

IMPACT OF TOURISM ON ECONOMIC GROWTH AND EMPLOYMENT IN ROMANIA'S COASTAL AREA

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Abstract

Despite current difficulties, tourism remains an economic sector with economic growth and development potential at global level. The contribution of tourism to economic and social life is different from one country to another, depending on the development level and the policies promoted regarding these activities.

Nowadays, Romania's tourism sector, according to the data of the World Tourism and Travel Council registered relative progress as compared with previous years, so that in 2014 this sector had a total contribution to GDP of 33.1 billion RON, representing 4.8% of the GDP.

In this context, the direct contribution to employment was of 2.4% from total employment meaning that the sector supported directly 205000 jobs. At the same time, the contribution of this sector and of the industries and services supported by it, including indirectly based on induced effects was of 467500 jobs.

The paper presents a brief analysis about the evolution of Romanian tourism in the post-crisis period and about the impact of the sector on the economic growth in the coastal area of Romania. At the same time, the links between the tourist accommodation capacity and the number of incoming tourists in tourism structures of the considered area are analyzed by statistical methods.

Key words: tourism, performance, economic turnaround, *correlation, tourism capacity*

JEL Classification: C10, C42, E24, J21, L83

Introduction

Tourism is one of the main engines in the economy of any nation, and the national and regional capacity of providing attractive tourism products plays an important role at the level of the national economy. As an industrial-scale activity, it generates governmental incomes from various direct and indirect taxes and duties, and jobs within the tourism industry (hotel personnel, guides, tour operators, etc.), as well as indirect jobs in services and industries supplying the necessary products for tourism (constructions, food products, transportation means, infrastructure, etc.).

The importance of tourism for national economies is acknowledged by international and European experts for various categories of countries, from the less developed and developing countries to developed and industrialised countries.

Tourism is still an insufficiently valorised resource in Romania, even recording massive losses with respect to fixed, mobile capital, and human capital during the entire period after 1989. Such losses continue in the current period of post-transition and post-crisis. Among the reasons at the root of this situation might be counted: the conditions with which our country was faced before 1989; the strategies and policies aimed to the liberalisation and privatisation of the domestic market as of the nineties; the often confuse strategies, policies and measures that did not allow for developing this sector.

Moreover, also a certain lack of training of the Romanian entrepreneurs could be noticed, and of the whole human capital working in the tourism industry, both being translated into a difficult to recover decrease in the numbers of tourists from inland and from abroad, despite sustained efforts of recovering and increasing competitiveness, in particular after the years 2000.

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Currently, the post-crisis period is remarkable due to the considerable efforts of rebuilding the image and attractiveness of the Romanian tourism, as there are some significant and decisive advantages in the current European context.

1. Specialised literature

Tourism entered into the attention of researchers as economic-social phenomenon already in the first half of the 20th century, as its many facets were approached by Hunziker (Hunziker, 1940) and Krapf (Krapf, 1963) both characterising and defining tourism as “the assembly of relationships and phenomena resulting from the travel and stay of individuals somewhere else than their residence, as long as the stay and travel are not motivated by the intention of permanently settling in the respective location, or by any other lucrative activity”.

The second half of the 20th century was a period when mass-tourism flourished, and technological progress pushed forward for the modern men new ideas about spending leisure time and developing touristic activities. As result, the interest of experts increased for this economic sector, as it was noticed its contribution to several other economic fields either directly, indirectly, and induced. Economists began to deepen knowledge and insights about the field, and to its contribution to national and global economy. For instance, tourism was noticed for its capacity to attract foreign direct investments, necessary for economies in transition, in particular for those of Central and Eastern Europe (Hall, D.R. (ed), 1991). Moreover, it was one of the sectors with a good potential for encouraging entrepreneurial spirit and the development of SME activities.

Currently, tourism is one of the largest industries of the world, and has one of the swiftest increases among the economic sectors. For several countries, tourism is seen as main instrument for regional development, because it stimulates new economic activities. It can have a positive economic impact on the balance of payments, for labour force employment, for gross incomes and output, but it might also trigger negative effects, in particular for the environment (Mihalache, 2009; Le Tellier, et al., 2012).

Due to its economic potential, and for the employment of labour force and because of its social and environmental implications, tourism plays a very important role within the EU. Statistics regarding tourism are not used only for monitoring tourism policies in the European Union, but also for the monitoring of regional policies and of the sustainable development policy. Sustainable tourism must fulfil social, cultural, environmental, and economic requirements (Turcu, et. al., 2008).

During the last decades, the role played by tourism, both for the business sector, and for individuals increased considerably (Soteriou et al., 2010). According to the specialised literature, the role of tourism in eco-sustainable development is highlighted also by the fact that it has an important driving effect, stimulating production in other fields as well as outcome of its character of an interference and synthesis activity (Okazaki, 2008).

2. Tourism in the 21st century –contributions to increasing the insertion degree on labour market

Nowadays, it is estimated that tourism generates over 5% from the GDP at EU-28 level, based on the about 1.8 million tourism enterprises that ensure approximately 9.7 million jobs or, otherwise expressed, it ensures employment for 5.2% from total labour force at European Union level. If sectors supplying directly or indirectly the tourism sector are taken into account, then the estimated contribution to the European Union GDP is higher than 10%, with implicit increases of the contribution to ensuring employment of up to 12% from total EU-28 labour force.

The analysis of the statistics regarding the development of this sector highlight that in 2014 the arrivals of international tourists increased to 15 million individuals, which means an increase by 3%, respectively 582 million tourist for the respective year. In the same year, revenues increased by 4% to 383 billion Euros. Another interpretation of these figures is that Europe attracts 51% of international tourism and 41% of the revenues. The most attractive regions for tourists were those in northern and southern Europe respectively +6% and +7%, with Greece and Spain gaining 4 million international arrivals in 2014. At the same time, Central and Eastern Europe was the only European region recording decreases in international arrivals, save for Romania (+12%), Hungary (+14%) and Latvia (+20%) (World Tourism Organization, *Tourism Highlights*, Edition 2015, p. 7).

This last year taken into account ascertains the trend which could be noticed already in 1990, respectively the intensive increase of the tourism industry in Europe. If, in 1990, these arrivals were of 261.5 million tourists in 2000 the arrivals reached 386.4 millions, and in 2010 they were of 488.9 millions (table no. 1).

Table no. 1 Dynamics of international tourist arrivals, in the period 1990-2014, selected years

<i>Regions</i>	<i>International tourist arrivals (millions)</i>							<i>Market share (%)</i>
	1990	1995	2000	2005	2010	2013	2014	
Europe	261.5	304.7	386.4	453.0	488.9	566.4	581.8	51.4
Northern Europe	28.7	36.4	44.8	59.9	62.8	67.4	71.3	6.3
Western Europe	108.6	112.2	139.7	141.7	154.4	170.8	174.5	15.4
Central and Eastern Europe	39.9	58.1	69.3	95.1	98.4	127.3	121.1	10.7
Southern and Mediterranean Europe	90.3	98.0	132.6	156.4	173.3	201.0	214.9	19.0
From which EU-28	230.1	268.0	330.5	367.9	384.3	433.8	455.1	40.2

Data source: Tourism Highlights, 2015, p. 4, from World Tourism Organisation

In Romania, in 2005, was recorded a number of 5805 thousand tourists and in 2014 their numbers reached 8444 thousand (an increase by 25 %). Regarding foreign tourists, their numbers decreased from 1430 thousands in 2005 to 1192 thousands in 2014, a decrease of almost 17 pp.

In the same period, revenues from tourism in Romania increased from 849 million Euros in 2005 to 1379 million Euros in 2014, which represents an increase of about 62.42% (according to Eurostat data).

At national level, organised tourism benefitted from increased interest for sea coast area, this tourism area having the highest share (50%). At the same time is emphasised the necessity for higher efforts in promoting and investing in the new activities shaping 21st century tourism, respectively cultural tourism (3%), but also eco-tourism considering the most remarkable areas in the national patrimony, respectively the Danube Delta (1%) (fig.no 1).

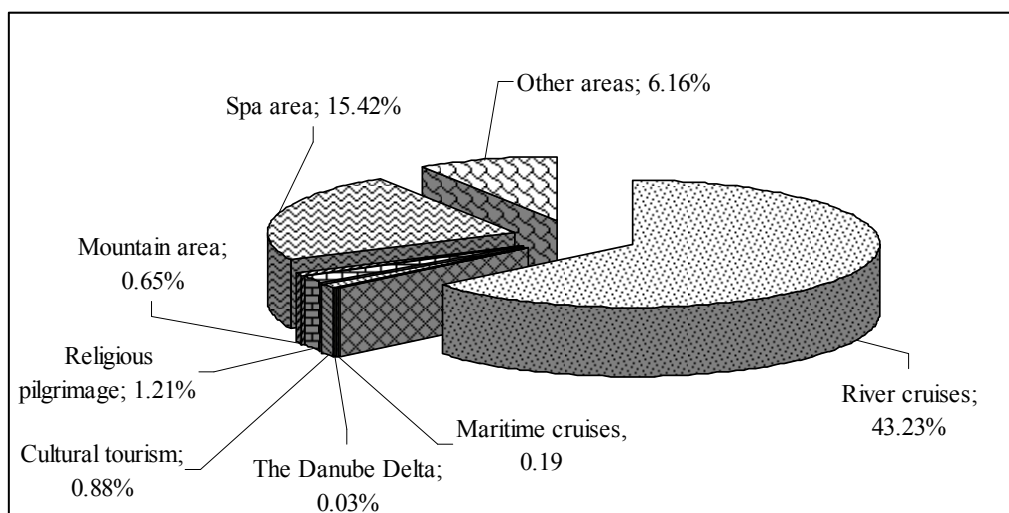


Figure no. 1 Number of Romanian tourists taking part in domestic tourist actions, by tourist areas, 2013

Source: Romanian Tourism, Statistical Abstract, 2014, National Institute of Statistics, www.insse.ro

The destinations chosen by incoming tourists to Romania reveal a considerable change of this model, as is shown by the statistical data that might provide information about the reasons for giving preference to the respective destinations. Thus, among the most visited destinations is Bucharest and county municipalities, which might mean, possibly, that these tourists are more in the “business interest” tourist category, than tourists interested in vacation, health care, exploration and rest and leisure trips.

The increased competitiveness at international level in attracting tourists, technological progresses contributing to disseminating new ideas and approaches regarding free time spending, but also health care, including concerns for climatic change and, last but not least, “business tourism” contributed all to change the shape of tourism from simple leisure to health care tourism, ecologic tourism, cultural tourism, and creative tourism.

Regarding the contribution of tourism to economic development and labour force employment at EU-28 level, this contribution increased constantly, even in the period of crisis.

Due to the recent known developments in the sector of tourism, in services and industry supplying this sector either directly or indirectly, and even by induced means, this sector requires a wide and varied range of experts, professionals, employees, public and private employers all involved in the mechanism of delivering tourism services of high quality, if the final pursued objective is a tourism of high quality in all its ways of unfolding.

Thus, other industries that are not exclusively based on tourism employ about 12 million individuals in the EU, and about 7 million are employed in the food and (alcoholic and non-alcoholic) beverages industry, with another 2 million in transportation. At the same time, in the accommodation sector are involved yet another 2.4 million individuals, while tourism agencies and tour operators ensure one half-million jobs (World Tourism Organisation, *Tourism Highlights*, Edition 2015).

Statistical data highlight, as well, that during the entire period of the crisis, tourism showed considerable resilience, and the accommodation sector recorded even yearly increases of employment by about 0.9% in the period 2008-2015.

In Romania, in 2008, were recorded 43900 individuals employed in the accommodation sector, and increases continued also in 2009 (46300 employed), followed

by a sudden decrease of 4400 employed individuals in the year 2010, respectively the year in which the effects of the crisis were most significant at the level of our country, when wage-cuts and other measures determined a slowdown of activities in all economic sectors, triggering both personnel layoffs and other adjustments. After this year, a recovery is seen for the number of persons employed in this sector, peaking at 52200 employed individuals in 2014, again followed by a decrease in 2015 which was even more significant than the one of the year 2010, respectively 41100 employed individuals, that is a decrease in the numbers of employed of about 11000 persons.

Among the employment opportunities generated by tourism (direct, indirect and induced), according to the three major initiatives of the European Union of a smart, sustainable and inclusive Europe, can be mentioned:

- *smart tourism*, which by its generated positive direct and indirect effects includes also improvement in the field of research-development dedicated to tourism, including innovation. First, it allows for deepening the expertise in the field of tourism because in order to reach these objectives it is necessary to establish immediate links and interaction between various types of organisations with various specialisations, but which cooperate and collaborate with respect to a wide range of topics, from those dedicated to providing expertise in the field of tourism, to those providing expertise about the new types of management that fit best tourism activity. The effects of this type of cooperation are gaining shape by stimulating and supporting the creation and development of innovative SMEs in tourism;

- *sustainable tourism*, which by its pursued objectives of balancing environmental protection, protecting natural areas and tourism development ensures long-term benefits for economy and social life;

- *inclusive tourism* is the type of tourism with the highest potential as it addresses directly the human capital of all ages: young, working-age individuals, and elderly. By promoting social tourism, as one of the main facets of inclusive tourism, is ensured, first, the increase in the accessibility degree for several categories and vulnerable groups of the society (young and elderly). This measure brings with it also the creation of new jobs in the tourism industry;

- *tourism for individuals with special needs*, in particular for those with motor disabilities. The wide range of jobs that this category might generate covers the entire range, exceeding the framework of usual tourism activities, and requiring even the creation of special teams (including medical trained staff) for providing assistance to this type of tourism consumers.

An important factor in generating jobs and, implicitly, in economic, competitiveness and innovativeness development within the tourism sector is represented by the *business environment*, especially by SMEs. However, the SME sector from the *hotel and restaurant services* registered a value added by 19% lower than the one of 2008 (World Tourism Organisation, *Tourism Highlights*, Edition 2015). This fact is due to the lacking national strategy in the field of tourism, but also to the deficiencies created by the ‘dissipation’ of attributions and responsibilities between several structures, authorities, and administrative state agencies.

3. Tourism impact on economic growth and labour force employment in Romania’s coastal area

Nowadays, the tourism sector from Romania, according to the data of the World Travel and Tourism Council registered relative progress as compared with the previous years, so that in 2014 this sector had a direct contribution to GDP of 10.7 billion RON,

representing 1.6 % of total GDP total, and its total contribution to GDP was of 33.1 billion RON, representing 4.8% from GDP.

In this context, the direct contribution to employment was of 2.4% in total employment, which means that the sector supported directly 205000 jobs. At the same time, the contribution of this sector and of the industries and services supported, inclusively indirectly and by induced effects, by it was of 467500 jobs.

However, the last report, respectively *Economic Impact Romania 2016* of the Council and which presents the evolutions of the preceding year, shows that the estimates as such were optimistic because in 2015 tourism did not register any growth regarding the direct contribution to GDP, but a (apparently insignificant) decrease of 0.3 pp, participating to GDP with 9.3 billion RON, respectively 1.4 billion less than in 2014.

The diminishment by 0.3 percentage points of the direct contribution to GDP is reflected also in the evolution of employment in the sector, this sector contributing directly to ensuring only 190000 jobs, representing 2.2% from total employment.

The privatisation of tourism resorts in the coastal are of Romania was fragmented, based on pieces, that is hotel units and complexes while, for instance, in Bulgaria, the approach was more daring. The immediate effect of these way of selling to private investor, without the explicit co-involvement of the managers and employees of the respective entities, nor the former owners of the lands before the nationalization of the fifties, or the local councils and other organisations at the level of the respective municipalities was reflected in the more severe dilapidation and, likely more irreversible, of several accommodation facilities, tourism objectives, or even of some historical and cultural sites which have/had a real tourism potential.

For Romania, the issues are reflected in particular by the institutional level where, the absence of a unitary law of tourism triggered an entire chain of negative effects, which are most visible in the case of coastal area tourism. Moreover, the absence of clear, concise policies and measures for attracting international tour-operators with impact in determining and influencing tourists also had a contribution to the relatively low competitiveness of tourism in Romania at regional and global level.

Located at the confluence of several pan-European transportation corridors, and benefiting from the generous proximity of the Black Sea, the Metropolitan Area Constanta developed an entire series of tourism products such as: cultural tourism, leisure, treatment and rejuvenating tourism, business tourism nautical and sports tourism, cruise and itinerant tourism.

The majority of tourists visiting the Metropolitan Area Constanta are Romanian, the share of foreigners being, however, negligible (20%). The geographical area of origin for foreign tourists comprises the majority of European countries, as well as some extra European countries (USA, Canada, and Israel). Most incoming foreigners are from countries in the geographical proximity (Hungary, Austria, Poland, Czech R., Slovakia), but also a considerable number of incoming tourists are from countries located at a greater geographical distance (Western Europe, Israel, and USA).

The growth potential in the numbers of foreign tourists is high, especially on the segment of cultural tourism. Another segment of significant potential is health and wellness tourism for the foreign tourism market, currently this type of segment being exploited under its actual potential.

The expansion and development of tourism locations along the coastal area of the Black Sea, south of Constanta, the existence of urban centres at the outskirts of the town (Navodari, Medgidia, Murfatlar, Ovidiu, Techirghiol and Eforie) and the intermodal transport convergence centres (the international airport Mihail Kogălniceanu, the seaports Midia – Năvodari and Constanța Sud, the railway nodes from Constanța – Palas and Valul

lui Traian) led to the shaping of a quasi-continuous urban axis between Navodari and Mangalia, changing the seaport into an industrial and, at the same time, tourism dock.

Out of the total number of tourism accommodation units existing at national level in 2014, the county Constanta has 28.1%, county Brasov 8.4%, followed by the Bucharest Municipality with 6.1%, Prahova with 3.7%, county Valcea with 3.6%, and Bihor with 3.3%, etc.

The tourism basis from the Constanta Metropolitan area is partly obsolete lacking the modernisation and thus affecting the quality of services provided to tourists. A feature of this area is the fact that the network of tourist accommodation units is not evenly distributed, the highest concentration being recorded in the Constanta municipality, including the resort Mamaia.

In 2014, in the county Constanta were operational 746 accommodation structures that represent a decrease of almost 32% in the numbers of accommodation units recorded in the year 2010. In the Tulcea county if in 2009 were registered 144 structures of tourist accommodation, in 2011 their number decreased to 111 and thereafter their number began increasing again, to 141 in 2014.

From the viewpoint of the tourist accommodation capacity in the localities constituting the Growth Pole Constanta the same trend of diminishment was registered in the time interval 2009-2014, from 121723 places in 2009 to 87496 places in 2014. In the county Tulcea, the number of accommodation places the number of accommodation places had an oscillating evolution, for the same period of analysis, the highest value being registered in 2009 (5054 places), and the lowest in 2011 (3656 places).

Tourism, next to other sectors of the domestic economy, contributes to the fact that within the Coastal Area the county Constanta has the highest contribution to increasing the GDP level. In the period, 2008-2012, both counties Constanta and Tulcea, had an ascending evolution from the viewpoint of GDP. Thus, in accordance with the statistics, it results that for the time-interval of the analysis, the GDP of Tulcea registered an increase of almost 18%, while for the county Constanta the indicator registered an increase of almost 29.7%.

At the level of the communities building up the Growth Pole Constanta in 2014, the number of employees increased by 2.3%, up to an absolute value of 169065 individuals. The number of employees increased significantly in particular in education, administrative activities, and support services, entertainment, scientific cultural and professional activities, real estate, IT, hotels and restaurants, that is +2705 employees.

In 2008, in the hotel and restaurant structures of the county Constanta din were working 7614 individuals. Even though for the last 4 years (2011-2015), the number of employees in the tourism sector increased yearly, against the value of the year 2010, in the year 2014, the number of employees in this activity diminished by 28.89%. In the Tulcea County after a decrease of almost 5% in the number of employees of the sector in 2010 against 2008, an increase takes place yearly, so that in 2014, an increase was noticed by 62.09 %.

Finally, as a **conclusion to this chapter** we present a brief SWOT analysis of the coastal area tourism for Romania.

SWOT Analysis – Coastal tourism in Romania

<p>Strengths:</p> <ul style="list-style-type: none"> • passengers' services: Seaport for tourists (2010/2011 investment) in the Port Constanta North, adapted to river and sea cruises placed in the historical area of the old town of Constanta and of the tourist port Tomis associated to the archaeological site with the same name. Operational capacity: 10000 passengers/year; • coastal tourism as second contributor to GVA due to touristic diversity: the Danube Delta, possibilities for weekend-tourism, hunting/fishing/bird-watching and therapy, scientific and rural tourism. • the unique biosphere of the Danube Delta Reservation not only for Romania, but also at international level. 	<p>Opportunities:</p> <ul style="list-style-type: none"> • the Tomis Seaport provides for increased potential due to location for nautical tourism, sport activities, entertainment, as dock for sports' yachts, small vessels, yachts, etc.; • this activity is developed also in the Mangalia Port; • rehabilitation of the navigation channels on the Danube and for access in the Danube Delta; • the new dock opened with a terminal for passengers in North Constanta has optimum conditions for stimulating river, coast and sea cruises; • huge resources for stimulating and diversifying the types of tourism, the creation of integrated or combined packages that would provide simultaneous opportunities for leisure and entertainment, treatment or cultural tourism; • coastal tourism allows for the development of several horizontal industries and has multiplication effects; • financing available based on national programmes and, especially, financing by European structural funds within the operational programmes (ESF, ERDF, EARDF); • setting-up maritime clusters.
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<p>Weaknesses:</p> <ul style="list-style-type: none"> • diminished economic and social impact due to lacking consistent involvement of SMEs; • low investments in developing the infrastructure for passenger transportation and cruises; • absent development vision with respect to the most recent trends of coastal tourism; • innovation, research-development in coastal tourism development much too less represented; • numerically diminished tertiary level education and training labour force, inconsistency of training and continuing improvement, emigration of skilled staff. 	<p>Threats:</p> <ul style="list-style-type: none"> • locale lack of an integrated approach, that would provide for tourist cruises and passenger transportation on the coast and the navigable Danube corridors, on the sea, including the Danube Delta, organised by entrepreneurs in tourism and tourism agencies; • innovative maintaining the traditional, seasonal character, the absence of innovative initiatives; • neglect of coastal tourism and provided opportunities in favour of too much focus on sea resorts; • diminished access to public financing due to bureaucracy and to credits because of the economic-financial crisis; • low motivation for involved stakeholders in setting-up innovative tourism clusters.
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Source: Studies to support the development of sea basin cooperation in the Mediterranean, Adriatic and Ionian, and Black Sea, Country Fiche Romania, 2014

Conclusions

Romania has a rich tourism capital and potential with roots created since the end of the nineteenth century, enriched during the entire 20th century, even in the period preceding the collapse of the communist bloc.

Romania avails itself of competitive advantages regarding coastal tourism, and the interactions and the integration of various tourism activities could be much more increased because it benefits also of connections to a unique area, respectively the Danube Delta biosphere.

Moreover, there is a sound potential for cruise tourism and for developing innovative packages that would combine several forms of tourism – from simple mass-tourism to the particularised one, associated with cultural, adventure, and health tourism, etc.

At the same time, Romania disposes of wide experience and good-practices database gathered with respect to cultural and entertainment tourism that could be extended and valorised, as well for coastal tourism.

At national, regional and local level, including in the coastal area is necessary for the entire economy, including the SME sector from tourism and selected industries to encourage innovativeness, and for coastal tourism specifically it should be encouraged the creation of maritime and tourism clusters that play an important role in developing horizontal industries and in increasing regional and local employment with impact in total employment at national level.

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