

Analysis of Market Services Compared to Public Services in Romania

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Abstract

Market services are services specific to a market economy that aim at both meeting the needs of consumers of services and making a profit for providers of such services. These services can be market services provided to the population that seek to meet the needs of the population as consumers of services, as well as market services for businesses that are part of the business sector generating profit for entrepreneurs.

But a society also needs public services, especially services financed from the state budget.

In Romania, at present, these services have an important role. Although they have seen an upward trend, both market services and public services have been severely affected by the crisis caused by the COVID pandemic 19.

Key words: services, market services, public services

J.E.L. classification: L80

1. Introduction

Regardless of the type of services, they have a special role in society both to meet consumer needs at individual or collective level and at the micro-economic level, respectively at the level of service providers, as an essential component of the tertiary sector. The dimensions of the service sphere are constantly changing both as a result of the increase in the need for services and due to the material production of the transformations that take place in its structure determined by the primary sector and the secondary sector (Criveanu, 2007, p.14).

That is why market services along with public services are essential for the smooth running of economic and social life in a society, including in a country like Romania.

2. Theoretical background

In economic theory, services can be divided according to different criteria. Thus, according to their sources of procurement, the services are divided into market services and non-market services, market services being the services procured through acts of sale and purchase through the market, while non-market services are services that circumvent market relations and which include public services, primarily collective public services that provide services for the general benefit of the community - army, police, justice (Ioncica, 2003, p.83). Other authors consider that non-market or public services are distributed by institutions and bodies located outside the market, and these services can be collective public services - army, police, justice, fire or public services directly benefiting individuals - education, protection and social assistance, the consumption of non-market or public services being a socialized consumption decided by the community (Zamfir, 2011, p.71).

The classification of services is based on their ability to be traded on the domestic market or the international market as a separate commodity, unlike those services that are offered for consumption on a non-commercial basis, this type of service includes some public services (Cristureanu, 2009, p.30).

In other words, from an economic point of view, but also from a social point of view, it is necessary to have both market-type services and public services that are not part of the market sphere.

3. Research methodology

For the study of market services and public services in Romania, indirect research methods are used, methods that involve the analysis and interpretation of statistical data that are provided by official institutions in Romania.

This analysis aims at detaching some tendencies, causes and factors that determined the positive or negative evolutions of these services in Romania during the analyzed period.

4. Results. Market services and public services in Romania

As in any market economy and in Romania, at present, the functioning of the market economy implies the existence of market services but also of public services, especially of services financed from the central or local state budget.

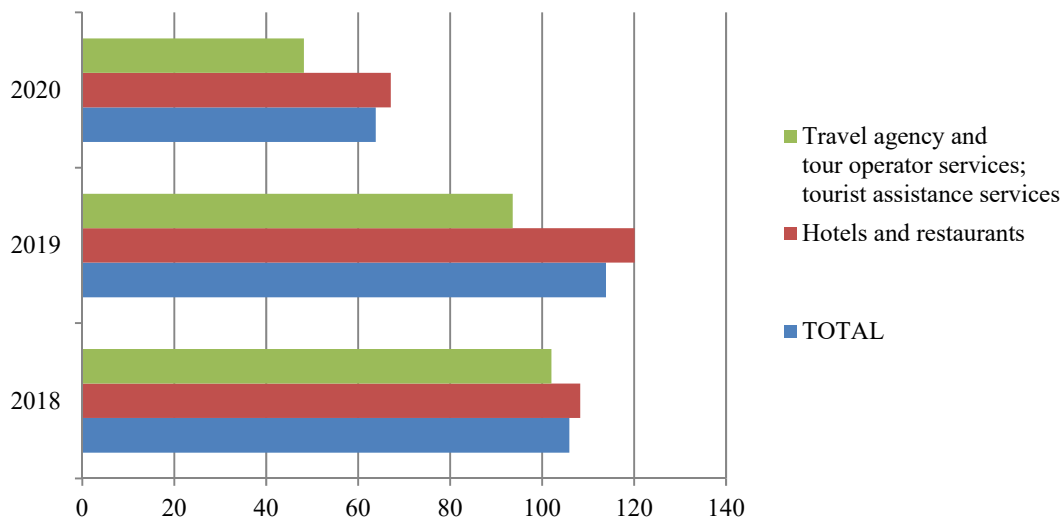
Table no. 1 Turnover volume indices of market services mainly rendered to the population - previous year 100

	2018	2019	2020
TOTAL	105,9	113,9	63,8
of which:	108,3	120,1	67,1
Hotels and restaurants			
Travel agency and tour operator services; tourist assistance services	102,0	93,6	48,2

Sources: National Institute of Statistics, www.insse.ro, Romania in Figures Statistical Abstract 2021, p.81-82

The analysis of the data in table number 1 highlights the evolution of market services provided to the population between 2018 and 2020.

Figure no. 1. Turnover volume indices of market services mainly rendered to the population



Source: Table no.1, National Institute of Statistics, www.insse.ro

Thus, it is found that in the period 2018-2019 the turnover indices for market services provided to the population increased from 105.9 to 113.9, which represents an increase of 8%, but in 2020 compared to 2019 it took place a sudden decrease from 113.9 to 63.8%, ie a decrease of 50%.

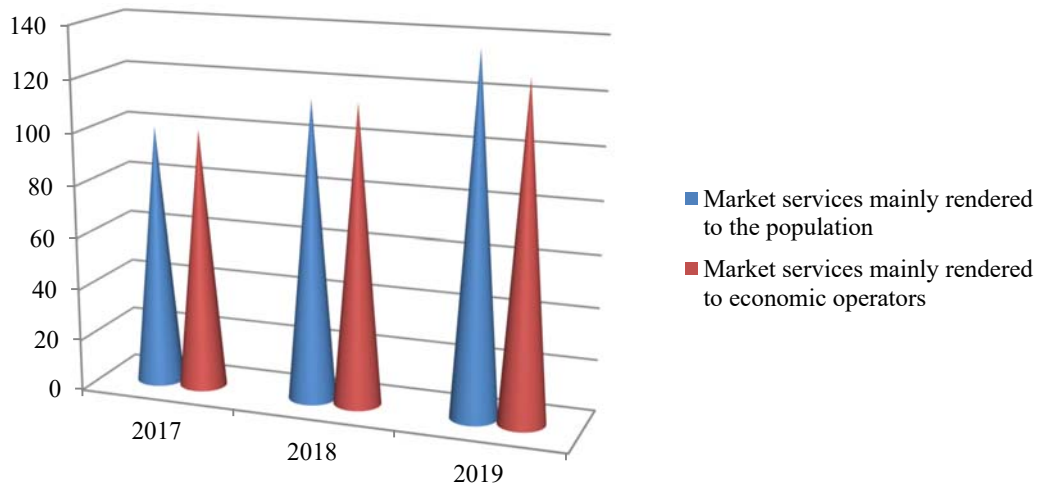
Among these services, an important role is played by the services provided in hotels and restaurants, but also by the services provided by travel agencies.

In the case of these two types of market services provided to the population, there were drastic decreases in 2020 compared to 2019, namely:

- Hotel and restaurant services decreased from 120.1% in 2019 to 67.1% in 2020, indicating a decrease of 53%;
- The services provided by travel agencies decreased from 93.6% in 2019 to 48.2% in 2020, representing a decrease of 45.4%
- In 2019 compared to 2018 (see also Figure number 1), the services in hotels and restaurants increased by 11.8%, which highlights the positive trend registered by the demand for services on this market, and the services of travel agencies decreased from 102 % to 93.6%, a decrease due to the reduction in demand for such services under the impact of economic and non-sanitary factors.

These decreases are due to the negative impact that the health crisis caused by COVID-19 had, deeply affecting the services market and consequently the demand for services, but also the supply of services for these types of services.

Figure no. 2. Income from market services activities



Source: Table no.2, National Institute of Statistics, www.insse.ro

The importance of market services in Romania is reflected by the data in table number 2, data that highlight the revenues obtained from this type of services.

Table no. 2 Income from market services activities – lei million current prices

	2017		2018		2019	
	million Lei	%	million Lei	%	million Lei	%
Market services mainly rendered to the population	27649,1	100	31663,1	114,5	37778,3	136,6
Market services mainly rendered to economic operators	274306,2	100	313848,8	114,4	349662,0	127,4

Sources: National Institute of Statistics, www.insse.ro, Romania in Figures Statistical Abstract 2021, p.81-82

Consequently:

- In the case of market services provided to the population, there was a continuous increase in revenues brought by these services, which means an increase in 2018 compared to 2017 by 14.5% and in 2019 compared to 2017 by 36.6%.

- In the case of enterprise services, the same upward trend is registered, although at a slower pace, respectively by 14.4% in 2018 compared to 2017 and by 27.4% in 2019 compared to 2017
- If we consider the structure of these services in total revenues, it is found that the services provided to the population had a higher share than those provided to enterprises (see also Figure no. 2)

These increases of the revenues brought by the market services are based on the high economic growth registered by the Romanian economy during this period as well as the high incomes of the population that generated the increase of the demand on this market of the services.

If we consider public services, an important role belongs to social assistance services. In this sense, in order to exemplify this type of services we consider the data from Table no. 3

Table no. 3 Tickets for balneary treatment and rest granted by means of social insurance

	2018	2019	2020
Balneary treatment - thou	171,2	164,4	67,2
Expenditure on treatment and rest- thou Lei	294512,0	274475,0	120,8

Sources: National Institute of Statistics, www.insse.ro, Romania in Figures Statistical Abstract 2021, p.40-42

These data indicate the major negative impact of the crisis caused by the COVID-19 pandemic, which led to a decrease in the number of spa treatment tickets from 164.4 thousand in 2019 to 67.2 thousand tickets, ie a decrease of approximately 60 %.

In the case of spending on rest and treatment, there is a decrease in 2020 compared to 2019 of 2019 of 99%, which means the magnitude of the health crisis that has affected public services in Romania.

5. Conclusions

Market services and public services are services that are very important in the normal functioning of a company, including in Romania.

The analysis of the statistical data regarding these types of services in Romania highlights the importance of these services that they have in Romania from an economic point of view but also from a social point of view.

At the same time, it highlights the negative impact that the health crisis has had during this period, both on the market services provided for enterprises and on the market services provided for the population, but especially on public services, especially on public services financed by to the state budget.

6. References

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