the Impact of Tourism on the National Economy

According to Stynes, D. (1999) multipliers represent the economic interdependencies between sectors within a particular region's economy. They vary considerably from region to region and sector to sector. There are many different kinds of multipliers reflecting which secondary effects are included and which measure of economic activity is used (sales, income, or employment). The respective formulas are as follows:

**Sales multiplier**  $_{\text{Type I}} = \text{direct sales} + \text{indirect sales} / \text{direct sales}$

**Sales multiplier**  $_{\text{Type II\&III}} = \text{direct sales} + \text{indirect sales} + \text{induced sales} / \text{direct sales}$

The ratio of local final demand to tourist spending is called the capture rate, which can be calculated as follows:

**Capture rate** = local final demand / tourism spending in local area

The economic impacts of tourism are typically estimated by some variation of the following simple formula:

**Economic impact of tourism** = number of tourists \* average spending per tourist \* multiplier

As an illustration of the importance of tourism in the global economy, according to Kreuzmann, H. Yong, Y. and Richter, J. (2011), global tourism has increased from 25 million international arrivals in 1950 to 842 million in 2006, a more than 30-fold increase, with international arrivals expected to double to 1.5 billion by 2020.

## Conclusions

Understanding of tourism depends very much on the aspect of scholarly approach. Spontaneous tourism development is common responsibility of the state, businesses and local communities. Without clear strategies and quality services cannot be converted into a sustainable tool for ensuring high growth rates. On the contrary, tourism growth and development without a clear strategy has proven to bring about various negative impacts in the longer run. Thus, there can be no progress without sustainable economic development, especially sustainable tourism development in a relevant area, for which development strategies need to be designed, implemented and monitored and evaluated against a set of indicators developed in advance.

With regard to the definition of sustainable development, many theorists have provided definitions of tourism in attempting to raise the value of those scientific theories.

Tourism creates many new jobs, whether direct or indirect, seasonal or permanent. It is a sector with its own unique characteristics that calls for interdisciplinary approach and should be managed by professional staff with dignity and maximum dedication towards natural resources. Expansion and uncontrolled development of tourism, particularly in the last decade, is connected with negative consequences such as ecological, social, cultural, etc., due to the lack of a concept for sustainable development, which heavily depends on the environment of life opportunities and it serves as a basis for long-term development.

Concepts such as sales multiplier and capture rate have been developed that enable

for calculation of the impact of tourism on the national, regional or local economy in a simple and clear manner.

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