Internationalization of Bulgarian Tourism Business

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Abstract:
The purpose of this research is to be traced the internalization process of the tourism business over the last decades in our country. It has been reasoned by a number of foreign economic factors by virtue of the open character of our national economy, the course of the transition economy reforms, as well as the peculiarities of the Bulgarian economy EU integration. The relation "internationalization of business - internationalization of the national economy" is studied in different directions and methodology, but in the present study an adapted version of the method developed by Alan Rugman is applied. The main approach is based on the comparison between the degree of internationalization in the national economy and the degree of internationalization of a specific type of business. The measurement of the degree of internationalization is done with the help of variables and a system of indicators, which are directed respectively to the business environment of the Bulgarian economy and to the specifics of the Bulgarian tourism business. As analysis findings of the processes of internationalization in the context of tourism, it is concluded that these processes play an important role in determining the position of Bulgarian tourism in its inevitable competitive opposition to other tourist destinations and their business. As limitation has been identified two periods of research on the degree of internationalization of business - the first covers seven years before Bulgaria's accession to the EU, and the second period - almost ten years after the signing of the membership agreement. The practical implication of the study consists in the fact that the effect of the
increasing degree of internationalization of the tourism business in our country complements the overall result of the internationalization of the Bulgarian economy. This is especially clear in the second observed period of the study, which is expected to achieve a general synergy effect for the economy as a whole. The originality of the research consists in the adaptation as well as approbation of a known methodology for studying the processes of internationalization to the specifics of tourism business and to a given economy, such as the Bulgarian one, for two separate periods.

**Keywords**: Tourism Business, Internationalization of the Tourism, Degrees of Internationalization.

**JEL Codes**: Z30, Z32, F62.

1. Introduction

The issues related to tourism internationalization are topical and at the same time complex and debatable, as they relate to the processes of national economy transformation as a result of internationalization. The complexity of studying the internationalization processes stems from the divergent interests of the business stakeholders. The efforts of business stakeholders are aimed at increasing revenues and improving profitability. The state authorities and administration pursue a government policy, which strives to maintain a coalition of interests in favour of all sectors and industries in the national economy observing the rules of market competition. Public interests are represented by different local, public and non-governmental organizations and because they are heterogeneous, they are often not united.

Modern internationalization processes are characterized by a high degree of dynamism. Internationalization describes changes that occur as a result of the rapid development of scientific and technological progress and of the socio-economic development of individual economies, which lead to a change in their status and importance within the modern international economic system. It occurs as a comprehensive trend (Mirković, 2000) in our time due to the nature and peculiarities of the reproductive cycle, marked by the desire to improve the welfare, and along with it the expectations for the development and progress of the social systems, under the conditions of the growing importance of the services sector. This trend contributes to the opening of economies in search of forms and means to solve the problems associated with modern resource security and contemporary living standards.

In the first two decades of the 21st century, some factors have become a priority for the social development. An intensively functioning
business model is imposed, in which the effect is derived not from the scale, but the quality of the business. This changes the type of interconnectedness of economies. From being based on territory it becomes based on ideas. The change in the resource conditionality of the interconnectedness causes new essential characteristics in the processes of modern internationalization and its specific manifestations (Broga, 2012). In our time, the forms of business internationalization directly correspond to the production and trade in services. Claiming that services are displacing industrial production seems inaccurate (Tan, 2016), but there is no denying the growing importance of this sector within the frameworks of the individual national economies, as well as its growing share in the international trade. Thus, for example, in developed economies over 60% of GDP is created in the services sector. In OECD Member Countries, the share of employment in the services sector ranges between 65-77% (UNCTAD, 2010). As a result of the process of internationalization, there is an intertwining of industrial production in its classical form with that of services, in which the competitiveness of individual companies or products acquires a new meaning through the prism of the “tangible-intangible product” ratio. Business internationalization is a complex concept, therefore in the tourism business, as part of the services sector, it is interpreted both from a theoretical point of view and from the point of view of practical implementation. The tourism business worldwide is one of the fastest growing in the field of services. According to the World Travel and Tourism Council (WTTC), the average annual growth rate of the world economy in 2018 is 3.2%, while that of tourism is 3.9% (WTTC, Regional and world report). The gross domestic product produced by this business globally amounts to 2.8 trillion USD for 2018. Its share accounts for 10.4% of the total GDP created in the world in the same year. One in five jobs created in the world is in the field of tourism and travel. This highlights the need to analyze the processes occurring in the tourism business and explains the interest in studying its degree of internationalization.

In tourism, internationalization is often associated with product competitiveness and tourism destination competitiveness (Dupeyras & MacCallum, 2013). Experts argue that business success is due to specific products that have been successful on the international market. That is why the products identified with a certain brand are most often identified with the destination that offers them. Thus, the aspects of competitiveness in the field of tourism are linked to the attractiveness of the destination and the successful performance of the tourism business on the international market.

After setting out the issues related to determining the degree of internationalization, we should set the parameters of this study. The aim is
to determine the degree of internationalization of the tourism business in Bulgaria in terms of inbound travel against the background of the internationalization of the economy as a whole. We define the tourism business in our country as the object of this analysis. The processes of internationalization, affecting the economy of the country as a whole and in particular, the tourism business are defined as the subject of the study. On this basis, we formulate the thesis about the relative independence of the internationalization processes taking place in the economy of Bulgaria, and in its tourism business, although they are mutually bound and conditioned.

2. Significance of the issue and elaboration of the topic of tourism business internationalization

Successful market positions on the international market are becoming a strategic advantage under the conditions of internationalization. They are based on the competitiveness of the tourism product and the attractiveness of the destination, as well as on the advantages offered by the business environment. In cases when tourism is developing as an export-oriented sector of the national economy, the success of this business indicates not only its competitiveness but also the degree of its internationalization. The process of internationalization of the modern tourism business is characterized by the following specifics:

- The first one is related to the fact that tourism is a profitable economic activity – for example, in the recent years the USA have made about 84 billion USD annually, France – 31 billion USD, Italy – 27 billion USD and Spain – about 33 billion USD from rendering tourist services to foreign guests. The average annual per capita income from tourism for countries neighboring Bulgaria for the period 2015-2019 is 985 USD for Croatia, 1048 USD for Greece and 273 USD for Turkey (UNWTO, 2019).

- The second characteristic outlines the development of this process as rapid, but uneven. This is determined by the different level of the socio-economic development of the different countries and regions that give priority to tourist business. The mass model of the tourism business in the developed industrial countries has best shown its economic and social advantages. Over time and with the expansion of business scale, along with the advantages, this process showed a number of disadvantages that cause anomalies in the social, environmental and economic development, both of the recipient and of the emitting countries (WTTC, 2021).

- The third characteristic defines the interaction between the
development of the tourism business and its internationalization. Tourism business as a specific industry is a part of the service sector which includes activities of diverse nature. For countries that develop international tourism, effects are generated related to both - the well-being of the population and the structural profile of the entire economic complex. In this sense, the economic effect of international tourism is determined by many external factors.

The development of the tourism business in Bulgaria in recent decades has been determined by several external economic factors under the open nature of our national economy, as well as by the peculiarities of integrating the Bulgarian economy into the EU. For this reason, we have grounds to believe that the search for objective arguments for determining the degree of internationalization within the Bulgarian tourism business is a serious motivation, as well as a challenge where the problems and difficulties in its development must be viewed in parallel with the achievements and traditions in this sphere. The importance of the topic of the degree of tourism internationalization is supported by the fact that in a multinational economic community such as the EU, the growing interdependence emphasizes both the comprehensive competitiveness of the Bulgarian tourism business and the attractiveness of Bulgaria as a “business destination”. At the same time, the degree of economy internationalization should be distinguished from the specific business internationalization, although they are mutually conditioned. Moreover, there is a difference in the degree of the ongoing process of internationalization, where the economy can be characterized by a high degree of internationalization, while the degree of specific business internationalization is limited.

The essential characteristics of business internationalization are linked to the possibility of reaping the benefits of the participation of the national economy in the various forms of international business. In this sense, internationalization offers opportunities for progress. But the processes of business internationalization do not flow smoothly (Corfu & Nistoreanu, 2006). The openness of the economy to the rest of the world also implies the transmission of economic disturbances that would generate destabilization in the national economy. The binding of the national economy with the development of the tourism business as its priority sector is determined by many peculiarities. For this reason, the higher degree of tourism business internationalization compared to the average level of the other types of businesses cannot push the whole economy so that it will make progress. In economies that can be cited as a good example, the positive effects of tourism internationalization complement those achieved in the other types of businesses and there is a general synergistic effect due
to the developed infrastructure and economic potential of the economy as a whole.

The “internationalization of business – internationalization of the national economy” interdependence is studied in different trends (Balaguer & Cantavella-Jorda, 2002; Camisón, & Forés, 2015). For example, the first trend draws a parallel between the destination’s endowment of resources facilitating one form or another in product offering and its international appeal (Porter, 1990; Dwyer, Mellor, Livaic, Edwards, & Kim, C., 2004). This interrelation highlights the interaction between the comparative advantages and the international competitiveness within the specific business and the specific economy, respectively the advantages of its business environment. Each of these forms of internationalization requires a specific way of measuring and reflecting the degree of its dynamics. In our time, the forms of internationalization of business directly correspond to the production and trade in services. This process reveals its potential over time and leads economies to “change individual and collective identities” by contributing to “overcoming established stereotypes of thinking and behaving from the past” (Fenestra, 2008) and offers hitherto unknown opportunities for prosperity due to cooperation, generating a number of effects.

The experts of the World Economic Forum (WEF) work in another trend – measuring the degree of internationalization of the tourism business, based on the advantages of the tourism destination and the business environment with which it develops. This methodology includes three main indices: “Regulatory framework of the tourism business”, “Business environment and tourism infrastructure” and “Natural, human and cultural resources for the tourism business”. The methodology of the World Economic Forum aims to prepare a ranking according to which each country can identify by itself the strengths and weaknesses of its tourism business, as well as the business environment in which the tourism destination operates (World Economic Forum, 2007). In this sense, the priority is not to measure the degree of internationalization of the tourism business, but to reveal the interdependence between the framework that the national economy creates for internationalization and similar processes in the tourism business.

A third trend for assessing the degree of internationalization of the tourism business in different countries of the world is proposed by the World Travel and Tourism Council (WTTC). The Council’s expert centres monitor the processes of internationalization based on the competitiveness of the tourism business in the individual tourism destinations according to a methodology, including indicators for comparison in the following main
areas (WTTC, 2017): price competition; the humane side of the tourism business; infrastructure; environment; level of technology and innovation; qualification of human resources; degree of openness of the destination; social characteristics of the destination. The application of this methodology allows for the parallel consideration of the degree of internationalization, both for the business environment of the respective economy and the degree of internationalization of the tourism business itself.

A fourth trend for interpreting the process of internationalization is based on a comparison of the degree of internationalization between the national economy (considered as a business destination) and the specific business type in terms of their export orientation. For this purpose, the indicators used are related to the realized advantages as a result of the internationalization depending on the degree of connection between the economic entities from the national and international business environment. The method derives on a matrix basis the business-specific advantages (BSAs) and the country-specific advantages (CSAs). It has been developed and applied in a lot of studies (Rugman, 1979; 1981; 2005) as a way to derive the degree of internationalization for individual economies, viewed as business destinations, as well as for the economic operators in the specific business environment.

These research trends give us reason to conclude that the “internationalization-specific advantages” relationship requires detail when studying the individual aspects of the business environment and the individual types of business in the respective environment in order to assess their implementation in practice. The advantages obtained as a result of the attractive business environment within the specific national economy define it as an attractive place for foreign investors, and this opens opportunities for a higher degree of internationalization. On the other hand, the advantages of the tourism destination, incl. the quality and competitiveness of its tourism products and services, define it as attractive to foreign tourists – in terms of the international tourism market. It is no coincidence that international tourism is categorized as an invisible export for the economy, a recipient of inbound tourism flows. Identifying the two sides related to the processes of internationalization in the context of tourism has an important role in determining the positions of Bulgarian tourism in its inevitable competitive opposition to other tourism destinations and their business, which have similar tourism resources and develop products close to those of our country.

In summary, we conclude that as a result of the process of internationalization there is an intertwining of industrial production in its classical form with that of services, where the competitiveness of individual
companies or products takes on new meaning through the prism of "tangible - intangible product". The growing importance of services lies in the deepening division of labor and the expanding specialization in specific production areas based on technical and technological innovation.

3. Method of studying and selecting the variables to determine the degree of internationalization

As a concept, tourism business is associated with the fact that per se it is a relatively independent economic system within the national economy, which reveals its economic nature. The combination of the need for rest and the desire to rationalize leisure time in a pleasant and useful way creates social needs that are met through exercising diverse but interrelated activities concerning the production of goods and services that are provided on a market basis to this part of consumers who are defined as “tourists”. In the whole set of production and technological relationships, factors and resources, tourism is in its essence considered as an economic activity, differentiated as an independent business form (Athiyaman, 1997; Dritsakis, Athanasiadis, 2000), which is part of the services sector. The approach for defining tourism as an independent business highlights the cyclical process of production of tourism products and services, aimed at achieving specific economic outcomes – generating income, making a profit, creating jobs, increasing assets, maintaining positive financial results, transferring investments, etc. Like any business, it can be export-oriented.

In order to determine the degree of internationalization of the Bulgarian tourism business and the Bulgarian economy, we apply a method different from those of the World Economic Forum and the World Travel and Tourism Council. The approach, based on the comparison between the degree of internationalization in the national economy (Country specific advantages - CSAs) and the degree of internationalization of a specific type of business (Business specific advantages - BSAs) – in this case, the tourism business developed in the respective national business environment, is viewed as an adapted version of the method developed by Alan Rugman (Rugman, 2005). This method enables us to determine the extent to which the tourism business operating in the Bulgarian national business environment is characterized with a degree of internationalization different from that of the national economy as a whole, taking into account the specific forms of internationalization itself, namely: total production, in particular, its export orientation and the net amount of foreign direct investment.

The degree of internationalization is measured using variables and a
system of indicators, which are directed respectively to the business environment of the Bulgarian economy and to the specifics of the Bulgarian tourism business (Table 1.). As can be seen from the table, the specific advantages of the tourism business in Bulgaria and those of the national economy will be derived on the basis of variables related to the production volume, exports and foreign direct investment (FDI). Tracking the total production in the tourism-related industries, it should be noted that both the NSI methodology and the methodology established by the World Tourism Organization, known as “Tourism Satellite Account”, are taken into account. This is necessitated by the need to distinguish “total production in the hotel and restaurant business for external residents” from the “total production in the hotel and restaurant business and related industries”, which emphasizes the export orientation of the tourism business.

<table>
<thead>
<tr>
<th>Variables to study the national economy of Bulgaria</th>
<th>Variables to study the Bulgarian tourism business</th>
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<tbody>
<tr>
<td>Gross domestic product, in million BGN</td>
<td>Total production in the hotel and restaurant business, in million BGN</td>
</tr>
<tr>
<td>Value of Bulgarian export, in million BGN</td>
<td>Revenue from international tourism, in million BGN</td>
</tr>
<tr>
<td>Net FDI total for the country, in million BGN</td>
<td>Net FDI – hotels and restaurants, in million BGN</td>
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</tbody>
</table>

The variables describing international trade transfer clearly reveal the relation between the specific economy and the rest of the economies in the world, which stems from the need to exchange factors of production, services and goods as a result of international specialization. The current study focuses on exports to reveal the extent to which the economy is export-oriented. The variables related to the transfer of investments, respectively FDI, are more closely linked to the attractiveness of the environment, where they find a profitable field for investment. For this reason, they contribute in a specific way to determining the degree of internationalization.

The analysis is based on quantitative values and involves studying one-dimensional variables, which determine the share and, through it, the importance of the tourism business in the country’s economy as one of the export industries, through which the degree of internationalization can be measured, first tracking respectively the share of:

- The total production in the hotel and restaurant business for external residents to the gross domestic product of the country;
- The total production in the hotel and restaurant business and related
industries to the gross domestic product of the country;
- Export revenues to the country’s GDP;
- Revenues from international tourism to the revenues from our economy’s exports;
- Net foreign assets to the GDP of our economy;
- Net foreign assets in tourism to the total volume of FDI in the country.

Then is derived the dynamics in the process of internationalization, occurring respectively in the economy as a whole and in particular in the tourism business of Bulgaria.

The data cover the period 2000-2018, and the selection of the duration is not random. The time range can be divided into two observation periods, as the idea is to highlight the differences in the trend for the degree of internationalization depending on Bulgaria’s membership in the EU. The first observation period from 2000 to 2009 is associated with the pre-accession process, which our country went through as a preparatory stage of EU membership. It should be noted here that Bulgaria became a member of an integration system in 2007, but 2008 and 2009 are associated with the global financial crisis, due to which the effects of its full membership began to manifest themselves after the crisis was overcome. The second observation period lasting from 2010 to 2018 makes it possible to assess the impact of membership on the degree of internationalization for the whole economy, and the tourism business in particular.

As a result of the above regarding the selection of an adequate method of studying the degree of internationalization of the Bulgarian tourism business, it becomes clear that the applied method makes it possible to track bilaterally:
- The degree of connection of the Bulgarian economy with the other economies through exports;
- The importance of the Bulgarian tourism business, as an export industry, for the economy of Bulgaria;
- The contribution of the tourism business as an export industry to the economy of Bulgaria, incl. in terms of its multiplier effect on other industries;
- To what extent our economy is attractive as an economic destination to foreign investment in general, and to what extent tourism as a business is attractive to foreign investors.
4. Determining the degree of internationalization of the Bulgarian tourism business

4.1. Importance of the tourism business for the economy of Bulgaria

Since its inception as an independent economic system with the parameters of industrial activity, tourism in our country has been characterized with international and export orientation, which is facilitated on the one hand by the favourable natural resources, and on the other hand by the material base built over the years and consistent with the scale of mass organized tourism. The model, which our country has inherited from the years of socialism and as a result of the development of mass tourism, is oriented towards the organized inbound flows of tourists mainly to our Black Sea resorts in summer and to our mountain resorts in winter. Market reforms related to the restructuring of the tourism business in our country have generated a number of changes. The restructuring and transformation in the years of transition have not changed the above-mentioned characteristics of tourism in our country, although the reforms in this area have caused many problems and contradictions. However, the great importance of the tourism business for the Bulgarian economy should not be denied. This significance is revealed on the basis of specific facts, namely: according to the data of the World Travel and Tourism Council the share of the total production in tourism to the GDP of the country for 2018 amounts to 11.7%. Nearly 350 thousand people are employed in the tourism business in our country, and their number is expected to rise to 400 thousand by 2029. The share of revenues from international tourism to the total amount of exports from Bulgaria for 2018 amounts to 12.3%, which puts the tourism business in one of the leading positions in export-oriented industries. The export orientation of the Bulgarian tourism business is confirmed by the fact that the expenditure incurred by foreign tourists who visited the destination “Bulgaria” in 2017 exceed five times the expenditure of Bulgarians for domestic tourism. It should be emphasized that the tourism business in our country is developing as a form of international business and is explicitly active, as inbound tourism flows generate twice as much revenue as the expenditure that Bulgarian tourists make for outbound travel abroad (WTTC Regional reports, 2018). EU countries are the main generating source of tourism flows to Bulgaria, with Romania and Germany being particularly important emitters. An important emitter of tourists are also the countries of Southeast Europe, such as Turkey, Macedonia and Serbia (Ministry of Tourism, 2019). Russia is one of the traditional markets where the Bulgarian tourism product is known and attractive, although in
the last decade it has been outside the first five countries sending tourists to our country.

Here we should note that the Bulgarian tourism business has undergone many positive changes in the course of market and structural reforms undertaken in the Bulgarian economy. The existing hotel facilities have been reconstructed and the category of many hotels has been raised. For example, for the last 20 years, two-star hotels have disappeared from the Black Sea coast and the major mountain resorts. The share of the three-star hotels is over 45%, the share of the four-star hotels exceeds 35%, and the newly-built hotels are in the over-four-star category (Capital, 2015). There are positive changes in some of the major urban centres of our country. Thus, for example, in Sofia the number of 4 and 5 star hotels is increasing, and so is the number of beds, the number of nights spent and the revenue from foreigners checking in. A total of 1,605,179 overnight stays were recorded for 2017, of which over 1 million were of foreigners. The four- and five-star hotels in Sofia share BGN 93.4 million of the sum total and BGN 77.4 million of the money coming from foreign citizens (Dnevnik, 2016). These changes are due not only to the undertaken market reforms and the growing competition on the Bulgarian market but also to some external factors. In recent years, two of the low-cost European airlines have opened bases in our country, thus starting the service of new airlines. For example, the Irish airline Ryanair opens 11 new destinations with initial flights from various airports in Bulgaria. Wizz Air begins to maintain regular flights to its established destinations not only during the peak season but throughout the year (EC.Europa.EU, 2017). This contributes to the growing interest in the main urban tourism destinations in our country, such as Sofia, Plovdiv and Burgas.

The reforms carried out in Bulgaria in the years of transition to a market economy have a positive impact on the tourism business, but they do not solve all problems. One problem is the efficiency of the business and the associated profitability. According to Eurostat data for 2019 tracking the expenditure that each foreign tourist makes by visiting these destinations, it is found that for Bulgaria, Hungary and Romania they are almost three times lower than those for Croatia, Spain and Italy (Tourism Satellite Accounts in Europe, 2019). The comparison is indicative of which tourism destinations are highly profitable and it is not in favour of our country. This fact is due to many complex reasons. Thus, we conclude that the above-described formula, according to which the Bulgarian tourism business operates, does not offer an opportunity to combine high profitability with the new quality of the investments made. If we track the last five years, during which new external influences appeared, such as the war in the Eastern Mediterranean,
the hostility between Russia and Ukraine and the wave of refugees, we can say that Bulgarian tourism is just doing well. These events redirected some of the tourism flows to our country, which did not lead to improving the level of service and quality of Bulgarian resorts, but the business benefited from the increase in the number of accepted tourists.

The comprehensive analysis made on the state and importance of the Bulgarian tourism business proves that it is developing as a living organism and reflects both the restructuring of the national economy and the changes in the market situation on the international tourism market, where:

- It continues to be an important part of the national economy of our country and in recent decades has been characterized as one of the few successfully developing types of businesses in our country;
- The impact of structural reforms in the national economy transforms the essence of the tourism business and places it in the competitive environment of the open international tourism market;
- Despite the attempts to become highly profitable, Bulgarian tourism business retains its main focus to offer standardized package products at relatively low price ranges, available for mass tourism flows to our country mainly from different European countries;
- Thus, Bulgarian tourism business retains its essence to be export-oriented.

The above-stated leads us to the need to outline the main trends in the degree and dynamics of the processes of internationalization, both of the Bulgarian economy as a whole and of the tourism business in particular, which enables us to reveal the interaction between the two processes and to highlight the ways of impact and stimulation.

4.2. Outcomes of the empirical study on the degree of internationalization of the Bulgarian tourism business

The approach based on comparisons to determine the differences in the degree of internationalization of the national economy (CSAs) and the specific type of business (Business specific advantages - BSAs) enables us to derive the specific advantages of the business regarding the general trend of development of the internationalization process of the economy as a whole.

As it has already been found, the tourism business, developed within the framework of the Bulgarian economy, has always been export-oriented. What is of interest in the last part of this study is to find out the difference between the degree of internationalization, taking into account the different stages in the operation of the national economy before and after its EU
Internationalization of Bulgarian Tourism Business

Based on the database by the selected and the above indicators for the period 2000-2018 the comparative analysis shows the following:

4.2.1. Results of the analysis of the structural indicators in determining the degree of internationalization for the first observation period

As can be seen from Tables 2A and 2B the share of the total production in the hotel and restaurant business to the GDP of Bulgaria is constantly increasing, which confirms the statement from the previous paragraph about the successful operation and development of Bulgarian tourism business within the national economy, both in the period before its full EU membership and in the first decade of membership. Undoubtedly, this type of business has a multiplier positive effect on the other industries of the economy.

Regarding the indicator “Share of the total production in the hotel and restaurant business for external residents to GDP” there is a difference in the two observation periods. The data for the pre-accession period show that this share ranges between 2.54 and 3.46%, while for the next period it ranges widely (4.1-8.4%). What is common between the two observation periods is the tendency of an increase of this share to the GDP of the economy. This means an increasing export orientation of the tourism business.

When we analyze the data by the indicator showing the share of export revenues to the GDP of Bulgaria, we find that in the first observation period this share remains relatively stable, but as a value, it is quite limited. During the second period, however, there is a sharp increase in the share, which suggests that Bulgaria’s full membership in the EU increases the degree of openness of the economy, both in foreign trade turnover and in international cooperation with EU countries. When we compare the total share of exports to GDP with the share of exports realized through tourism, we will find that:

- During the first observation period, the total share of exports to GDP is more limited than the share of exports resulting from the tourism business, and in only two of these years, the share is almost equalized. This means that during this period tourism is one of the few types of businesses in our country that is definitely export-oriented.
Table 2. Structural indicators in determining the degree of internationalization

### 2A. First observation period

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>Share of export earnings to GDP, %*</td>
<td>8.35</td>
<td>7.26</td>
<td>7.32</td>
<td>8.95</td>
<td>8.87</td>
<td>8.79</td>
<td>8.62</td>
<td>8.36</td>
<td>9.12</td>
<td>17.65</td>
</tr>
<tr>
<td>Share of international tourism revenue to export earnings, %***</td>
<td>10.67</td>
<td>9.70</td>
<td>10.46</td>
<td>11.49</td>
<td>12.23</td>
<td>10.57</td>
<td>8.78</td>
<td>9.82</td>
<td>9.67</td>
<td>11.72</td>
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<tr>
<td>Share of net foreign assets to GDP, %**</td>
<td>3.7</td>
<td>6.6</td>
<td>9.1</td>
<td>14.2</td>
<td>15.3</td>
<td>19.6</td>
<td>23.5</td>
<td>29.8</td>
<td>27.5</td>
<td>26.4</td>
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<tr>
<td>Share of the total production in the hotel and restaurant business for external residents to GDP, %*</td>
<td>2.64</td>
<td>2.60</td>
<td>2.54</td>
<td>2.75</td>
<td>2.95</td>
<td>3.05</td>
<td>3.15</td>
<td>3.39</td>
<td>3.46</td>
<td>3.36</td>
</tr>
<tr>
<td>Share of the total production in the hotel and restaurant business and related industries to GDP, %***</td>
<td>13.5</td>
<td>13.3</td>
<td>13.9</td>
<td>14.8</td>
<td>13.4</td>
<td>14.7</td>
<td>15.0</td>
<td>14.5</td>
<td>14.9</td>
<td>15.2</td>
</tr>
<tr>
<td>Share of the net foreign assets in tourism to the total volume of FDI in the country ****</td>
<td>3.29</td>
<td>4.58</td>
<td>3.45</td>
<td>3.42</td>
<td>2.95</td>
<td>2.68</td>
<td>2.49</td>
<td>1.83</td>
<td>1.87</td>
<td>1.98</td>
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### 2B. Second observation period

<table>
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<tbody>
<tr>
<td>Share of export earnings to GDP, %*</td>
<td>21.4</td>
<td>38.2</td>
<td>49.1</td>
<td>53.4</td>
<td>51.9</td>
<td>49.6</td>
<td>49.7</td>
<td>52.1</td>
<td>49.8</td>
</tr>
<tr>
<td>Share of international tourism revenue to export earnings, %***</td>
<td>9.5</td>
<td>7.9</td>
<td>7.1</td>
<td>7.4</td>
<td>7.2</td>
<td>8.9</td>
<td>9.5</td>
<td>10.8</td>
<td>12.1</td>
</tr>
<tr>
<td>Share of net foreign assets to GDP, %**</td>
<td>37.3</td>
<td>45.6</td>
<td>45.4</td>
<td>45.1</td>
<td>45.3</td>
<td>44.5</td>
<td>51.2</td>
<td>50.7</td>
<td>51.5</td>
</tr>
<tr>
<td>Share of the total production in the hotel and restaurant business for external residents to GDP, %*</td>
<td>4.1</td>
<td>5.8</td>
<td>7.0</td>
<td>7.4</td>
<td>7.2</td>
<td>6.7</td>
<td>8.4</td>
<td>7.7</td>
<td>7.1</td>
</tr>
<tr>
<td>Share of the total production in the hotel and restaurant business and related industries to GDP, %***</td>
<td>17.4</td>
<td>18.2</td>
<td>17.3</td>
<td>18.5</td>
<td>18.3</td>
<td>19.1</td>
<td>19.2</td>
<td>18.9</td>
<td>20.3</td>
</tr>
<tr>
<td>Share of the net foreign assets in tourism to the total volume of FDI in the country ****</td>
<td>1.8</td>
<td>2.2</td>
<td>2.4</td>
<td>2.3</td>
<td>2.1</td>
<td>2.1</td>
<td>1.7</td>
<td>1.5</td>
<td>1.3</td>
</tr>
</tbody>
</table>

* Calculated according to data of the NSI, at: [https://www.nsi.bg/bg/content/2206/bvp-proizvodstven-metod-natsionalno-nivo](https://www.nsi.bg/bg/content/2206/bvp-proizvodstven-metod-natsionalno-nivo) and [https://www.nsi.bg/bg/content/2000/satelitni-smetki-za-turizma](https://www.nsi.bg/bg/content/2000/satelitni-smetki-za-turizma)

** Calculated according to data of the NSI and BNB, at: [http://www.bnb.bg/Statistics/StStatisticalBD/index.htm](http://www.bnb.bg/Statistics/StStatisticalBD/index.htm) &
Table 3. Dynamics indicators in determining the degree of internationalization

3A. First observation period

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Dynamics in the value of the gross domestic product *</td>
<td>3.8</td>
<td>4.4</td>
<td>5.6</td>
<td>6.6</td>
<td>6.3</td>
<td>6.3</td>
<td>6</td>
<td>-5</td>
<td></td>
</tr>
<tr>
<td>Dynamics in the value of the total production in the hotel and restaurant business for non-residents ***</td>
<td>9.1</td>
<td>9.0</td>
<td>8.5</td>
<td>8.3</td>
<td>8.1</td>
<td>8.5</td>
<td>8.1</td>
<td>8.3</td>
<td>-4</td>
</tr>
<tr>
<td>Dynamics of revenues from international tourism *</td>
<td>4.3</td>
<td>9.2</td>
<td>12.0</td>
<td>13.3</td>
<td>18.2</td>
<td>19.4</td>
<td>17.0</td>
<td>8</td>
<td>-12</td>
</tr>
<tr>
<td>Change in the volume of FDI total for the country, net value ****</td>
<td>11.0</td>
<td>9.0</td>
<td>15.1</td>
<td>11.6</td>
<td>16.3</td>
<td>15.7</td>
<td>18.4</td>
<td>19</td>
<td>-7</td>
</tr>
<tr>
<td>Change in the volume of FDI in tourism, net value ***</td>
<td>21.1</td>
<td>18.0</td>
<td>19.5</td>
<td>17.3</td>
<td>18.4</td>
<td>11.1</td>
<td>8.6</td>
<td>6</td>
<td>-5</td>
</tr>
</tbody>
</table>

3B. Second observation period

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Dynamics in the value of the gross domestic product *</td>
<td>2.1</td>
<td>3.5</td>
<td>2.3</td>
<td>3.4</td>
<td>3.8</td>
<td>4.1</td>
<td>4.3</td>
<td>4.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Dynamics in the value of the total production in the hotel and restaurant business for non-residents ***</td>
<td>7.6</td>
<td>5.6</td>
<td>7.1</td>
<td>2.6</td>
<td>4.2</td>
<td>6.8</td>
<td>7.5</td>
<td>13.6</td>
<td>9.2</td>
</tr>
<tr>
<td>Dynamics of revenues from international tourism *</td>
<td>17</td>
<td>3.5</td>
<td>3.4</td>
<td>-9</td>
<td>14.2</td>
<td>9.3</td>
<td>6.8</td>
<td>3.6</td>
<td>-0.3</td>
</tr>
<tr>
<td>Change in the volume of FDI total for the country, net value ****</td>
<td>-0.5</td>
<td>2.8</td>
<td>2.7</td>
<td>-1.1</td>
<td>5.2</td>
<td>22</td>
<td>4.1</td>
<td>9.8</td>
<td>-</td>
</tr>
<tr>
<td>Change in the volume of FDI in tourism, net value ***</td>
<td>0.8</td>
<td>26.2</td>
<td>10.4</td>
<td>1.7</td>
<td>-2.0</td>
<td>-0.9</td>
<td>-0.5</td>
<td>-7.3</td>
<td>-12</td>
</tr>
</tbody>
</table>

- During the second period the importance of tourism as an export industry is preserved, but along with it (probably due to its more intensive development and improved competitiveness), a number of other sectors and industries of our economy begin to operate as
exporting.

As a result of the analysis by these indicators, it becomes clear that the increasing share of exports to the GDP for the second observation period shows that after the economic reforms and restructuring of the economy were completed, Bulgaria has identified the areas where there are competitive advantages, based on which it has increased its presence in foreign markets. In addition, the share of revenues from international tourism occupies a significant share of exports and this shows that tourism is one of the types of businesses in our country, which operates successfully enough to create competitive services in the foreign markets.

The tracking of the last pair of indicators – “Share of net foreign assets to GDP” and “Share of net foreign assets in tourism to the total volume of FDI in the country” shows that in the first period the net amount of FDI to GDP is constantly increasing, which speaks of the increasing attractiveness of the Bulgarian economy for foreign investors, and thus of increasing the degree of internationalization of “business destination Bulgaria”. At the same time, the inflow of net foreign assets to tourism in Bulgaria is much more limited compared to the total inflow to our economy.

4.2.2. Results of the analysis of the dynamics indicators in determining the degree of internationalization

During the 2000-2007 observation period, the dynamics in the value of GDP shows an upward trend (Tables 3A and 3B). The same dynamics are observed with regard to the total production in the hotel and restaurant business. Moreover, its growth rates are rhythmic and higher than those with which the value of GDP increases. If the average annual growth rate in the value of GDP is 5.5%, then the analogous rate of the value of total production in hotels and restaurants is 8%. At the same time, the rates with which revenues from international tourism are increasing show not just an increase, but an average annual increase of 13%, which implies a real expansion of the development of international tourism in our country. The same applies to the growth of FDI in our country in general, and in particular the FDI that flows into Bulgarian tourism. Their average annual growth rate is 14%. It is obvious that during this period, which is the eve of Bulgaria’s EU membership, the interest of foreign investors in our country is increasing. During this period two significant moments that affect positively the inflow of FDI to Bulgaria and in particular to tourism. The first of them is related to the increase in the number of hotels in the post-privatization process as new construction. In addition, we should emphasize the reconstruction of the existing, but already privatized hotels, in which
some foreign tour operators take part, attracting tourists to the Bulgarian Black Sea coast. The second moment is related to the avalanche-like swelling of the real estate market during this period in our country when non-residents (mostly British and Russians) acquire property in the rapidly developing sea and ski resorts of Bulgaria. During this period, a significant part of foreign investment in tourism is in the form of an acquisition of the real estate by foreign nationals as a second residence (Dupeyras & MacCallum, 2013). Undoubtedly, this is a result of the completed structural reforms of the economy, the successful course of negotiations for EU membership, as well as the rapidly developing construction on the Black Sea coast and mountain resorts in our country. Excluding the period of the financial crisis 2008-2010, during which a decline was registered, the growth by all indicators was resumed in the period 2010-2018.

During the period 2010-2018, the upward trend in the value of GDP is maintained, but the rates are lower than in the previous period, namely, the average annual growth rate is 4%. The same applies to the growth of total production in the hotel and restaurant business, whose rate amounts to 7% on average per year. The rates at which revenues from international tourism increase during this period amount to 3.5%, but unlike the previous period there is no smoothness and consistency, but sharp declines and jumps. For example, after the crisis period in 2010, a jump of 17% compared to the previous year is reported. The situation is similar in 2014 compared to 2013, where there is a significant jump in revenues from international tourism compared to the previous year. The reason for this lies in the state of financial collapse in which Greece finds itself and the restrictive measures taken by its government. As a result, some of the tourism flows are reoriented to Greece’s neighbouring countries, including Bulgaria. The next observed jump in revenues from international tourism is reported in 2015 compared to 2014. This fact is explained by the outflow of tourists from Bulgaria’s other neighbouring destination – Turkey. This period is unfavourable due to the beginning of the refugee crisis, which makes Turkey an insecure tourism destination.

Tracking the dynamics of FDI in our country, in general, and in particular the FDI which flow into Bulgarian tourism for the period 2010-2018, we find an ambiguous trend, in both the first and the second indicator, although the overall trend for the period is the average annual growth rate of FDI net inflows total for the country of 5.6%. For example, the net amount of FDI total for the country decrease in two of the years during the observation period. After 2014, there is uneven growth, with the highest jump compared to the previous year being recorded in 2015. On average for the second observation period, a growth of 1.8% is reported in the volume
of foreign investment in Bulgaria, directed to tourism. This indicator also shows an uneven upward and downward trend, although there is an upward trend for the first part of the observation period (2010-2013) and a marked decline during the other part (2014-2018). We can look for an explanation for this outflow of foreign investment from tourism in our country during the indicated period in two directions. Firstly, the rates of new construction, both of tourist sites and of housing, in our country are slowing down. Secondly, a large part of the foreigners who have acquired a property in the Bulgarian resort areas are getting rid of it.

Summarizing the results of analyzing the data on the Bulgarian economy in general and the tourism business in particular in our country, we find the general trend towards increasing the degree of internationalization. Despite this general trend, some specifics are found in the individual observation periods, namely:

- In the 2000-2007 period the tourism business in our country is characterized with a higher degree of internationalization compared to the economy as a whole. Moreover, it stimulates a number of sectors and industries in the country that supply goods and services for tourism and as a strong export industry contributes to multiplying the effect of its development and economic growth. Let us point out that this period is a key moment in the economic and political development of the Bulgarian economy, related to the completion of market reforms and the preparation for the EU membership.

- In the 2010-2018 period there is a much more turbulent process of internationalization of the Bulgarian economy compared to the degree of internationalization of the tourism business in our country. It maintains its export orientation, but falls much more often under the influence of factors external to the Bulgarian economy, as evidenced by the registered sharp declines and growth jumps. This is explained by the rapid opening of the Bulgarian economy to the EU due to the deepening of integration processes and its increasingly comprehensive integration with the other European economies. It is clear that these processes affect not only tourism but also several other sectors and industries, which means that integration processes contribute to the transfer of negative impacts on the Bulgarian economy and in particular its tourism business, as well as many positive processes, as a stimulus to increase competitiveness.

- Tracking the indicators reflecting the production, export and capital parameters of internationalization, it is necessary to summarize that in the first observation period the tourism business is the undisputed
export industry of Bulgaria, but still not attractive enough for FDI as some other industries of the Bulgarian economy. This means that the degree of internationalization of the Bulgarian tourism business is realized on the basis of the so-called “invisible exports”, while both FDI inflows and international trade contribute to the internationalization of the Bulgarian economy. During the second observation period, we find that the importance of FDI for highlighting the degree of internationalization in the economy of the country as a whole and in particular the tourism business is severely limited. The priority for increasing the degree of internationalization falls primarily on strengthening the export orientation, both for the national economy and for the tourism business of Bulgaria.

5. Conclusion

As a result, we can summarize the analysis and draw the following final conclusions:

- The tourist business in Bulgaria is created on the model of mass organized tourism, with export orientation. Over the years, it has not remained in a constant state but has been developing in accordance with the processes of European integration - on the one hand - and with market reforms - on the other hand.

- The processes of internationalization are influenced by a number of external factors depending on the degree of openness of the economy. The more open it is, the stronger the external influences are.

- There is a difference in the degree of the ongoing process of internationalization, where the economy can be characterized by a high degree of internationalization, while the degree of internationalization of the particular business is limited. External influences can change the degree of internationalization at these levels.

- In recent decades, the strongest influence on the processes of internationalization in Bulgaria has its membership in the EU. The internationalization of the tourism business in our country is associated with the growth of "invisible exports", while the internationalization of the national economy is based on both the growth of exports and foreign direct investment.

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associated with the growth of "invisible exports", while the internationalization of the national economy is based on both the growth of exports and foreign direct investment, and international cooperation is important. As the study shows, the processes of internationalization are proceeding with different dynamics in the field of tourism and within the national economy as a whole.

- The above stated and the performed analysis leads to the conclusion that the effect of the increasing degree of internationalization of the tourism business in our country complements the overall result of the Bulgarian economy internationalization. This is especially clear in the second observation period of the study, and it is expected to achieve a general synergy effect for the economy as a whole.

The analysis, related to the specifics of internationalization in the sphere of tourist business, gives us grounds to draw some recommendations for expanding the research on the topic, namely:

- The processes of internationalization enable the countries with relative advantages in the field of tourism to develop it to amounts exceeding the limited consumer potential on the national market. It is advisable to pay more attention to small and medium tourism business, as it needs more support than large corporations benefiting from internationalization. This necessitates the applying of a policy that allows the national businesses to make use of the internationalization advantages but also to stop the negative influences of their going on the international market.

- The analysis of the economic nature of international tourism confirms that “internationalization as a clearly defined variant for changing the business characteristics” must be studied both in the qualitative and quantitative aspect which makes it necessary to work out an adequate system of indicators related not only to international trade with services, including tourist services and international capital transfer mainly in the form of foreign direct investments but also to modern forms of international cooperation, among which innovation cooperation has priority.

- The business environment factors determine various indications for realizing the tourist business in its international dimension – the external ones contribute to the stimulation of the competition, including the situations of world crisis, whereas the internal ones are connected with restructuring and improvement complied with the good international practices. For this reason, future research on the topic is desirable to include aspects of the international
competitiveness of the traded services, of the tourist product, but also of the tourist destination.

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