

## Study Regarding the Tourism Sector in Romanian Economy

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### Abstract

*The tourism sector is a driver for the socio-economic development of a country. According to World Travel & Tourism Council, the tourism sector contributes with 5,9% to the formation of Romania's GDP. The purpose of this article is to highlight the significance of the tourism sector in the national economy of Romania. The main conclusion that can be drawn from this study is that the Romanian tourism sector has developed much over the years, but to be competitive worldwide it must increase the quality of products and services offered, and also is needed a better promotion abroad.*

**Key words:** tourism, Romania, accommodation

**J.E.L. classification:** L83, Z30

### 1. Introduction

The tourism sector has shown continuous growth over the last decades, both in terms of locations and geographical areas, as well as in terms of the offer of services and packages. At the same time, new forms of tourism, such as rural tourism, cultural tourism, wilderness tourism, in recent years highlighting gastronomic tourism and artistic tourism based on theater, film, music, and art festivals developed. Given the development and evolution of the tourism sector, it is noticeable that the offer of tourism products and services, as well as their quality, has improved considerably in recent decades.

One may ask why tourism services have developed so rapidly and are so sought after and appreciated. We can find the answer in the experiences we can live only through travel and exploring new geographical and cultural areas: from breathtaking landscapes to the cultural heritage and traditions specific to each nation. However, the uncontrolled expansion of tourism can also create less pleasant situations, mainly in terms of protecting natural areas and cultural heritage, as well as preserving national traditions and socio-cultural heritage.

The purpose of this article is to highlight the importance of the tourism sector in the Romanian economy by analyzing the evolution of the main socio-economic indicators that characterized the development of this sector. Thus, it is pursued to provide a clear image of the extend of the tourism sector of Romania.

The paper begins with the introduction of the research topic and states the purpose of the study. The second section exposes the research methodology and the third section is dedicated to the presentation of results. The last section of the paper reveals the conclusions of the study.

### 2. Theoretical background

The report “World, Transformed Megatrends and Their Implications for Travel & Tourism” published by World Travel and Tourism Council (2019) highlights the importance of the tourism sector in the global economy and economic growth. According to this report, the tourism sector contributes with 10.4% to the formation of the world’s GDP and provides 10% of the total jobs worldwide.

The tourism sector represents a real force for local, regional, and national economic development, increasing the populations' well-being (Scheyvens, 2002). The innovative and dynamic character of the tourist services makes tourism enterprises the “engine” that ensures tourism development (Baggio & Cooper, 2010).

The development of entrepreneurship and the SMEs in the tourism sector has facilitated information and knowledge sharing, brought innovation for business development (Baggio & Cooper, 2010), and created job opportunities (Solvoll, Alsos, & Bulanova, 2015). Due to the complex nature of products and services offered in the tourism industry, job creation is not limited to companies directly involved in the provision of tourism services, but also involves the construction, telecommunications, transport, production, and trade of goods and services. adjacent.

In other words, the tourism sector has a “multiplier effect”, generating additional income for the community and contributing to poverty alleviation (Medina-Muñoz, Medina-Muñoz, & Gutiérrez-Pérez, 2016). Pascariu & Ibănescu (2018) study the “multiplier effect” of tourism on GDP and show that the business environment, international openness, and infrastructure are the main determinants, while the multiplier effect of tourism on job creation is determined by international openness and GDP per capita.

The tourism sector is, therefore, a catalyst for the growth and socio-economic development of a country. However, Wang (2009) highlights the sensitivity of the tourism sector to economic changes, and Ballia, Shahzadb & Uddin (2018) enhance the negative impact of economic policy uncertainties on tourism demand. Therefore, Demira & Gozgor (2018) conclude that sustainable tourism development can be ensured only by strong national economic policies.

### **3. Research methodology**

The present article is a descriptive study of the Romanian tourism sector, aiming to provide evidence of the development of this economic sector by analyzing the evolution of the main socio-economic indicators that characterized it. Therefore, the main research method used in this paper is the method of the case study, which aims to focus the research on the Romanian tourism sector and its evolution.

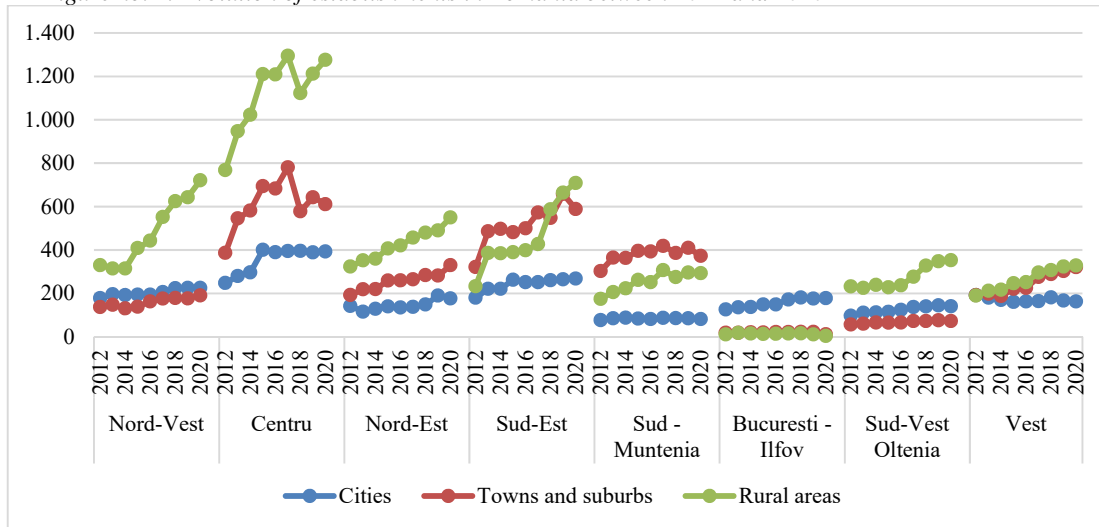
Other research methods used are bibliographic study by scientific reading used for theoretical documentation regarding the approached topic; synthesis of the references and data used; comparison of the research results obtained by other authors, but also of and data between years and regions; graphical representation of data. The data used for this study were retrieved from the Eurostat database.

The paper is using the quantitative method in order to focus the research on the systematization of bibliographic information, as well as the evidence of economic indicators which characterize the tourism sector and its evolution in Romania.

### **4. Findings**

The development of the tourism sector can be assessed by observing the evolution of several socio-economic indicators. The first indicator found to be important for this purpose is the number of establishments that can provide accommodation for tourists. Comparing the regions, it is noted the larger number of establishments in Centru, Sud-Est, Nord-Vest, and Nord-Est, these regions owning the most tourist attractions. It can be noted an increase in the number of hotels, and other short-stay accommodation, camping grounds, recreational vehicle parks, and trailer parks between 2012 and 2020 in all eight Romanian regions (Figure no. 1). Excepting Bucuresti – Ilfov, the larger increase is held by establishments located in rural areas (between 204% in Sud-Est and 52% in Sud-Vest Oltenia).

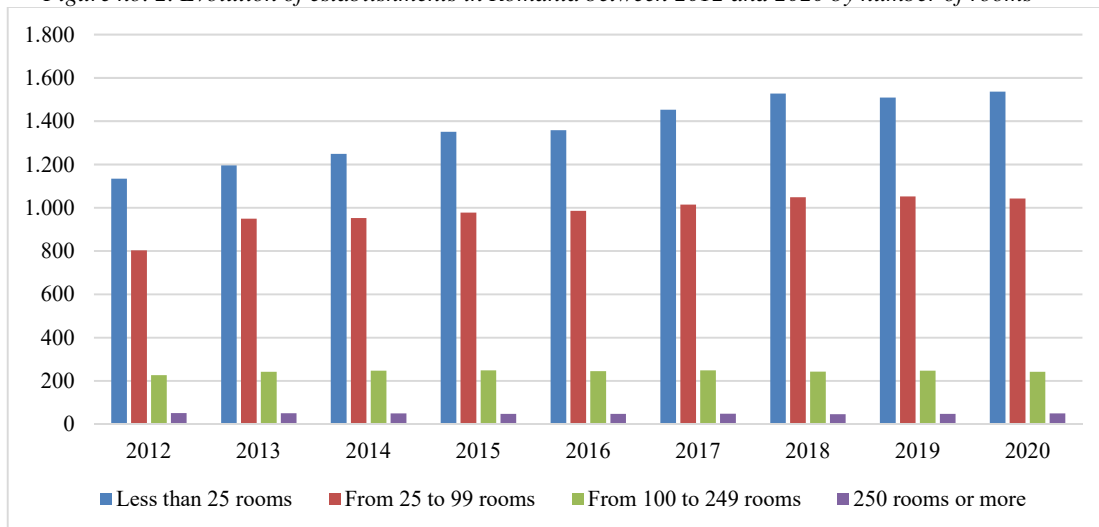
Figure no. 1. Evolution of establishments in Romania between 2012 and 2020



Source: Own computations based on data published by Eurostat

The tourism entlements can be classified by the number of rooms that can be occupied by tourists. Therefore, in Romania, the number of rooms disposable for tourists increased by 30% between 2012 and 2020. Most of these rooms are found in establishments with less than 25 rooms (36%) and establishments having between 25 and 99 rooms (30%). The number of establishments having over 250 rooms decreased by 4% between 2012 and 2020 (Figure no. 2).

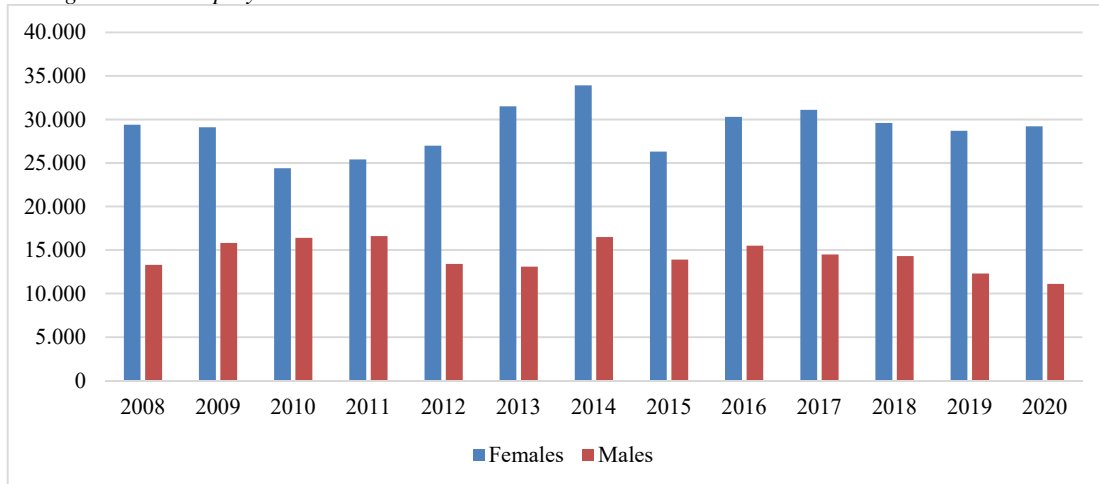
Figure no. 2. Evolution of establishments in Romania between 2012 and 2020 by number of rooms



Source: Own computations based on data published by Eurostat

The employees that ensure the accommodation services in these locations remained constant between 2008 and 2020 (Figure no. 3). However, it can be noted a slight decrease in 2010-2012 and 2015. The distribution between gender shows the preponderance of females working in accommodation establishments.

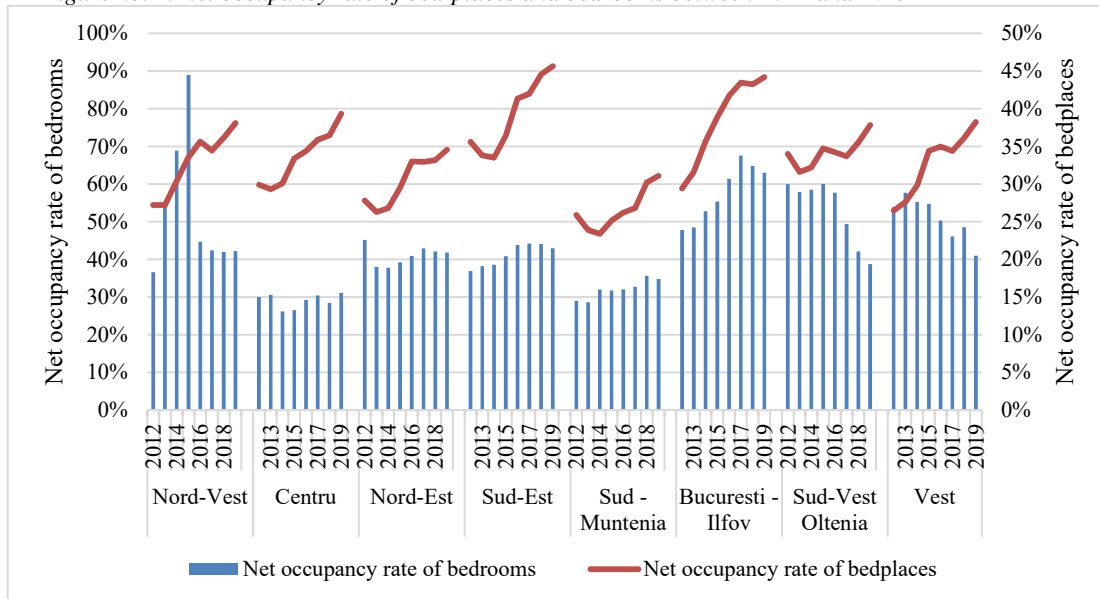
Figure no. 3. Employees in accommodation establishments



Source: Own computations based on data published by Eurostat

An important indicator in characterizing the tourism industry is the net occupancy rate of bed-places and bedrooms. It is noted the increase of these indicators in Nord – Vest (6%, respectively 11%), Sud-Est (6%, respectively 10%), Sud – Muntenia (6%, respectively 5%) and Bucuresti – Ilfov (15% in case of both indicators). In Nord - Est, Sud - Vest Oltenia, and Vest the net occupancy rate of bedrooms decreased by 3%, 21% respectively 13%, but the net occupancy rate of bed-places increased by 7%, 4% respectively 12% (Figure no. 4).

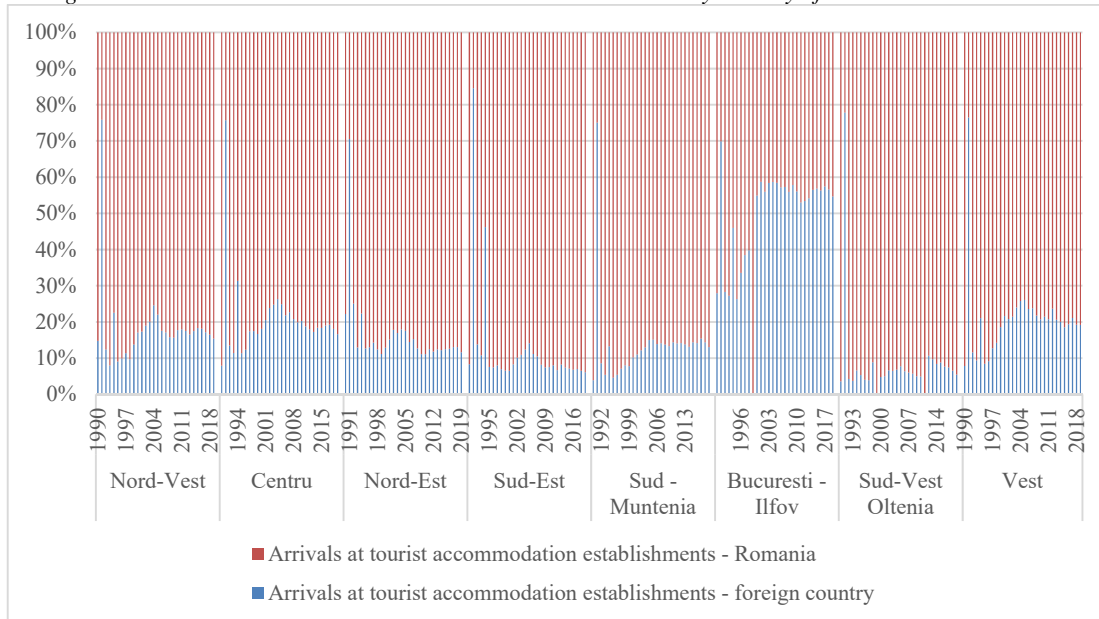
Figure no. 4. Net occupancy rate of bed-places and bedrooms between 2012 and 2019



Source: Own computations based on data published by Eurostat

Regarding the tourists' typology, it is noted the predominance of local tourists, even if the percentage of foreign tourists increased over the years (Figure no. 5). Between 1990 and 2019 under 30% of the total tourists of Romania were foreigners, except the Bucuresti – Ilfov region, where over 55% of tourists are from a foreign country.

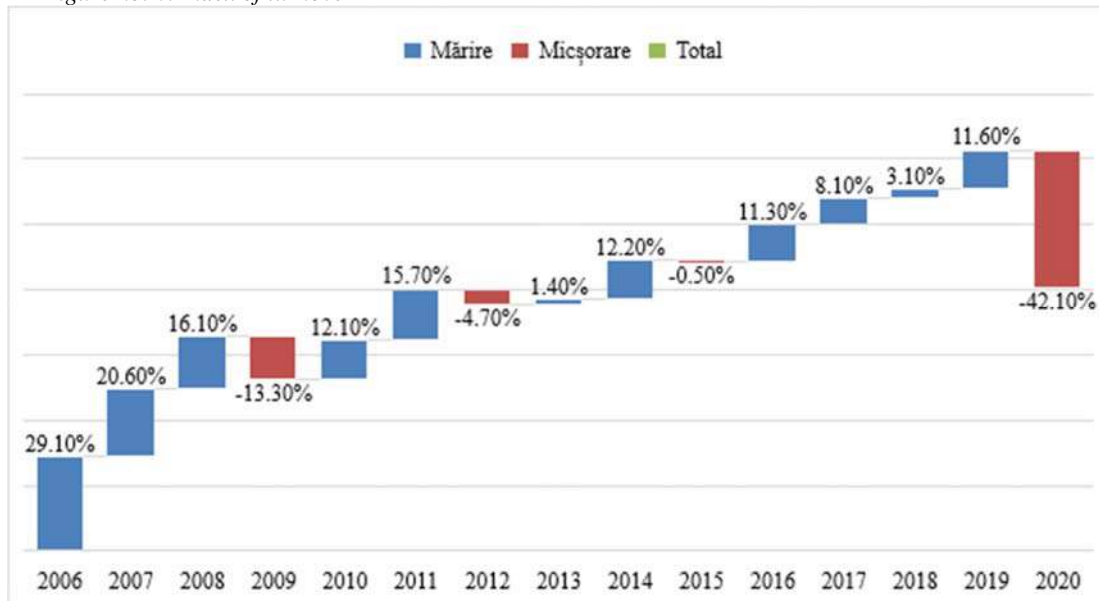
Figure no. 5. Arrivals at tourist accommodation establishments by country of residence



Source: Own computations based on data published by Eurostat

The index of turnover of accommodation services purchased by tourists, expressed by the percentage change since the previous year, presents on average an increase of 5,38% between 2006 and 2020. As can be noted 2009, 2012, and 2020 represent years of economic shrinking with a decrease in the index of turnover (Figure no. 6).

Figure no. 6. Index of turnover



Source: Own computations based on data published by Eurostat

## 5. Discussions and conclusions

The study regarding the Romanian tourism sector showed the development of this economic sector, by increasing the number of accommodation places, especially in rural areas. The development of the Romanian tourism sector is seen in the increased number of rooms disposable

for tourists. These evolutions suggest the development of rural tourism meeting the need of the population for spending time in nature, experiencing "country life" and traditional customs. However, urban tourism is also appreciated, mostly in the Bucuresti – Ilfov area, where the offers of shows, sightseeing, exhibitions, and other activities are various.

The development of the Romanian tourism sector is also expressed by the net occupancy rate of bedrooms and bed-places, both indicators having increased in the analyzed period. As the typology of a tourist shows the predominance of local tourists, these evolutions reflect the growing demand for tourism products and services of the Romanian population given the increased wellbeing. However, the Romanian tourism sector must be better promoted abroad and the quality of tourism products and services must increase to be competitive worldwide, even more now in the pandemic framework.

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