



Tourism in the Function of Economic Growth and Development in the Modern World

Adrijana Vuković¹ 
Marijana Milunović² 
Dušan Aničić³ 

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Abstract: Contemporary economic flows in the world economy, especially trends within the development of tourism, are becoming more and more dynamic. The modern world is characterized by constant changes, in which the key to economic success lies in the ability to understand them and optimally adapt to the newly emerging business environment.

The dynamic development of the world economy in recent decades has caused major changes in the structure of the world economy. Tourism, as one of the economic branches, greatly contributes to the economic growth and development of the world economy today. It can be said that tourism has acquired the hallmark of a very complex and significant economic category. In this regard, the aim of this paper is to indicate the economic importance of tourism and its impact on the development of national and global economy, with a special overview of the Balkan region.

1. INTRODUCTION

Tourism, as one of the economic sectors, today significantly contributes to the economic growth and development of the global economy. Tourism has evolved into one of the broadest and most significant economic sectors in contemporary times. As part of the service sector, tourism has become a social phenomenon that characterizes our era, marked by dynamism and mass participation over the past half-century.

Tourism has played a significant role in the economic development of a large number of countries. There is almost no country in the world that does not develop tourism in some form. Tourism has a substantial impact on the economic development of economies, both in developed and underdeveloped countries. Many countries have managed to develop faster thanks to tourism, as a driving force for their accelerated growth. Therefore, tourism is often attributed with the power to enhance the socio-economic and demographic development of a country, and it is no wonder that tourism is discussed as a developmental potential.

Tourism is currently one of the most important tertiary sectors of the economy, significantly contributing to general economic well-being and progress. Tourism is particularly significant in regions that possess high tourism potential and in regions that do not have a well-developed economy and industry. It is in these regions that the true state and strength of tourism's impact are reflected, leading to the general prosperity of the region through its development.

¹ Union – Nikola Tesla University, Faculty of Law, Security and Management „Konstantin the Great“, Visoka 29, 11000, Belgrade, Serbia

² Union – Nikola Tesla University, Faculty of Economics and Finance in Belgrade, Cara Dušana 62-64, 11000, Belgrade, Serbia

³ Union – Nikola Tesla University, Faculty of Economics and Finance in Belgrade, Cara Dušana 62-64, 11000, Belgrade, Serbia

In modern economies, tourism plays an increasingly important role in achieving macroeconomic goals. Tourism accelerates local and regional development, fosters the growth of less developed areas, increases employment, and contributes to the growth of GDP, thereby positively impacting the macroeconomic stability of countries. Tourism has a direct impact on social product and national income, on the country's balance of payments, on employment, on raising living standards, on investment activity, and on reducing the gap between developed and underdeveloped countries.

2. TOURISM AND ITS ECONOMIC ASPECT

When defining the term “tourism” it is important to emphasize that there is no single, universally accepted definition. Different scientific approaches to the given term provide sufficient argument for various aspects of its observation, and consequently, its definition (Lazarević, 2018, p. 53).

Tourism can be defined as a set of relationships and phenomena arising from the travel and stay of visitors to a place, provided that the stay does not establish permanent residence and is not related to the performance of economic activities. A tourist is any person who travels for 24 hours or longer to a country or part of their own country where they do not have a residence, in order to satisfy various tourist needs (Lazarević, 2018, p. 54).

By studying tourism through an economic aspect, it is concluded that, on one side, there are consumers of tourist services – tourists, who have financial resources, and on the other side, the complete tourist offer. Its primary role would be to ensure the satisfaction of various consumer needs. Therefore, when defining tourism by analyzing economic effects, it is essential to separate consumers on the demand side from the activities that constitute the tourism industry on the supply side. The tourism industry differs significantly from other economic activities. The most important specificities of tourism activities include the heterogeneity of the structure, the high degree of demand elasticity compared to the inelasticity of supply, the pronounced seasonal nature of operations, and the specific characteristics regarding the nature of work in this activity (Milićević & Trišić, 2019, p. 22).

It can be said that tourism is a global phenomenon, both spatially and sociologically, economically, politically, culturally, ecologically, aesthetically, and psychologically. There is almost no country in the world that does not develop tourism in some form (Lazarević, 2018, p. 53). It is a specific socio-economic phenomenon, a unique blend of the material and the spiritual, a special component, but also a significant factor in the development of modern civilization. Tourism represents the movement of people, goods, money, and information.

Tourist movements have a significant impact on a country's economy and politics, as well as on other spheres of human life, such as culture and healthcare. Tourist movements play an exceptionally important role in the development of the general cultural and educational level of the population. Tourists not only learn about the cultural and historical heritage of various countries but also become acquainted with the customs, habits, folklore, and life of other peoples. In this way, through direct contact, the cultural and educational level of participants in tourist travels is elevated, the cognitive sphere is expanded, and there is a mixing of various cultures, communication, and better understanding among people. Tourists learn about the different socio-economic and political systems of various countries, which, among other things, helps to break down various prejudices and preconceptions about certain countries, mostly formed under the influence of ill-intentioned propaganda. This contact is not only between tourists and the local population of

the country but also among the tourists themselves. For this reason, tourism becomes a genuine and significant factor in ensuring peace in the world and better understanding among people, as well as a factor in strengthening the political prestige of a particular country on the international stage (Lazarević, 2018, p. 54).

Tourism is a kind of link between the state, public-social and private sectors. It eliminates conflicts and barriers, because good and planned cooperation is a prerequisite for the development of tourism in an area. Tourism permeates every pore of the economy and society, from the local to the global level. It is a phenomenon based on numerous opposites, at the same time contradictory and complementary, too complex to be molded and generalized (Lazarević, 2018., p. 53). According to its spatial, economic, sociological, psychological, political and other connotations, tourism, as a phenomenon, has no counterpart in any other phenomenon of the modern world (Erutor, 2024).

Observing tourism in the light of social and economic effects, and above all in relation to the number of participants in tourist trips both domestically and internationally, it can be said that tourism is in a process of constant and strong changes. Tourism plays an important and positive role in the socio-economic development of many countries, contributing to cultural exchange, improvement of international relations and peace in the world.

Based on the above, economic and tourism policy holders of countries that have the potential for tourism development and want to use it for faster economic development, must bear in mind that the relationship between tourism and economic development is characterized by a high degree of correlation, and tourism, due to its positive effects on the entire economic activity can be used as a factor of economic development, specifically through the influence of tourist consumption and investment in tourism. A more efficient use of tourism potential cannot be achieved only by having the natural prerequisites for dealing with tourism, but also requires certain investments in infrastructure, facilities, personnel, etc. It is important to note that the economic development of any country should not be based on only one activity and one-sided economic orientation, regardless of available resources. It is also necessary to use the new tendencies of modern tourism and globalization processes in tourism as an opportunity to integrate into European and world tourist flows. In this sense, the bearers of the tourism policy, primarily the line ministries and tourism organizations, have a significant role to play (Stanić & Vujić, 2009, p.14).

3. ECONOMIC EFFECTS OF TOURISM DEVELOPMENT

Tourism as a mass social and economic phenomenon has found its reflection in the last few decades. In that short period, tourism has developed into one of the broadest and most significant social achievements of modern humanity. At the same time, tourism has acquired the hallmark of a very complex and important economic category, with extremely dynamic development, rapid and profound qualitative and quantitative changes. As a global economic phenomenon, tourism is an economic branch that has a great contribution to the economic growth and development of the world economy (Stanić & Vujić, 2009, p. 16). Tourism has an explicit impact on macroeconomic aggregates and increases the macroeconomic stability of the national economy, while at the same time accelerating local and regional development and increasing employment.

There is a two-way positive relationship between economic development and tourism development, but it can be said that the nature of their relationship has not yet been fully clarified. In practice, it is unequivocal that there is a pronounced connection between tourism and economic development

and that at a time of stronger influence of non-productive sectors, tourism represents a significant area of economic growth (Petković et al., 2011, p. 91).

In theory, for a long time, there was a generally accepted position that tourism is only a secondary, consequential phenomenon of economic development. Such an attitude was explained by the fact that the positive effects of tourism on the economy of a country presuppose a previously reached certain level of general social and economic development. Precisely, the most significant factors that drive the development of tourism, such as income and free time, but also others, such as urbanization, industrialization, are primarily the result of positive economic development. Given that economic development occurs before the appearance of tourism, tourism was initially considered only a consequence of economic development. However, later tourism research indicated that the development of tourism also affects other economic and social activities, that is, the overall economic development (Bošković, 2012, p. 26). In this situation and with this point of view, tourism is recognized not only as a consequence of economic development but also as an important factor in it.

When talking about the importance of tourism and its contribution to the overall regional development, it is important to note that depending on the incoming and outgoing tourist flows, tourism can have both positive and negative effects on the size and degree of regional economic development. Tourism affects the redistribution of national income in the world framework, but also the redistribution of income between sectors and companies within the national economy. The attention of many theoreticians is focused precisely on analyzing the various economic impacts of tourism on the regional development of certain areas, especially those in which industry and other economic branches are not developed, and in a sense are not economically prosperous. It is precisely in such regions, if there is a tourist potential, that a great deal of investment is made in the tourist offer, which would in some way compensate for the economic underdevelopment and contribute to the development of the region itself, which would become competitive in relation to other regions (Lakićević et al., 2019, p. 106). Numerous studies have shown that there are differences between individual countries in terms of whether tourism has stimulated economic development, or whether economic development has stimulated the development of tourism (Petković et al., 2011, p. 89).

Countries that have potential for the development of tourism and want to use it for their faster economic development have in mind that the relationship between tourism and economic development is characterized by a high degree of correlation, and due to its numerous positive effects on the entire economic activity, tourism can be used as a factor of faster economic development. The impact of tourism on economic development is concretely achieved through the impact of tourist consumption and investments intended for tourism, on general economic activity and participation in the creation of the social product. Investments in tourism are an important prerequisite for using the opportunities it provides as an element of development policy (Bošković, 2012, p. 24). More efficient use of tourist potentials cannot be achieved only by simply having natural and similar advantages for tourism, but also requires certain investments in facilities, infrastructure, personnel, etc.

Tourist consumption by domestic and foreign tourists has strong repercussions on all activities that make up the complex system of tourism. There is a pronounced correlation between realized tourist consumption and the development of certain activities of the tourism industry. Tourism consumption is at the center of the measurement of economic activities and the basis of the economic impact of tourism on the balance of payments, the impact of tourism on overall economic development through the multiplier effect, the impact of tourism on regional economic development, as well as the impact of tourism on employment (Lazarević, 2018, p. 54).

The most important direct impact of tourism on the economy is the impact on the social product and national income, the impact on the development of the tourism economy, the impact on the balance of payments, the impact on the level of employment of the population, the impact on the value of investments and the impact on the faster development of underdeveloped countries and regions (Lakićević et al., 2019, p. 103). The indirect impact of tourism refers to its impact on agriculture, industry and construction. The consumption made by foreign tourists has a multiple impact on the economy of the country as a whole, and especially on the economic prosperity of the specific tourist region, i.e. destinations.

4. TOURISM AS A DRIVER OF ECONOMIC GROWTH IN THE BALKANS

Along with the development of the world economy, the structure of activities is also changing, that is, the participation of individual sectors in the social product, national income, as well as in the employment of the workforce. In recent decades, the main structural change in the world economy is reflected in the growing amount of services, i.e. the significant participation of the tertiary sector of the economy. There is almost no country whose economy does not have a significant share of the service sector. Tourism is currently one of the most important tertiary branches of the economy, which significantly contributes to general economic well-being and progress.

Tourism, as part of the service sector, has become a social phenomenon that characterizes our era, and the last half century has been characterized by dynamism and massiveness. Tourism played a significant role in the economic development of a large number of countries in the world and was one of the decisive reasons that tourism countries, through various instruments of economic and tourism policy, stimulated the development of tourism motivated by economic motives. In many countries, tourism is among the top three industries, generating the largest or moving towards the largest retail turnover and employment (Stanić & Vujić, 2009, p. 16).

Tourism is especially important in those countries that have a high tourism potential, but which do not have a well-developed economy and industry. It is precisely in those countries that the true state and power of tourism, whose development leads to general prosperity, is depicted. For the economies of medium-developed and less developed countries, tourism is of great economic importance, and its potential should be nurtured precisely for the reason of increasing the economic competence of these countries.

Bearing in mind the high tourist potential that the Balkan region possesses, it is extremely important to influence and work on improving the tourist offer, which would in some way compensate for the economic deficiencies that are still present in that region. The expansion of tourism has been noticeable in all parts of the Balkans in recent years, especially after COVID-19.

In Serbia, the expansion began in 2015, primarily with incentive measures for domestic tourism, but also with the increase in the interest of foreign tourists in that period. Expressed by the number of overnight stays, tourist traffic was on the rise until 2019, when a record total of 10.1 million overnight stays was achieved. In 2020, tourist activity will contract and the number of overnight stays will drop to 6.2 million, where domestic tourists have achieved almost 5 million, and foreign tourists around 1.3 million overnight stays. In 2021, there will be a recovery and an increase in the number of overnight stays to 8.2 million. The growing trend, expressed by the number of tourist overnight stays in Serbia, continued in 2023, when 12.4 million overnight stays were recorded, or 1.6% more than in 2022. In the first quarter of 2024, the number of tourist overnight stays was

2.6 million, which is 5.3% more than in the first quarter of 2023. Domestic tourists accounted for 54.4% and foreign tourists for 45.6% of the total number of overnight stays (Statistical Office of the Republic of Serbia, n.d.).

When we talk about the foreign exchange inflow from tourism, in the first 10 months of 2023, Serbia achieved an inflow in the amount of 2.09 billion euros, 4% more than in 2022.

In 2019, Montenegro generated revenues from tourism at the level of 1.14 billion. euros. In 2020, the mentioned revenues are at a significantly lower level, bearing in mind that the mentioned year was marked by the emergence of the COVID-19 pandemic, which left significant consequences for the tourism sector. In 2021, the recovery of economic activity in the tourism sector was achieved and an income of 834.00 million was achieved. euros. Realized revenues in the first quarter of 2022 are at the level of 45 million euros.

The key indicators from the report of the World Travel and Tourism Council (WTTC) for Montenegro, which refer to the year 2019, are as follows: the total contribution of the tourism and travel sector to the GDP was 30.9%, the total the contribution of employment was 31.9%, and the share of tourism in exports was 52.6%. If we look at the data for the period from 2009 to 2019, it can be stated that the number of tourists increased by 119%, the number of overnight stays by 91%, and the total income by 92%. Statistical data also show that over 90% of tourist visits are realized in the coastal region and mostly during the summer period (Parlamentarna budžetska kancelarija, n.d.).

In Bosnia and Herzegovina we also have a noticeable increase in tourists. In the period January - April 2024, tourists achieved 426,125 visits, which is 5.0% more, and 918,070 overnight stays, which is 3.6% more compared to the same period in 2023. The number of overnight stays by domestic tourists increased by 5.4%, while the number of overnight stays by foreign tourists increased by 2.7% compared to the same period in 2023. In the total number of overnight stays, the share of domestic tourists is 33.4%, while the share of foreign tourists is 66.6% (Federalni zavod za statistiku, n.d.).

When we talk about Croatia, there is a noticeable increase in GDP from 58,207 million euros in 2021 to 67,390 million in 2022. Out of that, tourism revenues in 2021 amounted to 9,134 million, while in 2022 there was an increase in revenues and they amounted to 13,113 million euros. In percentage terms, the share of tourism in GDP was 15.7% in 2021, while in 2022 that percentage was increased to 19.5% (Državni zavod za statistiku, n.d.).

5. CONCLUSION

The dynamic development of the world economy in recent decades has caused major changes in the structure of the world economy. These changes happen at such a speed that it is very difficult to keep track of them. Tourism, as one of the economic branches, today largely contributes to the economic growth and development of the world economy. Tourism as a mass social and economic phenomenon is responsible for the economic progress of many countries in recent decades.

The economic development of every country implies the choice of an economic goal, the choice of strategy and policies that will enable the realization of the planned strategies. Key economic goals are most often defined through economic growth and development, as well as growth in living standards, increase in employment, balancing regional development and balancing the balance of payments.

Any consumption that generates economic activities is worthy of macroeconomic attention, and the interest of economic science in the study of tourism became relevant when there was an increase in the income of the national economies of tourist countries, as a consequence of tourism trends. This also emphasized the interest in studying the economic consequences of tourism development. At the beginning, the views on tourism were reduced mainly to the study of the economic consequences that tourist traffic brought. However, later research on tourism pointed to its impact on other economic and social activities, that is, on the overall economic development. In this way, tourism is recognized, not only as a consequence of economic development, but also as a factor of economic development (Stanić & Vujić, 2009, p.15).

Bearing in mind all the mentioned facts, it can be concluded that tourism is a part of the economy that is of great importance for economic growth and development, and whose potential should be nurtured precisely for the reason of increasing economic competence.

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