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Tourism Development – Factor, Cause or Result? Evidence from Romania

Introduction

Tourism is a complex phenomenon that interferes with social, cultural and economical domains. It is unique because it is special and this characteristic is given by his diversity and originality.

Travel&Tourism continues to be one the world's largest industries. The total impact of the industry means that, in 2011, it contributed 9% of global GDP, or a value over US$6 trillion, and accounts for 255 million jobs. Over the next ten years this industry is expected to grow by an average of 4% annually, taking it to 10% of global GDP, or some US$10 trillion. By 2022, it is anticipated that it will account for 328 million jobs, or 1 in every 10 jobs on the planet [World Travel&Tourism Council, *Travel&Tourism Economic Impact 2012 Romania*].

Romania is described on the European Destination Tourism Portal [http] like a country that offers a rich tapestry of vacation experiences and tourist attractions unique in Central-Eastern Europe: medieval towns in Transylvania, the world-famous Painted Monasteries in Bucovina, traditional villages in Maramures, the magnificent architecture of Bucharest, the romantic Danube Delta, faire-tale castles, the Black Sea resorts, the majestic Carpathian Mountains, spas and much more [http].

The objectives of this study are to explore the development of tourism domain in Romania in pre-crisis and crisis times. This paper aim to set out (1) why tourism is so important in the pursuit of economic development, (2) the key challenges that Romanian tourism faces in meeting his development aims, (3) the evolution of a set of specific indicators in 2005–2009 period and (4) recommended processes for working to make tourism a stronger key for national economy development.

In a statistical context, tourism represents the activity to take a trip to a destination somewhere else from the inside territory, from a day (expressed in overnight stay) to less than a year. In according with the point of view of European Commission [http], tourism statistics can be used to monitor regional policy and sustainable development.

In the Agenda for a sustainable and competitive European tourism, issued at 19.10.2007, Brussels, by Commission of the European Communities, we find

that "the work of the Tourism Sustainability Group however confirmed that more than any other economic activity tourism can develop synergies in close interaction with environment and society. That is because the development of tourist destinations is closely linked to their natural environment, cultural distinctiveness, social interaction, security and wellbeing of local population. These characteristics make tourism the driving force for the conservation and development of the destinations – directly through raising awareness and income support to them, and indirectly by providing an economic justification for the provision of such support by others."

Specialists in the field are agree that exist a tourism industry [Bîrsan, 2011, (http)] and Romania has over 2000 years experience in tourism activities [Podaşcă, 2011], but even so in the Travel and Tourism Competitiveness Report 2007 Romania is considered under developed. European Commission [2008] considers that tourism in Romania is not yet well developed and depends heavily on domestic demand. Romania needs at least two things to become a well-known tourist destination: a coherent strategy for tourism development and a brand as a tourist destination [Pop, Cosma, Negrusa, Ionescu and Marinescu, 2007]. Ensuring that tourists as well as the local communities where tourism services are offered are safe and secure if the further challenge and also a basic condition for a successful development of tourism [*Agenda for a sustainable and competitive European tourism*].

In Romania, the development of the tourism is considered as a priority economic option, having in mind the outstanding potential existing different types of tourism [Bucurescu]. The main problems in connection with this development are the planning of the destinations and the sources available for the destinations' planning [Petroman, 2010]. Young people represent twice as much of the labor force in tourism than in the rest of the economy [*Promoting young people's full participation in education, employment and society*, 2007, (http)].

Considered social-economic phenomenon specific to modern civilization [Gabroveanu, Stan, Radneantu, (http)], tourism is like any activity that adds value [Scorţe, 2011] and had his own system of specific indicators. Methodologically, economic analysis of tourism field is like for other economical activities, but in tourism there are different systems of indicators to determine and analyze the economical efficiency [Bîrsan, 2011, (http)]. A good understanding of the Romanian tourism requires candor and practical examination of the current situation [Pop, Cosma, Negrusa, Ionescu and Marinescu, 2007].

For the value of tourism intensity is important the price competitiveness for attracting tourists [World Economic Forum, 2009] and Romania have bad results in this field. Even so, one study of Commercial Bank of Romania [2011, (http)] shows that in terms of occupancy rates, Romania comes in fifth overall, which reflects the country's bigger potential for tourism activity.
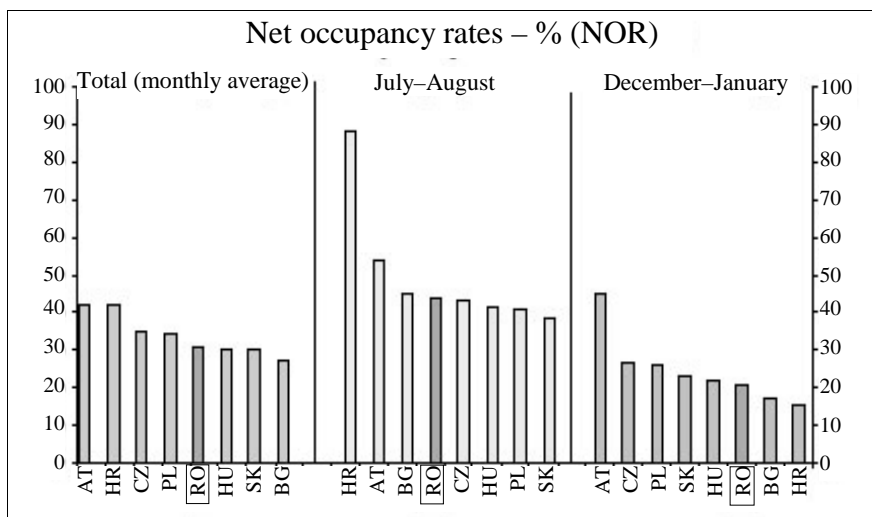
Figure 1. Net occupancy rates[1]

As a result of excessive public spending, Romania entered the global crisis with the largest structural budget deficit in the EU, of 7.9% of GDP in 2008 (up from 4.4% in 2007) [World Bank, *Romania. Public Expenditure and Institutional Review* (http)]. Total contribution of Travel&Tourism to GDP in Romania was 17.7% in 2006, 22.4% in 2007, 28.7% in 2008, 26% in 2009, 24.1% in 2010 and 25.1% in 2011 and is expected to be 27.4% in 2012 [World Travel&Tourism Council, *Travel&Tourism Economic Impact 2012 Romania*].

Taking into account the information that make the basis of this study, we consider that Romanian tourism potential can be grown if the economic and political strategy is in accordance with European and worldwide strategy in this area. This is why we consider the following applied research actual and helpful.

METHODOLOGY AND BASIC CONCEPTS

The paper is focused on making an applied research of Romanian tourism evolution on the base of analysis of the specific and macroeconomical statistical indicators in 2005–2009 period.

The most important part of statistical data is collected from the website of European Commission EUROSTAT. Here, we also find out that a system of

[1] NOR of bed places/month=overnight stays/(bed places x no. of days when bed places are available for use).

tourism statistics was established in Council Directive 95/57/EC of 23 November 1995 on the collection of statistical information in the field of tourism. This legal basis requires Member States to provide a regular set of comparable tourism statistics. Amendments in 2004 and 2006 concerned the enlargement of the EU and recent changes in the world market for tourism. In July 2011 the European Parliament and the Council of the European Union adopted a new Regulation 692/2011 concerning European statistics on tourism and repealing Council Directive 95/57/EC; this will come into force for reference year 2012 onwards. Other series of statistic data were collected from World Bank database, all data being processed with Excel and SPSS software.

The World Bank [http] explains that Gross Domestic Product at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.

International Monetary Found [IMF, (http)] define inflation like a sustained increase in the general price level, often measured by an index of consumer prices. The rate of inflation is the percentage change in the price level in a given period.

From the point of view of Eurostat [*Labour Force Survey. Principal results 1999*, (http)] unemployment rate represents unemployed persons as a percentage of the active population. The active population is defined as the sum of persons in employment and unemployed persons. Persons in employment are those who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs for which they were temporarily absent. Family workers are also included. Unemployed persons are those who, during the reference week had no employment, and were available to start work within the next two weeks, and had actively sought employment at some time during the previous four weeks. In addition, unemployed persons include those who had no employment and had already found a job to start later. This definition apply to persons aged 15 years and over, living in private household and the unemployment rate concept follow the guidelines of the International Labour Organization.

Statistically speaking, tourists are visitors who stays at least one night in a collective or private accommodation in the place/country visited [Eurostat, (http)].

Tourism intensity is an indicator that compares the number of tourists (in terms of overnight stays) to the number of residents that are present in a destination in the same time period (e.g. a day, a month, a year). It measures the intensity of tourism demand in that period and is one of the indicators used to measure the carrying capacity of a tourist destination. It is a factor representing the number of nights spent in a country divided by the inhabitants of the same country [Eurostat, (http)].

Employment in tourism includes persons working in all economic activities that are related somehow to tourism.

Collective tourist accommodation refers to the number of arrivals and the number of nights spent by residents and non-residents.

THE REAL PICTURE OF ROMANIAN TOURISM EVOLUTION

Tourism intensity evolution in Romania is in accordance with economical regression: we can observe a positive growth from 2005 to 2008, but in 2009 there is a "boom" – negative evolution with 16.3% announced by the 0.84% growth in 2008. The same evolution we can observe and for GDP: in 2006 we have a positive evolution by 23.99%, followed by a 38.03% rise in 2007, but in 2008 the positive growth by 18.19% announces the big regression of national economy and tourism domain certainly. This two indicators covaries in the given period, but this analysis is not enough for us to say that this two determine the evolution of each other.
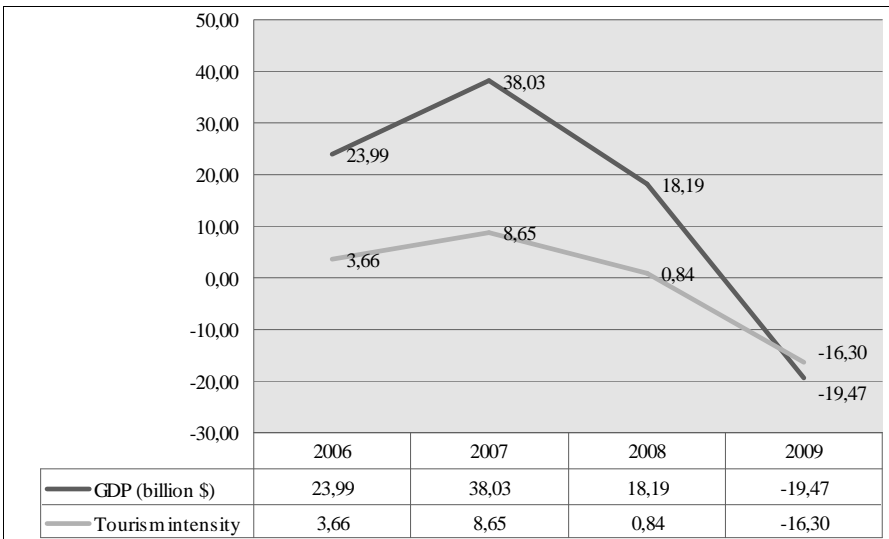
	2006	2007	2008	2009
GDP (billion $)	23,99	38,03	18,19	-19,47
Tourism intensity	3,66	8,65	0,84	-16,30

**Figure 2. Relative variation of tourism intensity and GDP
in 2005–2009 period**

Source of data: EUROSTAT and World Bank database.

The statistical approach shows that both indicators distributions are asymmetric. The median for GDP is bigger than the mean and this means that distribution is asymmetric to the left and has a negative skew, fact confirmed by the Skewness value (-0.180). For tourism intensity, the situation is much sensitive:

the mean is a little bigger than de median, but Skewness in also negative (-0.021) but near to zero value.

Table 1. Frequencies analyzis of Tourism intensity

Mean	890.20
Median	879.00
Mode	806(a)
Std. Deviation	67.998
Variance	4623.700
Skewness	-.021
Std. Error of Skewness	.913
Kurtosis	-2.202
Std. Error of Kurtosis	2.000

a Multiple modes exist. The smallest value is shown

Source of data: EUROSTAT and World Bank database (SPSS output).

Table 2. Frequencies analyzis of GDP (bilion $)

Mean	150.40
Median	161.11
Mode	99(a)
Std. Deviation	39.875
Variance	1590.026
Skewness	-.180
Std. Error of Skewness	.913
Kurtosis	-1.152
Std. Error of Kurtosis	2.000

a Multiple modes exist. The smallest value is shown

Source of data: EUROSTAT and World Bank database (SPSS output).

On the other hand, the number of tourists in Romania evoluated constant from 2006 to 2009. In 2006 the number felt with 5.97%, but recovered surprisingly in 2007 when raised with 47.4%. In the next year the positive evolution was more naturally (just 6.26%), while in 2009 where above 15% (15.53%). If we correlate the evolution of this statistical indicator with inflation rate, we can find an interesting move of the tourism market: when inflation rate fall in 2007 from 6.6% to 4.9% the number of tourists raised with 47.4% (from 1,495,480 persons in 2006 to 2,204,370 persons in 2007). In 2008 inflation rate raised to 7.9% and the positive evolution of number of tourist have reduced at 6.26% (from 2,204,370 persons in 2007 to 2,342,350 persons in 2008), and of course one of the reasons of this fact is that purchasing power of money has diminished. If we look further, in 2009 inflation rate fall to 5.6% and the number of tourists increased with 15.53% (from 2,342,350 persons in 2008 to 2,706,070 persons in 2009). And in this way we highlighted a surprising relationship covered by economic and statistical results.
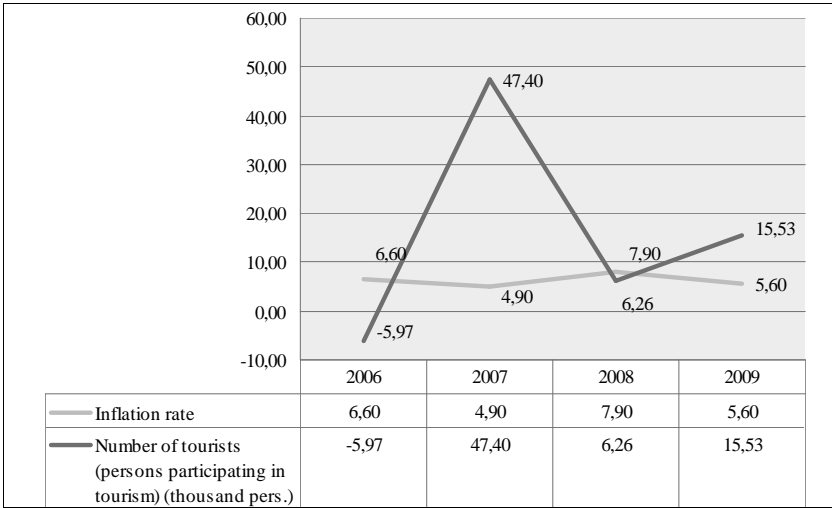
**Figure 3. Relative variation of number of tourists and inflation rate
in 2005–2009 period**

Source of data: EUROSTAT and World Bank database.

Table 3. Frequencies analyzis of Number of tourists

Mean	2067744.00
Median	2204370.00
Mode	1495480(a)
Std. Deviation	514011.393
Variance	264207712380.000
Skewness	-.039
Std. Error of Skewness	.913
Kurtosis	-2.069
Std. Error of Kurtosis	2.000

a Multiple modes exist. The smallest value is shown

Source of data: EUROSTAT and World Bank database (SPSS output).

Table 4. Frequencies analyzis of Inflation rate

Mean	6.82
Median	6.60
Mode	5(a)
Std. Deviation	1.702
Variance	2.897
Skewness	.356
Std. Error of Skewness	.913
Kurtosis	-1.418
Std. Error of Kurtosis	2.000

a Multiple modes exist. The smallest value is shown

Source of data: EUROSTAT and World Bank database (SPSS output).

The distribution for inflation rate and number of tourists are also asymmetric but in different ways: the number of tourists is asymmetric to the left with a negative skew and the median is bigger than the mean and very different than the mode; the inflation rate show a positive skew and asymmetric to the right. The Kurtosis value shows for both indicators that the value are scattered around the mean and the probability for extreme values is small.

Number of employed persons by full-time/part-time activity increased steadily since 2005 to 2008, but this evolution was so sensitive that transformed in a negative one in 2009 (-1.34%) with a bigger value than the rise of the years 2007 (0.67%) and 2008 (0.17%) arriving almost at the level of employed persons in tourism domain of the 2005 period (9,243 persons in 2009 and 9,115 persons in 2005). In correlation with unemployment rate, the number of employed persons in tourism domain varied simultaneously in the same direction in 2006-2009 period, while in 2005 unemployment rate rose from 7.2% to 7.3% (with 1.39%) but the number of employed persons in tourism domain raised from 9,115 persons in 2005 to 9,291 persons in 2006 (with 1.93%).
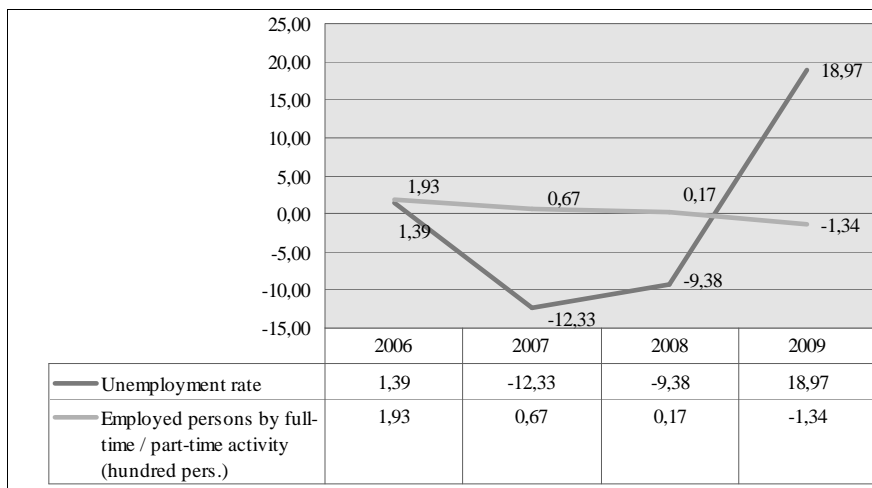

	2006	2007	2008	2009
Unemployment rate	1,39	-12,33	-9,38	18,97
Employed persons by full-time / part-time activity (hundred pers.)	1,93	0,67	0,17	-1,34

**Figure 4. Relative variation of employed persons in tourism domain
and unemploymend rate in 2005–2009 period**

Source of data: EUROSTAT and World Bank database.

Statistical side reflects that these indicators are also asymmetric to the left and have a small possibility to achieve extreme values if we take into account the value of Kurtosis indicator. We also can observe that the employed persons in tourism domain have close values for mean, median and mode and may have the tendency to a normal distribution in the future. But, this fact is now contradicted by the Skewness negative value.

Table 5. Frequencies analyzis of Employed persons by full-time/part-time activity in tourism domain

Mean	9274.20
Median	9291.00
Mode	9115(a)
Std. Deviation	102.221
Variance	10449.200
Skewness	-1.061
Std. Error of Skewness	.913
Kurtosis	.732
Std. Error of Kurtosis	2.000

a Multiple modes exist. The smallest value is shown

Source of data: EUROSTAT and World Bank database (SPSS output)

Table 6. Frequencies analyzis of Unemployment rate

Mean	6.72
Median	6.90
Mode	6(a)
Std. Deviation	.622
Variance	.387
Skewness	-.865
Std. Error of Skewness	.913
Kurtosis	-.537
Std. Error of Kurtosis	2.000

a Multiple modes exist. The smallest value is shown

Source of data: EUROSTAT and World Bank database (SPSS output).

Employment growth in the tourism area has been evident since 2005 to 2008, realizing on the Lisbon objectives to create more and better jobs. This fact will be a positive factor to the economical development in Romania.

CONCLUSIONS

In this study it was analyzed the evolution of three indicators of touristic activity in Romania in correlation with other three different macroeconomical indicators, during the years 2005–2009. The aims of the paper are achieved through the applied research.

Tourism may be considered a stimulating factor for Romanian economy, so tourism development is a factor of economic evolution, because it contributes to the social, cultural and business modernization of the country, attracting in this way national travelers and foreign people which rise the demand for goods and

services, helping in this way the development of trade market and therefore the level of economic power.

Also, tourism development is the cause for the image that Romania have abroad. A lot of people, foreign people heard about Romania because of his touristic beauty, not for spectacular economic or politic evolution. And this fact helps national economy to recover every time that crisis strikes. We observed in the analysis that tourism intensity is in strong correlation with GDP and this is not a coincidence. The development of tourism or his diminution is every time weaker than the evolution of GDP, and this is a normal situation. Why? Because GDP compromise the total added value generated by the national economy and is like a mean which will never be at the same level that different economical domains are. The important part is that GDP and tourism intensity evolve together, in the same direction and this aspect transform the tourism development in a result of the economical level.

The number of employed persons in tourism domain make the tourism development a cause for the unemployment rate, because if the number of employed persons rise, the unemployment rate decreases and if the number of persons employed in tourism domain fells, this will generate a bigger rate of unemployment in the country. This a natural relation and the development of tourism domain contribute strongly to the rising the number of employed people in regions and in all the country.

The connection between inflation rate and the number of tourists reflects the fact that tourism development is the result of economical situation of the country: when the inflation rate rise, the number of tourists falls and vice versa. The explanation is simple: financial power of people depends on the prices and the value of the money they have. When the inflation rate is bigger, people know that they can't buy the same goods and services with the amount of money they have last year, because is not enough and they prefer to buy the subsistence goods and services.

By improving and developing the Romanian tourism, we will contribute to the sustainable growth of tourism globally, but especially in Europe. To make Romania the most attractive tourist destination in the world – its diversity (mountains, sea), its cultures, that, in terms of sustainability, helps to increase Romanian tourism quality and value. The other important benefit of tourism increase, is that will be created more jobs, better jobs, in tourism domain and in the other field of the economy, taking into account the domino effect.

The research in this field is very complex and can't be covered easily and this is the limit of this paper, which will be drawn on in the future.

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Summary

Global crisis generated disasters in all domains of world activities. Some countries gave up because their sensitive immunity to the big economical shakes, but other resisted heroically in some branches giving examples of natural recovery in times of crunch.

Tourism sector is one of the most important domains of the worldwide economy and also for each national economy. There are countries with strong touristic potential and Romania is one of this. The economic, financial and statistical analysis of tourism domain helps to realize its evolution in the given period and can determine the perspective for the next years. Because of the financial crisis, the perspectives can't be made for more than one-two years, but even in this case it is properly to manage the information carefully in the context of economic evolution. Statistically, tourism can be analyzed through number of tourists, tourism intensity and employed persons in tourism domain. Economically, tourism must be analyzed in correlation with Gross Domestic Product evolution, inflation rate and unemployment rate, because an economic or statistical result means nothing if it is not referred to the macroeconomic context.

Rozwój turystyki – czynnik, przyczyna, rezultat? Przykład Rumunii

Streszczenie

Kryzys globalny stanowił źródło zaburzeń we wszystkich obszarach działalności na świecie. W niektórych państwach jego skutki były szczególnie silne ze względu na niską odporność gospodarek na poważne wstrząsy gospodarcze, podczas gdy w innych krajach w niektórych branżach udało się przeciwstawić negatywnym zjawiskom, a przypadki takie stanowią przykłady samoczynnej regeneracji w czasach załamania.

Sektor turystyczny jest jednym z najważniejszych obszarów światowej gospodarki, a także poszczególnych gospodarek narodowych. Wśród państw posiadających znaczny potencjał turystyczny znajduje się Rumunia. Ekonomiczna, finansowa i statystyczna analiza sfery turystyki pozwala dostrzec jej ewolucję w ostatnim okresie i określić perspektywy na kolejne lata. Ze względu na kryzys finansowy, prognozy te nie mogą być opracowane na okres dłuższy niż 1–2 lata, ale nawet w takiej sytuacji niezbędne jest ostrożne wyciąganie wniosków z posiadanych informacji w kontekście ewolucji gospodarczej. Statystycznie, turystyka może być analizowana z wykorzystaniem takich wskaźników jak liczba turystów, intensywność turystyki i zatrudnienie w sferze turystyki. Ekonomicznie, turystyka musi być analizowana w korelacji z przekształceniami Produktu Krajowego Brutto, stopy inflacji i bezrobocia, ze względu na fakt, że wyniki ekonomiczne czy statystyczne są bezzasadne, gdy nie zostaną odniesione do kontekstu makroekonomicznego.