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THE PROCESS OF CREATING SOCIAL PRODUCT IN TOURISM AND ITS ROLE IN THE NATIONAL ECONOMY

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Abstract: Tourism is increasingly recognized not only as a source of income and employment, but also as a complex socio-economic system capable of creating broad social value for national economies. The concept of social product in tourism reflects the combined results of tourism activity that contribute to public welfare, employment, cultural exchange, regional development, infrastructure improvement, and the preservation of national heritage. This article examines the process of creating social product in tourism and evaluates its role in strengthening the national economy. The study applies a theoretical and analytical approach based on the concepts of tourism value chains, sustainable development, multiplier effects, and social welfare. The findings indicate that tourism creates social product through the interaction of accommodation, transport, food services, cultural institutions, local communities, digital platforms, public administration, and international visitors. The article argues that tourism-generated social product plays an important role in diversifying the economy, increasing household income, stimulating small and medium-sized enterprises, improving regional infrastructure, and enhancing the international image of a country. At the same time, the effectiveness of this process depends on institutional quality, investment policy, human capital, environmental management, digital transformation, and inclusive participation of local communities. The article concludes that tourism should be managed not merely as a commercial sector, but as a strategic instrument of national socio-economic development.

Keywords: tourism, social product, national economy, sustainable development, tourism value chain, employment, regional development, multiplier effect, social welfare.

Introduction. In the modern global economy, tourism has become one of the most dynamic and socially significant sectors. Its importance is not limited to direct revenue from tourist services; rather, tourism influences a wide range of economic and social processes, including employment generation, regional development, cultural preservation, entrepreneurship, public infrastructure, and international cooperation. For many countries, especially those with rich historical, cultural, and natural resources, tourism serves as a strategic mechanism for increasing national competitiveness and improving the quality of life of the population.

The concept of social product is particularly important in tourism studies because tourism creates value not only for enterprises and investors, but also for society as a whole. In a narrow sense, tourism product refers to a package of services consumed by tourists, such as accommodation, transport, meals, excursions, entertainment, and information services. However, in a broader socio-economic sense, tourism creates a social product that includes employment opportunities, income distribution, cultural dialogue, social mobility, improved infrastructure, local community development, and the promotion of national identity.

The relevance of this topic is determined by the growing role of tourism in national development strategies. In the context of globalization, digitalization, and sustainable development, countries are increasingly seeking ways to transform tourism into a stable source of economic growth and social

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welfare. Tourism contributes to the national economy through direct, indirect, and induced effects. Direct effects include income generated by hotels, restaurants, transport companies, travel agencies, museums, and entertainment facilities. Indirect effects arise when tourism stimulates related sectors such as agriculture, construction, handicrafts, trade, communication, and financial services. Induced effects appear when employees and businesses involved in tourism spend their income in the wider economy.

Thus, the process of creating social product in tourism is multidimensional. It includes the production, distribution, exchange, and consumption of tourism-related goods and services, while simultaneously generating broader social outcomes. The main purpose of this article is to examine the mechanism through which tourism creates social product and to identify its role in the national economy.

Literature Review. The theoretical foundations of tourism as a socio-economic phenomenon are closely connected with the concepts of service economy, sustainable development, welfare economics, and regional development. Scholars generally define tourism as a system of relations arising from the movement of people outside their usual place of residence for leisure, business, cultural, health, educational, or other purposes. Unlike many traditional sectors, tourism is characterized by its intersectoral nature, because it unites transport, accommodation, catering, culture, trade, communication, finance, and public administration.

From an economic perspective, tourism product is often understood as a complex combination of tangible and intangible elements. Tangible elements include hotel rooms, meals, vehicles, souvenirs, and physical infrastructure. Intangible elements include hospitality, impressions, emotions, safety, cultural experience, service quality, and destination image. This combination makes tourism product different from ordinary goods because its value is created through experience and interaction.

The concept of social product has a broader meaning. In classical political economy, social product reflects the total result of production created by society during a certain period. In contemporary socio-economic analysis, this concept may be interpreted as the total value created for society, including both market and non-market benefits. In tourism, the social product includes not only the monetary value of tourism services, but also social and cultural benefits generated through tourism activity.

International organizations increasingly emphasize the role of tourism in sustainable development. Tourism is associated with job creation, local entrepreneurship, gender inclusion, cultural heritage protection, and regional economic diversification. At the same time, researchers note that tourism may also create negative externalities if it is poorly managed. These include environmental degradation, excessive dependence on seasonal demand, social inequality, price increases in tourist regions, and cultural commercialization. Therefore, the creation of social product in tourism requires balanced governance and sustainable planning.

A key theoretical approach to understanding tourism's role in the economy is the multiplier effect. Tourism spending circulates through the economy and creates additional income in related sectors. For example, when a tourist pays for accommodation, the hotel uses part of this income to pay wages, purchase food, pay taxes, and cooperate with local suppliers. These transactions generate additional economic activity beyond the initial tourist expenditure. As a result, tourism may become a driver of regional development and social welfare.

Another important approach is the tourism value chain. It explains how different participants contribute to the creation of tourism product: destination authorities, travel agencies, transport providers, hotels, restaurants, guides, cultural institutions, digital platforms, local producers, and

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communities. Each participant adds value to the final tourist experience. The quality of the social product depends on the coordination among these actors.

Research Methodology. This article is based on a theoretical and analytical research methodology. The study uses qualitative analysis of scientific literature, international reports, and conceptual approaches related to tourism economics, social product, and national economic development. The methodological basis of the article includes the following approaches:

First, the system approach is used to analyze tourism as an interconnected socio-economic system. Tourism is not treated as an isolated sector, but as a network of economic, social, cultural, institutional, and environmental relations.

Second, the value chain approach is applied to identify how tourism product and social product are created through the participation of different actors. This approach helps to understand the contribution of each stage of tourism activity to national economic development.

Third, the multiplier effect approach is used to explain how tourism spending influences income, employment, business activity, and public revenues.

Fourth, the sustainable development approach is used to evaluate tourism not only in terms of economic growth, but also in terms of social inclusion, cultural preservation, and environmental responsibility.

The article is conceptual in nature and aims to develop a scientific understanding of the process of creating social product in tourism and its role in the national economy.

The Economic Nature of Social Product in Tourism. The social product created in tourism can be understood as the total socio-economic value generated by tourism activities for individuals, businesses, regions, and the state. It includes both direct market results and broader public benefits. Unlike a simple tourism service, social product has a collective character because it affects not only tourists and tourism enterprises, but also local residents, public institutions, cultural organizations, and the national economy.

The economic nature of social product in tourism can be explained through several components.

First, tourism creates direct economic value. This includes revenues from hotels, restaurants, transport services, tour operators, museums, entertainment facilities, and other tourism-related businesses. These revenues contribute to gross domestic product and expand the service sector.

Second, tourism creates employment. The sector provides jobs for hotel workers, guides, drivers, cooks, interpreters, artisans, cultural workers, marketing specialists, and many others. Tourism is especially important because it creates employment opportunities for young people, women, and residents of rural or historical regions.

Third, tourism stimulates entrepreneurship. Small and medium-sized enterprises play a central role in tourism. Guest houses, family restaurants, handicraft workshops, local transport services, souvenir production, and digital booking services are examples of entrepreneurial activity stimulated by tourism demand.

Fourth, tourism contributes to infrastructure development. Roads, airports, railway stations, public transport, communication networks, sanitation systems, recreational areas, and cultural facilities are often improved to serve tourists. However, these improvements also benefit local communities.

Fifth, tourism strengthens cultural and social value. Through tourism, national traditions, historical monuments, festivals, cuisine, language, music, and crafts become economically and socially significant. Cultural heritage is transformed into a source of identity, education, and income.

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Therefore, the social product in tourism is not limited to financial output. It is a complex result of economic activity that improves social welfare, strengthens communities, and supports national development.

The Process of Creating Social Product in Tourism. The creation of social product in tourism occurs through a sequence of interrelated stages. Each stage contributes to the formation of economic and social value.

1. Formation of Tourism Resources. The process begins with tourism resources. These include natural landscapes, historical monuments, cultural traditions, religious sites, museums, gastronomy, climate, events, and recreational opportunities. Tourism resources are the foundation of the tourism product. However, resources alone do not create value unless they are properly managed, protected, interpreted, and connected to market demand.

At this stage, the role of the state and local authorities is very important. Public institutions must ensure legal protection of cultural heritage, environmental preservation, land-use regulation, investment conditions, and destination planning. Without institutional support, tourism resources may remain underutilized or may be damaged by uncontrolled development.

2. Transformation of Resources into Tourism Products. The next stage is the transformation of resources into tourism products. This process involves the creation of routes, packages, accommodation services, transport connections, excursions, cultural events, information services, and digital content. The tourism product must be accessible, safe, attractive, and understandable for visitors.

For example, a historical monument becomes part of a tourism product when it is restored, provided with visitor information, connected to transport routes, included in tour programs, and promoted through digital platforms. In this way, cultural heritage is transformed into both an economic product and a social good.

3. Participation of Tourism Enterprises. Tourism enterprises play a key role in creating social product. Hotels, restaurants, travel agencies, transport companies, entertainment centers, and digital platforms convert tourist demand into economic activity. They create jobs, pay taxes, cooperate with suppliers, and introduce service innovations.

The quality of enterprise activity directly affects the quality of tourism social product. If services are professional, inclusive, safe, and environmentally responsible, tourism creates positive social outcomes. If services are low-quality or exploitative, the social value of tourism decreases.

4. Involvement of Local Communities. Local communities are not passive observers in tourism development. They are important creators and beneficiaries of tourism social product. Local residents provide hospitality, cultural knowledge, traditional crafts, food, music, stories, and social atmosphere. Their participation makes tourism authentic and socially meaningful.

Community-based tourism is one of the most effective ways to increase the social value of tourism. It allows local people to receive income, preserve traditions, and participate in decision-making. When tourism development ignores local communities, social tensions may arise. Therefore, inclusive participation is necessary for sustainable tourism.

5. Consumption and Experience. Tourism product is consumed through experience. Tourists do not only purchase services; they receive impressions, knowledge, emotions, cultural understanding, and social interaction. This makes tourism a unique sector where value is co-created by service providers and consumers.

The tourist experience influences destination image, repeat visits, recommendations, and international reputation. A positive experience increases the long-term economic value of tourism and strengthens the country’s image in the global market.

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6. Distribution of Economic and Social Benefits. The final stage is the distribution of benefits. Tourism creates social product only when its benefits are distributed among different groups of society. These benefits include employment, income, tax revenues, business opportunities, infrastructure, cultural preservation, and improved public services.

If tourism income is concentrated only in large companies or foreign intermediaries, the social product remains limited. Therefore, national tourism policy should support local businesses, fair wages, regional inclusion, and reinvestment in communities.

The Role of Tourism Social Product in the National Economy. Tourism social product plays a significant role in the national economy through several channels.

1. Contribution to GDP and Economic Diversification. Tourism contributes to gross domestic product by generating value added in services and related sectors. For countries seeking to diversify their economies, tourism can reduce dependence on raw materials, agriculture, or a limited number of industries. It supports the expansion of the service sector and encourages innovation in hospitality, transport, culture, and digital services.

Economic diversification is particularly important for developing economies. Tourism can create new sources of income, attract foreign currency, and stimulate domestic investment. It also allows countries to use their cultural and natural advantages in the global market.

2. Employment and Household Income. One of the most important contributions of tourism is employment creation. Tourism is labor-intensive and requires different levels of qualification. It creates jobs for highly skilled specialists as well as workers with practical service skills. This makes tourism socially important for reducing unemployment and improving household income.

Tourism employment also has a regional dimension. Many tourist attractions are located outside large industrial centers. Therefore, tourism can create jobs in small towns, rural areas, mountain regions, historical cities, and border territories. This helps reduce regional inequality.

3. Development of Small and Medium-Sized Enterprises. Tourism stimulates small and medium-sized enterprises. Local restaurants, guest houses, craft shops, guide services, transport providers, farms, and cultural centers benefit from tourist demand. SMEs are essential for creating a diversified and inclusive tourism economy.

The development of SMEs in tourism increases competition, improves service quality, and supports local ownership. When local businesses are integrated into tourism value chains, more income remains within the national economy.

4. Public Budget and Tax Revenues. Tourism contributes to public revenues through taxes, fees, licenses, and customs payments. These revenues can be used to finance infrastructure, education, healthcare, cultural preservation, and public services. In this sense, tourism social product supports not only private income but also public welfare.

However, the fiscal contribution of tourism depends on formalization. If many tourism activities remain informal, the state loses potential tax revenues. Therefore, transparent regulation and simplified business procedures are necessary.

5. Regional Development. Tourism can become a powerful instrument of regional development. It encourages investment in roads, airports, public spaces, hotels, restaurants, communication networks, and cultural facilities. Such infrastructure improves living standards for local residents.

In regions with limited industrial capacity, tourism may become one of the main sources of economic activity. Historical cities, rural areas, ecological zones, and cultural regions can use tourism to attract investment and create employment.

6. Cultural Preservation and National Identity. Tourism increases the economic value of cultural heritage. Monuments, museums, traditional crafts, festivals, national cuisine, music, and local

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customs become part of the tourism product. This creates incentives to preserve and promote cultural identity.

At the national level, tourism strengthens international recognition. A country's image is shaped not only by its economy and politics, but also by its culture, hospitality, history, and tourism attractiveness. Therefore, tourism contributes to soft power and international cooperation.

Challenges in Creating Social Product in Tourism. Despite its positive potential, tourism does not automatically create social product. Its outcomes depend on management quality and institutional conditions. Several challenges may limit the social value of tourism.

First, seasonality can reduce income stability. In many destinations, tourist flows are concentrated in certain months, leading to unstable employment and irregular business revenues.

Second, regional inequality may increase if tourism development is concentrated only in major cities or famous destinations. Less developed regions may remain outside tourism value chains.

Third, environmental pressure can damage natural resources. Overuse of water, waste generation, transport emissions, and uncontrolled construction may reduce long-term sustainability.

Fourth, cultural commercialization may weaken the authenticity of local traditions. If culture is presented only as entertainment for tourists, its deeper social meaning may be lost.

Fifth, weak human capital may reduce service quality. Tourism requires language skills, digital literacy, management capacity, hospitality culture, and professional training.

Sixth, excessive dependence on foreign intermediaries may reduce local economic benefits. If booking, marketing, and service distribution are controlled by external platforms or companies, local enterprises may receive only a small part of total tourism income.

These challenges show that tourism policy must be strategic, inclusive, and evidence-based.

Policy Recommendations. To increase the role of tourism social product in the national economy, several policy directions are recommended.

First, national tourism policy should be integrated with regional development, employment, culture, transport, education, and environmental policies. Tourism should not be managed separately from broader socio-economic planning.

Second, local communities should be actively involved in tourism development. Community participation increases social justice, protects cultural authenticity, and ensures that tourism income benefits local residents.

Third, the state should support small and medium-sized enterprises in tourism through training, access to finance, simplified regulation, digital tools, and marketing assistance.

Fourth, tourism education and professional training should be strengthened. Special attention should be given to foreign languages, service culture, digital marketing, destination management, and sustainable tourism.

Fifth, tourism infrastructure should be developed in a balanced way. Investments should not be limited to capital cities or major tourist centers; they should also support rural and regional destinations.

Sixth, digital transformation should be promoted. Online booking systems, electronic payments, digital maps, virtual tours, tourism analytics, and destination management platforms can increase efficiency and international visibility.

Seventh, sustainability standards should be introduced and monitored. Environmental protection, waste management, cultural heritage preservation, and responsible visitor behavior must become part of tourism governance.

Conclusion. The process of creating social product in tourism is a complex socio-economic mechanism that includes the transformation of natural, cultural, historical, human, and institutional

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resources into valuable tourism experiences and broader public benefits. Tourism creates social product through direct service provision, employment, entrepreneurship, infrastructure development, cultural preservation, regional growth, and international cooperation.

The role of tourism social product in the national economy is significant. It contributes to GDP, increases household income, supports small and medium-sized enterprises, generates tax revenues, develops regions, strengthens national identity, and improves the international image of the country. However, the positive effects of tourism depend on effective governance, sustainable planning, inclusive participation, qualified human resources, and responsible use of natural and cultural resources.

The main scientific conclusion is that tourism should be viewed not only as a sector of commercial services, but also as a strategic sphere of social product creation. A well-managed tourism system can become an important factor of economic stability, social welfare, and sustainable national development.

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