

# Tourism and regional development in romania tourism essay



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## 1. Introduction

Considering its largely acknowledged economic and social effects, tourism represents a sector of great interest to many countries' development strategies (Zanina, 2011), (Egan 2003). The positive impact of tourism development is usually addressed in connection with the balance of payments, regional development, diversification of the economy, income levels, state revenue, employment opportunities (Pearce, 1991). The tourist life cycle, the local tourist strategies and policies, the use of information and communication technologies in promotion campaigns, etc. have an important influence in this context (Quian, 2010), (Hu, 1996).

As far as regional development is concerned, tourism is seen as a driver able to turn to good account the less developed regions' potential and, thus, to contribute to a more balanced distribution of economic activities over time and space as well as to the co-ordination of various policies in an inter-sectorial perspective (Nijkamp, 1999), (Constantin and Mitrut, 2008). It can also bring about encouraging responses to the question of regional competitiveness, based on the positive influence on regional employment and income. As a result of the indirect and induced effects, tourism generates jobs not only in its own sector, but also in connected sectors such as financial services, retailing, telecommunications, etc. However, the regional multipliers record significant variations, depending on the characteristics of each region, locality, project, etc. so that careful analyses are recommended in order to promote those projects able to generate the most important benefits to the region.

Highly beneficial are the coastal, mountainous, urban and historic regions as well as those with exquisite natural resources. On the other hand, regions with different profile such as rural regions promoting green tourism, leisure and nature activities, the remote ones or undergoing industrial restructuring can also benefit from tourism growth (OECD, 1999)

A focus on the factors that influence tourism development is also required in this respect, considering that, depending on the regional profile in terms of tourist attractions and economic situation, they might have a different significance within the corresponding strategies (Aghdaie and Momeni, 2011; Fletcher and Cooper, 1996).

Thus, Crutch and Ritchie (2005) quoted by Koufodontis et al. (2007) place a special emphasis on the physical, economic and social factors embedded in the so-called “ region’s image”. Among them, the supporting factors and resources such as infrastructure, accessibility, facilitating resources (human, knowledge and financial capital), hospitality, and factors political will seem to play a special role.

Only infrastructure alone, to mention one of them, is a multifaceted factor, with manifold implications. It is considered a component of the regional tourist product, comprising basic devices, buildings and service institutions of a major importance for economy and society. The main defining elements relating to a certain destination refer to accommodation facilities, gastronomy facilities, transport to destination, services for active leisure (e. g. ski resorts, sailing schools, golf clubs, etc.), retail network, other services (e. g. information, equipment rental companies, etc.) (Panasiuk, 2007).

From a broader perspective, the Travel and Tourism Competitiveness Report prepared by the World Economic Forum (2011) has developed a complex, overall competitiveness index made of three main subindexes, namely regulatory framework, business environment and infrastructure and human, cultural and natural resources. Again, if reference is made to the business environment and infrastructure component, the corresponding subindex takes into consideration the following pillars: air transport infrastructure, ground transport infrastructure, tourism infrastructure, information and communication technical infrastructure, price competitiveness in travel and tourism industry.

Consequently, the regional policy measures meant to improve the frame conditions for tourism development at regional and local level play a key role: they should constitute a coherent 'package', including economic, legal, institutional, infrastructure, cultural and social elements. The aim of the package must be the definition of a regional profile, stressing and taking advantage of specific feature of each local area (Funck and Kowalski, 1997).

Based on these overall considerations our paper aims to discuss the tourism development factors proposing Romania as a relevant case study from two complementary perspectives: on the one hand, it displays an uneven regional development, which requires appropriate solutions in terms of regional strategies and policies; on the other hand the less developed regions have an important tourist potential, which might and should be turned to good account in order to reduce the gap separating them from the developed ones. Though, despite this potential the results are far behind the

expectations, so that the study of the factors that still need a special consideration is highly required.

In line with the results provided by the World Tourism Organization via the country ranking in terms of Travel and Tourism Competitiveness Index (Blanke and Chiesa, 2011), which indicate the weak infrastructure as one of the major obstacles for the development of the tourism in Romania, we have proposed and tested a model able to quantify and shed light on the regional disparities in this respect.

Accordingly, the paper is organized as follows. First, a review on the tourism development in Romania is provided, emphasizing the disparities between its eight NUTS 2 regions. Second, a couple of econometric models are elaborated and tested in order to evaluate the impact of infrastructure on tourism activity, revealing the specific bottlenecks at regional level. Third, various solutions for tourism support, focusing on those able to surmount the infrastructure hurdle are discussed.

## **2. General discussion on tourism development in Romania**

The evaluation of Romania's tourist patrimony relies on a comprehensive activity of tourist zoning that was first developed in 1975-1977 and then periodically updated. Considering tourism as a system at national scale it has aimed at establishing a model for evaluating, constructing a hierarchy and proposing the most suitable ways of turning the tourist patrimony to good account. Multiple criteria have been used in order to delimit the tourist zones and to propose the priority actions in each specific case. As a result, a wide

range of tourist zones have been identified, some of them of a particular importance to the European and world's natural and cultural heritage.

Thus, the natural patrimony includes the Delta of Danube as biosphere reservation, the Romanian shore of the Black Sea, the Romanian Carpathians, North Oltenia, Banat area, the Danube Valley, and so on. The most representative areas for the cultural heritage are North Moldova (with monasteries and churches declared world's heritage by UNESCO), the medieval core of Brasov and Sibiu cities in Transylvania, the medieval fortress of Sighisoara - also in Transylvania (the only one still inhabited in Europe), Bucharest and its surroundings, the Greek, Dacian and Roman archaeological sites in Dobrogea and Transylvania, the Neolithic archaeological sites in Moldova - most of them located in extremely attractive areas from natural beauty viewpoint as well.

More recently, the Spatial Planning of the National Territory has structured the zones of a major tourist potential into two categories, namely: (1) zones of a highly valuable and complex tourist potential (24% of the national territory), which includes national parks and biosphere reservations, protected national areas, cultural patrimony of national and international interest, museums and memorial houses, spa resources[i]; (2) zones of a high tourist potential (34% of the national territory), with natural and cultural patrimony resources of especially national interest.

An important characteristic of Romania's natural and cultural-historic patrimony is its relatively well-balanced territorial distribution that has a

particular significance especially for the lagging regions, with other economic activities less developed.

Based on its potential contribution to the general economic recovery, competitiveness and reduction of interregional disparities tourism is approached by all significant actors – population included – as one of the priority sectors of the Romanian economy. All governments after 1990 have included tourism development in their strategies, this interest being reflected by its privatization prior to other sectors[ii]. Though, the results recorded in the last fifteen years are far below the expectations: the rate of tourism growth is under the economic growth rate and the contribution of tourism to GDP is pretty low (2.3% in 2005 and approx. 2.0% in 2009 according to the methodology of the National Institute of Statistics[iii].).

According to the Travel and Tourism Competitiveness Index launched by the World Economic Forum in March 2007 Romania was ranked the 76th among 124 countries in 2006, with a score of 3.91 on a scale from 1 to 7. In 2011 the overall rank of Romania is 63, with a score of 4.17. With its three pillars referring to travel and tourism regulatory framework, business environment and infrastructure and human, cultural and natural resources, the index reveals relatively good results in terms of policy rules and regulations, price competitiveness in travel and tourism industry, human resources (education and training, workforce wellness), natural and cultural resources and quite poor results in terms of environmental regulation, air transport infrastructure, ICT infrastructure, availability of qualified labour. As a result, about Travel and Tourism Competitiveness Index Romania is behind almost all former or current EU candidate countries such as Estonia (score 4.88 and <https://assignbuster.com/tourism-and-regional-development-in-romania-tourism-essay/>

rank 28), Czech Republic (4. 77 and 35) , Slovakia (4. 68 and 37), Hungary (4. 54 and 40), Slovenia (4. 64 and 44), Bulgaria (4. 39 and 54), Poland 4. 38 and 63), etc. and, respectively, Croatia (4. 61 and 38), Turkey (4. 37 and 52) (Source: The Travel & Tourism Competitiveness Report 2011, World Economic Forum, Geneva, 2011).

### **3. Some comments on the number of departures and arrivals of international tourists in Romania**

Romanian tourism has seen important changes during the transition from planned economy to market economy. Table 1 presents a series of indicators calculated in order to characterize arrivals and departures of tourists in Romania during the period 1990 to 2010, and also during the political cycles in this period. Statistical indicators are computed on the total number of tourists and transport categories.

Table 1. The dynamic of the arrivals and departures of tourists for Romania (%)

#### **Indicator**

#### **Index/rhythm**

#### **Time period for the indicator**

1990-2010

1990-1992

1993-1996

1997-2000



2001-2004

2005-2010

## **Arrivals of tourists in Romania**

Total

Index change

114.8

98.0

90.0

102.2

133.7

128.4

The average annual rate of change

0.7

-1.0

-3.5

0.7

10.2

5. 1

Road transport

Index change

161. 0

131. 5

94. 5

98. 9

149. 1

133. 4

The average annual rate of change

2. 4

14. 7

-1. 9

-0. 4

14. 2

5. 9

Railway transport

Index change

9.5

48.0

49.0

110.6

64.7

72.8

The average annual rate of change

-11.1

-30.7

-21.2

3.4

-13.5

-6.2

Air transport

Index change

448.0

113.7

147.2

122.9

100.0

132.1

The average annual rate of change

7.8

6.6

13.8

7.1

0.0

5.7

Ship transport

Index change

63.6

57.4

110.3

82.5

137.8

82.4

The average annual rate of change

-2.2

-24.2

3.3

-6.2

11.3

-3.8

## **Tourists departures from Romania**

Total

Index change

96.7

96.7

53.4

102.3

108.8

152.7

The average annual rate of change

-0.2

-1.7

-18.9

0.8

2.9

8.8

Road transport

Index change

98.6

114.4

46.5

107.6

118.2

137.9

The average annual rate of change

-0.1

6.9

-22.5

2.5

5.7

6.6

Railway transport

Index change

7.8

44.1

74.3

69.0

34.6

87.8

The average annual rate of change

-12.0

-33.6

-9.4

-11.6

-29.8

-2.6

Air transport

Index change

911.3

57.4

184.1

132.1

127.0

274.1

The average annual rate of change

11.7

-24.3

22.6



9. 7

8. 3

22. 3

Ship transport

Index change

16. 8

24. 8

144. 0

82. 7

38. 3

51. 4

The average annual rate of change

-8. 5

-50. 2

12. 9

-6. 1

-27. 3

-12.5

Figure 1. The ratio between the number of arrivals and departures of tourists in Romania during 1990 - 2010

During the period 1990 - 2010 the two indicators, departures and arrivals of tourists have evolved quite different. Over the period 1990 - 2010 the number of arrivals of tourists in Romania recorded an increase of 14.8% with an average annual rate of 0.7%. For the same period, departures of tourists fell by 3.3% with an average annual rate of -0.2%. Figure 1 shows the evolution of ration between the annual number of arrivals and departures of tourists for Romania in the period 1990 to 2010. The values of this ratio for the entire period are subunit which shows that throughout the analyzed period, the annual number of tourist arrivals in Romania was lower than the number of tourists' departures from Romania.

During the analyzed period, the data series of the number of departures and arrivals of foreign tourists in Romania are non-stationary, and they are integrated of order 1. Table 2 presents the results of applying the ADF (Dickey and Fuller, 1979) and Philips-Peron (Philips and Peron, 1988) tests used to determine the properties of stationarity and to determine the order of integration of the two data sets.

Table 2. Unit root tests

## **Variables**

### **Dickey-Fuller**

### **Philips-Perron**

L

trend

trend

1

Yes

Yes

0

No

No

3

Yes

Yes

2

Yes

Yes

The null hypothesis  $H_0$  is non-stationarity of the variable. For each case the statistics value is specified and statistical probability of a type I error is given between brackets.

Here,  $N\_DEP\_T$  means the number of departures during a time period and  $N\_ARRIV\_T$  designates the number of tourist arrivals during the same period.

The two tests indicate non-stationarity of the data series of the number of departures and arrivals of foreign tourists in Romania. These series are non-stationary in levels but are stationary in first difference which shows that the two series are  $I(1)$ . Furthermore, arrivals are stationary around a deterministic trend, while departures don't have this property. These properties are confirmed by applying two statistical tests: ADF and PP.

In the following we mention some of the most plausible explanation of these evolutions. Firstly, political changes in 1989 caused an increase in the number of Romanian tourists who went abroad in the first years that followed. Secondly, the accession to the European Union caused a considerable increase in the number of Romanian tourists who went abroad, this being an immediate consequence of the free movement within the European Union. The largest growth of Romanian tourists who went abroad occurred in the 2005-2010 period of time. During this period the average annual growth rate was 8.8%, this growth being the immediate result of the accession to EU starting on January 1, 2007. The number of Romanian tourists who went abroad in the first three years of accession was 23.8%, 46.78% and 31.6% higher compared with 2006.

Thirdly, the evolution of the number of Romanian tourists went abroad was caused by an increase in the average wage in the economy. During the period 1990 – 2010 the average annual growth rate of the average wage in the economy was 0.82%. The most significant increase occurred in the periods 2001 – 2004 and 2005 – 2010 for which the annual average increases were 7.85% and 11.37%. Table 3 presents the results of the Granger test applied to determine if there is a Granger causal relationship between the number of departures and the evolution of the average wage in the economy (N\_NAW). The results confirm that the evolution of the average wage in the economy Granger causally determined the number of Romanian tourists who went abroad. By applying this statistical test we also established that there is no Granger causality between the number of tourists' departures and arrivals.

Table 3. Granger causality analysis between the number of departures, number of arrivals, and average net wage in the economy.

Hypothesis

F statistics

Decision

N\_DEP\_T does not Granger Cause N\_NAW

0.09994

N\_NAW does not Granger Cause N\_DEP\_T

5. 68426

N\_DEP\_T does not Granger Cause N\_ARRIV\_T

0. 32140

There is no causal relationship between variables

N\_ARRIV\_T does not Granger Cause N\_DEP\_T

0. 57462

#### **4. Features of regional tourism development**

One of the main reasons of this unsatisfactory overall image is the insufficiency and bad state of both general and tourism-specific infrastructure, unable to meet the requirements of a modern, internationally competitive tourism. Other disfavoured factors in the last fifteen years have envisaged the rigidity of tourism administrative structures, the social instability, the poverty which the majority of population is confronted with, the deficient supply of food, fuel and other goods absolutely necessary to a proper tourism, the low managerial competence and tourism personnel's behaviour, the image of Romania abroad, various environmental damages.

Some of these drawbacks have been partially alleviated as a result of including tourism development as one of the priorities of the National Development Plan since 1999 (when the first plan was launched) and, consequently, of supporting it via national budget as well as EU pre-accession instruments (e. g. Phare).

The investment and management efforts in tourism made it possible to stop the decrease in the total activity volume of this sector recorded between 1990 and 2000 and an upward trend has been recorded starting from 2001. Table 4 shows the average annual rates of three important economic indicators used to characterize the tourism activity at national level and each of the eight development regions: accommodation capacity (AC), staying over night (SON) and arrivals (A). The annual average rates are calculated for 1990 - 2010 period of time, and the electoral cycles of this period: 1990-1996, 1997 - 2000, 2001 - 2004 and 2005 to 2010.

Table 4. The evolution of the main indicators of tourism between 1990 and 2010

**Region**

**Accommodation**

**Capacity (AC)**

**(number of beds) 2010**

**Staying over night (SON)**

**2009**

**Arrivals (A)**

**2009**

**Indicator**

**Average annual growth rate**

**1990-2010**

**1990-1996**

**1997-2000**

**2001-2004**

**2005-2010**

North-East

21279

1509550

1509550

AC

-0.80



-4. 62

-2. 42

0. 41

2. 60

SON

-4. 45

-10. 88

-6. 43

4. 96

1. 38

A

-4. 77

-11. 05

-3. 15

1. 94

1. 26

South-East

13687

4423728

4423728

AC

-0.86

-3.13

0.20

-0.30

0.58

SON

-3.65

-9.43

-4.59

4.45

1.09

A

-5.92

-10.79

-3.66

-1.23

-3.68

South

22625

1674366

1674366

AC

-0.86

-2.13

-1.88

1.80

0.30

SON

-4.32

-9.95

-6.08

1.79

0.76

A

-4.73

-10.19

-6.59

0.44

-1.89

South-West

16410

1441604

1441604

AC

-2.34

-7.05

-3.68

-3. 12

2. 26

SON

-5. 27

-11. 09

-8. 98

2. 24

2. 31

A

-5. 29

-12. 69

-1. 84

-1. 90

-2. 60

West

23257

1676496

1676496

AC

-0.56

-2.73

-0.85

-1.88

1.78

SON

-4.48

-12.46

3.32

-0.33

1.82

A

-4.58

-12.05

3.13

0. 10

-2. 24

North-West

26103

2098589

2098589

AC

-0. 54

-1. 55

-1. 18

-0. 83

0. 06

SON

-3. 72

-10. 36

-3. 32

5. 40

-0.03

A

-4.38

-12.56

0.16

1.61

-2.16

Centre

42029

2665298

2665298

AC

-0.26

-3.15

-1.61

-0.27

3.45



SON

-3. 23

-7. 74

-3. 97

5. 64

0. 11

A

-4. 46

-10. 14

-5. 36

0. 94

-1. 07

Bucharest-Ilfov

23120

1835779

1835779

AC

2. 99

-5. 35

-3. 84

7. 49

15. 55

SON

-0. 65

-8. 67

-10. 23

14. 37

4. 46

A

-2. 59

-11. 97

-10. 67

12. 00

5. 51

Romania

188510

17325410

17325410

AC

-0.61

-3.20

-0.83

-0.30

1.92

SON

-3.59

-9.86

-4.94

4.97

1.42

A

-4. 85

-11. 20

-3. 46

0. 69

-1. 46

Data source: NIS TEMPO 2011 and the authors processing of data; for SON and A the rhythms are calculated for the period 1990 to 2009.

We highlighted the following aspects of the evolution of the considered indicators on national level and for the eight development regions on the 1990-201 period:

the average annual growth rate of the accommodation capacity of 2. 99%, was recorded only in the Bucharest – Ilfov region, in all other regions it have declined between -0. 26% annual average in the Central region and -2. 34% in the South – West region; at national level the decline was -0. 61% on average each year;

in all developing regions there has been an annual average decrease in the number of overnight stays over the whole period 1990 – 2009. The annual average decrease of this index value among regions ranged between -5. 27% in South-West and -0. 65% in the Bucharest-Ilfov region. Nationally there was a decrease in the annual average number of overnight stays of -3. 59%;

the number of arrivals over the 1990-2010 period decreased every year with an average of -4.85%. The annual average rate for the eight regions ranged from -5.92% in the South - East region to 2.59% in the Bucharest - Ilfov region;

the most significant decrease for the three indicators in most regions were recorded during the first two election cycles between 1990 to 2000. Since the period 2001 - 2004 there is a noticeable stabilization and a relative increase of values for the three indicators both at national and regional level.

This tendency is correlated with the overall evolution of the Romanian economy, which has recorded an important economic growth during 2000-2008 period (annual growth rates were above 5%). During the 2001 - 2004 period the annual average GDP growth was 6.0% and for the period 2005 to 2010 it was 3.9%. The economic growth rate during 2005 - 2010 has been reduced significantly due to economic crisis that affected the Romanian economy in 2009 and 2010. In the period following the political changes of 1989 a reduction of the values of above mentioned three indicators has been recorded at both national and regional levels because of the following reasons:

the number of employees in the economy has significantly decreased and thus the number of employees who requested a ticket for rest and treatment by union decreased. In the planned economy era unions distributed a considerable number of tickets for rest and treatment to its members. Many times the employee's right to such a ticket turns into an obligation to accept

it. Under these conditions a large number of spa resorts have completely closed their accommodation capacities;

a significant number of Romanians have preferred spending the holiday in other countries, mostly in Greece and Turkey;

public road infrastructure and railways has not developed to the level required by Romanian and foreign tourists. The average annual increase in length of public roads during 1990 – 2010 was only 0.62%, and the length of railways was reduced on average by -0.25% annually.

The accommodation capacity in use increased by 8.39% at national level as a result of the major increase in Bucharest-Ilfov region. Most of the other regions recorded smaller or bigger increases and only in the South region the accommodation capacity in use decreased. This is a result of the restructuring and modernization of the tourism capacity inherited from the communist period. The progress is visible in term of increase in the share of higher quality standard capacities (3-5 star capacities), especially after 2000 (Baleanu et. al., 2008) (Olteanu, 2011).

As far as the distribution by region of the accommodation capacity is concerned, an important disequilibrium can be easily noticed between the South-East region and the rest of the country, which is explained by the high concentration in the Black Sea area (Secara, 2010). However, the use of the accommodation capacity in this area is characterized by a big seasonality.

The number of arrivals and staying over night has recorded different evolutions: the number of arrivals increased whereas the number of staying

over night decreased, especially in the seashore area. These figures not only reflect the increase of the weekend tourism but also the increase in the number of tourists who chose as seashore destinations other countries such as Bulgaria, Turkey, and Greece (Olteanu, 2011).

The index of using the accommodation capacity has a slightly increasing overall trend, as a result of combining important decreases (especially in the Black Sea area and Bucharest), but it has a relatively low overall level: only approximately one third of the accommodation capacity is used (Table 5).

Table 5. The index of using the accommodation capacity in function in 2007 compared with 2000 (percentage)

## **Region**

### **2000**

### **2008**

North-East

31. 7

29. 3

South-East

44. 8

42. 5

South

28. 9

32. 8

South-West

42. 6

41. 2

West

36. 3

35. 1

North-West

29. 9

32. 7

Centre

28. 0

30. 0

Bucharest-Ilfov

36. 3

24. 6



Romania

35. 2

36. 0

Source: Territorial Statistical Yearbook of Romania, 2009

Romanian tourism in general is still confronted with the outdated and insufficient infrastructure, unable to offer proper access to architecture monuments, archaeological sites, to meet the demand of parking lots, information points for cultural sites, belvedere points for defence walls, medieval fortresses, churches, monasteries, camping lots for pilgrims, etc. Also the connected facilities – hotels, motels, restaurants, gas stations, car rental firms – are still behind the demand. The transportation infrastructure is particularly weak in all its forms – road, rail, naval and air, with an emphasis on road infrastructure: the highways are almost inexistent while the modernized roads are insufficient and concentrated especially around the Capital city (Table 6).

Table 6. The density of public roads and modernized public roads (Km/100sq Km) in 2008

## **Region**

**PR/100kmp**

**MPR /100kmp**

North-East

36. 6

<https://assignbuster.com/tourism-and-regional-development-in-romania-tourism-essay/>

9. 34

South-East

30. 7

6. 64

South

36. 5

11. 79

South-West

36. 5

12. 56

West

32. 1

9. 17

North-West

35. 4

8. 39

Centre

31. 4

8. 17

Bucharest-Ilfov

48. 9

36. 37

Source: Territorial Statistical Yearbook of Romania, 2010

In almost all regions the public roads have a low density, whereas the modernized public roads represent less than one third out of total. The exception is the Bucharest-Ilfov region, where the density is higher than in the rest of Romania and the modernized public roads represent approximately 60% of the total length at country level. For comparison, in 1998, the density of public roads was 165. 45 in Denmark, 64. 75 in Germany, 51. 29 in Sweden (referinta????).

The importance of public roads is explained by the fact that a big share of tourist activity in Romania is supported by road transportation. Thus, according to NIS da