

THE SOCIO-ECONOMIC IMPACT OF EVENTS TOURISM ON REGIONAL ECONOMIC DEVELOPMENT. EFFECTS ON THE LOCAL ECONOMY OF THE EUROPEAN CAPITAL OF CULTURE - TIMISOARA 2023

Olimpia-Neliana TUDUR

The West University of Timișoara, România

olimpia.tudur76@e-uvt.ro

Abstract

In the current conditions of development and sustainable growth, due to its specificity, tourism represents a regional economic engine and a factor of cultural and social cohesion. A component of this industry, more current and more dynamic, is event tourism, which has recently become a very efficient and profitable niche in Romania. The present research aims to analyse the socio-economic impact of event tourism on regional economic development, first introducing its main methodological elements and the way to delimit this field from other categories of tourism. In the last part of the paper, some elements of the effect that the cultural action of the municipality of Timișoara had, following its designation as European Capital of Culture 2023, are presented.

Keywords: tourism, regional development, economic growth, event, impact

JEL Classification: F43

I. INTRODUCTION

The analysis of recent research, regarding the impact that tourism has on the economy, tries to highlight and quantify the contributions of this sector, together with its adjacent activities, to economic development, with an emphasis in recent years on well-being and sustainable or green economic growth (Shang et al., 2023; Cárdenas-García and Alcalá-Ordoñez, 2023).

The specialized literature has long dealt with the economic impact of tourism on destinations, starting with the publication in the seventies of the work of Sadler and Archer (1975) which presents in a definite way the effects that tourism determines in the local economy from the perspective of the incomes achieved and the labour market.

Regarding the role of events in the socio-economic development of a region, in the present case the Western Region of Romania, by designating the municipality of Timișoara: European Capital of Culture, in the year 2023, it has been shown that a cultural action of international scope can bring to another level the services of the hospitality industry, generating numerous cultural, social and economic benefits.

II. The socio-economic impact of event tourism on the regional economy

II.1. The impact of tourism on economic growth in general: concepts and methodologies

The tourism sector and its economic impact is defined mainly by its research methodology, and to understand this concept we first introduce the main elements of the economic impact of tourism and how to delimit this field from other categories of the tourism economy.

The three abstract notions of growth, development and economic impact are the basis of the evaluation and quantification of the results recorded by the evolution of tourism (Comerio and Strozzi, 2019). The perspective on the development of the tourism sector and its impact term, is not limited only to the analysis of economic growth reflected in the increase of labour and capital productivity (Song and Wu, 2022). This must take into account all aspects of a balanced development, at the level of economic stability, satisfaction and social well-being, environment (Van den Berg, 2016, p. 28). The impact of tourism activities is manifested on the life of the population and on the industry in a region, both quantitatively and qualitatively, but the economic consequences may vary depending on political and social developments/disturbances. The population of a region whose economy is too dependent on tourism activities also feels negative effects when their market fluctuates, for various economic, political, sanitary reasons, with the risk of significant job losses and tourism income (Stabler et al., 2009). Also, tourism activities can be disrupted and influenced by inflationary effects on the prices of products and services in the region, especially during the peak season (Vanhove, 2005). Thus, these consequences have direct negative effects, the local population being forced to bear and pay high costs, especially of residence and housing. In these situations, the phenomenon known as "*gentrification caused by tourism*" occurs (Cocola-Gant, 2018).

Classical, established research and studies on the economic impact of tourism are assimilated into the growth-oriented paradigm and model. Thus, the economic impacts of tourism are evaluated and estimated based on the flow and expenditures of tourists in the studied area. The income and earnings obtained from tourism activities, as well as the size and proportion of the impact on the regional and national economy, depend on the source of the income. Revenues obtained from tourists arriving from outside the region or nation are considered investments in local development (Stabler et al., 2009).

II.2. The socio-economic impact of event tourism

Event tourism usually only takes place for a short period of time (McKercher et al., 2023). Thus, the contributions of individual events to long-term regional socio-economic development are less representative, unless they are of considerable size (declaration of a European capital city, mega-events in sports, music) or are repeated at regular intervals (Li and McCabe, 2013; Thomson et al., 2019).

Host regions need to identify ways to ensure that regional populations benefit over the longer term from events beyond short-term income opportunities (Ziakas, 2023). To do this, both governments and institutions need to balance the economic interests of the events sector and the possible negative consequences on the environment and social life of the region's inhabitants. (Phi et al., 2014). In order to maximize the socio-economic benefits and minimize the negative effects, the events could be brought together and organized in such a way that they can pool their resources (Getz, 2008; Ziakas, 2023), thus participating in the provision of new jobs, new opportunities of earning in all seasons of the year, but also to the consolidation of self-identity (Li and McCabe, 2013, Elias-Varotsis, 2006).

In addition, regional political decision-makers can capitalize on the economic and social advantages of the events by considering them as local development policy objectives (Chalip, 2004).

A significant part of the specialized literature invokes the importance of event tourism in regional development and especially in the development of the regional tourism sector (Hodur and Leistriz, 2006; Oklobdžija, 2015). For the communities in the venue area, cultural and sporting events create short-term benefits (Tonga Uriarte et al., 2019), but they can also compete (with the effect of non-participation) with tourist services specific to the peak season, affecting consumption, occupancy of accommodation spaces, the quality of life of those in the vicinity of the venues of the events. (Cao et al., 2017).

When we talk about the contribution of events to regional development, we must consider several aspects that impact the region in question, such as: the creation of collaboration networks between companies, local administration and entities involved in the organization (Dredge and Whitford, 2011; Mair and Smith, 2022; Orefice and Nyarko, 2021), these lasting connections contributing to the increase of the capital of domestic enterprises (Castyana et al., 2022; Morgan et al., 2020). Additionally, destination branding as an event-focused region can contribute to sustainability beyond revenue opportunities by increasing tourist arrivals. Branding can attract investment, which in turn creates jobs for the regional population (Knott et al., 2015).

On the other hand, there were situations where the events were objected to affecting public funds that could be allocated for other purposes, for example health, and there were no tangible benefits for the local population, i.e. the workforce, that would finance effectively these events through taxes (Higgins-Desbiolles, 2018; Maharaj, 2015).

III. The effects on the local economy of the European Capital of Culture - Timișoara 2023

Although the city of Timișoara in the Western Region of Romania, was recognized as a business destination, with a predominantly business tourism, or transit, by designating the city: *European Capital of Culture* (national cultural project promoted by the EU, applied to cities selected through a competition organized by the Ministry of Culture and materialized in the financing of cultural actions and programs) in 2023, it became a prestigious location, capable of providing conditions for cultural and relaxation tourism, being placed in the top tourist destinations in Europe (<https://www.romania-insider.com/timisoara-time-magazines-2023-world-greatest-places>). The entire activity carried out in this large project, as well as the investments in the cultural infrastructure, increased the visibility of the region on the map of Europe and worldwide and ensured an intercultural social environment favorable to regional development.

From an economic point of view, the immediate effects were reflected in the financial results of the companies in the hotel sector, whose business volume increased in 2023 by over 115% (according to the data provided by the Timișoara Regional Directorate of Public Finances), and the investments made have brought added value to local tourism, by increasing the number of companies in the field.

The evolution of turnover and the number of companies in Timiș County - Tourism activity

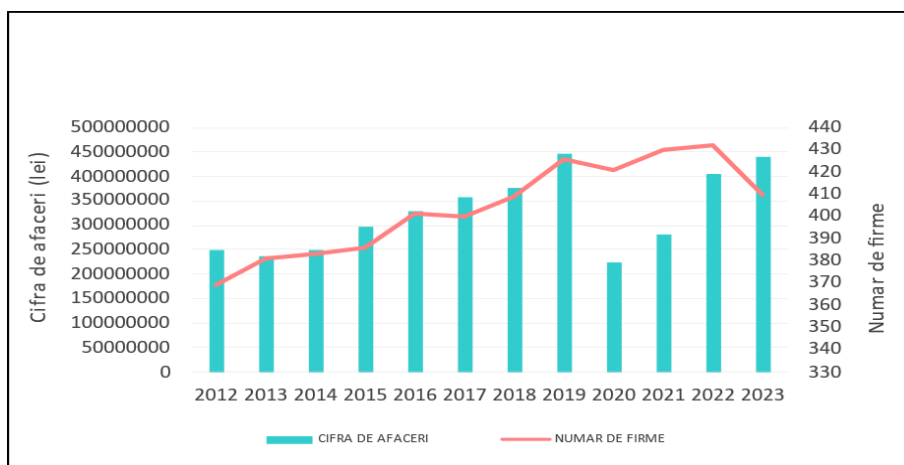


Figure 1: Evolution of the variables in the period 2012-2023 (source: Timișoara Regional Directorate of Public Finances)

In the figure above it can be seen that the turnover of economic operators in this sector, including hotels, other accommodation facilities and services, travel agencies, etc., has almost returned to the level before the pandemic, (during the Covid pandemic -19, tourism was strongly disrupted), which is due to the 2000 events in 2023, which attracted more than 1.3 million tourists, according to data provided by the National Institute of Statistics. Therefore, the monetary indicators for the evaluation of the economic impact of tourism reflect the effect of monetary expenditures made by tourists in the regional economy, but at the same time we emphasize the need to take into account the propagation effects and distributive perspectives of monetary benefits.

CONCLUSIONS

The development of regional tourism requires permanent adjustments and adaptations in the tourism activity to cope with the constantly changing economic, social and cultural conditions. With proper management and a sustainable tourism strategy, numerous benefits can be brought, increasing incomes, maximizing positive economic, social and cultural impacts and minimizing negative social and environmental impacts.

The status of Timișoara as the European Capital of Culture in 2023, but also the fact that another city in its proximity was the European Capital of Culture in 2022, namely the city of Novi Sad in Serbia, both from the historical Banat, can create the perspective of a regional tourist pole, which promote and capitalize on the multiculturalism specific to Banat. This approach can be achieved based on a strategy that includes three cities: Timișoara, Arad and Novi Sad, making the most of the advantage of being part of a common Euroregion (DKMT – Danube-Criș-Mureș-Tisa) and increasing the already existing collaboration between the three cities. A specific first step has been taken, in the cultural field, through the creation of an Activarium International Cultural Consortium, which would value the region's cultural heritage and function as a factor of cultural, social, economic and touristic cohesion.

REFERENCES

1. Baaijens, S. R., Nijkamp, P., & Van Montfort, K. (1998). *Explanatory meta-analysis for the comparison and transfer of regional tourist income multipliers*. *Regional Studies*, 32(9), 839-849.
2. Cao, Z., Li, S., Song, H., & Shen, S. (2017). *The distributional effect of events on rural and urban households in China*. *Journal of Travel Research*, 56(7), 881-892.
3. Cárdenas-García, P. J., & Alcalá-Ordoñez, A. (2023). *Tourism and Development: The Impact of Sustainability—Comparative Case Analysis*. *Sustainability*, 15(2), 1310.
4. Castyana, B., Amali, Z., Hartono, M., Pujianto, A., Rahayu, T., Ali, M. A., & Anggita, G. M. (2022). *The role of committee attitude on company's decision for sponsoring sports events*. *Journal Sport Area*, 7(1), 89-95.
5. Chalip, L. (2004). *Beyond impact: A general model for sport event leverage*. *Sport tourism: Interrelationships, impacts and issues*, 14, 226-252.
6. Cocola-Gant, A. (2018). *Tourism gentrification*. In *Handbook of gentrification studies* (pp. 281-293). Edward Elgar Publishing.
7. Comerio, N., & Strozzi, F. (2019). *Tourism and its economic impact: A literature review using bibliometric tools*. *Tourism Economics*, 25(1), 109-131.
8. Dawkins, C. J. (2003). *Regional development theory: conceptual foundations, classic works, and recent developments*. *Journal of planning literature*, 18(2), 131-172.
9. Dredge, D., & Whitford, M. (2011). *Event tourism governance and the public sphere*. *Journal of Sustainable Tourism*, 19(4-5), 479-499.

8. 10. Egan, D. J., & Nield, K. (2003). *The economic impact of tourism--a critical review*. Journal of hospitality and tourism management, 10(2), 170- 178.
9. 11. Elias-Varotsis, S. (2006). *Festivals and events(Re)interpreting cultural identity*. Tourism Review, 61(2), 24-29.
10. 12. Getz, D. (2008). *Event tourism: Definition, evolution, and research*. Tourism management, 29(3), 403-428.
11. 13. Hodur, N. M., & Leistriz, F. L. (2006). *Estimating the economic impact of event tourism: A review of issues and methods*. In Journal of Convention & Event Tourism (Vol. 8, No. 4, pp. 63-79). Taylor & Francis Group.
12. 14. Kim, H. and Kim, B.G. (2015). *Economic impacts of the hotel industry: an input-output analysis*. Tourism Review, 70(2), 132-149.
13. 15. Knott, B., Fyall, A., & Jones, I. (2015). *The nation branding opportunities provided by a sport mega-event: South Africa and the 2010 FIFA World Cup*. Journal of Destination Marketing & Management, 4(1), 46-56.
14. 16. Li, S., & McCabe, S. (2013). *Measuring the socio-economic legacies of mega-events: Concepts, propositions and indicators*. International Journal of Tourism Research, 15(4), 388-402.
15. 17. Maharaj, B. (2015). *The turn of the south? Social and economic impacts of mega-events in India, Brazil and South Africa*. Local economy, 30(8), 983-999.
16. 18. Mair, J., & Smith, A. (2022). *Events and sustainability: Why making events more sustainable is not enough*. In Events and Sustainability (pp. 1-17). Routledge.
17. 19. McKercher, B., Jin, X., Tolkach, D., Lee, A., & Macionis, N. (2023). *Career development of tourism, hospitality and events graduates*. International Journal of Tourism Research.
18. 20. Oklobdžija, S. (2015). *The role of events in tourism development*. Bizinfo (Blace), 6(2), 83-97.
19. 21. Orefice, C., & Nyarko, N. (2021). *Sustainable value creation in event ecosystems—a business models perspective*. Journal of Sustainable Tourism, 29(11-12), 1932-1947.
20. 22. Phi, G., Dredge, D., & Whitford, M. (2014). *Understanding conflicting perspectives in event planning and management using Q method*. Tourism Management, 40, 406-415.
21. 23. Sadler, P. G., & Archer, B. H. (1975). *The economic impact of tourism in developing countries*. Annals of Tourism Research, 3(1), 15-32.
22. 24. Shang, Y., Lian, Y., Chen, H., & Qian, F. (2023). *The impacts of energy resource and tourism on green growth: evidence from Asian economies*. Resources Policy, 81, 103359.
23. 25. Song, H., & Wu, D. C. (2022). *A critique of tourism-led economic growth studies*. Journal of Travel Research, 61(4), 719-729.
24. 26. Stabler, M. J., Papatheodorou, A., & Sinclair, M. T. (2009). *The economics of tourism*. Routledge.
25. 27. Thomson, A., Cuskelly, G., Toohey, K., Kennelly, M., Burton, P., & Fredline, L. (2019). *Sport event legacy: A systematic quantitative review of literature*. Sport management review, 22(3), 295-321.
26. 28. Tonga Uriarte, Y., Antognozzi, T., & Catoni, M. L. (2019). *Investigating tourism impacts of festivals: an exploratory case study of a big-scale Comic-Con*. Event Management, 23(6), 817-833.
27. 29. Van den Berg, H. (2016). *Economic growth and development*. World Scientific Publishing Company.
28. 30. Vanhove, N. (2005). *The economics of tourist destinations*. Jordan Hill.
29. 31. Ziakas, V. (2023). *Leveraging sport events for tourism development: the event portfolio perspective*. Journal of Global Sport Management, 8(1), 43-72.