

MANAGEMENT IN TOURISTIC INDUSTRY. ROMANIA VS. TURKEY IN TERMS OF TOURISM

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ABSTRACT

At the beginning of this century and millennium, travel and tourism industry worldwide represented the most dynamic sector, but at the same time, the most significant generator of jobs. In view of this century, it has been embraced the idea that the world economy will be coordinated by three service industries: information technology; telecommunications and tourism industry.

This paper approaches the topic of tourism, in particular the Romanian tourism in parallel with Turkish tourism, in which were analyzed the determinants behind Travel & Tourism Competitiveness Index from the perspective of two states directly competing, Romania and Turkey and in the end were presented and commented the main indicators of tourism in comparison for the two countries analyzed.

In the ranking carried out based on the Travel & Tourism Competitiveness Index, Romania occupied 66th place in 2015 from 141 countries, while Turkey ranked 44, being with 22 seats in front of Romania..

Keywords: tourism and travel, competitiveness, sustainable development

JEL Classification: Z30, Z32

Paper type: Case study

Introduction

In the last decade, services became the main topic of economic competition. The number of service enterprises has grown considerably throughout the world since

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1960, when the services' revolution took place. Studying consumer's desires have proved that the goods are bought for the services which it offer, not as entities.

Tourism acts as an important engine of economic growth and prosperity, especially in emerging economies, being a key element in reducing poverty and regional disparities. Through its development, there is a significant production increase, its contribution to GDP is proportional to the level of development of each country. (*Dobrea, Ștefănescu, 2008, p. 41*)

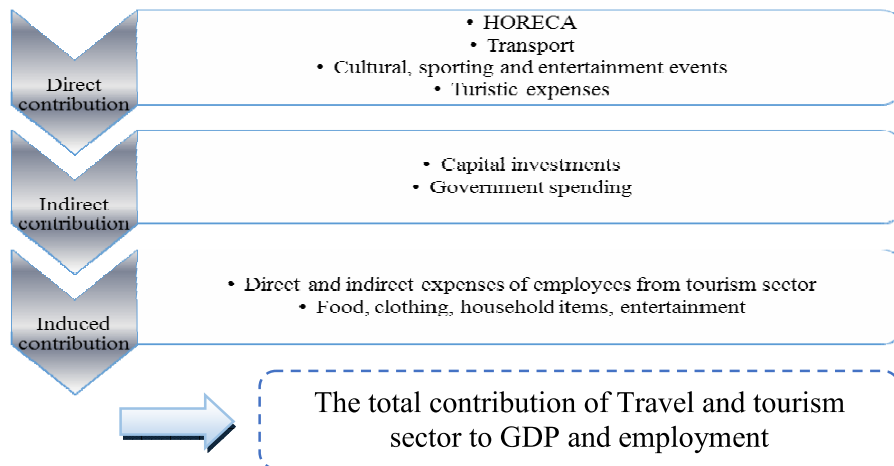
The touristic product is requested permanently each year, season, or even daily, for a growing segment of population from all parts of the globe, regardless of the existence of circumstantial situations, that manifest locally or regionally. The touristic product should be seen especially in its intangible side. Many of the elements of the hospitality industry - hotel services, catering, transport, are tangible, but the main factor which determines the attitude of customers towards touristic product aims its intangible side - the quality of the touristic product purchased. In this connection, the tourism industry, both in terms of inputs and outputs, emphasizes the human element as a determining element of this activity. (*Nistoreanu, Tudorescu, 2002*).

The economic contribution of Travel and Tourism sector

The increase in travel and tourism showed great strength overall. Despite the slow economic growth in advanced economies and geopolitical tensions in some regions, Tourism and travel sector is a big part of the global economy, while the number of international travel continues to grow.

According to the World Tourism and Travel Council (CMTC), Travel and Tourism sector is expected to continue growing at 4% annually, faster than financial services, transportation and manufacturing. Tourism and Travel sector continued to be a critical sector for economic development and for supporting employment, both in advanced economies and in the developing ones.

Figure 1. Tourism and travel sector contribution to GDP



Source: World Travel & Tourism Council, Economic Impact 2015, p. 3.

Travel and Tourism sector growth helps to reduce unemployment, increase national income and improve the balance of payments. This sector is a key element on improving the economic and prosperity, especially in developed countries, playing a vital role in reducing poverty. Travel and Tourism sector is an important activity for many countries across the globe. In addition to direct economic impact, this industry has indirect and induced effects, according to Tourism and Travel World Council.

Travel and Tourism Competitiveness Index

This is the set of factors and policies that enable sustainable development of the Tourism and Travel sector, which contributes to the development and competitiveness of a country. Travel and Tourism Competitiveness Index (TTCI) aims to measure issues that have been identified as levers for improving the competitiveness of this sector in countries worldwide.

TTCI is based on variables who determine the tourism activity within a country and it is assessed through three sub-indexes that are subordinated to Travel and Tourism Competitiveness Index: (a) legal framework and regulations affecting the tourism sector; (b) business environment and infrastructure; (c) natural resources, cultural and human resources involved in tourism activities. (Croitoru, 2011, p. 118)

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Travel and Tourism competitiveness study included in 2013 six new economy, covering a sample of 140 countries, the study covered all world regions accounting about 98% of world GDP.

Figure 2. Nations' classification according to their score from TTCI calculation 2013

2013				2011			
Country/Economy	Ranking/140	Score	Ranking/139	Country/Economy	Ranking/140	Score	Ranking/139
Switzerland	2	5,66	1	Norway	22	4,95	20
Germany	2	5,39	2	Luxembourg	23	4,93	15
Austria	3	5,39	4	Korea	25	4,91	3
Spain	4	5,38	8	Italy	26	4,90	27
UK	5	5,38	7	Greece	32	4,75	29
USA	6	5,32	6	Panama	37	4,54	56
France	7	5,31	3	Hungary	39	4,51	38
Canada	8	5,24	9	Poland	42	4,74	49
Sweden	9	5,24	5	China	45	4,45	39
Austria	11	5,17	13	Turkey	46	4,44	50
New Zealand	12	5,17	19	Chile	56	4,29	57
Holland	13	5,14	14	Uruguay	59	4,23	58
Japan	14	5,13	22	Romania	68	4,04	63
Finland	17	5,10	17	Moldavia	102	3,60	99
Belgium	18	5,04	23	Venezuela	113	3,41	106
Portugal	20	5,01	18	Chad	139	2,61	139
Denmark	21	4,98	16				

Source: Travel and Tourism Competitiveness Report 2015, World Economic Forum, p. 52.

Travel and Tourism Competitiveness Index is, largely, the result of perceptions formed about the touristic performance of a region or country, and these perceptions are influenced by the messages transmitted via communication. In this context, Travel and Tourism Competitiveness Index shows not only the touristic competitiveness in the strict sense, but also the effects of communication processes and of techniques for transmission the message have had on specific tourism activities.

Romanian tourism performance alongside Turkish tourism in terms of Travel and Tourism Competitiveness Index 2015

Tourism has become a popular global leisure activity, but also the strongest economic branch in the world. The history of relations between Romania and Turkey are reflected in a fierce competition in all sectors, especially through a tourism war. In recent years, Romanian resorts have risen to the level of resorts abroad due the

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increased investments in this area. Turcia, a highly developed country, remains one of the most visited country by tourists due to its complexity of different tourist areas.

In the ranking based on the Travel and Tourism Competitiveness Index, Romania occupied in 2015 66th place of 141 countries included in the ranking, in progress compared to previous year when it ranked 68. Turkey ranked 44 of 141 countries, being with 22 seats in front of Romania.

Table no. 1. Travel and Tourism Competitiveness Index for Romania and Turkey

	Romania		Turkey	
	Rank /141	Score scala 1-7	Rank /141	Score scala 1-7
Legislative framework and regulations	66	4,6	66	4,6
Business environment	96	4,11	59	4,54
Environmental sustainability	59	4,88	78	4,53
Safety and security	65	5,42	121	4,23
Health and hygiene	46	5,94	63	5,41
Human resources	64	4,56	88	4,30
ICT infrastructure	59	4,36	68	4,17
Air transport infrastructure	87	2,34	16	4,66
Land transport infrastructure	91	3,10	54	3,88
Tourism infrastructure	42	5,01	38	5,04
International openness	42	3,91	61	3,34
Price competitiveness	54	4,89	94	4,37
Natural resources	79	2,70	73	2,78
Cultural resources	49	2,07	16	3,83

Source: Travel and Tourism Competitiveness Report 2015, World Economic Forum, p. 282-330

Romania obtained the best score on health and hygiene pillar, 5.94 points, while Turkey amounted 5.41 points at health and hygiene sector. Romania marked the lowest score at cultural resources with 2.07 points, respectively 2.70 on natural resources.

Turkey has achieved the best score also in health and hygiene sector, with 5.41 points or 5.04 points at tourism infrastructure, and the lowest score was registered by natural resources with 2.78 points.

Empirical Analysis of key factors influencing the Travel and Tourism Competitiveness Index in terms of institutional climate and sustainable development - Romania vs. Turkey

The political climate and existing institutional environment have a decisive effect on the attractiveness as a tourist destination of a particular region or country. Generally, tourists are very sensitive to messages sent about the safety and security of a country and any negative information in this chapter, more or less substantiated, could create a contagion effect among the public.

Regarding the overall image of Romania, in terms of the legal framework, it is generally perceived as a country which, although experiencing high levels of bureaucracy and legislative instability, provide enough to be considered a destination not involving major security risks. In addition, at least declaratively level, Romania, as an EU member, is determined to align its legislation, including in tourism, to the rules and directives at European regulations standards.

• Specific laws and regulations

Under this pillar, the purpose of research is to capture the extent to which the political environment contribute or is willing to contribute the development of tourism sector in each country.

Table no. 2. Specific laws and rules. Comparative analysis: Romania and Turkey

Index within <i>Specific laws and rules pillar</i>	TTCI Rank	
	Romania	Turkey
Property rights	79	47
The impact of legislation on FDI	105	71
Visa conditions	72	58
Bilateral air agreements	103	61
Required timeframe to start a business	42	36
The cost to start a business	36	95

Source: The Travel and Tourism Competitiveness Report 2015, World Economic Forum, 2015, p. 283, 331

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As previously mentioned, Romania and Turkey enjoy a relatively good image in terms of legal framework. According to WEF is noted that Romania has managed to obtain a better image than its competitor in what represents the cost to start a business. On the other hand, property rights, the impact of legislation on FDI, the conditions for visas, bilateral air agreements and time required to start a business affect Romania's image in comparison with Turkey.

• **Environmental sustainability**

Currently, no one denies that tourism-environment relationship holds special significance, environmental protection and conservation representing perhaps the essential condition for progress and development of tourism.

Table no.3. Environmental sustainability. Comparative analysis: Romania – Turkey

Index within <i>Environmental sustainability pillar</i>	TTCI Rank	
	Romania	Turkey
The stringency of environmental regulations	90	72
Enforcement of regulations regarding environmental protection	77	73
Sustainability development of touristic sector	122	54
Issues of carbon dioxide	113	74
The concentration of harmful particles	124	10 0
Threatened species	60	10 8
Ratification of treaties on environmental protection	28	11 5

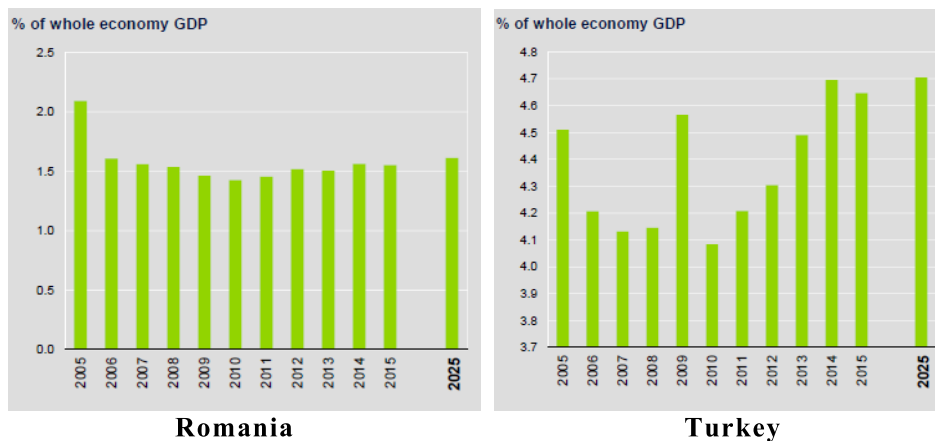
Source: The Travel and Tourism Competitiveness Report 2015, World Economic Forum, 2015, p. 283, 331

According to WEF Report, Romania managed to create a better image than Turkey within “Environmental sustainability” pillar regarding threatened species and ratification of treaties on environmental protection. Meanwhile, Romania has to recover towards Turkey aspects regarding the stringency of environmental regulations, the implementation of regulations on environmental protection, sustainable development of tourism sector, carbon dioxide emissions and concentration of harmful particles.

The direct contribution of Travel and Tourism Sector

Worldwide, tourism and travel industry guarantees 266 million jobs and contribute with a percentage of 9.5% to global GDP. In recent years, leisure and recreation tourism, but also the business tourism experienced significant growth, rebounding after slowing down registered due to the financial crisis the end of 2008. Although, at global level, hospitality industry was led by several key destinations and cities, considered bidder and attractive to global tourism (for exemple London, New York, Paris) travel lovers have shifted to new destinations, which prompted investors to identify the chances from secondary markets, which was reflected in an extensive search of investment with high yields.

Figure 3. Tourism and Travel sector contribution to GDP



Source: Travel and Tourism Economic Impact 2015 Romania and Turkey p. 3-4

In Romania, the direct contribution of Travel and Tourism to GDP in 2014 was 10.7 billion ron (1.6% of GDP). This contribution rose by 2.6% in 2015, respectively 10.9 billion RON.

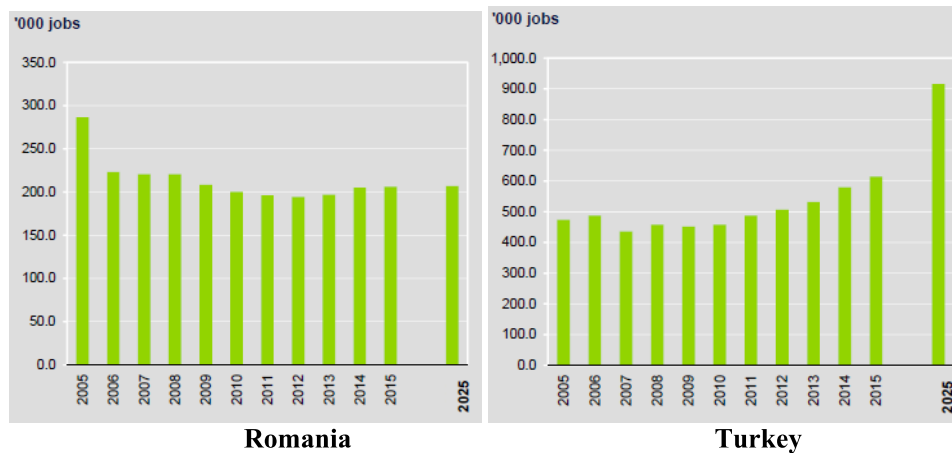
Regarding the situation in Turkey, Tourism and Travel sector contribution to GDP in 2014 was 82.1 billion TRY (4.7% of GDP). The following year, it increased by 2.8% and up to 84.4 billion TRY. This reflects the economic activity generated by hotels, travel agencies and other tourism services, but also include other activities such as restaurants and leisure tourism. In Turkey, the direct contribution of Travel and

Tourism sector in GDP will increase up to 4.6% in the next 10 years, until 2025, to 131.8 billion TRY.

Direct contribution of Travel and Tourism to employment sector

Tourism, through its specificity, generate new jobs, playing a major role in attracting surplus labor work from other sectors and mitigate alleviate unemployment. In terms of quality, tourism – labor work relationship can be expressed by the following: the quality level of people employed in tourism and the structure of employment according to their training, the ratio of those employed part-time and full time, the proportion of seasonal employees, employees turnover, training cost. (Draică, 2003, p.82)

Figure 4. The direct contribution of Travel and Tourism sector to employment area



Source: *Travel and Tourism Economic Impact 2015, Romania and Turkey, p. 3-4.*

In Romania, Travel and Tourism sector registered 205.000 jobs in 2014 (2.4% of total employment) and for the next year, it was registered an increase by 0.6%, respectively to 206.000 jobs (2.4% of total jobs).

In Turkey, Travel and Tourism registered 580.000 jobs in 2014 (2.2% of total employment), more than twice as much compared to Romania. This includes labour work offers in hotels, travel agencies and other tourism services and activities related to restaurants and leisure tourism. By 2025 in Turkey Travel and Tourism sector will register 915.000 jobs, with an increase of 4.1%.

Conclusions

Considered the main engine of job creation, but also the main route of sustainable development for developing countries, tourism is one of the fundamental sectors of the world economy. Travel and tourism industry is considered to have its own identity, with a positive dynamic evolution, whose contribution is significant because it leads to higher national income, increasing employment and balance of payments improved. (Dobrea, Ștefănescu, 2008, p.53)

In recent years, was noticed a strong competition between Romania and Turkey in terms of tourism, widely debated in the media and widely known for common people.

At the end of 2015, the total number of foreign visitors in Turkey fell by 1.61%, fact explained by the insecurity caused by the strained relations between Moscow and Ankara and lately attacks. In Romania, the situation looked better, the number of tourists increased by 16.6%, according to statistics from December 2015.

To face the international touristic competition is important for Romania to acknowledge the need to modernize, develop and relaunch existing Romanian touristic product, but also to create new modern and competitive touristic products on tourism market. Thus, it is vital to create new touristic products, new resorts, implementing original, unique, attractive programs, that through proper promoting channels on national and international market, could attract major tourist flows to Romania. In concrete terms, it is necessary the development of supply agreement, by designing theme parks, water parks indoor and outdoor, highly attractive, respecting the existing standards in countris with tradition.

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