

# ECONOMIC VALORIZATION OF TOURISM POTENTIAL IN THE ROMANIA-BULGARIA BORDER AREA - CORRELATION ANALYSIS

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**Abstract.** This paper aims to highlight how tourism, especially tourism in border areas is affecting the economic development of the territories. Tourism is considered to be one of the sectors with the greatest potential to generate economic growth worldwide. It may represent, however, a significant increase in support for emerging economies and an important element in reducing poverty and disparities between regions. Romania-Bulgaria border area is situated in a geographical area with remarkable natural potential, alongside the Danube River and Black Sea coastal zone. The paper addresses issues that range from the general vision of researchers regarding the influence of tourism on the economy, cross-border tourism, and aspects of the Romania and Bulgaria's level of tourism competitiveness in international context. Finally, the article presents a critical analysis of the links between economic and tourism development in the counties, respectively, in the districts of Romania-Bulgaria border area, by correlating specific indicators homogeneous collected by the involved countries.

**Key words:** tourism, cross-border tourism, Romania-Bulgaria, economic growth

## 1. Introduction

The importance of tourism over the development process of different types of territories represented the subject of numerous research studies.

Implications of tourism on the economy as a whole, reflects the size of regional, local, often even national budgets given the reason that tourism, through its potential, gains that strategic importance in all national policies, and knowledge of the causal relationship between tourism expenditure and growth is an element of paramount importance for policy makers.

Border tourism, presents in this context, the features of a specialized tourism benefiting from development premises based on the cooperation networks form between territories belonging to two different cultures, situation that can be used for the common wellbeing of the communities on both sides of the border that separates them.

Moreover, it appears increasingly often in recent years, that border policies tend to support cooperation in the sense of liberalization of economic activities including through promoting international cross-border tourism.

The problematic of cross-border tourism in the Romania-Bulgaria area, has not yet by far "consumed" existing possibilities of a common valuation of tourism potential, determined in its existence by the characteristics of a riparian space, adjacent to the Danube River and by the Black Sea coastal zone in the east of the area.

This paper aims to highlight any influences of tourism and the way is capitalized on economic growth, in a cross border area.

## 2. Tourism and economy

Many research papers fit tourism as one of the sectors with the greatest potential to provide international development and economic growth. For that reason and not only, it can be seen as an important driver of economic growth and prosperity, especially in emerging economies, and a key element in reducing poverty and regional disparities.

Tourism has become more and more often approached by researchers as it has been highlighted in several recent studies (Hazari and Sgro, 2004; Balaguer and Cantavella-Jorda, 2002; Lanza *et al*, 2000; Dritsakis, 2004; Durbarry, 2004; Morales and Scarpa, 2004; Maloney and Rojas, 2005; Morales and Sinclair, 2008; Croes and Vanegas, 2008; Sequeira and Nunes, 2008), and numerous empirical studies on current development, indicates that tourism will have increasing role important as a research area.

Knowing the causal relationship between tourism expenditure and economic growth represents an element of great importance for policy makers. World Travel and Tourism Council states that, "tourism continues to be one of the largest industries in the world" (WTTC, 2011). Total impact of the industry on the economy is impressive. In 2011, tourism contributed up to 9% of world GDP, an amount of 6000

billion, and provided jobs for 255 million people. In the next decade, the industry is expected to grow by an average of 4% per year. This will bring an increase to 10% contribution to global GDP and value amounting to approx. 10,000 billion. By 2022, it is anticipated that tourism will assure jobs for 328 million people, meaning 1 of 10 jobs on earth (Chou, 2013).

The fact that tourism can have an impact on economic activity has been recognized for a long time (Dwyer *et al.*, 2004). Tourism is seen as a rising global economic activity and this increase is normally seen as desirable. Often, the positive effects on economic activity are incorrectly described as "benefits" of tourism (Dwyer and Forsyth, 1993). A growing attention has been paid to international tourism, as a sector with great potential for growth, in many countries (Brohman, 1996). The rapid growth of tourism increases the household and government income through multiplier effects, improving the balance of payments and the increase in number of tourism policy promoted by governments.

As such, tourism development was usually considered a positive contribution to economic growth (Khan *et al*, 1995., Lee and Kwon, 1995; Lim, 1987; Oh, 2005). Talking about the contribution of tourism to economic growth brings sine qua non the issue of its competitiveness. Competitiveness has been identified in the literature as a key factor for the success of tourism destinations (Kozak and Rimmington, 1999; Crouch and Ritchie, 1999; Mihalic, 2002; Buhalis, 2000; Dwyer and Kim, 2003; Gooroochurn and Sugiyarto, 2005; Mazanec, Wöber and Zins, 2007), the development of a competitive tourism products indicating a direct effect in production and distribution of travel and, indirectly, through the multiplier effect on related industries.

Competitiveness was defined by the authors as a benchmark report that measures the success (Porter, 1990; Dollar and Wolff, 1993; Krugman, 1996), but most often, nowadays, the definition focuses primarily on key elements such as technology and innovation (Fagenberg, 1996; Lall, 2001; Wignaraja, 2004).

Research that relates the economic development of tourism to competitiveness revealed the fact that, destinations which enjoys a large number of tourist arrivals and expenditures for tourism or those that have a higher market share in relation to the global market than other which showed lower values of these indicators, are considered to be competitive (Hassan, 2000; Sahli, 2006; Craigwell, 2007).

Some researchers link the term competitiveness to the term of improving citizen life quality and to sustainable development of destinations (Crouch and Ritchie, 1999, 2006; Dwyer *et al*, 2004). A similar definition is found in Hong (2008) which states that *„... competitive position (with high profits and steady growth) in a nation tourism industry in relation to the world market tourism industry from other countries, whether if they are developed or developing countries, determines a growth of real income and of citizens living standard.“*

### 3. Cross-border tourism

International borders have traditionally been defined and delimited in order to build barriers to human interaction and mobility, including the flow of people, goods, services and ideas between countries (Weidenfeld, 2013). As a result, tourist destinations in the border regions have traditionally developed within the constraints due to the competition between countries (Timothy, 1999). However, in the era of globalization and emerging supranationalism, border policies tend to

support trade, easier border crossing cooperation and liberalization of economic activities, including cross-border international tourism.

This phenomenon is exemplified in the previous relatively impermeable open borders in Europe, NAFTA and South East Asia (Gelbman and Timothy, 2010; Newman, 2006). These situations and global trends of regionalization, in general, those in Central and Eastern Europe and the continued expansion of the European Union, in particular, have given rise to an increase in the number and importance of border regions in recent years (Lundquist and Trippel, 2013).

A border region is generally defined as an area containing all adjacent territories from different nations, irrespective of differences in terms of size, geography, history, culture and socio-economic conditions, whose economic and social life is directly and significantly affected by proximity to an international border (Hansen, 1981; Lundquist and Trippel, 2009). Since the mid-twentieth century, cross-border cooperation has been established at the level of supranational alliances to reduce political barriers created by borders, mainly in terms of trade, but also in other areas such as education, welfare of people, migration, measures, for environmental protection, economic development and tourism (Timothy and Teye, 2008).

## 4. Study case - Romania-Bulgaria's cross-border tourism

### 4.1. Tourism competitiveness of Romania and Bulgaria

Analysis of the competitiveness of tourism in Romania and Bulgaria was at a point the subject of a research study, published in Acta Universitatis Danubius Vol. 9, no. 4 of 2013.

The author analyzed the competitiveness of tourism in terms of a series of eight indicators, namely: price competitiveness index, the index of tourism personnel, infrastructure, environmental index, the technological index, human resources index, index of "opening" and a social index, indices whose value on a scale from 0 to 100 shows the performance of each country compared to other countries. A value of 0 is the lowest index value and the highest value is 100. Data source of these indicators are formed mainly of development indicators calculated by the World Bank, the United Nations and the World Travel and Tourism Council (WTTC).

A general structure analysis of the tourism competitiveness index showed that, while the countries with advanced economies are more efficient in terms of the legal affairs, of business environment and of human resources, they are clearly lagging behind compared with developing countries in terms of price competitiveness.

Across this index of competitiveness in tourism, Romania is ranked 63 of 139 countries in 2011, climbing three steps in the rankings compared to 2010. The best score in this index as obtain for the safety and security pillar, 5.1 out of 7 possible points. In a European perspective, Romania ranks 34 out of 42 in 2011, and Bulgaria, its direct competitor, ranked seven places above occupying the 27th place. Moreover, in this ranking, Romania has a low position compared also with others' neighbors in the area although some of them do not enjoy the natural resources of the type Romania have and especially the Black Sea coastal area and the Danube Delta.

However, in their capacity as members of the European Union, both Romania and

Bulgaria have a pretty good image in terms of their legal status, especially in relation to their position as member states.

According to the World Economic Forum "Travel and Tourism Competitiveness Report" (2010) Romania is ahead of Bulgaria regarding legislation and the implementations of community acquis and is a more attractive environment for foreign investments, including those targeting tourism sector, but furthermore, Bulgaria business is stimulated to grow by simplifying bureaucratic procedures.

According to the same report, Romania has managed to create a better image than its neighbor for the "environmental sustainability", it benefited from improved environmental conditions and more strictly protected than in Bulgaria. On the other hand, the neighbor country is doing better on measures taken to protect endangered species and on the involvement in international environment treaties.

In Romania, the strategies proposed and promoted through various communication campaigns, aims at placing sustainable tourism as core values:

- The environment itself, which has an intrinsic value and irreproducible very important for tourism activities. This value should not be changed, because it should benefit future generations;
- Sustainable tourism development requires a balance between tourists and destinations;
- Tourism activities should be beneficial not only for tourists and the local community but also for the environment (Berbeniciuc-Mititiuc, 2013).

The following table shows a comparison of the travel tourism competitiveness index, calculated by the World Economic Forum



for Romania and Bulgaria. This index is the average of all values of indicators that compose it, with the assumption that all have the same importance.

**Table 1.** Travel and Tourism Competitiveness Index

ITC	Bulgaria	Romania
Price Competitiveness Index	58,46	66,28
Personas Tourism Index	80,04	24,61
Infrastructure Index	64,05	42,77
Environmental Condition Index	67,86	71,22
Technological Index	69,23	58,8
Human Resources Index	71,6	63,01
„Openess” Index	76,42	72,79
Social Index	60,89	71,79
Environmental Competitiveness Index	68,57	58,91

Source: World Travel and Tourism Council (WTTC), 2011

Regarding the nine indicators which compare the competitiveness of tourism, Romania "exceeds" Bulgaria only in three, the case of price competitiveness, environmental conditions and the social sector.

The average of the nine indicators is 58.9 for Bulgaria and 68.6 for Romania. In these circumstances it can be clearly noticed a difference in favor of Bulgaria in terms of tourism competitiveness index.

The situation outlined by the tourism competitiveness index for the two countries, leads to the conclusion that, although Romania is making efforts to preserve environmental conditions, for strategic coordination of tourism, for attracting investors, for upgrading the human resources involved, however, Romanian tourism did not succeed to be sufficiently competitive compared with of our neighbor. Bulgaria's tourism is offering various and quality services, having reasonable prices, but also they come forward with attractive packages for people with small to medium budgets and

develope active promotion campaigns including in Romania.

In this context, Bulgaria, unlike Romania, is becoming an example of good practice for the adoption of sustainable strategies and also for the effective communication of these strategies (Berbeniciuc-Mititiuc, 2013).

Latest dates come to highlight this situation. As it can be observed in the two tables below, the evolution of the main tourist indicators shows, in comparison, that, although the two countries have almost the same geographical condition they have different evolution trends and different sizes.

**Table 2.** Evolution of tourism in Romania

Indicator	Romania		
	2007	2011	%2011/ 2007
Accommodation	4694	5003	6.6
Overnight stays	20593349	17979439	-12.7
Foreign tourists overnight stays	3586439	3066882	-14.5

Source - Process data from Tempo on line data base  
- National Institute of Statistics, Romania

In that matter, although Romania has a larger accommodation structure compared with Bulgaria; it succeeds in having smaller nights spent in those structures then its neighbor in recent period on the bases of a decrease up to 12,7 percents in 2011 compared with 2007.

Concerning foreign tourist overnight stays, situation is even worst for Romania whom attracts four times less foreign tourist then its neighbor country, Bulgaria. Far more, Romania registers a fourteen percent loss in foreign tourist overnight stays in 2011 compared with 2007.

In spite of decreasing tourism perspective, Romania's accommodation structure

extents in recent years showing a weak adaptation to real facts. On the other hand, Bulgaria also increases the number of establishments meant for tourist destination, more than necessary considering the prevalence of nights spent.

**Table 3.** Evolution of tourism in Bulgaria

Indicator	Bulgaria		
	2007	2011	%2011/ 2007
Accommodation	3300	3776	14.4
Overnight stays	18295403	18855331	3.1
Foreign tourists overnight stays	11802017	12461275	5.6

Source - Process data from National Institute of Statistics, Romania

#### *4.2. Correlations between economic development and the ability to exploit the tourism potential in the Romania-Bulgaria border*

Determining a correlation between the level of economic development and the ability to exploit the tourism potential in the Romania-Bulgaria cross border area uses a common range of indicators identified as homogeneous for a certain reporting period.

The territorial level to whom it was applied the model is represented by the counties riparian to Danube River - Mehedinți, Dolj, Olt, Teleorman, Giurgiu, Călărași and Constanța from Romania and by the districts Vidin, Montana, Vratsa, Pleven, Veliko Tarnovo, Ruse, Razgrad, Silistra and Dobrich from Bulgaria.

The analysis period is 2007-2011 and the indicators used are the turnover, as an expression of the economic performance and accommodation structure, the total number of overnight stays and the number of overnights of the foreign tourists meant to highlight the level of tourism potential exploitation.

Indicators above mentioned, are presented in absolute and relative terms, in dynamics and compared values for the year 2011 reported to 2007.

Measure unit of turnover indicator used for entire area, is Ron. The conversion was done at the average Euro / Leva exchange course of the reported period.

Correlations are territorially described within cartograms (see Annex), with the purpose of a better view of the existing situation. These correlations are defined as:

1. Correlation between the absolute value of the turnover and the structure of existing accommodation (2011) (Fig.1.);
2. Correlation between the absolute value of the existing turnover and total overnight stays of tourists (2011)(Fig.2.);
3. Correlation between the absolute value of the turnover and the number of overnight stays of foreign tourists (2011) (Fig.3.);
4. Correlation between turnover dynamics and the dynamics of structure accommodation for 2011 compared to 2007 (Fig.4.);
5. Correlation between the turnover dynamics and the dynamic of the total number of overnight stays of tourists in 2011 compared to 2007 (Fig.5.);
6. Correlation between the turnover dynamics and the dynamic of overnight stays of foreign tourists in 2011 compared to 2007 (Fig. 6.);

Correlations were synthesized using the Pearson correlation coefficient in a range from -1 to +1, where -1 is the strongest negative correlation and 1 strongest positive correlation.

Pearson correlation approaches two sorts of variables, total area for time series 2007-2011 and 2011 year dynamics.

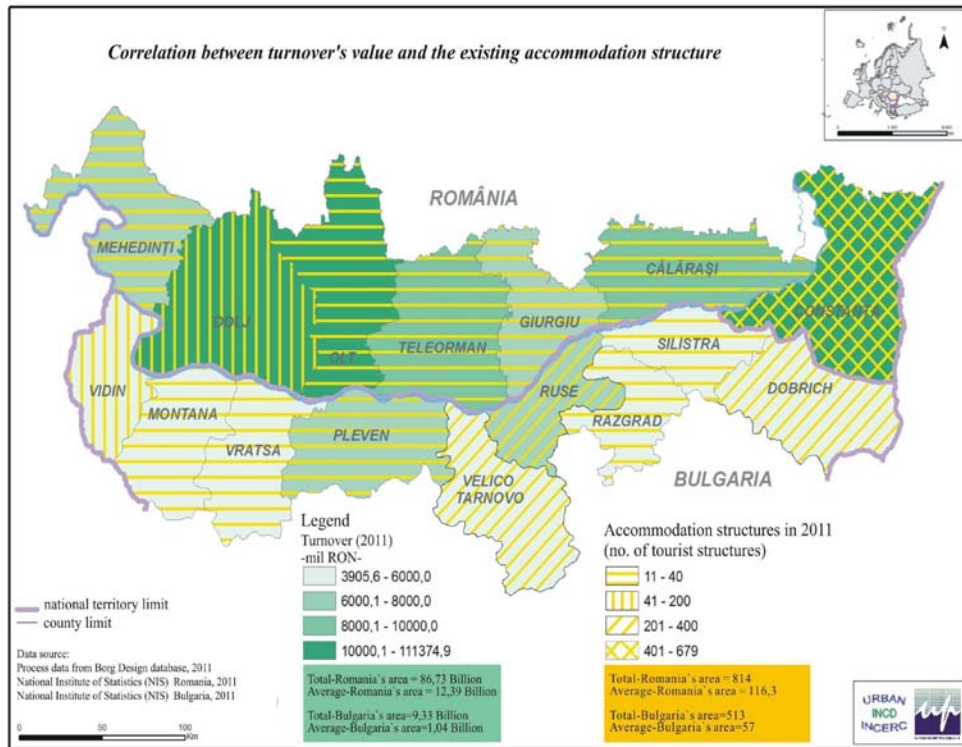


Fig. 1. Correlation between turnover's value and existing accommodation structure

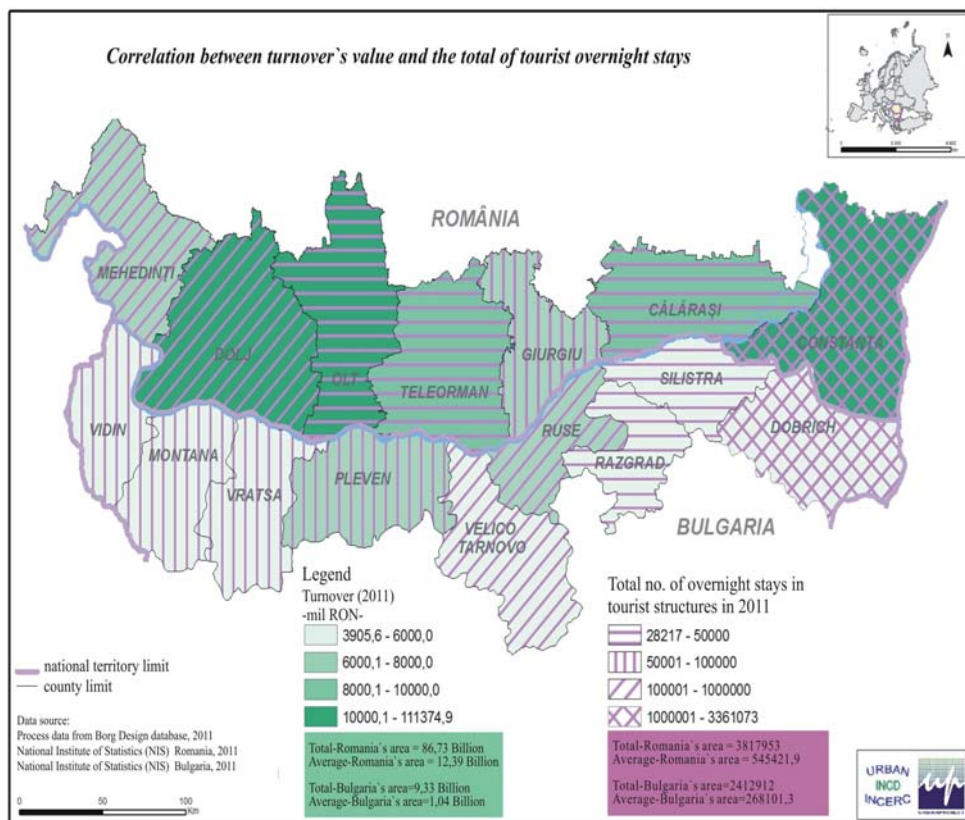


Fig. 2. Correlation between turnover's value and total of tourist overnight stays



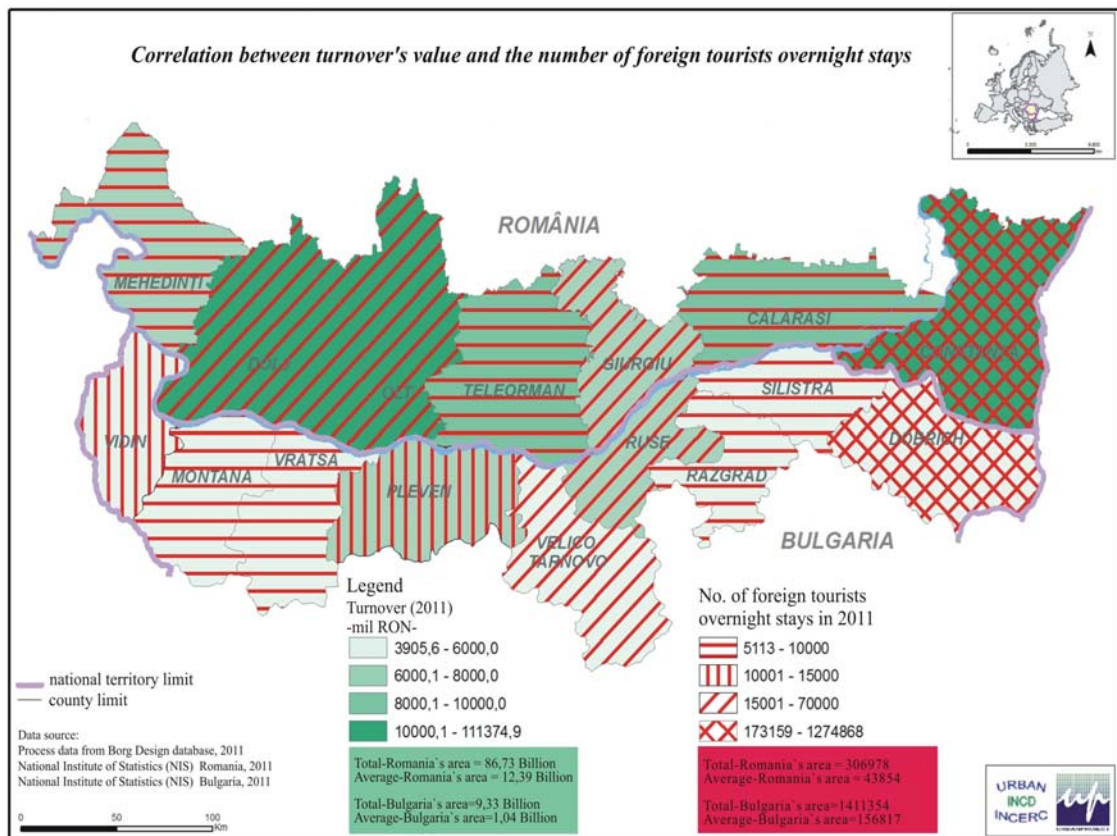


Fig. 3. Correlation between turnover's value and the number of foreign tourists overnight stays

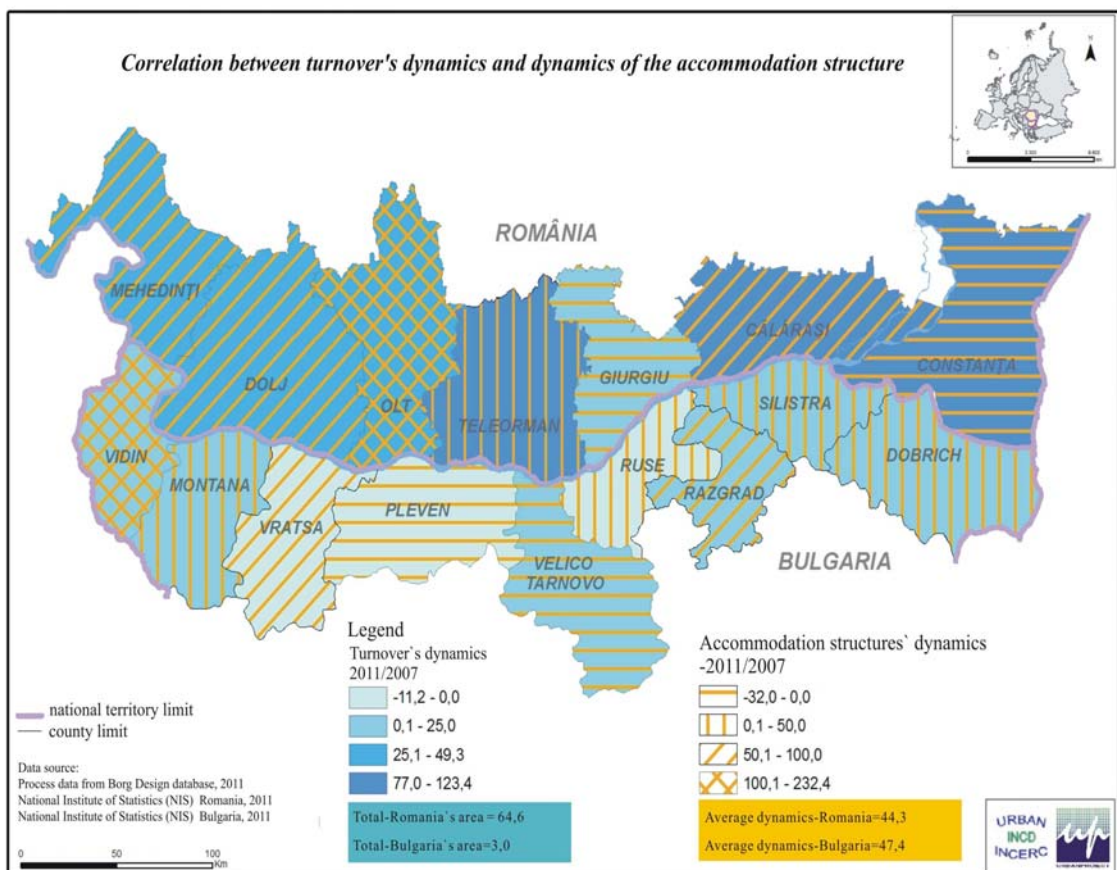


Fig. 4. Correlation between turnover's dynamics and dynamics of the accommodation structure



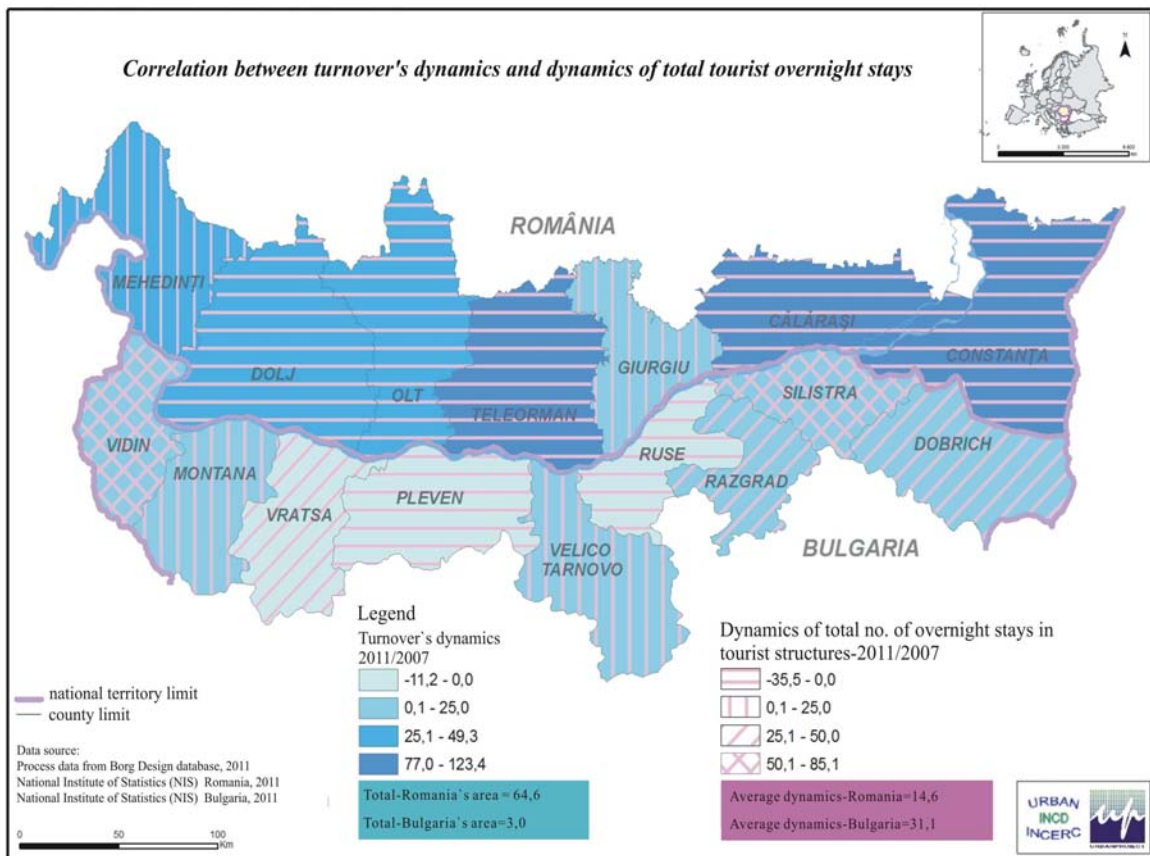


Fig. 5. Correlation between turnover's dynamics and dynamics of total tourist overnight stays

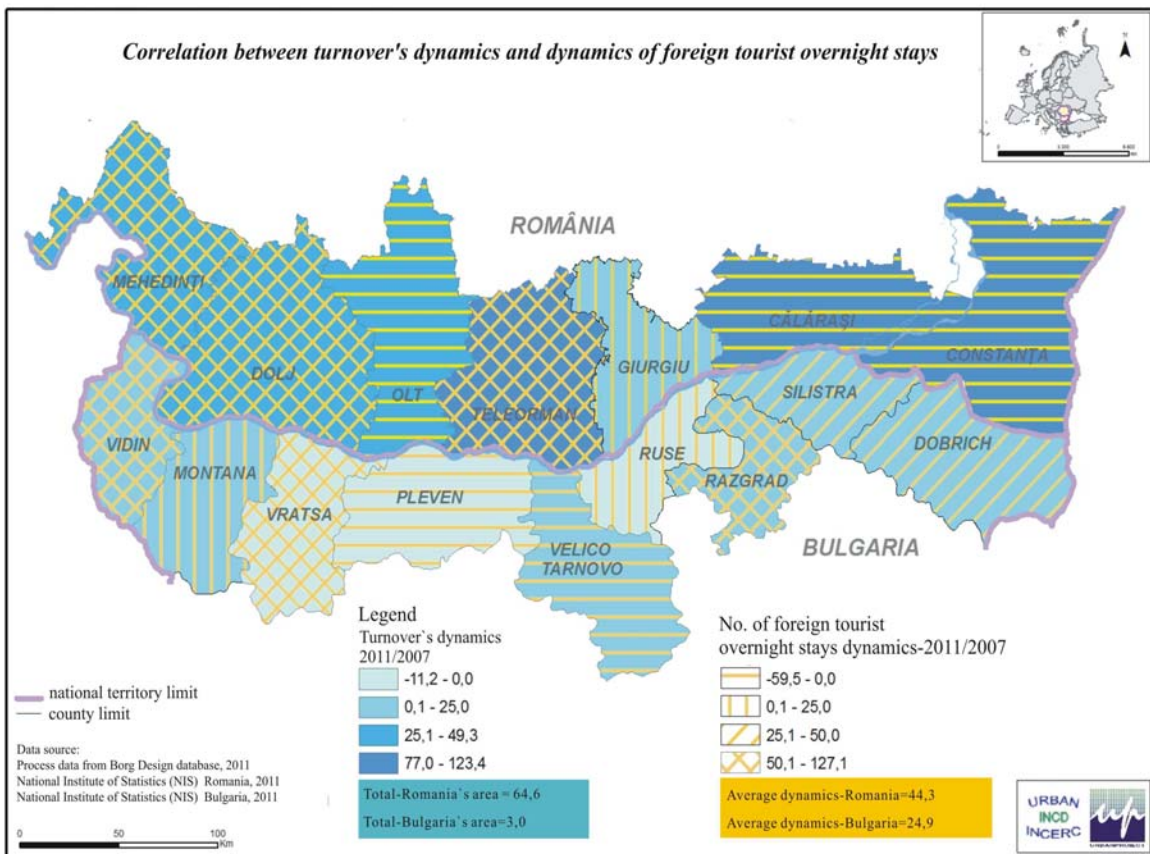


Fig. 6. Correlation between turnover's dynamics and dynamics of foreign tourist overnight stays

**Table 4.** Romanian cross border area

	Absolute values		Dynamics
	2007-2011	2011	2011
<b>Romania</b>	<b>total area</b>	<b>counties</b>	<b>counties</b>
R	0	0	0
1	-0.59	-0.20	-0.50
2	-0.68	0.96	-0.92
3	-0.72	0.87	-0.19

**Table 5.** Bulgaria cross border area

	Absolute values		Dynamics
	2007-2011	2011	2011
<b>Bulgaria</b>	<b>total area</b>	<b>districts</b>	<b>districts</b>
R	0	0	0
1	-0.07	-0.67	-0.20
2	0.50	0.18	0.37
3	0.56	0.19	-0.02

First dimension approached, the one regarding the influence between the turnover and the existing accommodation structure, shows a negative correlation of -0.07 as trend for the time series 2007-2011, in Bulgarian area and -0.67 in absolute value between districts for 2011. For Romanian area, correlation register negative values up to -0.59 for the time series 2007-2011 on total area, and also a negative correlation of -0.20 between the turnover and the structure of existing accommodation at county level. As it can be observed, a relation between the economic development of the border area and the size of accommodation infrastructure shows both for Romanian and Bulgarian cross-border area a low sensitivity to economic changes.

Regarding the ranges of values, cartogram representation shows a favorable situation in Romania's counties concerning the economic development, compared with Bulgarian side where there are only two districts, Pleven and Ruse, which recorded turnover values comparable with the most underdeveloped counties in the Romanian area- Mehedinti and Giurgiu (Fig.1.).

Accommodation structure, located on the Bulgarian side of the border, are present in

all districts in a bigger number compared to Romanian counties, especially in Veliko Tarnovo, Ruse and Dobrich districts. In Romanian side, but also available for the entire cross-border area, Constanța county makes a distinct note with the biggest number of accommodation structures. Constanța County, otherwise, is the most well developed territorial administrative unit from the study area both in economic and tourism infrastructure terms.

The second correlation, made between the turnover indicator and total number of nights spent in the Romanian counties of Danube border area, emphasizes a high positive correlation of 0.96 between the counties values in 2011 and a stronger negative correlation of -0.68 regarding the evolution of the Romanian area by time series 2007-2011. For Bulgarian area, correlation calculus by time series, between the total turnovers obtain by districts and total overnights number shows to be positive with a value of 0.50 and that between indicators at district level for 2011, shows a low positive value of 0.18.

The figures describing the total number of overnights noticed an important tourist attraction for the district of Dobrich in Bulgaria and in Romania for Constanta County (Fig.2.); in both areas this attraction can be attributed to the coastal location.

Correlation between the indicator turnover and the number of foreign tourists staying overnight in the Romanian border is -0.72 for all development area in 2007-2011 period. This strong negative correlation highlights a low sensitivity on foreign tourist attraction with the economic development level of territories.

On the other hand, there is a high positive correlation between turnover and foreign tourist overnights stays in 2011 in which

concern counties level (0.86). This positive correlation highlights the impact of foreign tourist arrivals over economic results.

Existing information shows a higher attraction to foreign tourists in Dolj, Giurgiu and especially Constanta counties. Regarding Bulgarian districts, correlation realized between turnover time series for all Bulgarian area and the number of foreign tourists is 0.56; this value is characterizing an equivalence relation. We may interpret this result in terms of the hypothesis that, a growth of attractiveness of the Bulgarian cross-border area for a foreign tourist depends to a large extent to the direction in which local economies evolves.

The correlation between district values of the two indicators mentioned above in 2011 is weakly positive with a value of 0.19, hence that highlights not a very high sensitivity of Bulgarian border economic development to foreign tourist fluctuation. Correlation between turnover and existing accommodation structure in dynamics (2011 vs. 2007), is -0.50 for counties in Romania and -0.20 for Bulgarian districts.

This correlation is quite strongly negative across the entire border area fact that highlights a relatively low sensitivity of the local and external business environment to investing in accommodation structures accordingly with a positive economic evolution or to renounce to some, as the tourist streams decrees.

Regarding the territorial distribution of the indicators in dynamics, it can be noticed a relative recovery of Bulgaria's border area economy; several districts have recorded an average growth. This situation refers to Vidin, Montana, Veliko Tarnovo, Razgrad, Silistra and Dobrich districts. In contrast, the weakest economic evolution is register by Vratsa, Pleven and Ruse districts.

Pleven and Veliko Tarnovo have recorded the worst dynamic in terms of newly created accommodation structures (Fig.4). In the Romanian side of the area, Olt County register the highest increase in the number of accommodation structures compared with other counties bordering the Danube. Opposite, the weakest dynamic in accommodation structure it is observed in Giurgiu County, although it is one of the main "entrances" in Romania.

Teleorman, Calarasi and Constanta counties are characterized by a significant economic growth in a range of 77 to 123, 4 percent in 2011 compared to 2007.

Giurgiu County has recorded, in the last years, the smallest dynamic in accommodation structures and the smallest dynamic of economic growth at Romanian south border area.

Correlation identified between the growth of turnover and the dynamics of overnight stays is strongly negative, of -0.92, for the Romania counties and positive, of 0.37, for Bulgarian districts.

Different values of correlations obtained for the Romania-Bulgaria cross-border area, highlights a larger fluctuation of the tourists coming to Bulgarian Danube border area than those coming on Romanian side, regardless to a positive or negative change in the economy of both countries. Compared analysis of the entire border area reflects a significant growth in the total number of overnights in Vidin and Silistra districts, while in Romanian counties, the dynamics of overnight stays shows a slow motion, and values smaller than the average of the cross-border area (Fig.5).

The correlation between turnover dynamics and that of foreign tourist

overnight stays is -0.02 for the Bulgarian districts and - 0.19 in the Romanian counties. These values shows the fact that, area attractiveness for foreign tourists does not vary in the same direction with the economic trend of the territorial systems the area is part of.

Dynamics of foreign tourists within these territories is surprisingly oriented towards the west side of the cross-border area, to Vidin and Vratsa districts, but also to Mehedinti and Dolj counties. A dynamic increase with more than 50 percent of foreign tourists manifests in Teleorman County on the north side of the Danube River, and in Razgrad district, on the south side (Fig.6).

### 5. Conclusions

Tourism continues to be one of the largest industries in the world. Statistics shows it represents nowadays about 9 percents of total gross domestic product and its predictable in having a growth trend also in the years to come.

Cross-border tourism may become in that context an important part of the world wide tourism forms, considering the fact of a growing and easier accessibility within neighbor territories accordingly with the globalization perspectives.

According with the competitiveness tourism index, Romania and Bulgaria are placed somewhere in the middle compared with other European countries. In this ranking, Romania, in spite of its natural resources, more divers then Bulgaria's, occupied in 2011 a lower position (34) then our neighbor county (27).

Same differences may be observed also in Romania-Bulgaria cross-border area, considering the fact that all available information noticed a higher valuation of

tourism potential in Bulgarian border area.

Although tourism in the Bulgarian border appears to be much more competitive than the Romanian, particularly in terms of foreign tourist flows, however, the economic development of Bulgarian districts is lower then Romanian border counties. Their more developed districts (Pleven and Ruse) are hovering below Romanian least developed counties in the border area (Mehedinti and Giurgiu).

The performed correlation shows also a rather high "dependency" of Bulgaria's district to tourism flows than Romania's counties.

However, both countries notice a low influence of tourism potential capitalization over their economic evolution in recent years. This phenomenon has a positive connotation concerning the fact that a dependency of the economic evolution of territories to any economic activity is not such a desirable situation.

A "measurement" of tourism valorization in Romania-Bulgaria cross-border area has nevertheless its limits, considering the fact that available homogenous dates are few.

The limits are drawn also by the Person coefficient especially in which concerns a high gap of variables values (Constanta City case).

Beyond these findings, Romania and Bulgaria cross-border tourism needs in order to sustain their economic development to find ways of valuing, on a much wider base, their unique tourism potential.



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