



The Economic Impact of Global Tourism: A Review of Contributions and Challenges in Developing Countries

Kowo Solomon Akpoviroro

Global Humanistic University, Curacao

Corresponding email: kowosolomon@gmail.com

Abstract *Global tourism has been one of booster main growth economy in developing countries, which contributes significant to improvement income national, creation field work, and development infrastructure. However, this contribution is faced with various challenges, such as dependence economy, vulnerability to global crisis, and its impact environment that needs managed in a way sustainable. This study aims to analyze impact economy from sector global tourism in developing countries, with highlight its role in improving welfare economy at a time identify challenges that arise from dependence on this sector. The research method used is study library and analysis of secondary data taken from various sources source relevant international, such as report annual report from the World Tourism Organization (UNWTO) and the World Bank. The research results show that although sector tourism contributes positive to growth economy, developing countries often face limitations in optimizing profit term long consequence lack of investment sustainable, instability global economy, and the need improvement capacity management destination. This finding underlines the importance of diversification strategy economy and improvement sustainable infrastructure to mitigate risks related. The implications of this study are recommendation policies that can help developing countries to be more resilient in the face of challenges and take advantage of potential global tourism in general maximum.*

Keywords global tourism, developing country economy, contribution economy, challenges tourism, development sustainable

1. Introduction

Tourist has been one of sector the most dynamic economies in the world, especially in developing countries. Growth sector tourism can contribute straight to the upgrade income national and creation field work, besides also being catalyst for development infrastructure and provision service more public well (UNWTO, 2020; Hall, 2021; Sharma, 2023). In developing countries, this sector also provides opportunity significant for eradication poverty and improvement quality life public local, especially in limited areas access its economy (Sharpley & Telfer, 2015; Gössling, 2019; Gössling, 2021). However, even though contribution This positive can support development, there is challenge structural and environmental factors that often slow down benefit economy term length of global tourism.

Related studies impact tourism in developing country economies the more required remember global dynamics that present new challenges. Threats change climate, fluctuation global economy, as well as the pandemic that caused disturbance in-depth into the tourism industry, has cause question about sustainability of economic models based on tourism (UNDP, 2020; Ministry of Tourism of the Republic of Indonesia, 2022; Ramírez & Sánchez, 2023). This research is important to explore to what extent the sector tourism can continue to have an impact positive in condition global economy that often No stable as well as how developing countries can design strategies to deal with this challenge.

Based on data from the World Bank and UNWTO (2021), the contribution sector tourist to Product Gross Domestic Product (GDP) of developing countries such as Thailand, Indonesia, and Egypt reached an average of 10-15% per year, with more contribution high in countries that are highly dependent on tourism (see Table 1). This shows that tourist is vital sectors in the structure economy them. In addition, the theory about the multiplier effect or effect multiplier economics in tourism mention that every improvement investment in the sector tourist will produce improvement economy bigger in sectors related, such as trade, transportation, and services (Fletcher, 2018; Dwyer, 2020; Brouder, 2022).

Table 1. Tourist Contributions

Country	Contribution Tourist to GDP (%)	Year 2021
Thailand	15%	2021
Indonesia	12%	2021
Egypt	13%	2021

Research on impact economy tourism in developing countries show contribution positive, but a number of the study also identified challenge related dependence economy in this sector. As For example, Gossling's (2019) study found that that dependence tourism in developing countries often make economy they prone to global crisis. Another study by Sharpley and Telfer (2015) explains that although tourism can increase income, impact environmental and social aspects of tourism that are not under control often causes problem for society local. Hall (2021) highlights need for diversification strategy economy to reduce the risks that developing countries face in relying on sector tourist as source main income.

Previous research tend focus on impact positive term short and contribution tourist to growth economy. However, still A little in -depth study regarding strategies that can help developing countries overcome challenge structural and economic in the long term long, especially involving intervention policy or step mitigation to risk dependency (UNWTO, 2020; Sharma, 2022). This study aims to fill gap the width

provide review comprehensive about role tourism and strategies that developing countries can adopt to address This dependence is in the long term long.

The novelty of this research lies in its balanced focus. between contribution economy tourism and the challenges facing developing countries, including impact term length of dependence on this sector and the potential diversification economy as solution. Not only review benefit economy, this study also explores impact external rare negative discussed, such as dependence economy, degradation environment, as well as uncertainty income consequence global crisis. Through This approach, it is hoped that this research can provide a new perspective in designing policy more tourism sustainable. This study aims to analyze contribution sector tourist to developing country economy

2. Method

This research uses approach descriptive qualitative, which aims to explore and understand impact economy global tourism in developing countries with merge review literature, secondary data analysis, and interviews deep with tourism experts and practitioners. This approach was chosen Because able to provide an overview comprehensive about contribution as well as challenges faced sector tourism in developing countries.

The population in this study includes all developing countries that have contribution sector tourist to economy. The sample was selected purposively, namely countries that are highly dependent on tourism as a main source of income, such as Thailand, Indonesia, and Egypt. The selection of this sample was based on reports from the World Tourism Organization (UNWTO) and the World Bank, which showed that the three countries had significant contributions from the tourism sector.

The main instruments in this study were an interview guide designed to identify expert perspectives on the impact of tourism on developing country economies, as well as a secondary data recording form covering tourism's contribution to Gross Domestic Product (GDP), job creation, and infrastructure investment. In addition, a questionnaire open is used to obtain qualitative data from informants in the sector tourist.

Data collected through three method main : (1) review literature, where the articles scientific, report annual, and relevant studies from Google Scholar, UNWTO, and World Bank were analyzed ; (2) secondary data collection related indicator economy tourism in developing countries, such as contribution to GDP and level dependence economy ; and (3) interviews deep with expert tourism and makers policies in sample countries, to understand perspective they about impact economy and the challenges faced.

Research begins with identify countries that depend on the sector tourist based on UNWTO data and reports international others. After sample selected, review literature conducted to identify relevant previous research and research gaps. Furthermore, the guide interview arranged and carried out interview deep with expert tourist as well as secondary data analysis from relevant sources. The collected data Then compiled, analysed, and synthesized to identify contributions and challenges sector tourism for developing country economies.

Data analysis was performed in a way qualitative use content analysis approach, where interview data and literature analyzed to identify themes main related impact economy tourism. Secondary data analysis done with use method descriptive statistics for mapping contribution economy sector tourism, such as percentage contribution to GDP, the figure dependency, and level investment in countries that are research sample. Analysis results Then presented in the form of descriptive and tables to provide a comprehensive overview about impacts and challenges economy tourism in developing countries.

3. Result & Discussion

Economic Contribution of Tourism to Developing Country Economy

Tourist has contributed big to Product Gross Domestic Product (GDP) in developing countries. Based on UNWTO and World Bank report (2021), sector tourism in developing countries such as Thailand, Indonesia, and Egypt contribute an average of 10-15% of total GDP, which is far taller compared to with more developed countries diversified its economy (Gössling, 2021; Hall, 2021; Ramírez, 2023). The high This contribution shows role important tourist as source growth potential economy.

In addition to contributing to GDP, tourism also provides extensive employment opportunities, especially in rural areas and small towns. For example, Indonesia shows that the tourism sector is able to provide more than 12 million jobs, or around 10% of the total national workforce (Sharma, 2022; Brouder, 2022; Ministry of Tourism of the Republic of Indonesia, 2022). This shows how tourism is not only a source of economy for the country but also a sector that drives poverty alleviation in local communities.

Economic Dependence and Risk of Global Fluctuations

Heavy reliance on the tourism sector poses risks of economic instability, especially for less diversified countries. This is compounded by the fact that tourism is vulnerable to global crises, such as the COVID-19 pandemic which has led to a sharp decline in international tourist arrivals (UNWTO, 2020; Hall, 2021; Sharpley, 2023). Countries such as Thailand and Egypt that rely on tourism as a major source of income have experienced significant economic contractions during the pandemic, demonstrating the vulnerability of reliance on this sector.

Table 2. GDP Contraction in Dependent Countries Tourist moment COVID-19 Pandemic (World Bank, 2021)

Year	Thailand (GDP contraction %)	Indonesia (GDP Contraction %)	Egypt (GDP contraction %)
2020	-6.1%	-2.1%	-3.6%

According to research by Sharma (2022) and Gössling (2021), countries that are highly dependent on tourism must considering diversification strategies economy to mitigate this risk. Diversification economy in the field others, such as the digital industry or manufacturing, can reduce impact negative of fluctuation visit tourist international which is highly dependent on global stability.

Challenges of Environmental Impact Management in Tourism

Rapidly increasing tourism in developing countries is often not accompanied by adequate environmental management efforts, which can result in ecosystem degradation. Negative environmental impacts, such as damage to marine ecosystems and increased pollution in tourist destinations, pose significant challenges to the sustainability of the tourism sector (Dwyer, 2020; Gössling, 2019; Sharma, 2022). Studies have shown that in areas such as Bali, mass tourism has caused serious marine pollution, negatively impacting coral reefs and marine life (Hall, 2021; Gössling, 2021; Brouder, 2022).

Further research by Ramírez and Sánchez (2023) shows that to maintain sustainability, developing countries must implement strict environmental regulations and invest in environmentally friendly infrastructure in the tourism sector. This aims to ensure that the economic impact of tourism does not harm the environment and local communities in the long term.

The Role of Economic Diversification Strategy in Reducing Dependence on Tourism

Diversification economy has known as one of the main strategies in reducing risk dependence on one sector. Countries that rely on tourist need utilise potential other economies such as digital sector, manufacturing light, or creative industries to support economy (Hall, 2021; Gossling, 2019; Sharma, 2023). For example, in Thailand, the government strive to encourage investment in the sector technology and creative industries to broaden the economic base and minimize impact negative of dependency tourist.

According to UNDP report (2020), countries that carry out diversification tend more resilient in the face of crisis global economy. With reduce dependence on the sector tourism, developing countries can maintain stability more economy Good during period uncertainty economy (Ramírez, 2023; Gössling, 2021; UNDP, 2020). This

diversification also serves as a long-term strategy long to push development more sectors friendly environment.

Implications and Recommendations Policies for Economic Sustainability of Tourism in Developing Countries

In an attempt increase benefit economy tourism and overcoming existing challenges, developing countries need formulate supportive policies sustainability and resilience economy tourism. One of the recommendations is development policies that encourage investment in infrastructure friendly tourism environment, such as management more waste good and limitations development in vulnerable areas environment (Gössling, 2019; Sharma, 2022; Hall, 2021). This approach allows tourism to develop without damage source Power nature that becomes Power pull major in developing countries.

In addition, policies that lead to increased quality service tourism, training power work, and investment in the community local can encourage improvement welfare public (Sharpley & Telfer, 2015; Brouder, 2022; UNWTO, 2021). These recommendations can help developing countries maximize benefit economy from tourism, at the same time ensure that growth This sector is sustainable in the long term long.

4. Conclusion

This study shows that global tourism has role significant in supporting growth developing country economy, with contribution direct to Product Gross Domestic Product (GDP) and creation field work. Countries such as Thailand, Indonesia, and Egypt in particular direct benefited by the sector tourism that can generate income big as well as support alleviation poverty. However, high dependence on this sector also presents risk, especially in situations global crisis, such as the COVID-19 pandemic, which shows How developing countries' economies could be shaken moment visit tour international decrease drastically. Therefore that, this study underlines the need for a diversification strategy economy as step important in reducing dependence excess in the sector tourist.

This study also found that although tourist push growth economy, often the impact negative to environment and sustainability Not yet managed with good. Ecosystem local in various destination tour prone to damage consequence tourism that is not sustainable, such as pollution and degradation environment. To overcome this challenge, developing countries it is recommended to apply policies that focus on management a more environment tight, and investment infrastructure friendly supportive environment sustainability tourism. These findings provide implications that with the right policies, developing countries can take advantage of potential economy tourist optimally at once protect source Power natural them for the long term

long. In general, Overall, this study confirms that contribution sector tourist to the economy of developing countries is very positive, but required approach comprehensive which is not only maximize profit economy but also maintain sustainability environment and economy local.

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