

# IMPACT FACTORS ON THE ROMANIAN TOURISM PERFORMANCE

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Abstract.

*Even if Romania is a country with a high touristic potential, it is not a top competitor on the European or on the international travel and tourism market. The present paper, starting from a series of indicators able to highlight the performance of the touristic activities (such as number of tourists, incomes of the industry, contribution to the GDP, number of employees in the touristic industry, number of the accommodations etc) as well as from the global indicators of the touristic competitiveness, presents an analysis of the factors through which we can explain the actual performance of the Romanian tourism, in order to make a contribution to its improvement.*

*Key-words: tourism, competitiveness, factors of tourism performance*

## 1. Introduction

Romania is a touristy country due to the existence of various forms of relief, due to a favorable climate that allows the development of tourist activities throughout the year, due to a rich fauna and flora potential with species and unique ecosystems in Europe, as well as a result of the internationally-preserved cultural, historical and architectural patrimony. However, our country is not globally highlighted as one of the countries with a high degree of competitiveness, ranking behind comparable countries as socio-economic development. Factors such as the characteristics of the business environment, the priority given by the governmental agencies to the tourism services, terrestrial and maritime infrastructure determine this situation.

Global analyzes highlight the factors that influence the competitiveness of the travel and tourism industry and accordingly provide international classifications. In the current paper the authors present the impact factors on the Romanian tourism performance.

## 2. Romanian tourism performance

In 2017, *The Travel & Tourism Competitiveness Report*, places Romania on the 32nd in the European level and 66th on the global level. Moreover, this is a downward trend compared to the 2015 benchmark when Romania ranks 66th in the world. For a better understanding of the position of Romanian tourism in relation to the European countries, we summarize the table below.

**Tabel 1. The Travel & Tourism Competitiveness Index (TTCI) 2017**

Country	European ranking	Global ranking
Spain	1	1
France	2	2
Germany	3	3
Greece	13	24
Bulgaria	23	45
Hungary	25	49
Romania	32	66

Other features of the tourism activity in Romania are presented below, accordingly with Eurostat statistics:

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- *The number of foreign tourists who visited Romania:*
    - According with National Institute of Statistics, at the end of 2016, almost 2.5 million foreign tourists visited Romania, which is a positive development from 2014 (1.91 million foreign tourists and 2013 (1.71 million foreign tourists). Most of the foreigners who come to Romania, respectively around three-quarters of them are acommodated in Bucharest and in the important towns of the county. The main reason for the stay of non-resident tourists in Romania is represented by business, participation in congresses, conferences, courses, fairs and exhibitions (more than 50%).
  - *Expenses of foreign tourists:*
    - The average spending of foreign tourists in Romania was 2,400 lei / tourist in 2016, respectively 2,200 lei / tourist in the first half of 2017. Thus, at the end of 2016 foreign tourists spent 5.9 billion lei in Romania, which is an increase compared to 2014 (5.09 billion lei) and yo 2013 (4.8 billion lei).
  - *The number of Romanian tourists traveling to foreign destinations:*
    - Romania is ranked last in Europe in terms of the number of Romanian tourists travelling outbound – less than 10% of Romanian tourists go to destinations abroad.
  - *Nights spent at tourist acommodation establishments*
    - As for the number of overnight stays, Romania is placed on one of the last places among the EU states. The gap between Romania and the main five competitors on the toursim market is huge. And, at the percentage of overnight stays of foreign tourists (the ratio of overnight stays between domestic and foreign tourists ), Romania has the last percentage in the EU - 18%
  - *Contribution of tourism to GDP:*
    - The contribution of travel and tourism to GDP (% of GDP) was 5.2% in 2016. The European countries following Romania according to this indicator are: Luxembourg (5.1% of GDP) and Poland (5.1% of GDP). Countries with a socio-economic structure comparable to Romania report contributions such as the following: Bulgaria (12.8% of GDP), Hungary (10.5% of GDP), Czech Republic (7.8% of GDP).
  - *Employment in tourism:*
    - In 2013, tourism provided 212,500 jobs directly in Romania, and the total labor market contribution, including jobs indirectly supported by tourism, is estimated at 500,500. The total contribution of tourism to employment also places Romania on the last position among the neighboring countries and 136th in the world.
  - *Number of establishments, bedrooms and bed-places:*
    - In 2016, 7,028 accommodation units were active in Romania (compared to 578,093 at European level), and these provided about 326,000 accommodation places (compared to 31 million accommodation places at European level). The number of establishments is steadily increasing.
- The data presented place Romania in a modest place in relation to the existing potential in our country and compared to other Central and Eastern European countries.

### **3. Factors influencing the competitiveness of Romanian tourism**

The causes of such a situation are diverse. According to the calculation methodology used for the *Travel & Tourism Competitiveness Index*, information and data from a wide range of areas considered to influence tourism performance are used as follows:

A) **Enabling Environment** - is evaluated through 5 indicators:

*A.1. – Business Environment*

This indicator analyzes: the effectiveness of the legal framework in terms of ensuring compliance with law and dispute settlement (these issues guarantee to the representatives of the business environment that the right to property and contractual rights are respected); the

number of days to get building permits and their costs (these elements are an important factor in supporting tourism development); the level of competition (considered to be beneficial for tourism development); the level of taxes (this being considered as an element that can encourage or not the development of businesses).

As regards *Business Environment Pillar*, Romania ranks 76th out of 136 countries, and in comparison with other comparable countries in the European Union, the situation is presented in Table 2. The first European country in the ranking from the perspective of this indicator is Switzerland, ranked 3th, and last Italy, placed on 121.

**Table 2. Business Environment Pillar**

Country	Global Ranking
Bulgaria	61
Czech Republic	65
Poland	64
<b>Romania</b>	<b>76</b>
Hungary	98
Croatia	114

Romania is in the second half of the ranking according to the business environment indicator, but there is a positive evolution from the 2015 of 20 positions.

#### A.2. – Safety and Security

This indicator reflects issues such as: police confidence, homicide rate, terrorism incidence etc. *Safety and Security Pillar* places Romania on the 39th. The first in Europe is Finland and the last Bulgaria (89) and Turkey (116). Romania's positioning is as follows:

**Table 3. Safety and Security Pillar**

Country	Global Ranking
Croatia	24
Czech Republic	30
<b>Romania</b>	<b>39</b>
Hungary	45
Poland	48
Bulgaria	89

Romania holds a good position and a positive trend compared to 2015 (when it ranked 65). However, if in 2015 it ranked first among the comparable countries, in 2017 it lost that position.

#### A.3. – Health and Hygiene

This indicator is calculated on the basis of data on access to health services, the number of places in hospitals, the rate of illness etc. At first sight, Romania holds a good global position, 31st place and in evolution from 2015 (46th place), but between the EU states is one of the last positions. According to this indicator, the first European country is Germany (also the world's first), and the last one is Ireland (55th place).

**Table 4. Health and Hygiene Pillar**

Country	Global Ranking
Czech Republic	7
Hungary	9
Bulgaria	10
Croatia	19
Polonia	28
<b>Romania</b>	<b>31</b>

#### A.4. – Human Resources and Labour Market

Consideration is given both to the qualification of human resources and to the way the labor market operates. The following are analyzed: ease with qualified tourism workers, pay levels, labor productivity, the percentage of women engaged in tourism, the availability of tourism training services, the ease with which human resources can be employed abroad etc. *Human Resources and Labour Market Pillar* places Romania on 81st, in a significant decline compared to 2015 (64th place). The first European country accordingly to this indicator is Switzerland and the last one is Croatia (on 85th). The position of Romania in relation to other European countries is presented in the following table:

**Table 5. Human Resources and Labour Market Pillar**

Country	Global Ranking
Czech Republic	33
Poland	44
Bulgaria	54
Hungary	60
Romania	81
Croatia	85

No other European country follows Croatia in this ranking, reflecting the fact that Romania is the penultimate place in Europe according to this indicator.

#### A.5 – ICT Readiness

Within this indicator are analyzed elements such as: the number of individuals using the internet, internet coverage, internet usage rate in business etc. Romania ranks 60th in a steady evolution compared to 2015 and last among EU countries. The first European country in this ranking is Denmark (also 2nd in the global ranking).

**Table 6. ICT Readiness Pillar**

Country	Global Ranking
Czech Republic	26
Poland	45
Croatia	47
Bulgaria	48
Hungary	54
Romania	60

B) **T&T Policy and Enabling Conditions** - is evaluated through 4 indicators:

##### B.1. *Prioritization of Travel&Tourism*

Government efficiency in promoting the country brand has a direct impact on the perception of tourists. It analyzes: the efficiency of marketing activities aimed at attracting tourists, government spending on tourism etc. The importance that the government attaches to tourism activities places Romania on the 108th place globally, in a marked decline compared to 2015 (88th place). The first European country according to this indicator is Malta (also first in the global ranking). Romania ranks last among the European countries

**Table 7. Prioritization of Travel&Tourism Pillar**

Country	Global Ranking
Hungary	42
Croatia	77
Bulgaria	92
Czech Republic	94
Poland	96
Romania	108

### B.2. *International Openness*

This indicator analyzes facilities that attract foreign tourists, such as visa requirements, partnership agreements with foreign partners etc. Depending on this indicator, Romania ranks 45, approximately the same position as compared to 2015 (42nd place). The first European country is Ireland, 4th place in the global rank, and the last one is Bulgaria (48 place). In comparison with the European countries with which the comparison was made, Romania is positioned as follows:

**Table 8. *International Openness Pillar***

<b>Country</b>	<b>Global Ranking</b>
Czech Republic	24
Hungary	25
Croatia	26
Poland	33
<b>Romania</b>	<b>45</b>
Bulgaria	48

### B.3. *Price Competitiveness*

It analyzes: airport taxes, hotel service charges, purchasing power, fuel price etc. In terms of price competitiveness, Romania is ranked 85th, down from 2015 (54th place). Compared to other European countries, the ranking is as follows:

**Table 9. *Price Competitiveness Pillar***

<b>Country</b>	<b>Global Ranking</b>
Poland	35
Bulgaria	37
Czech Republic	67
<b>Romania</b>	<b>85</b>
Hungary	87
Croatia	100

The first European country in this ranking is Lithuania (33rd place) and the last Switzerland (136th place) – also the last in the global rank. Therefore, Romania has a good position according to this indicator, not only in relation to the countries presented in the table, but also in relation to the other European countries. This is due to the low prices and tariffs for tourism services compared to the European average.

### B.4. *Environmental Sustainability*

The degree of the environment degradation influences the attractiveness of tourism. The indicator analyzes the sustainability of the tourism industry, regulations on environmental protection, forest cover rate, water pollution level etc.). Romania is on 43, roughly the same as in 2015 (46). The other comparable countries are ranked as it follows:

**Table 10. *Environmental Sustainability Pillar***

<b>Country</b>	<b>Global Ranking</b>
Bulgaria	11
Czech Republic	14
Croatia	21
Hungary	23
Poland	34
<b>Romania</b>	<b>43</b>

The first European country in this ranking is Switzerland (1st on global ranking) and the last EU country is Portugal (47th place).

C) **Infrastructure** - is evaluated through 3 indicators:

C.1. *Air transport infrastructure*

It is calculated according to the quality of the air transport infrastructure, the number of airlines operating in the country, the number of airports etc. Romania ranks 82nd, followed by few European countries and none of the EU countries. The first European country in terms of the *air transport infrastructure* is United Kingdom (8th place in the global ranking).

**Table 11. Air transport infrastructure Pillar**

Country	Global Ranking
Czech Republic	49
Croatia	52
Hungary	55
Poland	70
Bulgaria	80
Romania	82

C.2. *Ground and port infrastructure*

It is calculated according to the quality of the terrestrial, rail and maritime infrastructure, the density of the railway and motorway network, the density of the paved streets. In terms of terrestrial and maritime infrastructure Romania holds a position among the last European countries and the 92nd place in the global ranking. The first European country according with this indicator is Switzerland (which is 4th in the global ranking) and the last one among EU countries, Romania.

**Table 12. Ground and port infrastructure Pillar**

Country	Global Ranking
Czech Republic	18
Hungary	30
Poland	35
Croatia	46
Bulgaria	73
Romania	92

C.3. *Tourist service infrastructure*

The tourist infrastructure is appreciated by the number of tourist accommodation units, the presence of large car rental companies, the number of ATMs, the number of recommended tourist trails etc. The analysis from the tourism infrastructure perspective places Romania on the 62nd place (in decline compared to 2015, when it ranked 42). This is a modest position among the European countries.

**Table 13. Tourist service infrastructure Pillar**

Country	Global Ranking
Croatia	5
Bulgaria	14
Czech Republic	32
Hungary	57
Romania	62
Poland	65

The first place in the global ranking for this indicator is a European country, namely Austria and the last EU country is Poland.

D) **Natural and Cultural Resources** - is evaluated through 2 indicators:

D.1. *Natural resources*

Evaluates the attractiveness of the country's natural resources. The indicator highlights the number of protected areas, the quality of the natural environment, world-recognized tourist destinations, world heritage sites, the number of on-line searches etc.

**Table 14. Natural resources Pillar**

<b>Country</b>	<b>Global Ranking</b>
Croatia	20
Bulgaria	41
Poland	72
<b>Romania</b>	<b>68</b>
Hungary	88
Czech Republic	98

As far as European countries are concerned, the best place is occupied by Spain - 9th place.

#### *D.2. Cultural Resources and Business Travel*

The assessment is based on indicators such as the number of stadiums, the number of international conferences organized, the number of world-recognized cultural destinations, the number of on-line searches etc. Romania is placed on the 46th position.

In the global ranking, a European country, namely Spain, is ranked second.

**Table 15. Cultural Resources and Business Travel Pillar**

<b>Country</b>	<b>Global Ranking</b>
Poland	36
Croatia	39
Czech Republic	42
Hungary	45
<b>Romania</b>	<b>46</b>
Bulgaria	52

#### **4. Conclusions**

The results obtained by Romania in each of the categories of indicators that determine the competitiveness in tourism are the following:

- In comparison with 2015, Romania recorded decreases to the following indicators: Human resources and labour market – from 64th to 81st; Prioritization of travel and tourism - from 88th to 108th; Price competitiveness – from 54th to 85th; Tourist service infrastructure – from 42nd to 62nd.

- Romania recorded a positive evolution on the following indicators: Business environment - from 96th to 76th; Safety and security – from 65th to 39th; Health and hygiene – from 46th to 31st; Natural resources – from 79th to 68th.

- Romania is ranked last among European countries for a number of indicators such as: ICT Readiness; Prioritization of Travel&Tourism; Air transport infrastructure; Ground and port infrastructure

- Regarding index components, Romania ranks first in the world for the next: Index of terrorism incidence; Access to improved drinking water; HIV prevalence; Malaria incidence; Number of regional trade agreements in force; Presence of major car rental companies

- Regarding index components, Romania exceeds 100th place out of 136 countries for the next: Efficiency of legal framework in challenging regs (120); Effect of taxation on incentives to invest (125); Primary education enrollment rate (114); Extent of staff training (101); Ease of finding skilled employees (130); Government prioritization of travel & tourism industry (131); T&T government expenditure (107); Effectiveness of marketing and branding to attract tourists (131); Fuel price levels (121); Sustainability of travel and tourism industry development (130); Quality of roads (126); Quality of tourism infrastructure (129).

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