

## Tourism as a Creator of Sustainable Human Capital

Chris Adalikwu\* • Paul Adalikwu\*\*  
Justina Adaikwu\*\*\*

### *Abstract*

*Across the world, tourism can have a profound impact on society, economy and environment of nations. Socially, one of the most immediate benefits of the tourism industry is its ability to create employment and, an added benefit is that it caters for both skilled and unskilled employment. As a labor-intensive industry, tourism has the potential to create more jobs per unit of investment than any other industry and can be a useful source of employment for young people, women and people with limited skills. Environmentally, when properly developed and managed, tourism can serve as a mechanism for protecting natural environments; preserving historical, archaeological and religious monuments; and, stimulating the practice of local cultures, folklore, traditions, arts and crafts, and cuisine. And, economically, tourism brings many benefits to the Central Government, local authorities as well as the private sector through the generation of foreign revenue, financial returns on investment, taxation on tourists and tourist products, and, linkages to other local industries such as agriculture and fisheries.*

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\* PhD Professor of Management HUFs College of Business, Hankuk University of Foreign Studies  
\*\* PhD Director of Tourism Federal Ministry of Tourism and Culture Abuja Nigeria  
\*\*\* PhD Professor of Sociology Canadian University College Alberta Canada

## I. Introduction

The tourism industry has played a central role within the processes that coordinate the world global economic system, such as globalization or general economic development. One of the most valuable characteristics of the tourism industry is that while it has grown in numbers, it has also grown in variety of destinations as there has been a continued geographical spread of tourism to all parts of the world which has made it possible for many countries, especially developing countries, to develop tourism as a viable engine for socioeconomic development.

Tourism industry has not only been influenced, but also been the beneficiary of their effects. With the impetus that global tourism has generated, we are now able to witness on the one hand, the capacity to stimulate the development of states and to accelerate the process of global economic integration, and, on the other hand, the internationalization of tourism activities through connecting people and countries all over the world. In most countries today, tourism contributes substantially to the improvement of the standard of living, to economic growth, to the enhancement of opportunities and

a better life for people, to the fight against poverty, to the intensification of environmental protection activities, as well as it is a field with ample implications in people's lives everywhere.

## II. Debates Regarding the Transition from Economic Growth to Economic Development

Economic growth is considered a complex topic, debated in scientific circles, the latest studies highlighting the importance of the application of sustainable economic development and the renunciation to traditional growth. What is interesting is that, although this phenomenon of growth has been blamed for the various present crises of humankind, it has always represented the centre of economic policies and the desideratum of all nations. The race for economic growth has affected and is continuously affecting a lot of developing countries, while "all the economic plans of developed countries, with no exception, have aimed at the highest level of economic growth" (Georgescu-Roegen, 2006). Forcing eco-

economic growth has governed all the economies of developed countries, determining the struggle to obtain competitive edge at all levels, without taking into consideration the warnings of ecologists regarding the “ecological imprint of humankind, more precisely the ability of the environment to bear the human species in a sustainable way” (World Watch Institute, 2006, p.4). Economic growth has led to a high rate of depletion of resources and to intense environmental pollution. In the present-day context of the world, the traditional objective of growth must be replaced with that of development, which should draw attention to the human being and the environment, not to the race of improvement of scores for some indicators (evidence for that is the content of economic growth indicators, which include as growth weapon production, but do not calculate, for instance, life standards).

The terminology used to refer to the concept of economic growth is diverse. Examples include a series of notions such as economic growth; economic progress and economic expansion coexist. What is remarkable is that, although in economic literature the term “economic growth” is often employed with the meaning of “eco-

nomic-social development,” or “economic-social progress,” it has quantitative features, expressing functional relations between the variables involved in this process, factors upon which the domestic product and revenue depend (capital, labor, land, information, innovation, organization, leadership, organization, technical progress).

To the purpose of clarifying terminology, we should pinpoint from the beginning the notions of “economic growth,” “economic development” and “sustainable development,” which will be used often in this paper. If the concept of “economic growth” refers, in a simplified definition, to the quantitative growth of some macroeconomic synthetic indicators, “economic development” is the term with more complexity, indicating especially the qualitative aspect of economic changes. In analyzing economic development, Bulborea defined this concept as “a complex and dynamic process that entails the improvement and perfecting of social-professional structures, the assimilation of technological-scientific accomplishments, at the micro- and macro-levels” (Bulborea, 2006, p.24).

From the analysis of the main terms used to define development, we can ex-

tract the exact meanings that have been unanimously accepted by the economic circles worldwide: if the notion of growth has been widely debated already, economic development and progress remain insufficiently discussed. While economic development stresses the qualitative and structural aspects of the process of growth, in view of reaching certain objectives such as the improvement of welfare and life standards, economic progress refers to the positive evolution of various economic, social, technological, cultural, political areas, based on the complementarities of the processes of growth and development.

In practice, the economic development theory has a wider mission, that of creating the theoretical support for the streamlining of the allocation of rare production resources and of the way in which these support sustainable economic growth, but also the analysis of interdependencies and overall functionality of economic, social, political mechanisms and the mechanisms of public and private institutions. Consequently, the theory of economic development must concern itself with “the economic, cultural and political requirements needed to ef-

fect rapid institutional and structural transformations in the whole of society, so that economic progress should be obtained for large population segments” (Jula et al., 1999, p.10).

The interdependency between economic growth and economic development is supported by the argument that, on the background of economic development, economic growth materializes both in time and in space, and the relationship between the two concepts is that form part to the whole, in the sense that any economic development presupposes economic growth, but the opposite does not apply, meaning that not all growth presupposes economic development. This idea has been expressed clearly by Professor Dudley Seers, a supporter of the theory of economic development oriented towards the social component: “Thus, what needs to be asked as far as the development of a country is: What happened to poverty, unemployment, inequality? If the three reached high levels before and now they have diminished, we may assert without equivocation that there has been a process of development in the analyzed country. But if one of these fundamental problems has wors-

ened, and if, moreover, all of them were present, we cannot call this process “development,” even though the per-capita income has multiplied by two” (Seers, 1969).

The concept of economic development has multiple connotations given by the multiplicity of inter-disciplinary interferences between the economic field and those of the social, the cultural, the political, the ecological and the environmental protection, manifesting itself under the influence of certain fundamental values<sup>1)</sup> (such as: sustainability (the ability of economic development to ensure the coverage of all basic needs for as many members of the population of a country as possible), self respect (the individual’s esteem of one’s own personality, a condition explained by Maslow’s law, which places the need for self-esteem and accomplishment of personality on the superior levels of the pyramid, defining through economic development people’s orientation towards superior needs) and liberty (the capacity of the human being to free oneself from social servitudes such as ignorance, dependency, dogmatic beliefs etc.-“the advantage of economic growth is not that of the happiness of increased wealth, but that of

the enhancement of people’s possibilities to choose” (Sir William Arthur Lewis, laureate of the Nobel Prize for Economics).

### III. Human Development, an Imperative of Sustainability

The concept of human development is one of the most used phrases today, one to which special attention is granted by all specialized bodies, but also by world governments through economic policies that have as a focus, sustainable development as a model for long-term development to the advantage of the present and future generations. It is, in fact, the new paradigm of development, in the circumstances in which it has been approved that sustainable development is most often regarded only from an environmental perspective, and not from a holistic one, of individual-environment-development.

Starting from the idea that development represents a process that reunites the ensemble of elements that contribute to the positive changes in the quality of

life of individuals and of society, in the case of both material elements and intangible ones, the concept of human development demonstrates, through its central element-the “human being”-that development is more than a statistics of the increase of specific economic indicators, that it is a new outlook that pursues the creation of a an adequate environment in which the human being should be able to reach one’s own development level according to one’s interests and desires. According to the 2011 UNEP Human Development Report “human development is the expansion of people’s freedoms and capabilities to lead lives that they value and have reason to value. It is about expanding choices” (UNEP 2011). Human development is the process of widening opportunities for people. Such a development presupposes the creation of opportunities for individuals to choose the values and lifestyles that they consider proper for their existences.

Human development is more than economic development, which in this outlook becomes only a means to widen choice and to support the development of personal skills.

The philosophy linked with this type of development, announced as early as

Aristotle’s writings, and adopted by twentieth-century writers as a theory of ethics, has imposed itself as a modern field of study, not only with the help of economic or social sciences, but also through the contribution of specialists from other sciences such as medicine and anthropology. In 1971, Denis Goulet presented the “three basic components of the theory of development: decent life standards through the satisfaction of primary needs of individuals (security, food and shelter), self-respect and liberty” (Goulet, 1971, p. 87).

Subsequently, Amartya Sen, laureate of the Nobel Prize for economics in 1998 for his contribution to economic development, introduces the term of human development, a concept that has been researched in-depth by Mahbub un Haq, who has incorporated it in the conception of the Human Development Index (HDI).

Based on this research undertaken by the two economists, in 1990 the first Human Development Report was drawn, which had henceforth been reanalyzed and improved every year, constituting one of the main sources of analysis of the real state of nations. The 1991 report clearly stipulated that all researchers and

all official bodies need to acknowledge that people must be considered both ends in themselves, and objectives of the economic development, and that “development must be constituted around people, not the people around development. (UNDP, 1991).”

Human development is approached differently from classical theories referring to economic growth, the formation of human capital, the development of human resources, the welfare theory, or that of basic (primary) needs of individuals.

While economic growth is a necessary but insufficient condition to obtain progress in the field of human development, the theories referring to the formation of human capital and to the development of human resources treat individuals mainly as a resource and not as an end in themselves, focusing on their analysis as tools used in the production of goods and services. Although people represent an essential component of the process of production, they should not be regarded from the perspective of “capital goods,” but from that of the end beneficiaries of this process. That is why we may say with certainty that these two theories ignore an important part of human development.

#### IV. The Relationship between Economic Development and Tourism

Tourism is an important sector of global economy, being considered, not only by specialists but especially by world governments, as one of the most efficient ways of economic development, with ascending trends internationally. Also, tourism is seen as a major activity in the life of nations due to the direct influence on social, cultural, educational and economic sectors, with wide access to international exchanges. In other words, there is no other economic activity that can overlap with so many sectors, branches and interests as tourism. Due to the complexity and deep implications of tourism in human activity, a vital need for integration and harmonization is signaled, at a global level, of all the strategies of economic development and of the resource management programs with tourism projects. In other words, tourism seems to become one of the main paths towards global economic development and towards the improvement of social welfare in all destinations and for all countries where tourism is harmoniously

integrated with the environment and with the local community.

### 1. Economic Growth, the Central Axis of the Development of the Tourism Phenomenon

In the analysis of the economic system of the last thirty years, sometimes dramatic changes are easily noticeable within the economic structure, changes that have occurred as a result of the decline of certain industries that had been considered as fundamental by then (the mining industry, ship construction industry and even agriculture), together with the rapid growth of those pertaining to the service sector, among which tourism, the IT industry and telecommunications, or the air transport industry.

Regarding the tourism industry, it has known a radical transformation in the last quarter of the past century and in the first years of the new millennium, advancing rapidly from what economists considered to be a caprice of the rich layers of society, called at the beginning of the 90's as the "pleasure principle" (Middleton and Clarke, 2001, p.14), to being a part of the post-industrial mod-

ern society. At present tourism represents a key element of the life of developed societies, and, more than that, an economic incentive that brings about growth in other sectors.

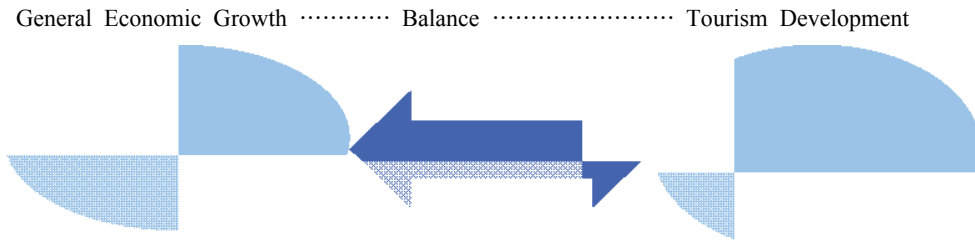
Specialized literature considers that tourism can be analyzed from the perspective of a double acceptance:

- tourism evolves as a result of general economic growth,
- tourism accelerates general economic growth.

The first acceptance can be supported using the example of under-developed countries. Although they make considerable efforts towards tourism development, seen as the easiest method to obtain economic growth, they discover that these efforts are seriously restricted by the limitations of their economies.

The deficit of the balance of payments, the incapacity to draw foreign investments, population poverty, the precariousness of tourism infrastructure, the lack of competitiveness of destinations, sometimes conflicts or the visitation high risk rate for these countries (high criminality, high contagion risk and inappropriate health services), the low index for the availability of the tourism market





General Economic Growth ..... Balance ..... Tourism Development

[Figure 1] The Relationship between Economic Growth and Tourism Development

lead to major implementation and development difficulties in tourism which requires a safe environment for tourists, quality or at least satisfactory services and products, facilities and amenities that allow the normal unfolding of tourism activities.

Tourism is tributary to economic growth, this being an essential condition for the transformation of isolated tourism activities into a profitable sector for the respective country or destination. In other words, economic stability and a certain level of development represent the imperatives of tourism, without which it cannot reach the level of a mechanism of economic growth.

In the case of the second acceptance, the quality of tourism of representing a tool for economic growth resides in the economic-social benefits and the positive impact that this sector may have on lo-

cal destinations and communities: the decrease of the unemployment rate, the increase of foreign investments, of available currency, of operating revenues, of taxes on economic agents and countless other benefits that will be analyzed in what follows.

## 2. Tourism, a Factor of Economic-Social Development

The theory of economic development and tourism have evolved in parallel after the Second World War, but, despite this, few resources have been dedicated to the research of connections between these two fields. This fact is surprising if we take into consideration that tourism is a key element of the economic development policies in a lot of countries and regions that are in tight competition for the benefits brought by the tourism in-

dustry, benefits that translate in figures into: revenues from international tourism, which are estimated to raise up to USD 2000 billion in 2020, in the context in which the number of international arrivals will surpass 1.6 billion, as stipulated in "Tourism 2020 Vision," the World Tourism Organization's long-term outlook and assessment of the development of tourism.

For 2010 only, despite the present-day economic-financial crisis or the galloping development that has characterized the evolution of tourism especially in the past few years, a number of over 940 million international visitors was predicted (UNWTO, 2011). We should note the fact that this figure does not include domestic tourism, which is considered to be a few times more substantial than the international one. Surely, such tourism turnover has a major influence on the economy, on society and on the environment, even more so since tourism is acknowledged as having both a positive and a negative impact, not only directly in the case of the field, but also through indirect effects, some of which are upon other sectors and aspects of life. The field complexity and vastness, as well as those of its implications are nowadays

thoroughly researched, not only at an academic level but also at political and strategic ones by all states, governments or international bodies that coordinate global economic orientation, having in view the optimization and the streamlining of development methods and means, and to balance the welfare of all nations and fight drawbacks and serious problems worldwide.

"Tourism is a strategic economic sector whose potential is far from being fully capitalized upon in industrialized countries" (OECD, 2008, p.15), while the rest of the countries are rapidly entering the arena. As markets become homogeneous, tourism will spread all over the world, not only from the perspective of the countries that are gaining advantage, but also from that of the people who practice it, as there is the certainty that this field will shift from the economic role to the social one: a field for the people, which would reflect not necessarily economic welfare, but the way in which humankind will reach its desiderata of harmony, happiness, culture and civilization.

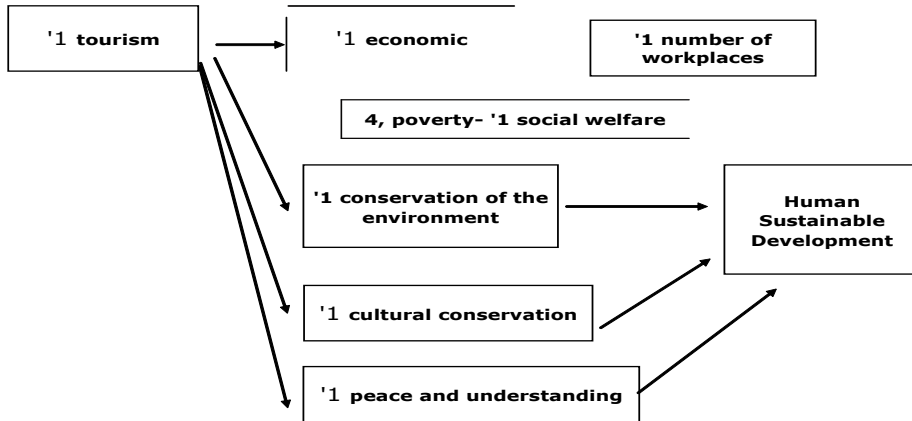
In the context of global tourism, a lot of international political organizations draw attention to the acknowledgement of tou-

rism as an industry in its own right and as a priority field for the governments. The data and reports presented by these organizations (the United Nations, UNWTO, OECD) demonstrate the economic impact of tourism, but also the perspective that through tourism the main objectives of human development can be reached: the reduction of poverty, of the economic difference between countries, the improvement of life standards, the access of the destitute population to health services, to education and public utility, the interest in the preservation and conservation of the environment, the creation of a peaceful environment and many others. From this perspective of potential benefits, tourism is clearly delineated from other economic sectors as one of the few fields that can contribute multilaterally, on the economic, social, political and environmental planes to the desideratum of human development everywhere.

Tourism is considered the economic field that is most compatible with sustainable development, especially with its human dimension, acting out as a stimulating factor for them through its capacity to:

- generate workplaces, being a sector that is characterized mostly by human labor and less by mechanized labor;
- create employment opportunities for both intellectuals and under-skilled people, as it is an industry that grants labor chances to women and young people, which are usually unflavored categories in the other economic activities;
- contribute to the growth of local and domestic revenues, for both the respective companies and the state and authorities;
- contribute to the emergence of new products on the market that are related to the tourist consumption patterns (souvenirs and locals' handiwork -sometimes real manufacturing industries such as the pottery industry, local cosmetics industry, car rentals or sports products);
- contribute to the diversification of local economy and the growth of connected industries that provide for tourism, through its multiplying effect (transportation, agriculture, constructions, hotel architecture and design, telecommunications, IT etc.);
- offer special opportunities for the establishment of new companies, especially low- and medium size enterprises (SME), stimulating the local pri-

- vate initiatives to activate in the field;
- impose and stimulate the development of the general infrastructure: airports, ports, roads, utility services such as the water network and sewerage, energy etc., from which the resident population benefits as well;
  - bring renown and acknowledgement to a certain destination, contributing to the creation of a positive image for the area in question;
  - attract, through the development of the general infrastructure and the creation of a business environment, other activities such as commerce, consultancy, real estate, or even investments in production companies that do not necessarily have a connection with tourism but which find a dynamic niche that supports development (for instance the Rhodes Isle which, despite being known for the beauty of its escapes, the richness of the cultural sights, the quality of the helio-marine factors, has developed in the last years as a shopping destination, the isle having over six thousand shops with the most famous brands in the world);
  - support the activities of preservation of the local traditions and heritage, through the interest manifested by tourists in knowing the cultural and ethnic, folklore specificity of every destination;
  - impose the environmental preservation and protection measures for the conservation of the natural habitat and escapes, an essential condition for tourism;
  - raise interest in investments in entertainment amenities (theme parks, relaxation areas-natural parks, green spaces, promenade spaces, ski slopes, investments in special equipment needed for various sports, urban escapism etc.) from which locals can benefit as well, but which would not have developed otherwise, in the absence of tourism;
  - valorize the resources that cannot be used by other economic sectors: escapes, the natural environment, the cure and dietary factors, history, traditions and culture, having the possibility to develop strictly on the basis of local products and resources;
  - improve the educational and cultural levels as well as life standards, leading to the improvement of the quality of life for the locals;
  - contribute to the attraction of foreign investors, especially in hotels and spe-



[Figure 2] The Contribution of Tourism to Human Sustainable Development

cific accommodation, food and entertainment amenities;

- facilitate the transfer of technology from the countries or regions that possess “know-how” together with investments and the tourism development of the region.

Tourism plays an important part in the economic and social life of numerous countries in the world, contributing to economic growth, fighting poverty, helping cultural conservation, environmental protection, the creation of a peaceful environment, which are practically all objectives on the list of human development.

Drawing a general comparison with other sectors, it is clear that tourism

holds advantages that are superior to other industries or fields of activity, at least through the capacity to infiltrate in various sectors of global economy. These advantages are worth researching, more so as they have multiple implications, and not only positive ones, on the human being and on the environment.

## V. Conclusions

Tourism is only in its incipient stages of development, being treated for now as an effective tool for the generation of currency resources, for the creation of workplaces, for drawing investments and for the promotion of economic power, representing both a basis for economic

development and a factor of environmental preservation. Nevertheless, for the future we attribute to it valences that will bear relevance to the human sphere more than to the economic one, which will distinguish it from the rest of the economic sectors and will place it within the category of arts and culture or the domains connected with spiritual welfare.

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