

Tourism and its Impact on the Economy

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Abstract

Tourism is an activity whose content can have a positive or negative impact on the economy of a country seen as a tourist destination.

Seen as an economic activity, tourism involves costs determined by the use of the specific technical and material basis of tourism, the use of human resources, but also by attracting tourists and capitalizing on natural and man-made resources that have tourism value.

If initially tourism was seen as an economic activity that has only a positive economic impact on a tourist destination, materialized in the revenues it generates for service providers, local communities and the central state budget, in the jobs created and in satisfying the consumption motivations of tourists, later on the negative implications of tourism on the natural, social and cultural environment were also taken into account. Therefore the purpose of this paper is to highlight these issues.

Key words: tourism, economy, impact

J.E.L. classification: L80, L83

1. Introduction

In an economy, tourism is an activity that is part of the service sector, which is why tourism is seen as a set of tourism services offered to consumers by tourism service providers. These services are closely dependent on the human resources specialized in tourism, on the tangible resources embodied in the tourism infrastructure and in the tourist resources and attractions that can be exploited, and on the legislative regulations in the field, since tourism is one of the most regulated activities in an economy, from a legislative point of view.

2. Theoretical background

Tourism is a complex concept that has continuously developed in specialized tourism theory. While initially the term was used to denote a trip from one's place of residence to a tourist destination for pleasure, thus a purely touristic motive, the scope of the tourist motivation has subsequently been extended by the addition of new tourist motivations for travel, such as business. In any case, in the specialized tourism literature, tourism is seen as an activity which falls within the service sector, but which also involves physical components necessary to satisfy tourists' motivations and to provide tourist services.

So the tourist motivation is the one that underlies the initiation of tourist flows to a tourist destination, specific to domestic or foreign tourism. Tourism motivation is what determines whether or not a tourist trip takes place, in order for tourism consumption to take place and consequently for tourism activity to develop. If there is no tourist motivation to induce a person to travel to a tourist destination and thus initialize tourist demand, then the tourist offer is formed in vain because it cannot be exploited.

Many people have psychological reasons not to travel because they don't feel safe in a foreign world, they are afraid that they don't get along with strangers because they don't know the language and therefore will never travel (Hudman *et al*, 1989, p.43).

In conclusion, the concept of tourism is given multiple meanings, which in most cases are related to the purpose of leisure, to which other motivations have been added over time and have given rise to increasingly comprehensive definitions (Cristureanu, 1992, p.26), definitions that seek to capture all the motivations of tourism.

Tourism is one of the great industries of the world, therefore it has a noticeable impact in the balance of payments of many countries (Cosmescu, 1998, p.55), thus contributing to balancing the balance of payments. It has an important driving effect, stimulating production in other fields as a result of its nature as a branch of interference and synthesis (Minciu, 2002, p.25).

Tourism has an important impact on a country's economy through its multiplier effect, i.e. the multiplication rates of tourism receipts in the economic circuit that depends on the speed of money flow to other destinations, which occurs during the period of tourist spending (Snak et al, 201, p.74-75).

Because of the economic, political, social and environmental importance of tourism, there is a real need for organization, policies and regulations (Landry *et al*, 1994, p.7).

In other words, each country needs to establish tourism strategies and policies to increase investment in tourism and get tourists to spend as much as possible, and reallocate these tourism revenues to the development of the tourism sector and thus the economy in general.

3. Research methodology

The impact of tourism on an economy can be quantified using statistical data by sectors of the tourism industry. Thus, in this paper, in addition to the method of typological description of the impact of tourism and the positive or negative effects it generates, the method of analyzing the statistical data series provided by Eurostat, which reflect the implications of tourism activity in the Romanian economy, is also used.

4. Findings

The impact of tourism on Romania's economy covers four types: economic impact, impact on the natural environment, cultural and social impact.

If we consider the economic impact on the economy, first of all, the importance of the tourism industry in the economy is emphasized, which is determined by the contribution that tourism has to economic growth and implicitly to the economic development of Romania, but also the impact that tourism has on employment and consequently reducing unemployment.

Table no. 1. Employed persons by full-time/part-time activity in tourism industries in Romania

Tourism sector	2016	2020	2021	2022	2023
	Thousand persons				
Total tourism industry	8448.8	8521.1	7755.5	7806.5	7696.4
Air transport	7.0	-	-	7.3	-
Accommodation and food service activities	205.4	206.1	197.1	191.4	198.6
Accommodation	46.4	41.8	47.8	46.2	40.2
Travel agency, tour operator and other reservation service and related activities	14.5	14.0	11.6	13.1	12.8

Source: (Eurostat, <https://ec.europa.eu/eurostat>; www.insse.ro)

If we consider the natural and socio-cultural impact of tourism on Romania's economy, we can make the following observations:

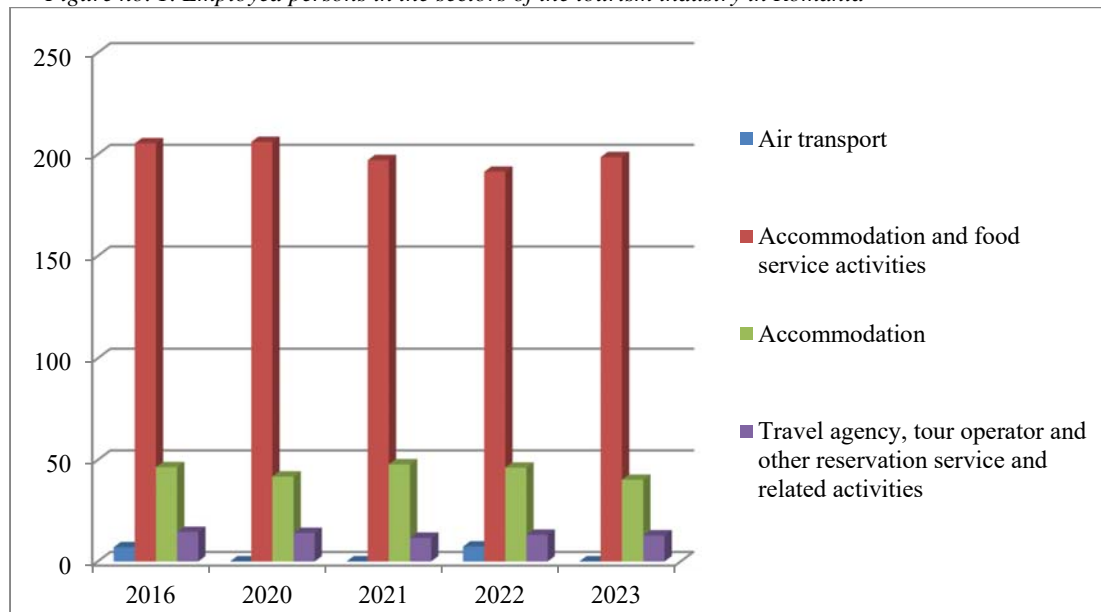
- Romania's tourism potential is not being exploited to its true value, which is reflected negatively in tourism revenues, leads to a reduced contribution of tourism to economic growth compared to the economies of other countries, and at the same time not enough jobs are created to absorb the surplus labor force from agriculture and industry or even from other service sectors.

- Tourism flows are high for certain forms of tourism, such as urban tourism, seaside tourism, white tourism or other forms of tourism which do not have a sustainable component and do not respect the principles of sustainable tourism.
- In the case of certain forms of tourism, there is a pronounced seasonality, which determines a negative impact on the labor force, but also on the tourism employers who register a labor shortage at the peak of the season.
- In terms of cultural impact, there has been an infusion of specific characteristics of urban tourism into rural areas in Romania after 1990, which has partly imprinted these characteristics on rural tourism in certain areas of Romania. The desire of rural tourism investors to make a huge profit quickly has negatively influenced or may influence rural tourism, religious and cultural tourism and tourism based on ecological principles in rural areas in terms of traditions, customs, faith and way of life.
- The small size of tourism in Romania also has positive aspects, since it does not lead to overcrowding in some tourist destinations in Romania and in this way the negative effects of high tourist flows on the environment and social environment are attenuated.

However, at the level of tourist destinations, but also at the level of Romania, tourism is seen as a positive activity that creates jobs, both directly in sectors specific to the tourism industry and indirectly in tourism-related activities such as public transportation services, banking services, insurance services, communication services, food services, medical and cultural services, agriculture and industry.

An important role in highlighting the impact of tourism in Romania's economy results from the analysis of the data in Table 1, data related to the population employed in the tourism industry, including in the main sectors of the tourism industry that provide basic services, namely transportation, accommodation, food and beverage, as well as services offered by tour operators.

Figure no. 1. Employed persons in the sectors of the tourism industry in Romania



Source: Table no.1, Eurostat, <https://ec.europa.eu/eurostat>; www.insse.ro

The analysis indicates the following over the period 2016-2023:

- There is a decrease in the number of people employed in the tourism industry in Romania from 8448.8 thousand people to 7696.4 thousand people, i.e. a decrease of 8.9%. It is observed that this decrease occurred after 2020 and is due to the crisis generated by the COVID 19 pandemic, the crisis that most affected the tourism industry and its sectors. After 2021 there is an increase in the employed population, but not reaching the pre-2021 level, which means that the tourism industry is slower to recover, as tourism demand is based on satisfying tertiary needs rather than primary, vital, fundamental needs.

The same downward trend caused by the COVID pandemic is also registered in the tourism industry sub-sectors (see also Figure 1).

Thus:

- The population employed in accommodation and food service activities in tourism decreased by 3.3% in 2023 compared to 2016. The decline in the population employed in this tourism sector started in 2020 and it is not until 2023 that the upward trend resumes.

- In accommodation services, employed persons have shown an undulatory trend, with pandemic-induced decreases from 46.4 thousand persons in 2016 to 41.8 thousand persons in 2020, a decrease of almost 10%. After reaching a peak of 47.8 thousand employed persons in 2021, there is a continuous decrease from 47.8 thousand persons in 2021 to 40.2 thousand persons in 2023, which means a decrease of 16%. This decrease is driven by the shortage of skilled labor as well as the use of computerized accommodation systems leading to the substitution of the accommodation sector workforce, as well as the provision of accommodation services using self-service accommodation services.

- In the case of persons employed in the sector of intermediaries in tourism, i.e. travel agencies, there is a decrease in the labor force from 14.5 thousand persons in 2016 to 12.8 thousand in 2023 (11.72%), a decrease due to the decrease in the number of tourists who traveled through travel agencies, due to the pandemic (in 2021 the largest decrease was recorded, with 2.9 thousand persons, i.e. 20%), which led to the collapse of many travel agencies.

- However, the decrease in the number of people employed in the travel agency sector is also due to the preference of Romanian tourists to travel on their own, using unorganized tourist trips, due to the decrease in trust in travel agencies operating in the Romanian tourism sector, both for domestic and foreign tourism. This decline in Romanian tourists' confidence in travel agencies is due to the bankruptcy of some well-known Romanian tour-operating agencies and the fact that this has caused significant damage to tourists.

- If we consider the share of each activity in the tourism industry in Romania, it can be observed (see also figure 2) that in each year from 2016 to 2023 accommodation services together with food services account for around 97% of the total number of people employed in the tourism industry..

5. Conclusions

This analysis highlights the impact that tourism has on Romania's economy in terms of employed population. The adoption of policies to increase investment in tourism will increase tourism's contribution to employment, reduce unemployment and also to economic growth.

In Romania, as in other countries, it is not only the positive economic impact that needs to be looked at in terms of the revenue generated by tourism, but also the negative impact that tourism can have, both in terms of the cultural and social aspects and the negative impact it can have on the natural environment and the expenditure that can be incurred in restoring, protecting and preserving it.

Because, after all, tourism must have a positive impact on an economy and aim not only to meet the present needs of tourists, but also to protect and satisfy the tourism needs of future generations.

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