TOURISM – ECONOMIC GROWTH FACTOR AND ESSENTIAL ELEMENT IN REGIONAL DEVELOPMENT OF ROMANIA

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Abstract

This paper aims to emphasize some aspects concerning the evolution of the tourism and its role in economic growth and regional development. The first part presents a conceptual delimitation of tourism, and the next parts are focused on the link of tourism with economic growth and regional development. We also present the organizational frame of the regional development policy and the role of tourism in this policy objectives achievement, and the final part brings some conclusions and some future development directions of tourism in Romania.

Key words: tourism, economic growth, regional development, Structural Founds

JEL Classification: L83, O40, R58

1. Introduction

The tourism became at present time one of the most important industries in the world, having an outstanding place in most of national economies. The spectacular increase of this activity, in terms of volume, but also from the incomes point of view, as well as its importance as exporting branch, lead us in making the incursion that follows, with the purpose of emphasize the role of tourism in the economic growth and regional development.

2. Tourism – short conceptual delimitations

The appearance of the tourism as an economic-organizatoric activity, at national level, took place in the second half of the twenty century, in the same time with the inclusion in the services (tertiary) sector of some new branches of national economies, generally called tourist industry.

The new economic theory of tourism recognized the link between tourism and economic development of a country, the tourism being treated in a complex way, not only as recreational trip, but together with all the economic link that creates. So, at the present moment, this notion includes a whole industry, component of the services industry, which contributes at the tourist demands satisfaction, respectively: hotels, transports, entertain-

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ment, shortly, the whole industry "of good serving", with its very diverse content of services [von Schullern zu Schrattenhofen, 1910].

There were several different definitions given for tourism during the twenty century, but we will focus on some present approaches, accepted by most of the specialists of the field.

The tourism can be shortly defined as being [Minciu, Baron, Neacşu, 1991, 1993] an economic-social phenomenon specific for the modern civilization, strongly anchored in the life of the society and influenced by its evolution, with a high dynamism and having large social segments as target. It involves a large human capital and influences the evolution of the economy and society.

So, one can notice, that, in the tourism definition, appeared more and more elements referring to the industry that handles the tourist need satisfaction, fact also revealed by The Little Encyclopedic Dictionary, which considers tourism as “a side of the tertiary sector of the economy, where the goal of the provided activity is the organization and ongoing of entertainment trips, or of persons travels at various congresses and meetings, including all the necessary activities for the consuming and services needs satisfaction of the customers”.

In order to clarify the aspects regarding the tourist phenomenon definition, one can use the inductive method in order to get to a most possible comprehensive definition, aiming to retain the main elements that are characteristic for the tourist activity [Neacşu, Baron, Snak, 2006, 21]:

- travel of the persons during their trip;
- the stay in a settlement out of their domicile (permanent residence) of the person that travels;
- the stay have a limited period;
- the stay doesn’t become a definitive residence.

Continuing the anterior ideas, we will mention a definition variant, that includes the business travels, too, proposed by the professor dr. Claude Kaspar [note 1] (the president of the International Association of the Scientific Experts in Tourism (A.I.E.S.T.)): “The tourism is an ensemble of relations and facts constituted from the travel and the stay of the persons for which the place of stay is not their home and not the principal place of their professional activity”.

Considering the role and the economic-social importance of the intern (national) tourism, The World Tourism Organization (WTO) elaborated a definition of the national tourism, so we can consider national tourist any person which visits a place that is not his/her usual residence, situated inside his/her residence country and having a different purpose that a remunerated activity and with a staying of at least one night (24 hours).

3. The place and role of tourism in the economy

Tourism, as an important element of the tertiary sector and industry with huge potential, has an increasingly role in the economy of a country, being a factor which the economic growth is based on.

By "economic growth" we mean a complex process involving the entire economic system, which is determined by the results of economic activity and is considered the only factor that ensures the economic success in the long term of each state.
Economic growth is accompanied by a sustained increase in time of macroeconomic results, the GNP, GDP and NNP, together with the efficiency of production factors using, on total and per capita, including also the changes in the structure of the economies.

The tertiary or services sector has become prevalent in the postwar period, its role becomes more important, diversifying its activities in terms of content, taking different forms of expression, which have expanded and diversified ways of achieving social product, thus becoming a significant component of the reproduction mechanism. In developed countries, this sector weightings are high.

The services sector, as any other sector, experienced a development from early forms of the basic activities up to actual structures, which are characterized by a maximum utility for individuals and society.

 Constituted mainly of services supply, tourism is now an essential component of the tertiary sector.

 The inclusion of tourism in the services sector is due to the way of achieving some of its defining features such as mobility, dynamism and capacity to adapt to the requirements of each tourist, and due to the particularities of tourism, which is the result of a harmonious combination of services with specific features and own using mechanisms.

 Tourism, as economic activity, includes various services that derive from the basic ones: information, placement of tourist travels, accommodation, food selling, offering treatments, as well as leisure and entertainment.

 Tourist offer increased both quantitatively and qualitatively, giving rise to a genuine industry of tourism, which requires the consideration of the tourism phenomenon as a growing distinct branch of the national economy, component of the tertiary sector. Separate treatment come from the complexity and specific nature compared to traditional branches of an economy. However, tourism is in close connection with the development of other sectors, being a consequence branch.

 As socio-economic changes in the contemporary era have created and developed tourism, this in turn bringing by default a specific demand for goods and services necessary to consolidate tourism product, it stimulates some productive sectors such as: industry, agriculture, construction, transport, trade, communications, culture, healthcare, etc.

 Once with the development of tourism, those branches of the economy contributing to the increase of technical material base of tourism and those related to it, such as trade, are growing in size. Thus, the investments for new tourist objectives determine the increase of retail sales, the increase of revenues from these sectors and from the exploitation of the objectives.

 From the expenditures of the tourist-consumer of goods and services, which turns into money for the economic units of tourism industry (transport, accommodation, food, recreation, treatment etc.), some goes directly to those units as profits and cash funds for pay their workers, some goes to the state budget as taxes, fees, and another part reach other branches of the economy as payment for goods delivered and services rendered by them for the needs of tourism industry.

 Considering tourist products consumed by foreign visitors during their stay, international tourism will appear as a form of "invisible export", with advantages such as the duty-free sale of products to foreign tourists into the country. Therefore, tourism has often a higher labor efficiency than classical export of goods, and some of them, consumed by tourists during the stay, nor would be subject of classic export because of being perish, of their costs of transport or other prohibitive measures.
The investments in new tourism objectives lead to the increase of the goods (trade, catering) and services sale, and causes, in parallel, secondary effects that turn up positively on the national economy, as being a very complex phenomenon, if we consider that before putting into use a unit, the investment works generate by themselves, a number of revenues in the construction industry and related industries [Neacșu, Baron, Snake, 2006, 59].

Due to the economic advantage of international tourism, many developing countries have taken steps to develop their tourism industry, this form of “invisible trade” in the economy could bring large quantities of currency.

Some statistical data come to support the previous statements. The spectacular development of tourism in the last period can be observed also from the fact that the total number of tourists traveling abroad have increased from 1995 to 2008, becoming almost twice (Figure no.1).

![Figure no.1. International tourist arrivals (millions)](source: O.M.T., UNWTO World Tourism Barometer, Volume 7, No.1, January 2009)

The exemplification of the tourism place may also come from the fact that in The E.U. Member States about 20 million people are directly or indirectly involved in tourism, the share of it in the creation of gross domestic product of these countries being on average of about 4% [Postelnicu, 1997 , 53].

4. The multiplier effect of tourism

The analysts take into account the three elements that contribute to measuring the economic impact of tourism expenditures [Neacșu, Baron, Snake, 2006, 67]:

- The direct impact that measures the effects generated by the first monetary circuit from a tourist (for example: the proportion of expenditure made by the tourism unit on raw materials, wages paid etc. and monetary unit spent by tourists).
- The indirect impact is the successive transactions between firms, resulting from direct tourist expenditures (for example: expenditure for procurement of goods and services by firms from other sectors, necessary to meet the tourism demand).
• The induced (stimulated) impact that measures the derived effects, caused by the employees of tourism companies that spend part of their wages in other sectors of business (clothing, education etc.).

From here, we can highlight the multiplier effect of tourism \( K \) expressed by the sum of the three impacts, which relate to the direct impact:

\[
K = \frac{\text{direct impact} + \text{indirect impact} + \text{induced impact}}{\text{direct impact}}
\]

The tourism multiplier is represented by the fact that an initial expenditure made by a tourist, in an area or country, is successively converted into revenue for other areas of the economy (agriculture, manufacturing industry of consumer goods, construction and materials of construction industry, trade, services), directly or indirectly related to tourism, until the funds in question leave the country, the zone or the economic sphere, in general by the payment of taxes, savings (hoarding), imports, etc. called leaks from the system [Minciu, 2001, 303]

Multiplication rates of tourist revenues into the economic circuit depends on the speed with which money go to other destinations, when related expenses take place. The more dependent is the economy of a country on imports, the faster will be the speed.

5. The place of tourism in the Regional Development Policy in Romania

Before highlighting the presence of tourism in the regional programs and its role in the regional development process, we consider necessary a short presentation of the organizational frame in which the measures provided by the regional development policies are achieved and implemented.

5.1. General coordinates of the regional development in Romania

In Romania, we can talk about regional development since 1998, this concept focusing, like in The E.U., the development disparities reduction between the countries’ regions, in this way the quality of living being generally improved, by stimulating and diversifying economic activities, private sector investments or by unemployment reduction. For the regional development policy, there have been created eight development regions, which include the whole territory of Romania.

In Romania, in 1998 – 1999 with PHARE assistance, based on the Association Accord at European Union and on The National Program of E.U. Adhering, it has been created a complex legal and institutional frame, at central and regional level, necessary for a regional development policy implementation, for the economic and social potential of the country support, by cooperation of national, regional and local authorities, and benefiting of financial support of The Government and European Commission. The so created frame is a necessary premise for the regional development objectives achievement, respecting the principles by which The Structural Founds are allocated (especially The European Found for Regional Development) in the European Union member states. The function of regions is to allocate the founds from E.U. for regional development and to create regional statistics. So, 8 development regions have been created in Romania, as non-administrative territorial units constituted by the reunion of several counties.
The regional policy of Romania is based on measures planned and promoted by the public locale and central administration authorities, in partnership with regional organisms created, as well as with some various private or public actors; in order to assure a sustained and dynamic economic and social development, by using efficiently the local and regional resources, for the achievement of the regional development objectives.

With other words, the regional development policy strengthens the role and the responsibilities of the local public administration and regional organisms, in the economic and social development of each settlement, as well as of the development regions constituted by The Law 151/1998, is the same time with the reduction of governmental institutions involvement in such activities. So, the regional development policy becomes an essential component of local autonomy.

The situation of Romania concerning the disparities between the regions is comparable to the one of most of the E.U. member states, that the most developed region includes the capital, and the less developed regions are the border zones, in our country these being in North-East and in South along the Danube.

The under-development appears to be highly correlated with unemployment and the prevalence of rural activities, as well as with the inability to attract foreign direct investments.

Regional policies aimed in particular: enterprises development, labor force market, attracting investments, technology transfer, development of SMEs, improving infrastructure, quality of environment, rural development, health, education and culture.

Rural development occupies a distinct place within regional policies and covers the following aspects: removal / reduction of poverty in rural areas, balancing economic opportunities and social conditions between urban and rural, stimulating local initiatives, preservation of spiritual and cultural heritage.

The Regional Development Agencies have an important role in the organizational mechanism, in which the measures provided for regional development policies are achieved and implemented; they are non-governmental bodies that develop and apply strategies and programs. Regional Operational Program 2007-2013 (Regio) is an operational program agreed with the E.U., financed by The European Regional Development Found (ERDF), constituting itself as an important instrument to implement The National Development Strategy and policies for regional development.

Regio’s strategic objective is to support an economic, social, sustainable and territorial balanced development, in all regions of Romania, according to specific needs and resources, with emphasis on supporting sustainable development of urban growth poles, improving the business environment and base infrastructure, in order to make regions of Romania, in particular the less developed, attractive places for investment [www.inforegio.ro].

The total budget allocated through Regio is appreciatively 4,4 billions Euro in the first 7 years after adhering (2007-2013). The E.U. financing represents approximately 84% of the POR budget. The rest comes form national founds, public co financing (14%) and private co financing (2%).

In order to prevent the increase of the existing economic and social disparities between regions, the lowest developed ones will get higher founds; for example, to The North-East Region there have been allocated through this program 724,09 millions Euro, representing 16.32% of total founds of Regio.

The balanced development of all regions of the country will be achieved by an integrated approach, based on a combination of public investments in the local infrastructure,
active policies of stimulating business activities and local resources capitalization support, on 6 Thematic Priority Axes and 14 Domains of Intervention [note 2]. The 6 Priority Axes are:
1) „Sustainable development support of towns – urban poles of growth”
2) „The regional and local transport infrastructure improvement”
3) „The social infrastructure improvement”
4) „The regional and local business support”
5) „The development and promotion of tourism”
6) „Technical assistance”

4.2. The tourism in view of the regional programs

After a general presentation of the main coordinates of the regional development in Romania and of the Regional Operational Program, in which the tourism has an important place (being present in the frame of The Priority Axis 5 from the 6 ones of POR), we designed some possibilities of tourism activity development with the help of the founds that can be accessed by this program.

The fact that tourism occupies an important place and that it must know a better development in Romania, and by default in the North-East region comes out from its existence in the frame of the Priority Axis 5; this axis of the Regional Operational Program (POR) is entitled „The development and promotion of the tourism” benefits of 15% of the POR budget and includes 3 Major Domains of Intervention, of whose titles are [note 2]:
1) „The restoration and the durable capitalization of the cultural patrimony, as well as the creation / modernization of the related infrastructures”
2) „The creation, development, modernization of the tourism infrastructure for the capitalization of the natural resources and increasing the quality of the tourist services”
3) „The promotion of the tourist potential and the creation of the necessary infrastructure, with the purpose of increasing the Romania’s attractiveness as tourist destination”

A synthesizing of the financing values of The Priority Axis 5 on Domains of Intervention is to be found in the following table:

Table no. 1. The financing of The Priority Axis no. 5 from POR 2007-2013 and its Major Domains of Intervention

<table>
<thead>
<tr>
<th>Total financing</th>
<th>ERDF financing</th>
<th>National financing</th>
<th>North-East Region Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro</td>
<td>% from total</td>
<td>Euro</td>
<td>% from total</td>
</tr>
<tr>
<td><strong>The Major Domain of Intervention 1</strong></td>
<td>235.396.905</td>
<td>100</td>
<td>200.087.369</td>
</tr>
<tr>
<td><strong>The Major Domain of Intervention 2</strong></td>
<td>330.019.069</td>
<td>100</td>
<td>231.013.349</td>
</tr>
<tr>
<td><strong>The Major Domain of</strong></td>
<td>150.355.934</td>
<td>100</td>
<td>127.802.546</td>
</tr>
</tbody>
</table>
The following graph percentually shows the way of financing for The Priority Axis 5 and its Domains of Intervention; so, we can observe that the ERDF financing is between 70 and 85%, with an average of 78.08% on total Axis.

![Graph showing the way of financing for The Priority Axis 5 and its Major Domains of Intervention](image-url)

*Source: graphic elaborated by the data from the table no. 1*

**Figure no. 2. The way of financing for The Priority Axis 5 and its Major Domains of Intervention**

We also wanted to emphasize the proportion of financing of which *The North-East region beneficiates* compared to the total, considering the fact that our future researches will focus on this region. We can see that in the following figure, that, from total financing, The North-East region benefits of an percent between 11.42 and 16.32%, with an average of Axis of 14.06% from the total founds allocated.
With all these, there are still things to be done for the improvement of the absorption rate of these founds, which was not very high after our country’s E.U. adhering; however, there have been recorded progresses of the authorities from the moment 2007. So, one can say, that, if we can use these opportunities, the tourism has all the chances to become an engine of a region development.

The investments in tourism and culture will allow the development regions to use the advantages offered by their tourist potential and cultural patrimony in the identification and consolidation of a own identity, in order to improve the competitive advantages in sectors with high added value and high qualitative and cognitive content, on the traditional markets, as well as, on the new ones [note 2].

The capitalization of the tourist attractions from various zones of the country can contribute at the economic growth of some urban centers in decline, by favoring the apparition and the development of the local firms, transforming areas with low economic competitiveness into attractive zones for investors.

It is expected that the implementation of this Priority Axis of Regio, by improving the tourist zones infrastructure, the accommodation and entertainment services and by a sustained promotion of the Romania’s image inside and outside the country to determine the qualitative growth, at European standards, of the ensemble of the tourism practicing conditions, with direct impact on the tourism demand for Romania, as European tourist destination.

6. The role of tourism in the regional development objectives achievement

The regional development policy main objective is to reduce the economic and social disparities that exists between the various regions of Europe.

Several of the regional development policies objectives can be achieved by boosting a field of activity that has some undisputed aces: the tourism. In this part of the paper, we in-
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tend to succinctly design some arguments for the ideas formerly expressed concerning the role of tourism in the regional development.

The sustainable regional development must necessarily correlate and integrate the Romanian tourism, between the other components of the local economy, taking also into account that this clean industry does not affect the environment, and, generally, does not require big investments. A good sustainable development project, included in a regional development program, supposes the less investments costs in this activity, the more harmoniously the integration is made. The tourism can become an important component of the economy, which could cause important changes in territorial profile, contributing at economic and social development of some regions less developed.

The tourism can contribute more than other sectors at the achievement of some larger objectives, established by governments as priorities in the general interest of the citizens: fighting against poverty, life conditions improvement, currency receipts increasing, the intensification of the links between countries and even political purposes.

The general objective of the regional development policy, reducing existing regional imbalances, with emphasis on balanced growth and revitalization of disadvantaged areas can be reached also by stimulating the areas with tourist potential, for which the tourism would represent one of the less possibilities of standard of living and development increase (especially in the rural areas). The development of the tourism by the capitalization of the existing potential can lead also to the achievement of one of the ERDF objectives, respectively the promotion of the development and structural adjusting in the regions with difficulties (with GDP/inhabitant less than 75% of E.U. average). The favoring of economic and social conversion of the areas with structural difficulties, which is another objective of ERDF, can be achieved by some measures including economic and social reconversion to the tourism field of a part of the unemployed people from the rural or urban zones in decline. The ERDF financing explicitly supports the tourism development and the investments in the cultural patrimony, including its protection and the natural one’s, with the condition of creating labor places.

Obviously, there are also other actions encouraged by ERDF financing, such as infrastructure potential increase, which can contribute directly, as well as indirectly at the area development, because of stimulation of some activities, including the tourism.

The tourism has the capacity of contributing at the stimulation of the internal development of a region, at the regional unbalances decrease, at the geographical redistribution of wellnes from the metropolitan zones to the poorest, peripheral ones. So, the tourism appears like a viable alternative of development of different regions. In this context, by its geographic position and rich natural and anthropic potential, Romania could become a zone of high tourist attraction, in the conditions when a series of tourist development strategies will be created, implemented and promoted, at national level, as well at regional one.

The recent regional development polices and plans take more and more into account the tourist domain, as strategic sector for the dynamic and durable economic growth assurance of some regions which have an important tourist potential.

The tourism does not damage the environment like other economic activity fields do, but, in order to preserve the natural environment, it is necessary that the tourism development to be a sustainable one. The sustainable development, according to the World Commission for Environment and Development, ,responds to the actual generations needs, without compromising the ability of the future generations to respond to their own necessi-
ties”. So, the development can generate prosperity if it regenerates the resources and protects the environment.

The tourism industry accepted the concept of sustainable development and adopted the sustainable tourism notion. So, this develops the idea of satisfying the needs of the actual tourists and of the tourist industry and, in the same time of environment and opportunities for the future protection. The environment has a durable value, which is very big for tourism; it must be kept for the next generations, too; the tourism development must not lead to the environment damage.

So, we can say that many of the regional development policy objectives promoted by E.U. and supported by the Structural Founds can be successfully achieved through the tourism development.

7. Conclusions

In the actual period, the tourism became an outstanding element of the tertiary sector, having an important role in the economy of a country and being one of the factors that contribute at the economic growth.

As we presented, the tourism had an extraordinary development all over the world, the number of tourists being twice as much than 15 years ago, and the incomes from tourism increased considerably. Its effects can be noticed in the development of its good and services suppliers’ branches, the whole economy of the zone being stimulated in this way, through the so-called multiplier effect. At the tourism stimulation, as branch that doesn’t need important investments and don’t affect environment, the development policies can successfully contribute.

After a general presentation of the regional development coordinates in Romania, we designed some development possibilities for the tourism with the help of the founds that can be accessed through this policy. In Romania there is an important potential for the tourism development. There are several causes for which the tourist activity level is not as high as the existing potential, such as: infrastructure low developed or the low quality of the services. By accessing these founds, several of the deficient aspects can be improved. The sums are considerable, but it is necessary to increase the absorption capacity for the available founds.

For a good-directed regional development achievement, one must, among the others, identify the local resources and, starting from this, select the priority tourist zones, meant to be boosted.

So, we can say that there are the premises and the potential in order to transform the tourism into an development engine in our country, in the conditions of a good organization and with finding the ways of solving the deficient aspects.

There are already steps made in this direction, and we can see some effects, so, in the latest years, we can see a small increase of the tourism activity in Romania; this tendency is expected to continue and even to grow, especially form the perspective of attracting E.U. tourists and of relaunching the Romanian tourism with the Structural Founds help.
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Notes