The Service Sector in the Post - Pandemic Era

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Abstract

The paper aims at analyzing the tourism industry in the post-pandemic era, as well as its capacity to recover the status of the largest employer worldwide. This recovery must be analyzed in relation to the restrictions that have emerged during the pandemic, and which will be maintained even if to a less consistent extent. Apart from the external factors that affect and will keep affecting the tourism demand, there are also the intrinsic factors that ought to be analyzed, which are meant to shape the mentality of the consumer of tourism services, a mentality that has suffered major changes throughout the pandemic. In this respect I have conducted an analysis of the evolution of the economy in 4 areas, that have been seriously affected by the COVID-19 pandemic, in an attempt to outline an evolution scenario for the tourism activity as well.

Key words: tourism, pandemic, service sector, hospitality sector
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1. Introduction

Even though we are dealing with a medical phenomenon with undisputable negative effects on the human health, the COVID-19 pandemic has a long-term and much more serious impact on the social and economic environment.

The already fragile tourism industry, because it has always depended on external factors hard to control such as natural disasters, severe weather phenomena, strong seasonality, the dependence on the vacations of the tourists who have a job and who ordinarily follow the same pattern, or epidemics and even pandemics, has been rudely shattered in 2020, when the SARS-CoV-2 virus appeared.
Historically speaking, the catastrophes that have threatened the human life and health have generated strong effects on people and on their behaviors, with the self-preservation instinct prevailing over the primal instincts of satisfying some needs. (Cohn, 2003).

The World Tourism Organization has come up with a package („Tourism Recovery Technical Assistance Package"), with the help of which they are not only trying to revive the tourism industry after its collapse during the pandemic, but also to work on creating a stability of this sector, in order for it to be safer and more solid by setting in motion a new type of sustainable tourism. The interest in this type of tourism resides also in the fact that the tourism industry, just like other sectors it is connected to, will count on this support.

2.Theoretical background

The COVID-19 crisis has generated an affluence of studies, researches, opinions and theories regarding the evolution of the tourism industry, by mobilizing critics, specialists, but also entrepreneurs in an attempt to create a sustainable future for the tourism. But, in order to shape a new normality within the tourism industry, one has to understand, to accept and to acknowledge the destructive condition of the mass tourism, which is usually regarded rather as a capitalist accumulation for those who work in the tourism industry (Devine & Ojeda, 2017).

This crisis has singled out a series of other problems dating from the pre-pandemic time, which were already overwhelmingly affecting the tourism activity, but there were no major contributions when it came to solving them. The personnel fluctuation, as well as job cuts, have increased throughout time and pointed out the flaws of the tourism activity, by warning people against unsatisfying salary situations and against the lack of benefits the employees should have. (Baum et al., 2016). Higgins-Desbioles reckons that the COVID-19 pandemic will produce certain changes in the tourism industry and in the environment, where its main activities unfold. (Higgins-Desbiolles et al.)

Nonetheless, the specialists have warned us against the fact that tour operators will set in motion significant programs in order to revive the tourism activity (Elliot C), which will be implemented right after all the restrictions will be abolished, by ignoring the lessons the pandemic has taught us, a fact already locally confirmed through the high demand of tourism services.

3. Research methodology

The research aims at analyzing the evolution of the tourism phenomenon in contrast with other activities from the service sectors, which have been affected during the pandemic and whose revival has started once the restrictions were gradually lifted, when some activities came back to normal. Thus, certain data have been analyzed, such as the turnover or the increase or decrease of the number of enterprises founded after 2020 for activities in the service sector, in an attempt to set a behavior pattern among the organizations that were severely affected by the pandemic.

In order to be able to validate this hypothesis, I have checked statistical data regarding the increase or the decrease of the turnover of certain companies grouped by the NACE codes such as: 9602 – Hairdressing and other beauty treatment, Physical well-being activities, 5630 – Bars and beverage serving activities, 5610 – Restaurants and mobile food service activities, but also the increase or decrease of the number of companies in each area of activity. I have thought these activities to be specific, because, like tourism, these sectors have been seriously affected by the COVID-19 pandemic.

Unlike tourism, these activities counted on a sooner reopening, because they are activities that can take place within close proximity of the house and don't require serious amounts of cash in order to be bought. Concurrently, the reservation in a restaurant or the reservation in a salon do not imply taking the same risks as when booking a vacation, because they can be easily rescheduled without any additional costs. In this respect, we aim at analyzing the extent to which the above-mentioned activities have been able to get reinvented and have managed to cope with the losses from the lockdown period, in an attempt to shape a scenario for the tourism activity, which seems to take advantage on the lack of constraints since all the restrictions were abolished.

4. Findings

After two years since the economic activities were cut off and of job cuts because of the pandemic phenomenon, some activities, at least the ones in the health system, seem to have been resuscitated without great losses, but the situation does not look the same in all the economic sectors. The hospitality industry has been probably the most severely affected sector, even though it now has a significant revival during a period of time when the number of reservations has rapidly increased as a response to the decision to abolish all the restrictions, but this rapid increase will be followed by a long period of stagnation.

This phenomenon can be found in the beauty sector or in the food industry, areas which have been severely affected by the pandemic in 2020 and that seemed to truly recover as soon as the restrictions were gradually lifted, due to the same phenomenon of escaping the family environment and turning to other social environments or ways of spending the leisure time. Shortly after, the excitement for beauty services began to decrease and people did not go on with their habits prior to the pandemic, but they have rather embraced the habits they acquired during the restriction period. Therefore, the official data indicate an obvious decrease in the number of enterprises in the beauty sector, both because some activities have been shut down, but also because the number of such companies founded with these NACE codes has been reduced. The same phenomenon has been identified in the food industry as well, a sector which, according to the statistics, has suffered a collapse not in 2020, as many expected, but in

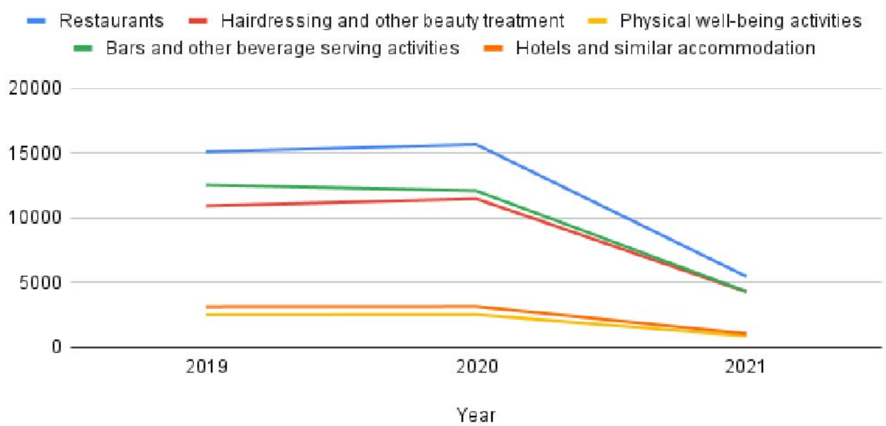
2021, when the population had the possibility of getting vaccinated, and the activities were reopened, even if the restrictions were not completely lifted.

Table no. 1 The evolution of the number of companies in the service sector from 2019 to 2021

Activity type	**2019**	**2020**	**2021**	**Changes 2020/2019 %**	**Changes 2021/2019 %**
Restaurants	15120	15685	5486	3,73	-63,71
Hotels and similar accommodation	3159	3177	1076	0,57	-65,93
Bars and other beverage serving activities	12556	12107	4333	-3,57	-65,49
Hairdressing and other beauty treatment	10941	11491	4300	5,02	-60,69
Physical well-being activities	2537	2550	905	0,51	-64,32

Source: own processing after www.lege5.ro

Figure no. 1. Evolution of the number of companies in the service sector



Source: own processing after www.lege5.ro

Table no. 2 The evolution of the turnover in companies from the service sector from 2019 to 2021

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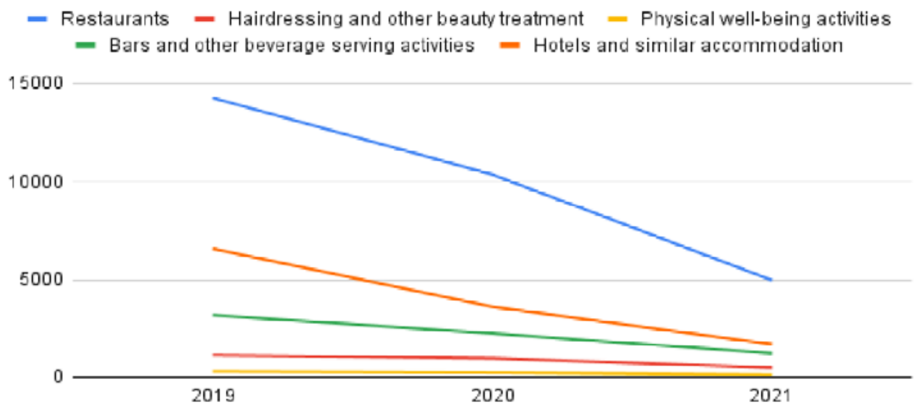
Activity type	**2019**	**2020**	**2021**	**Changes 2020/2019 %**	**Changes 2021/2019 %**
Restaurants	14262,4	10366,3	4966,3	-27,31	-65,17
Hotels and similar accommodation	6572.2	3614,6	1706,1	-45,00	-73,21
Bars and other beverage serving activities	3191,4	2259,0	1230,2	-29,21	-61,45
Hairdressing and other beauty treatment	1128,8	970,5	500,0	-14,02	-55,70
Physical well-being activities	313,1	50,2	135,6	-20,08	-56,69

Source: own processing after www.lege5.ro

Figure no. 2. Evolution in turnover in the service sector companies



Source: own processing after www.lege5.ro

By looking at the statistical data of each of the four activities under discussion, 2020 is not the year when they suffered a collapse, as we might believe, but the pandemic effect is well reflected in the data of the year 2021. If we were to analyze the evolution of the number of companies in the service sector, the increases recorded (3,73% for restaurants, 5,02% for hairdressing and other beauty treatment) in 2020 for all company types, except for the ones with NACE code 5630 (-3,57%) are visible. In 2021, the collapse was massive for all these company types (-63,71% for restaurants, -60,69% for hairdressing and other beauty treatment). This phenomenon is a paradox, because in 2020 the economy was completely paralyzed for a few months, there was no vaccine and no treatment, and we were not very familiar with the evolution of the disease.

If we look at the evolution of the turnover, one can easily notice the decreases that occurred for all company types, both in 2020, and especially in 2021. Thus, the turnover for restaurants has registered a decrease of 27,31% in 2020, and of 65,17% in 2021.

In spite of this, right after the lockdown was partially lifted in May 2020, the economy had a strong recovery, and the pandemic effects were regarded as being minor ones at that particular time, bearing in mind the evolution of the sectors and the loss recovery. But the governments have gradually stopped supporting the economy, because part of the restrictions were lifted, and they even came up with the solution for the virus treatment or for preventing the virus to spread with the help of the vaccine. Clearly the four sectors have registered significant losses, many companies were shut down in 2021 without being replaced by other companies, and the entrepreneurs became interested in safer areas of activity.

The same phenomenon is visible in the present time as well, because one has the illusion that the tourism industry will not only come back to its pre-pandemic financial situation, but it will also recover all of the losses it had during the pandemic, because the people who invest money in this sector reckon new investments as the most appropriate thing to do based on some favorable predictions of the moment. Nonetheless, this recommencement must be taken reservedly and restrainedly, and it should be submitted to an evaluation over a longer period of time, because there is a risk, after the tourist achieves satisfaction, of coming back to a more reserved attitude towards the tourism phenomenon, if we take into consideration other economic phenomena that affect the incomes of the population and even its safety.

Most of the entrepreneurs in the hospitality industry have made the decision to increase the prices, first of all in order to cover the losses from the pandemic period and to mitigate the impact of the inflation. For now, this price increase, even though it does not affect the tourism phenomenon, will be perceived as an insubstantial decision, because the increased prices are no valid reason for improved quality services or better conditions, since they are warranted only by the losses the sector has registered.

Once the need for tourism services is satisfied, there will be other needs that will take over, aiming at an inversion of the human needs, so that the needs with regard to spending the leisure time, especially the expensive ones, will be gradually replaced by current needs such as the physiological needs, which for many people seem to be hard to hide.

Moreover, the pandemic has pointed out more than ever the negative aspects of the hospitality industry, such as the seasonal employees or even the employees without a legal employment contract, who have lacked any type of support during the pandemic. Due to the uncertainty of the job, the problems related to the shortage of qualified workers and the problem that has major effects on the customer’s satisfaction degree, became more and more severe during the post-pandemic period, when employees, especially well prepared and competent employees, switched to jobs with a better job security in other industries which had a higher degree of resilience during the pandemic. What is also important is the fact that people regard the current period as an exclusively post-pandemic period, although the powerful countries with top health systems seem to not have gotten over the pandemic, and this occurs long after China appeared to have a better handling capacity than Europe’s developed countries.

According to the current data, 61% of the employees worldwide choose not to report officially their work, and there are also a lot of enterprises that start their activity without declaring it.
In what the tourism activity is concerned, apparently there seems to be a higher percentage of the unreported employment because of the specificity of the tourism activity (Williams & Horodnic, 2020). The same hypothesis goes also for the tourism organizations which have the tendency to avoid declaring all their incomes, some of them being family organizations.

This is a widespread phenomenon because it covers not only the accommodations or public catering units, but tourism also includes the transportation activities, especially the micro-activities which tend not to declare their incomes, such as local transport between different resorts or tourist attractions, the maritime transport with small capacity ships or other types of employees who provide for the entertainment in the accommodation units or even when it comes to maritime transport.

Hence, even the salary increases for the personnel in the tourism industry will not solve the problems, if we think of the lack of stability and of the reliability of the job, the strong seasonality, as well as the trauma caused by the COVID-19, which lead to the conclusion that the tourism industry is a fragile sector, that should be reinvented based on the sustainability.

5. Conclusions

The present paper contributes to the vast research on reorganizing the tourism activity set in motion by the specialists, by developing an analysis model of the reorganization of the tourism activity which tends to be more pessimistic, bearing in mind the current and future limitations, as well as the challenges in the tourism industry.

Therefore, the fervor the decision of lifting the restrictions came with, the large amount of requests for numerous vacation packages, the rise of the incomes in the tourism industry which have revived this area must be dealt with reluctantly and maturely, if we think of the economic and social context people try rebuilding a seriously affected sector in. Thinking about past events (epidemics, natural disasters etc.) does not stand for a sustainable analysis, considering that, on a large scale, there is a favorable context which is a supporting and development point for tourism, a context which now is no guarantee.

Even though a lot of organizations such as WHO state the fact that tourism has always proven to be capable of recovering and of clearing the road of obstacles, the COVID crisis will point out that the tourism industry is not as shock-resistant as people thought it to be, it cannot be analyzed separately, but in relation to other industries which have also had major collapses and cannot be rebuilt individually.

Therefore, we cannot speak of coming back to normal, but rather of rethinking the perception of normality. The COVID pandemic has affected not only secluded or isolated areas, the period of time when this virus was active was long and it still has impact on certain regions, not only tourism was affected, but also other branches related to it, and it has had a strong impact on the labor market, which has migrated to other more stable types of activities. In this way, tourism will keep bumping into limitations, restrictions will be introduced, considering that this is a pollution factor and a means of transmitting different epidemics turned into pandemics, but also that it has a major impact on the quality of life in certain already crowded areas. A reorientation towards the domestic tourism or even towards the rural tourism might be an alternative to reorganizing the activity. Considering the actual conflict caused by the outbreak of the war and the inevitable threat of the outbreak of a food crisis, the agritourism will have a special significance as long as the activities will go by certain environment protection rules, ensuring the sustainability of an already fragile economy.

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