

Tourism Policy Challenges in Post-Soviet Georgia

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Abstract—Within the framework of this research, the regulatory documents, which are in force in relation to this industry, were analyzed. The main attention is turned to their modernization and necessity of their compliance with European standards.

It is a current issue to direct the efforts of state policy on support of business by implementing infrastructural projects, as well as by development of human resources, which may be possible by supporting the relevant higher and vocational studying-educational programs.

Keywords—Regional Development, Tourism Industry, Tourism Policy, Transition.

I. INTRODUCTION

DEVELOPMENT of Effective Tourism Policy is an important prerequisite for further development of tourism destination. The objective of the policy is the creation of a healthy competitive environment. By establishment of the pragmatic policy it is possible to further the tourism industry, which is necessary for the country's, region's economic development [3]. In the process of developing the policy must be considered the possible negative effects, which will be expressed through negative social-cultural influence, pollution of the environment, limitation of economic benefits for local inhabitants, reloading of the tourist attractions and etc.

The research of Georgian tourism policy challenges is important, as the tourism can play an increasing role for the economic growth and improvement of standard of living of the country even with scanty resources, at the expense of improved creative approaches. It is also important to make correct decisions at macroeconomic level, which will be accordingly reflected in the successful functioning of the travel companies and finally, in the improvement of economic indicators of the country.

In order to correctly orient industrial policy, it is important to precisely determine its role in the economy. Development of travel industry has been considered as one of the priorities in Georgia; the country has unique cultural heritage and traditions, as well as plenty of natural resources, which are a significant precondition for the development of tourism. Despite the factors mentioned above, the existing resources are not completely utilized and exploited. This work represents a study of subjective, as well as objective reasons of ineffective functioning of the sector. During the years of transformation experienced by Georgia, the role of travel industry in economic development of the country represented the subject of continual discussions. Such assessments were

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often biased and they did not rest on specific calculations. This topic became especially popular on the ground of market economy, because reliable statistical data have a particular significance in the designing of tourism policy. In order to deeply study the aforementioned issue, this paper analyzes monetary, as well as non-monetary indicators. The research widely included the tourism indicators system; we analyzed the flaws in reporting of the results of tourism sector in Georgia. Existing defects are identified and recommendations for their improvement are offered [10].

For stable development of tourism, similarly to other economic sectors, needs a well-designed policy from the perspective of national, as well as local, regional development. The tourism policy must be drawn up in order to efficiently achieve our goals, which were established in short-term and long-term dynamics on the national or regional scale of specific country. The article focuses on the role and responsibility of the state institutes in planning and implementation of the tourism policy. The government has various tools and levers, which may positively influence the processes. These levers are especially important in terms of international, as well as domestic tourism development [15].

The distinguished role and responsibility during the development of the policy is laid upon the government. The tourism industry is distinguished by high level of sensitivity towards conflicts and political and economic instabilities. Based on the existent challenges the decisions made by the state must be adequate. The most important objective of the state is to ensure a stable business environment, in which will be protected the consumer and also the suppliers rights [15].

The fundament for success of the state policy is the maximal involvement of the society, business, and policy planners in the process. According to Edgell and Swanson the involvement of the stakeholders in the process gives us the opportunity to objectively assess the existent situation and for the plans to be developed in the long-term and short-term dynamics in the specific direction. Also, from the standpoint of decision making, developing of the policy and implementation, for the successful conduction of the processes Edgell and Swanson name the necessity of conduction of researches. Precisely on the basis of the scientific analysis and research will be possible to determine through made decisions the policy's main determinants, which will ensure the tourism's sustainable and stable development. During the process of research must be analyzed the economical, environment protection, social, human, financial resources and other factors. Such an approach gives us the opportunity to objectively assess the existent situation on the national and regional levels [5].

It is also important the development of the policy in the direction of human resources, employment, education and

trainings planning. The Human Resources under the contemporary conditions is the prerequisite for the countries for obtaining competitive advantage over others [4].

The state as the conductor of the economic policy must analyze the existent situation and to make the corresponding, adequate decisions. The reliable information sources are essential for diagnostics, it can be information related to economic or social statistics received from different research-scientific institutes, agencies, private and state institutions [1].

In the developing process of the policy the state must establish main objectives, directions, aims, and strategies. In this process must be analyzed the necessary for the further development of tourism industry financial and natural resources [7].

The state achieves the maximal level of development in a tandem with the private sector, which is confirmed by the world practices. Both sides have their share of responsibility, which is expressed on the state's side in ensuring of a healthy business environment and on the side of the private sector in execution of private investments and the creation of working places. Such an approach to the matter at hand positively influences not only the separate sectors but also on the general economic welfare/prosperity [1].

The effectiveness of the tourism policy is revealed through the competitiveness of the destination, which is achieved through the formation of a competitive environment. According to the Porter's "Five forces" model the competitive environment is determined by: Threat of entrants, Power of suppliers, Power of demand, Threat of substitutes, and in the center of the model is placed the competitiveness that exists between firms. Poon considers competitive strategies on one side for industry players, where he concentrates on the importance of quality, innovations, and technologies and on the other side on the development of tourism industry, the results of which positively influence the tourism destination. For Poon the main thesis are the environmental factors, cultural conservation, and private and public sector cooperation issues. In the conceptual model developed by Ritchie and Crouch the attention is paid to the article 36, which is systematized into 5 main elements: Supporting factors and resources, Core resources and attractors, Destination management, Destination policy, planning and development, Qualifying and amplifying determinants [11].

The analysis of the conceptual model aids us to understand the processes in depth, and also in the identification of those elements and determinants, which are necessary for the development and implementation processes of the tourism policy.

II. METHODOLOGY

In the work has been used induction, deduction, analysis, synthesis, quantitative based research technique. The work is also supported by the World Travel and Tourism Council's, the Georgian National Tourism Administration's, the National Statistics office and National Bank's data.

III. RESULTS

In Georgia the potential of tourism development determines actuality of the sector policies, specific concepts and strategies development process. After the demise of the Soviet Union the processes in the country were conducted in various ways. The conflicts and the political instability created difficulties in the tourism development. It is well known that the tourism industry is distinguished by high level of sensitivity in relation to the unstable political situations. Problems that had to do with the further development of the infrastructure also became apparent. The events of the past 10 years, if we do not consider the War of 2008, had a positive effect on the further development of tourism. Currently the travel and tourism industry has a positive effect on the Georgian economy. It must be mentioned that according to the data of Travel and Tourism Council, the absolute indicator of the direct contribution of the industry to the gross domestic product has been increasing during the last decade, and in 2012, it has exceeded billion Gel; according to the data from 2013, it amounted to 1,660.5 million Gel. Following the data from the same year, the total contribution to the gross domestic product of the country composed 5,654.8 million Gel – (21.2% of GDP). The sector actively continues creation of the work places; number of the directly established jobs exceeded 89,500 (5.1% of total employment). Considering the direct and indirect effect, the industry has created 318 thousand jobs. The dynamics of the increasing indicators has been reflected in the international rating of the country. According to the Travel and Tourism Competitiveness Index, competitiveness of Georgia among 140 countries has improved by seven positions, from the 73rd position in 2011 to the 66th position in 2013[16].

The tourism industry also positively influences the balance of payment of Georgia, the export of tourism in 2013 in comparison to 2012 increased by 21,9%; More than half of the Georgian exported services are related to tourism. The incomes received from international tourism in 2013 amounted to 1.72 billion USD (growth of 22%), and the obligations which are connected with traveling of Georgian residents abroad 0.29 billion USD, correspondingly, the balance amounted to 1.43 billion USD [12].

International arrivals have been increasing in Georgia from year to year, and pursuant to the barometer of the World Tourism Organization, Georgia holds the leading position in Europe according to the increase in international arrivals. The largest share of arrivals comes from the visits from the neighboring countries (88%, 4,732.529). The remaining percentage is distributed over the other countries. The highest rate is shown by Turkey – with 1,597.438 visits, which is 4% more than the similar indicator from the previous year. Increase was observed from the Russian Federation (increase by 49%), Poland (increase by 80%) and Ukraine (increase by 66%) [10]. The visits from the EU countries have amounted to 208,754; 22% increase has been observed compared to the preceding year; share of the European travelers in the total amount is 4%. International arrivals in the country are mainly distributed among the following countries – Turkey 30%,

Armenia 24%, Azerbaijan 20%, Russia 14%, Ukraine 2%, others 10% [6].

In Georgia the responsible institution for the Tourism policy is the Economy and Sustainable Development Ministry's Structural Unit – Tourism's National Administration. It is responsible for development of a policy, which will aid the tourism activities growth in the country. In the latter is implied on one side the support of international and domestic tourism and on the other side the further development of competitive tourism destination, infrastructure and human resources and etc. The National Tourism Administration executes its obligations through the central apparatus and territorial management bodies. The model which is working currently in Georgia is centralized; we think that it is expedient to increase the involvement quality level of the regional management bodies; Maximal coordination between state institutes and governmental structures, the establishment of close contacts, networks on the national, regional, and municipal levels. The recommended by the economic development and cooperation organization (OECD) the amelioration of such determinants as are: Accountability, Transparency, Efficiency and effectiveness, Responsiveness, Forward-looking vision, Rule of law [14].

It is an important challenge for the National Tourism Administration to develop a master plan for the national level of Tourism stable/sustainable development, which is considered to be for our country a manual strategic document, where should be analyzed all of those aspects, which will in some way influence the further development of the tourism industry. As a rule, the master plan is developed for the period of 10-20 years, but it also includes plans for short-term periods. The master plan can be developed on the national and as well on the regional levels. Attention must be paid to the fact that the developed plans should not be mechanical, and the objectives should not come into oppositions with one another. On the contrary, they should ensure within the borders of a unified policy the effective achievement of those main objectives, which were developed within the borders of industry development national policy [8].

The evolution of the industry is also influenced by the adjacent sectors ongoing changes. The tighter is the cooperation between the industries the more sensitively will be influenced by any structural changes. In the industries the structural changes can provide a stimulus to other economic activities and sectors. The tourism and hospitality industry is connected to various adjacent sectors such as are: Agriculture, Transport, Communications, education, and etc. Correspondingly, these issues should be focused upon in the master plan for tourism development, which in its turn should be included in the country's unified social-economic strategy [9].

The main regulation document of tourism sector in Georgia is the law „On Tourism and Resorts” (came into force in 1997, from 1997 until the present day various insignificant changes have been executed) [4]. According to the above mentioned law the government is faced with a particular responsibility of executing state significant projects in the direction of

interrelation with international organizations, also it is obligated to develop and present the main directions of the tourism and resort development state concept. We think that the advantage of the above mentioned law lies in the fact that it obligates the tourism national administration to support and aid the execution of scientific-research works, and the professional growth and further development of specialists. Despite the fact that Georgia does not have experience in this direction, currently in the country are functioning educational institutions in the direction of tourism professional, bachelor, masters, and doctorate programs. Nevertheless, it is necessary to refine them and to adapt them to the contemporary requirements of the market. The preparation of highly qualified personnel from the theoretical as well as practical standpoint is impossible without close cooperation of state institutions, educational institutions and the private sector. The currently existing connections are weak, and in many cases they do not exist at all [8].

From the strategic importance documents should be separated the Association agreement between Georgia and EU, which from the standpoint of further development of the country has political and also economic importance. It can be said that by means of the above mentioned agreement it will be possible to strengthen different administrative and institutional structures in the country, also the harmonization of the Georgian legislation up to the European standards, which will make it easier for the Georgian business subjects to operate on the European market. According to this agreement the EU will cooperate with Georgia in 28 main directions with the objective of developing policies [2].

In the agreement attention has been paid to cooperation and to strengthening relations in the direction of tourism. On the support and aid of development of the tourism industry and competitive and stable/sustainable industry's strengthening from the aspect of activities that aid the economic growth. The bilateral agreement takes into consideration the maximal protection of the local inhabitants' interests, particularly the accent is made on the people living in the villages. The significance of the cultural heritage has been highlighted and the necessity for the positive interaction between tourism and environmental protection. Cooperation also includes the following main issues: 1. Exchange of information, sharing of experience, which is significant for the stable development of the industry 2. The strengthening of partnerships between the state, private, and public sectors, so that a prerequisite will be developed for the stable development of the industry. Particularly beneficial will be for Georgia the cooperation that includes Human resources, products and markets, development of effective policies and their implementation, and the further development of the infrastructure. The retraining of the Human Resources, the planning of corresponding trainings, will present us with an opportunity to eradicate the existent defects in the services and their harmonization with the European standards [2].

In the tourism policy developing process particular attention is paid to the statistical data. Statistical data should be trustworthy and should provide us with an opportunity to

conduct a deep analysis in relation to ongoing processes. Such data is essential for the policy planning and implementation. For the quantitative analysis in the contemporary practice there are different methodologies such as are: Tourism Satellite Account, Input-Output models, Econometric methods and etc. From this standpoint the acknowledged in the world universal and innovative instrument is the Tourism Satellite Account, by means of which we are capable to analyze monetary and non-monetary indicators [13].

For today, the main source of statistical information in Georgia is the national statistics office. Nevertheless, it must be mentioned that from the tourism standpoint the main provider of statistical information are the national tourism administration and the Georgian national bank. The National tourism administration has a web portal, where one can find reports and graphical analysis. It can be said that the information provided by the above mentioned agencies and services is not complacent, and sometimes it is controversial. We think it expedient that in the country will be implemented the Tourism Satellite Account system, which will present us with the opportunity to correctly analyze such indicators as are: Tax incomes from tourism, tourism contribution to Gross domestic product, investments in tourism, the influence of tourism on the national balance of payments, and jobs created by tourism. The bringing into conformity of the tourism statistics with international standards is an important current challenge in Georgia.

IV. CONCLUSION

Based on the above mentioned it can be said that for stable development of tourism it is necessary the establishment of state policy, on the national and also on the regional levels. More effort is necessary for further development of informational services and the raising of professionalism of staff members. It is essential to strengthen the connections between the state, private sector and educational institutions, and this will present us with the opportunity to train the corresponding qualification staff in this direction. We think it expedient for the country the sharing and exchange of foreign experiences and the utilization of those capabilities, which is mentioned in the association agreement between Georgia and EU. It is essential to perfect and refine the statistical data's calculation methodology, which will make the existent data more trustworthy. The involvement of specialists, representatives of academics, and other stakeholders in the tourism industry development management processes is essential. The joint actions of the state, private sector, and educational system will create new realities of development of the sector.

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