THE ROLE AND IMPORTANCE OF CAPITALIZING ON TOURISM POTENTIAL AT LOCAL COMMUNITY LEVEL

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Abstract:
Local economic development means increasing the economic competitiveness of a local area in order to improve its economic future. Developing the local economy and improving competitiveness are crucial because the success of communities depends on their adaptation to the changes taking place in the external environment.

In this context, tourism has a considerable impact on the economies, societies and cultures of different countries or regions. Its action is manifested in a multitude of plans, from stimulating economic growth to improving the social structure, from the superior valorisation of natural-material resources to the improvement of living conditions.

The present paper aims at outlining the main aspects resulting from the hypothesis that tourism makes a significant contribution to local development.

Key words: local development, tourism development, employment, economical growth

JEL Classification: O10, R11

1. Local development

Local development is a process by which the public, private and non-profit sectors work together to create better conditions for growth and employment.

Local development started from the need to raise the standard of living of people who were at a certain time below the standard of living considered "decent" in the societies where they lived.

Local development can be defined as "a process of growth and structural change that provides welfare to the inhabitants of a locality or region, as a result of the transfer of resources from traditional activities to modern ones through economic engagement, introduction and transmission of innovation."

The process of local development arises when a community allocates human and material resources to meet the needs of its members, whether these needs are of an economic or social nature or when they include specialized components - infrastructure, education, etc.

Local economic development is the process by which different actors in the public sector, the business environment and the non-governmental sector work together to create better conditions for economic growth and to generate new jobs. Through this process, they establish and maintain a dynamic entrepreneurial culture and create material resources for the community and business to improve the quality of life of the entire local community.

Local economic development provides local authorities, the private sector and the non-profit sector and the local community with the opportunity to work together to improve the local economy and to focus on fostering competitiveness and achieving sustainable growth.

The advantages of local or regional development strategies are numerous in a globalizing world compared to traditional development programs. From an economic point of view, the advantages are:

- localized economic activities at local level are dependent on the economic conditions of the area, which generates an economy based on sustainability, growth and jobs for community members;
local strategies for economic development, with the involvement of local actors and the establishment of economic activity in that area, contribute to an increase in the quality of jobs.

The social benefits are related to the development of human capital and a high degree of transparency of the institutions. As a natural consequence of human capital development, communities with very little control over economic activities on their territory or not very involved in this activity develop mechanisms that enable autonomy and adopt a proactive attitude towards sustainable development and the economic, social and political future. Local development is a step-by-step process, ordered by time and space, in the sense that it is based on the development of infrastructure and then of human capital, in order to produce the expected effects (the expected impact) in the last phase by involving all stakeholders their cooperation in order to achieve the established results.

2. The impact of tourism on local development

Tourism development is a multi-sectorial activity that takes place mainly at the local level and brings with it social, economic and environmental effects. Activity requires planning considerably to make the development results attractive to tourists but must also be sustainable, requiring close cooperation and coordination both in the private and public sectors.

Tourism has a considerable impact on the economic and social environment of different regions and regions. Its action is manifested by a multitude of plans, from stimulating economic growth to improving the social structure, from the superior valorisation of natural-material resources resources to improving living conditions.

Research on the role of tourism has highlighted the fact that it has a considerable impact on the economy of the societies and cultures of different countries. Its action is manifested in many ways: economic, social, cultural, political; the intensity of these actions varies from one country to another according to its level of development and the policy promoted towards it. But we will focus on the economic role of tourism.

The economic role of tourism refers to:

- The impact of tourism on macroeconomic indicators. An increase in tourism revenue will lead to an increase in gross domestic product and, implicitly, in national income;
- The impact of tourism on the trade balance. The sale of tourist services on the international market may lead to a rebalancing of the trade balance as a result of the increase in the volume of receipts;
- The impact of tourism on local development. Capitalizing on regional tourism potential can lead to the prosperity of the areas, reduce unemployment and, in some cases, diminish migration;
- The impact of tourism on other branches of the national economy. The development of tourism determines the development of other branches of the national economy (the action to stimulate the development of other branches).

The effects of tourism on economic development are undeniable. The World Tourism Organization refers to the effects of tourism on the global development strategy of a country (or areas) or global effects on the national economy, ie external effects, in the socio-cultural, physical and human resources with indirect economic outcomes.

Analyzing tourism as a distinct economic sector, we find that it includes a wide range of services, ranging from advertising, promotion, information, accommodation, catering, spa treatment, leisure and entertainment.

At our country level there are a number of factors involved in tourism development. Some of them play a more important role than others, but each makes an important contribution to tourism development. Among the actors involved in tourism development we can list: the Ministry of Tourism, the Ministry of Environment, the Ministry of Regional Development, the Public Administration and...
Local economic development in terms of capitalizing on the tourist potential of the area requires the creation of an appropriate tourist offer; this approach can not always be left to the local and / or county councils, but involves a significant state effort materialized in investments used to strengthen infrastructure elements. The state also assumes its role as protector of the tourism industry, through fiscal policy and credit policy for investors.

In the period 2006-2016, 60 investment projects in tourism infrastructure were recorded in the records of the central public authority in the field of tourism. Of these, 42 projects were completed, accounting for 70% of the total number of investment projects. A total of 11 projects were in progress, of which 7 had an expired contract. Also, a further 7 projects had only the technical-economic documentation finalized. (http://turism.gov.ro/web/wp-content/uploads/2017/07/MPI-21.07_2017.pdf)

Regarding the development projects by types of programs, we note that most investment projects aim at developing the ski area, which together with the tourism infrastructure development projects in the mountain area represent the highest share of tourism projects.( Fig. no. 1)

![Figure no. 1](http://turism.gov.ro/web/wp-content/uploads/2017/07/MPI-21.07_2017.pdf)

**Figure no. 1.** Number of investment projects by type of programs (2006-2016)

Source: processing based on MT data

Of the total amount of investments made in tourism by the central tourism authority, local councils were the main beneficiaries of the investments made (92%), while the county councils accounted for only 8% of the total value of the investments made in the period 2006-2016. More than half (55.2%) of tourism investments concentrated in 3 counties: Hunedoara, Brașov and Vâlcea. (http://turism.gov.ro/web/wp-content/uploads/2017/07/MPI-21.07_2017.pdf)

This can only be a gratifying one, because it greatly supports the development of the economy at local community level.

An eloquent example in this case is the Jiu Valley, Hunedoara County. The area consists of 3 municipalities: Petrosani, Vulcan, Lupeni and 3 cities: Petrina, Aninoasa and Uricani. Jiu Valley is a mono-industrial area, strongly dependent on the mining industry, which in recent years has undergone several actions to reorganize the coal-mining activity. Since 1997, in order to follow the general restructuring of the mining industry, the staff layoffs have been applied, a process still taking place today, which has led to a drastic reduction in the number of employees in the mining industry. The effects of staff layoffs have been particularly acute in the labor market, reflecting the significant and
alarming increase in the number of the unemployed on the one hand and the decline in living standards on the other.

In this context, identifying viable alternatives to the economic and social development of the area, leading to the absorption of labor force, was imperative.

Thus, due to the significant tourist potential of the area (Parâng Mountains, Vâlcan, Straja), local actors, together with the regional and national ones, have worked to capitalize on this potential - considering tourism as the main alternative for the absorption of available labor and recovery economic and social development of the Jiu Valley.

If we analyze the main beneficiaries of the investments in the tourist infrastructure, we find the first three places in Brasov City Council, Voineasa Local Council (Voineasa Ski Area) and Lupeni Local Council (Straja Resort). Important sums were also allocated to local councils in Petroșani (Parâng Resort) and Vulcan (Pasul Valcan Resort). (Table no. 1)

Significant investment materialized in the development of the ski infrastructure.

Table no. 1

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Investment amount (thousand lei)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Council Lupeni</td>
<td>122.056</td>
</tr>
<tr>
<td>Local Council Petroșani</td>
<td>70.609</td>
</tr>
<tr>
<td>Local Council Vulcan</td>
<td>48.651</td>
</tr>
</tbody>
</table>

Source: Ministry of Tourism

The significant sums benefited by the local councils in the Jiu Valley have led to the development and modernization of the Straja, Parâng and Vâlcan stations and have mainly resulted in the modernization of cableway installations (chairlift, telegondola) and the arrangement and modernization of the slopes.

The Hunedoara County Council also contributed by providing the funds needed to modernize the road access infrastructure to tourist resorts.

All these investments have led to an increase in tourist demand in the area, not only in winter - for skiing, but also in the warm season - when different types of tourism can be practiced such as: adventure tourism, agrotourism, sport tourism, ecological tourism etc.

The tourist demand comes mainly from tourists from neighboring or neighboring counties, such as Caraș-Severin, Timiș, Gorj, Dolj, but also Bucharest - especially because of the more affordable prices compared to other resorts such as Poiana Brașov. The quality of the slopes, the landscape, the kindness of the hosts, are also the strengths of the area.

The development of turism in the Jiu Valley through Straja, Parâng, Vâlcan and other valleys significantly contributes to the socio-economic development of the area, by initiating and developing complementary economic activities, job creation, additional revenues to local budgets, etc.

However, the development of tourism in some areas is hampered, in particular, by:
- an obsolete road infrastructure;
- the absence of sewerage infrastructure, running water, gas, etc.;
- lack of opportunities for leisure;
- lack of public services (such as medical, pharmacy);
- deficiencies in the legal situation of land, forests, water. This prevents or hampers local investments or funding projects;
poor connection of local culture (gastronomy, traditions, habits, traditional crafts) to the economic, commercial or marketing phenomenon;

- the reluctance of the inhabitants to change the authentic and traditional life rhythm.

At the regional and local level, tourism acts as a dynamic element of the economic system, assuming a specific demand for goods and services, demanding an increase in their production. Also, the tourist demand determines an adaptation of the offer, which materializes in the development of the tourist structures and indirectly in the stimulation of the production of the branches involved in: the construction and construction of new means of transport, recreational facilities for winter sports, nautical sports and others. The development of tourism leads to a significant increase in production.

3. Perspectives of the development of tourism at the local level

In order to develop tourism at the level of local communities, a number of issues should be taken into account.

First, it should to take equal account of the needs of local communities and guests. Long-term viability needs satisfied, returning visitors who recommend others to visit, which means deliver an experience that meets or exceeds expectations. However, local communities would could face a number of external costs related to tourism, so it is important for policies to try to maximize the economic benefits to the community.

Secondly, it should strengthen the number and quality of local jobs directly and indirectly created and sustained by tourism, while attempting a widespread distribution and fairness of economic and social benefits, including improving opportunities, of the revenues and services available to less-favored members of the community. This should be achieved through the involvement and accountability of GPP in planning and taking decisions on the future management and development of tourism.

Also, the development of tourism should respect and strengthen historical heritage, authentic culture, traditions and distinction of host localities, while maintaining the quality of landscape, both urban and rural, and avoiding the physical and visual degradation of the environment. This "treasure" includes a tangible heritage such as historic buildings and artifacts and non-limitative artifacts, such as cultural traditions. Conservation of both is of great importance for the good and sustainable growth of the tourism sector. A regional commitment and a common approach to the preservation of tangible and intangible, cultural and natural assets is therefore essential to successfully addressing tourism development and creating a fertile dialogue and sustainable growth throughout the region.

In order to support the development of tourism at the local level, the following aspects should be considered [9]:

- Local community to be fully committed to policy making and plans tourism. This should involve the institutions of local authorities and should there is a process of consultation and wider participation of the community and other parties concerned;

- Empowering local communities to influence tourism development decisions in their area, including the provision of knowledge and skills that people need for to effectively participate in the decision-making process at the local level;

- The public-private approach, based on objective goals and clear indicators, would allow intelligent investment prioritization, sound tax policy and effective fund-raising by local municipalities. This would help solve the intrinsic paradoxes that characterize the tourism industry, especially with regard to the financing of tourism projects. Tourism increases spending in a community and often increases employment, which is enhanced by the "multiplier" effect. However, although it may be in the national interest to produce income in the form of corporation tax, employee taxes, excise duties, and so on, this might not help local
authorities if they will have to provide additional costs for the provision of collective local tourism services. These include direct costs due to garbage collection, promotion, museum management and information provision, but also due to higher capital investments in infrastructure and superstructure, as far as tourism evolves and usually occurs physical sustainability issues;

- The issue of funding is therefore vital to sustainable tourism. Municipalities local authorities should strive to support collective tourism and investment services, the implementation of public-private partnership schemes and access to national and international funds such as the EU Structural Funds. Also funds should be directed to support capacity building in the field sustainability, including both private and public operators at the local level.

Decision makers and local actors, in their concerted action, need to realize that tourism development must be planned with a long-term vision, avoiding short-term approaches and solutions that can not be sustained over time. At the same time, the objective assessment and analysis of the impact of tourism development and other tourism activities must be based on smart and measurable objectives and built on relevant sustainability indicators.

In order to achieve the above, it is necessary for local governments to implement systematic strategic planning activities that include control of the volume, nature and location of tourism development so as to prevent unnecessary pressure on local resources and biodiversity and, at the same time, natural and cultural heritage. It is also necessary to apply a strategically oriented tourism performance management system and to adopt a realistic set of sustainable objectives, indicators and measurements in all development plans directly and indirectly related to tourism, including land use and infrastructure development.

The actions of local authorities in tourism development are not sustained and sufficient without the support of county and central authorities that must include sustainability in national and regional strategies, which should be based on stakeholder processes, promoting and respecting tourism planning at the local level, reflecting the objectives and principles for sustainable tourism.

National and regional tourism development strategies must be based on local development, promoting effective cooperation in sustainable tourism planning and development, and ensuring that sustainability criteria are included in the planning of tourism development funds, in particular those of the European Union.

An important role also belongs to the local business community, which has to cooperate with the local public administration in the planning and development of tourism, while supporting and participating in the creation of partnerships for the promotion of tourist destinations.

Involvement of the local community must also be felt in terms of recruiting staff and suppliers of raw materials at the local level.

It is also important to create clusters or networks based on geographic or thematic approaches that promote common standards, mutual support and group pressure among members.

4. Conclusions

For our country - as a result of the presence of untapped and insufficiently exploited tourism resources in some regions - tourism is a branch with great potential for growth and therefore remains a sphere of activity that can absorb a part of the labor force remaining available through economic restructuring.

At local level, tourism can be an occupational sector, creating jobs for the locals. In many cases, employment in this sector may be complementary to another sector of the economy, such as agriculture, which in the end will generate increases in family income.

Developing the tourism sector implies increasing employment, investment, and the productive base of the local economy, thus improving living standards and quality of life. Local communities turn
to tourism as an alternative means of sustainable development through the restructuring and diversification of economic activities.

Tourism development acts as a potentiating factor, able to train and develop other sectors, thus improving living standards. Using tourism for local economic development means also investing in infrastructure. Subsequently, these combined actions will lead to increased employment, the development of the business and the services sector, and implicitly the local economic and social development.

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