THE PROGRESS AND ECONOMIC EFFECTS OF TOURISM ON THE ALBANIAN ECONOMY

Prof. Dr. Flora Merko

floramerko@uamd.edu.al, https://orcid.org/0000-0002-5135-1818
Aleksander Moisiu Durres University, Business Faculty, Economics Department, Durres, Albania

Gjinevra Ndreu

gjinevrandreu04@gmail.com
Aleksander Moisiu Durres University, Business Faculty, Economics Department, Student, Durres, Albania

M.Sc. Florjon Merko

flori.merko@yahoo.com
Ministry of Finance, General Treasury Directory, Tirana, Albania

ABSTRACT: *The tourism sector is intertwined and interacts with many other industries, thus being an important factor in the economy of all countries. It has become an industry with high capacity, which has made extraordinary achievements and successes in recent years. According to the World Travel & Tourism Council (2024), after a record-breaking year for Travel & Tourism, the sector remains a vital foundation for the economies of many countries and continues to support millions of jobs worldwide. In this way, even small and less developed countries can use tourism as a driver of economic development. Albania, as a developing country, has sufficient capacities to support economic development precisely in this sector. From an unknown country for tourism, it has become a tourist destination known even by quite developed European countries and other continents. The latest figures from INSTAT (Albanian Institute of Statistics) show that in 2024, about 11.7 million tourists from all over the world visited Albania. This has led to a significant increase in the role of tourism in Albania's GDP. According to data from INSTAT, the value added to the country's GDP from the tourism sector for 2023 has increased by 18.8% compared to 2022. Since tourism became one of the priority areas of economic development in the country, this was also reflected in the increased interest of businesses in investing in the field of tourism. Today, Albania offers a wide range of tourist activities, including almost all types of tourism, not only maritime and mountain tourism, but also historical, culinary, dental, religious, sports, etc., offering tourists wonderful views throughout the year and continues to be a growing destination for tourists from all over the world.*

KEYWORDS: *Tourism, Albania, Sustainability, GDP, Employment*

1. INTRODUCTION

Tourism in Albania dates back to ancient times but began to develop more noticeably after 1990, with the fall of the communist regime. Before this period, Albania had limited and controlled tourism, mainly for foreign travelers who were interested in the country's culture and history. During the Ottoman period, several Albanian cities such as Shkodra and Gjirokastra were known for their architecture and cultural heritage. After World War II, tourism was significantly reduced due to the country's political and economic isolation. After 1990, Albania began to attract the attention of international tourists, especially for its beautiful beaches on the Riviera, as well as for its untouched nature and rich history. In recent years, the Albanian government has invested in tourism infrastructure, improving accommodation, transportation, and services for tourists.

Tourism has a profound and multifaceted impact on the Albanian economy, becoming one of the main sectors contributing to the country's economic development. Albania, with its stunning landscapes, crystal-clear beaches, high mountains, and rich cultural heritage, has attracted a growing number of tourists from all over the world.

Table 1. Arrivals of foreign citizens in Albania according to regions, 2018-2024

Description	2018	2019	2020	2021	2022	2023	2024

Total	5,926,803	6,406,038	2,657,818	5,688,649	7,543,817	10,155,640	11,696,111
I. Africa	3,457	24,264	1,650	3,157	4,614	11,120	31,466
II. America	148,846	156,726	30,020	115,833	177,419	240,925	306,116
III. East Asia and Pacific	68,134	68,183	5,033	8,425	26,840	66,689	95,991
IV. Middle East	7,174	11,707	1,813	36,959	41,862	40,446	30,156
V. South Asia	3,115	13,523	801	21,001	10,908	15,324	29,845
VI. Europe	5,331,616	5,796,063	2,616,908	5,172,845	6,921,733	9,727,538	11,146,979
- Central /Eastern Europe	362,083	393,368	92,326	363,483	429,301	643,332	850,679
- Northern Europe	212,248	234,956	65,173	127,767	258,367	380,476	491,694
- Southern Europe	4,301,996	4,636,197	2,335,914	4,331,888	5,661,878	7,743,693	8,468,557
- Western Europe	357,411	417,163	95,211	293,054	468,743	744,821	990,143
- East/ Mediterranean Europe	97,878	114,379	28,284	56,653	103,444	215,216	345,906
VII. Other countries not specified	364,461	335,572	1,593	330,429	360,441	53,598	55,558

Source: General Directorate of State's Police, INSTAT calculations

From the table, we can analyze the data for the years 2018-2024 in total for all countries from which tourists came to Albania, but also respectively for each region. The total data shows a significant increase in foreign citizens in Albania from 2018 to 2024. From 5,926,803 in 2018, the number has increased significantly to 11,696,111 by 2024, which indicates an overall doubling. This growth trend indicates a general global expansion, with continuous growth after 2020. If we continue with the analysis of the regions, we will conclude that Africa is characterized by a small number of tourists, but with fluctuations. For example, from 2020 to 2024, the number has increased from 1650 people to 31,466 people, which promises opportunities for further development in the coming years. The Americas are characterized by a more stable growth and continuous growth from 2018 to 2024. The largest increase has occurred during the last two years, 2022-2024, with an increase from 177,419 to 306,116 people. East Asia and the Pacific have had a significant decline during the pandemic, but a marked recovery is observed from 2021 to 2024. The Middle East and South Asia, present lower tourist figures. Perhaps the decreasing number in the Middle East is related to the dynamic nature of economic and political developments in this region. Although South Asia presents low figures, they are still increasing for the analyzed period. Europe is the region with the largest and most sustained increase in tourists, from 5,331,616 in 2018 to 11,146,979 in 2024. The region that contributes the most to this large increase, marking an increase from 4.3 million in 2018 to 8.5 million in 2024 is Southern Europe.

This has led to a significant increase in tourism revenues, helping to increase Gross Domestic Product (GDP) and create jobs. Tourism in Albania is not seasonal. Albania has become a tourist attraction throughout the year, and the number of tourists visiting our country has been increasing.
One of the most obvious benefits of tourism is the creation of jobs. The tourism sector offers numerous employment opportunities in various fields, such as hotels, restaurants, tourist guides, and transport services. This has helped to reduce unemployment, especially in coastal and mountainous areas, where tourism is an important source of income. According to statistics, tourism contributes significantly to the employment of youth and women, providing opportunities for career development and improving living conditions.

In addition to its direct impact on the local economy, tourism has an important role in promoting Albanian culture and traditions. Tourists visiting Albania have the opportunity to explore the country's rich history, from medieval fortresses to ancient cities. This helps preserve and promote cultural heritage, raising awareness of Albania's historical and artistic values.

Investments in infrastructure are another important aspect related to tourism development. The increase in the number of tourists has encouraged the construction of roads, airports, and public services, improving the quality of life for the country's residents. These investments also help develop local businesses, creating a positive cycle that benefits the entire community.

2. METHODOLOGY

This study aims to analyze the progress and economic effects of tourism on the Albanian economy. To achieve this objective, a mixed-method approach was employed, combining both

quantitative and qualitative data analysis techniques. The research design is based on secondary data analysis, utilizing data from reputable sources such as the Institute of Statistics of the Republic of Albania (INSTAT), the Ministry of Tourism and Environment, and international organizations like the World Travel & Tourism Council (WTTC).

Data Collection;

The data used in this study spans a seven-year period (2018-2024) and includes detailed statistics on tourist arrivals, tourism revenues, employment in the tourism sector, and the contribution of tourism to Albania's GDP. The primary sources of data are:

- INSTAT: Provides annual and monthly statistics on tourist arrivals, regional distribution of tourists, and the economic impact of tourism (INSTAT, 2024).
- Ministry of Tourism and Environment: Offers data on investments in tourism infrastructure, policy frameworks, and strategic plans for tourism development (Ministry of Tourism and Environment, 2024).
- WTTC: Supplies global and regional data on the economic impact of tourism, including GDP contributions and employment trends (WTTC, 2024).

Data Analysis;

The analysis is divided into two main phases: descriptive statistics and trend analysis.

1. Descriptive Statistics:

The study begins with a descriptive analysis of tourist arrivals, broken down by region and year, to identify patterns and trends in tourism growth. This includes an examination of the number of tourists from different continents and their contribution to Albania's tourism sector (INSTAT, 2024).

The economic impact of tourism is analyzed through key indicators such as the value added to GDP, employment rates in the tourism sector, and revenue generated from tourism-related activities (WTTC, 2024).

2. Trend Analysis:

A time-series analysis is conducted to evaluate the growth trajectory of tourism in Albania over the past seven years. This includes an assessment of the impact of external factors, such as the COVID-19 pandemic, on tourism trends (Muço & Merko, 2020).

The study also employs comparative analysis to benchmark Albania's tourism performance against other countries in the Mediterranean region, focusing on factors such as tourist arrivals, revenue, and infrastructure development (Hrubcova et al., 2016).

3. Projections and Scenario Analysis:

Based on historical data, the study projects future trends in tourism growth using statistical modeling techniques. This includes an analysis of the potential impact of Albania's National Tourism Strategy 2024-2030 on the sector's development (Ministry of Tourism and Environment, 2024).

Scenario analysis is used to evaluate the potential outcomes of different policy interventions, such as increased investment in sustainable tourism and the promotion of niche tourism markets (e.g., cultural, eco-tourism) (Mulaj, 2024).

While the study relies on comprehensive and reliable data sources, there are some limitations to consider:

- The data is primarily secondary, which may limit the depth of analysis in certain areas (Sharpley & Telfer, 2002).
- The study focuses on macro-level trends and may not capture micro-level dynamics, such as the experiences of individual businesses or tourists (Burns & Holden, 1995).
- External factors, such as global economic conditions or geopolitical events, could influence tourism trends in ways that are not fully accounted for in the analysis (Ashikul et al., 2020).

The study adheres to ethical research practices by ensuring that all data used is publicly available and properly cited. No primary data collection involving human subjects was conducted, thus eliminating concerns related to informed consent or confidentiality.

3. DISCUSSION

Tourism is one of the branches of the economy that plays an important role in many parts of the world. Tourism continues to be an open term to various interpretations, with numerous definitions (Sharpley. Et al, 2002). This variability partly reflects the multidisciplinary nature of the subject and the abstract quality of the tourism concept (Burns & Holden, 1995). Despite these challenges, tourism can be defined as an activity or process often seen as a catalyst for development (Richard Sharpley, David J. Telfer, 2002), both in developed and less developed countries. This has made this sector the focus of numerous studies by foreign and Albanian authors. Hrubcova et al. (2016) conclude that tourism has emerged as an important sector of the national economy for many of the least developed countries and can be considered one of the viable and sustainable options for economic development. Ylli. L., (2016), states further analysis of the literature shows limitations, particularly regarding the development methods, such as how countries should approach tourism development and the necessary actions for success in this industry.

Studies have assessed the tourist potential of Albania, focusing on the country's natural and cultural resources, where the possibility of sustainable development is emphasized. The literature on tourism in Albania helps to understand the development of this sector and the challenges it faces. Various studies have as their object topics related to different issues that pertain to the progress of this sector in Albania over the years, not only for today in the exploitation of natural and cultural assets but also for future generations. This includes the good management of natural and cultural resources to avoid overexploitation and degradation. It is important to have a balance between the development of tourism and the protection of the environment and the cultural identity of Albania. In her paper, Mulaj (2024) concludes that if Albania wants to reach sustainable tourism, it must focus on promoting specialized tourist products, investing in the training of tourism sector personnel to guarantee high-quality and welcoming services, and encouraging eco-friendly tourism by ensuring that development remains sustainable. Kaduku (2013) states the important role of human capital and managers who work in the tourism sector. The just-graduated students, especially in this field, are the main labor force in this sector, and no need to emigrate.

4. FINDINGS

Albania is an example of how the tourism sector can drive economic development. After the country's turbulent economic and political transition in the 1990s, tourism experienced year-on-year growth. Albania began to be recognized for its tourism potential and was being compared to other countries in the Mediterranean Region with similar climatic conditions. Albania's picturesque landscapes, natural and cultural diversity, rich heritage and history, and warm Mediterranean climate have made it stand out as a developing destination on the European tourism scene. This was accompanied by increased investment in this sector, and over a 10-year period, 2000-2019, the number of hotels, rooms, and beds increased more than tenfold. The Covid-19 pandemic period had a very negative impact on global and Albanian tourism. According to (Ashikul et al., 2020), the tourism industry was among the most affected. Hotels, airlines, and cruise ships already stopped in most parts of the world. Muco & Merko (2020), after analyzing the economic situation of Albania after the spread of the COVID-19 pandemic, it emerged that the most affected sector of the economy will be the tourism industry.

Thus, during the pandemic, tourism was one of the sectors that was most affected, but it recovered quickly after 2021. Figures from the World Bank Group show that tourism, private consumption, and construction are key sectors that affect the stability of GDP growth to 3.3 -3.4%. Tourism has already become one of the most important sectors that generates income for the country's economy. According to data from INSTAT, the value added to the country's GDP from the tourism sector for 2023 has increased by 18.8%, compared to 2022, from 73.8 billion lek in 2022 it increased to 87.7 billion lek in

2023. More detailed data on the value added by industries parts of the tourism field in the last 4 years are shown in the table.

Table 2: Added Value of Tourism Industries (million ALL)

Industries included in the tourism sector	2020	2021	2022	2023
Tourism Industries (total)	42,123	52,654	73,853	87,706.2
Accommodation and Food Services	34,463	44,104	61,985	72,735.8
Accommodation (Total)	10,511	13,210	18,301	21,899.1
Food and Beverage Services (Total)	23,952	30,894	43,684	50,836.7
Rental Activities	1,971	2,034	2,190	3,255.9
Travel Agencies, Tour Operators and Other	5,689	6,516	9,678	11,714.5

Source of data: INSTAT, Ministry of Tourism and Environment 2024.

From the analysis of the added value of tourism industries for the years 2020-2023, taking into account the tourism categories, it is observed that for Tourism Industries, in total, the increase in added value is about 25% in 2021 compared to 2020, 40% increase in 2022 compared to 2021, and 19% increase in 2023 compared to 2022. This continuous increase from year to year, by 108% from 2020-2023, shows a revival of the industry after the COVID-19 pandemic. The same growth trend is also shown in other categories of the tourism industry. Accommodation and Food Services have experienced significant and stable growth at the same period. The growth of 111% from 2020 to 2023 is related to an increasing demand for tourist destinations and food services in Albania. Accommodation has also experienced significant growth during this period. The 109% increase suggests a high demand for hotels and accommodation options. This upward trend, especially immediately after the country emerged from the COVID-19 pandemic, is also observed in other tourism categories, such as Food and Beverage Services at 112%, Rental Activities at 65%, and Travel Agencies, Tour Operators, and Others at 105%.

These significant increases in all tourism categories are related to the tourist attractions that Albania offers, with improved accommodation conditions, traditional foods, and year-round tourism. In conclusion, we can say that the tourism industry has shown a visible revival from 2020 to 2023, with steady growth and intensification of demand for sectors such as accommodation, food services, and travel agencies. Sectors such as rental activities and travel agencies have seen particular growth, which may be related to changes in tourist preferences after the pandemic. According to the Ministry of Tourism and Environment, in 2023, Albania ranked 4th globally for the highest percentage increase in international tourist arrivals, marking a 56% increase compared to the year 2019[1].

According to WTTC (2024)[2], the contribution of tourism sector to Albania's GDP, reached almost 565 billion ALL for 2023, which was almost 37% more than the previous high point in 2019. As a testament to the sector's success, in 2023, Travel & Tourism contributed one in four lek to the Albanian economy. Employment in the sector grew by over 10% compared to 2019, supporting nearly 269,000 jobs nationwide, which accounts for one in five jobs in Albania. International visitor spending surged, exceeding 45% of the 2019 peak to reach 464 billion Albanian Lek, while domestic visitor spending also surpassed 2019 levels, reaching over 100 billion Albanian Lek in 2023. The Travel & Tourism sector continues to be the backbone of many country's economies while supporting millions of jobs globally.

The National Tourism Strategy 2024-2030, drafted by the Ministry of Tourism and Environment, provides a promising projection for the tourism sector. Albania has chosen the sustainable development model in drafting the strategy to achieve a balanced development of tourism in Albania. This scenario evaluates sustainability as an opportunity for growth, aiming for Albania to achieve a sustainable expansion of the tourism sector. The assumptions of this scenario related to the social side of society emphasize the connection of curricula in educational institutions with tourism development trends and

---

[1] https://www.konsultimipublik.gov.al/documents/RENJK_785_Strategjia-Kombe%CC%88tare-e-Turizmit-2024-2030_Update_6_Tetor.pdf

[2] https://wttc.org/news-article/albanias-travel-and-tourism-sector-bursts-onto-the-world-stage-reveals.

the needs of this sector, with the preparation of students and teachers with the necessary knowledge for competent work in this sector, as well as with the increase in the number of employees in the tourism sector. In summary, these three indicators and their projection during the years 2023-2030 are in the table and graph below.

Table 3. Quantitative indicators and results for the Sustainable Development scenario

| Quantitative indicators	Year 2023	Year 2030	2030 against 2023	The compound annual growth rate
Number of employees in tourism sector in 000/ people	42,698	73,778	73%	8%
Total number of students in tourism branches in public professional schools	2,900	4,687	62%	7%
Total number of hospitality and tourism students in higher education institutions	2,312	3,810	65%	7%

Number of employees in tourism sector in 000/ people
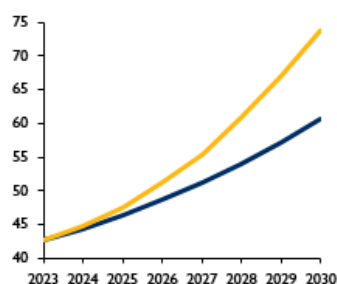
Total number of students in tourism branches in public professional schools
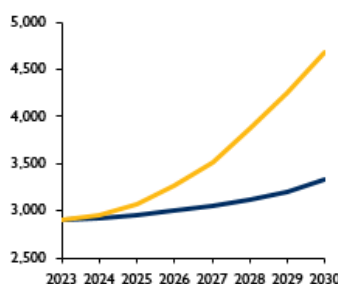
Total number of hospitality and tourism students in higher education institutions
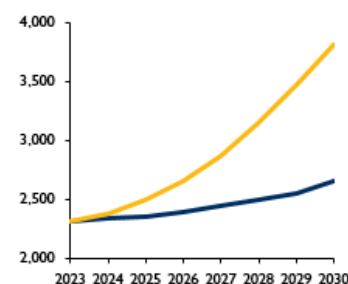
Status-quo   Sustainability development

Figure 1. Employment and education 2023-2030
Source: Horwath HTL, 2024, Ministry of Tourism and Environment

In addition to the projections for the tourism industry in Albania, it is also worth highlighting the very promising forecasts of the World Travel and Tourism Council (WTTC), which qualifies Albania as a remarkable example of how Travel & Tourism can fuel economic growth and create jobs. The record-breaking statistics for Albania reflect significant progress and tangible opportunities for thousands of workers. The projection for the next decade is that the sector will grow its annual GDP contribution to 749 billion ALL, by 2034 and is projected to employ more than 314,000 people across the country, with one in four Albanian residents working in the sector.

We should not overlook the role of the media in the development of tourism, giving two main impacts: Firstly, it helps to promote tourist destinations, creating a positive image, and raising awareness of the attractions offered. Articles, reports, and advertising in the media can significantly influence tourists' decisions, encouraging them to visit new places. Secondly, the media plays an important role in informing potential investors about investment opportunities in the tourism sector. Information on market trends, visitor statistics, and industry analysis can help investors better understand where to focus and how to develop successful projects.

5. CONCLUSION

Tourism has been identified as an important source of income generation and job creation in many economies. Because tourism is linked with several industries and services and encompasses social, cultural, and environmental dimensions beyond physical development and marketing, tourism has

significant potential to contribute to Albania's sustainable and inclusive growth and competitiveness. In particular, Albania is strategically positioned to meet the growing expectations for a sustainable tourism market, with a focus on nature and culture.

Our key results are:

The Albanian government has declared tourism as one of the priority areas of economic development and one of the priority branches of university studies because in recent years the interest of businesses to operate in the field of tourism has increased, which has led to an increase in investments in this field.

According to the analyzed statistics, Albania is one of the destinations that continues to be on an upward trend, positioned 66th globally. Tourist arrivals range from all regions of the world, but tourists from Europe account for the largest percentage especially those from Italy and Kosovo.

Tourism is an important engine for Albania's economic growth, offering numerous opportunities for sustainable development and improving living conditions. With proper management and a focus on sustainability, Albania still has the potential to become a well-known and successful tourist destination in the international arena.

The above findings show that tourism is an essential sector for the Albanian economy, with a major impact on job creation and economic development. However, challenges related to natural resource management, infrastructure, and insufficient marketing are still obstacles that need to be addressed to realize the full potential of this sector.

Our recommendations:
It is important to emphasize that tourism development must be sustainable. The increase in the number of tourists can bring challenges, such as the overload of natural resources and the negative impact on the environment. Therefore, it is necessary to work on careful management of tourism, ensuring that its benefits are shared equitably with local communities and the environment is protected.

Albanian tourism has many opportunities to develop, especially through the promotion of various destinations. The media, including social media, plays an important role in raising awareness of attractions and influencing tourists' decisions. Creating attractive content on social platforms to promote Albanian destinations can positively affect the perception of tourists.

REFERENCES

Ashikul. H., Shikha, F. A., Hasanat, M. W., Arif, I., & Hamid, A. B. A., 2020, The effect of Coronavirus (COVID-19) in the tourism industry in China. Asian Journal of Multidisciplinary Studies, 3(1), 52-58.

Burns, P. and Holden, A. (1995) eds, Tourism: A New Perspective. Publisher "Prentice Hall", 1995

Career Award 'Travel and tourism' Standard Level Ann Rowe,John D. Smith,and Fiona Borein (pg.15-23)

Dr. Robert Christie Mill, (1999), Tourism the International Business, The Open University of Hong Kong (pg.205-253)

Hrubcova. et al., (2016), The Economic Effects of Tourism in the Group of the Least Developed Countries, 3rd Global Conference on Business, Economics, Management and Tourism, 26-28 November 2015, Rome, Italy, Procedia Economics and Finance 39 (2016) 476 – 481.

INSTAT. (2024). Tourism Statistics. Retrieved from https://www.instat.gov.al.

Kaduku. I. (2013). Kocaeli University Journal of Social Sciences, 2013, 25: 44 – 60

Ministry of Tourism and Environment. (2024). National Tourism Strategy 2024-2030. Retrieved from https://turizmi.gov.al

Muço. K., & Merko. F., (2020), Coronavirus impact on the tourist sector in Albania, International Symposium for Environmental Science and Engineering Research (ISESER) Manisa, Turkey, ISBN 978-605-83522-2-3, July 04-05, 2020, pg. 185-190.

Mulaj. D., (2024), Tourism and economy: Analysis of the connection in the context of Albania, ECONOMICUS No. 23, ISSUE 1/ 2024

Stephen J.Page, (2009), ''Tourism management'' third edition (pg.37).

Sharpley, R. (2002): The Consumption of Tourism.Tourism and Development: Concepts and Issues.Richard Sharpley and David J. Telfer

Ylli. L., (2016), Developing Albanian Tourism, Academic Journal of Interdisciplinary Studies, ISSN 2281-3993, Vol 5 No 3 S1, Doi:10.5901/ajis. 2016.v5n3s1p279

World Travel & Tourism Council (WTTC). (2024). Economic Impact Reports. Retrieved from https://wttc.org

https://www.instat.gov.al/al/temat/industria-tregtia-dhe-sh%C3%ABrbimet/statistikat-e-turizmit/

https://www.weforum.org/publications/travel-tourism-development-index-2024/

https://turizmi.gov.al/statistikat-e-turizmit/

https://blogs.worldbank.org/en/europeandcentralasia/tourism-20-albania-new-opportunity-resilient-growth

https://www.worldbank.org/en/country/albania

https://www.britannica.com/topic/tourism

https://www.instat.gov.al/media/14810/l%C3%ABvizjet-e-shtetasve-n%C3%AB-shqip%C3%ABri-dhjetor-2024.pdf

https://www.instat.gov.al/media/3738/levizjet-e-shtetasve-dhjetor-2017.pdf

https://single-market-economy.ec.europa.eu/sectors/tourism_en