
THE EVOLUTION OF SERVICE PRODUCTION IN THE CONTEXT OF CRISES

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Abstract

Services in the national economy have experienced a rapid course of development through the emergence of the new service in the use of existing conditions, which offered in previous years the development mainly of tourism and other services.

The authors sought to point out that the current crises, starting with the Covid 19 crisis, have had a particular negative effect on services and especially the main service of tourism. Tourism and HoReCa have had particularly affected developments due to the crises, a context in which the results obtained in the last four years have been decreasing.

In the field of tourism practically it was achieved with a reduction of almost 90% in the years 2020-2021 and partially 2022. Other services have also been restricted as a result of measures taken to avoid illnesses due to this wave of Covid 19 stages.

Using the data provided by the National Institute of Statistics and Eurostat and processing them in the article, the evolution of these services is highlighted, especially in the field of tourism in recent years.

The analysis was extended to 2022 when, as a result of some liberalizations and waivers of the restrictive measures that were imposed by the Covid 19 crisis, tourism relaunched to some extent, but then the second wave caused by the enormous price rises imposed by inflation (19.3% in November 2022 compared to the same period of the previous year) the results were lower.

Services are a general activity through the sale of retail goods, the sale of wholesale goods, the trade of agro-food products, the sale of means and the maintenance of motor vehicles, etc., but which, due to a general restriction of activity, have also decreased.

The authors for the validation of some indicators he used resorted to the use of statistical-econometric models, which highlighted the relevance of the

opinions expressed and highlighting the impairment of some macroeconomic correlations with the effect of macrostability in our country. The methods consisted in using the indicators provided by the relevant institutions in the processing of data and in the calculation of indicators that express the level of evolution of the activity in this field.

Keywords: services, tourism, HoReCa, crises, indicators.

JEL classification: C10, E20

Introduction

In this article, the authors started from obtaining data, correlating them and studying the evolution of the activity in the field of services in Romania. On the background, it was specified that the current wave of crises that have befallen the Romanian economy (of course, on the entire world economy) had negative effects on the quarterly and annual macroeconomic results obtained.

There are presented aspects in connection with the main indicators of tourism, arrivals, departures from the country, overnight stays, the structure of accommodation places and so on, from which it follows that in certain periods 2020-2021 they were particularly weak as a result of the reduction of domestic and international tourism activity, with certain effects on the formation and especially on the growth of the Gross Domestic Product. Other services such as trade also result in a fall, although on the background due to the alarming rise in prices, especially in 2022 as a result of the gas and food crisis, they remain at a high level in real terms.

In the field of services, too few measures were taken, many companies in the HoReCa or tourism field closing because their owners no longer had the possibilities required by a high volume of activity.

In 2022, when since March, the imposition of restrictions on tourism activity in particular was waived, it has developed without reaching the level of the years before 2019. Of course, too few positions are foreseen in the national recovery and resilience program that, through the funds allocated from the European Union, will ensure the resumption of activity in these areas (tourism and HoReCa).

In 2022, the enemy of these activities is primarily the energy and food crisis, which have been triggered, we could say with savagery as a result of the increase in prices for energy products that have forced the increase in agri-food products and in the other areas and restricting in the sense of the volume of activities carried out in the field of services.

Services in civilized and developed countries have a very high share in the formation of gross domestic product. Romania also has an increasing trend of the share of services in the formation and growth of the Gross Domestic Product.

The article uses some tables that are suggestive and give the opportunity to those interested in expanding, deepening, some analysis on one field or another. However, synthetically, the authors considered to analyze in a synthetic way the evolution of the activity in this field.

Literature review

A number of authors have studied the evolution of services over time. Thus, Anghel, M G. (2018) performed an analysis on the evolution of tourism activity in Romania. Bran, F., Marin, D., Simon, T. (1998) are concerned in their work about environmental issues and their impact on tourism development. Cristureanu C (1992) addresses theoretical problems related to international tourism. Carballo, M., Arania, J., Leon, C and Moreno-Gil, S (2015) study and publish a paper on the economic evaluation of tourism activity at European level. Hughes, E. and Scheyvens, R. (2016) referred in their studies to the evolution of tourism more broadly, but with reference to the social role of this activity. Iacob, S.V. (2020), pays attention to the study of the evolution of tourism in Romania in the conditions of the health and economic-financial crisis. Medina-Munoz, D, Medina-Munoz, R. and Gutierrez-Perez, E. (2015) were concerned about the impact of tourism on the standard of living of the population. Zhang, J, Wu, B, Morrison, A., Tseng, C., Chen, Y. (2017) analyzed the role of the country's image in the process of deciding tourists on the tourist destination.

Date, results and discussions

Services reached a high share of GDP, of which only retail trade registered a slow trend. The contribution of services to the achievement of GDP through the gross value added achieved in this sector of activity is a positive thing, which for Romania, at this stage of integration into the European Union, means a lot.

In analyzing the structure of service activities, we note that the retail trade activity recorded low rates. Although mail order sales and virtual stores have been developed and made permanent, this type of marketing has registered a decrease of 2.9% compared to 2009. Since 2012, the production of services has seen a significant increase, until 2018 after which the effects of the COVID 19 crisis have led to a reduction in the pace of services.

The dynamics of services for the population was supported especially by the activity of hotels and restaurants, which did not register growth, and during the COVID 19 pandemic they practically collapsed.

As far as the production of services is concerned, after 2015 we are experiencing a significant evolution, driven by a number of factors: the increase

in the share that services have in the realization of GDP; the structural balancing of the services provided to the population; differentiated reductions, but in some areas, as mentioned above, significant in production in different areas of them, reflecting the cynical effects of the economic crisis; the employment of a significant number of persons in service activities, an area in which the same developments must be carried out in the coming period; maintaining the quality of the services provided to the population; decrease in hotel activity; exceeding a high share of the contribution of service production to GDP; the provision of financial-banking and capital market services involving a number of employees has developed.

Another aspect regarding the analysis of the activity in the field of service production in our country is the volume of turnover for wholesale and retail trade of motor vehicles, retail trade of fuels, etc.

This area of activity recorded a significant decrease in the period 2019-2022. So, here is another element that denotes a negative evolution of the activity in the field of service production in our country. Turnover, in general, has decreased in all sectors, as a result of a reduction in the incomes of the population, caused by the crises under which economic - social activity is carried out.

In the field of international tourism, the period 2010-2015, the number of foreign visitors to our country was reduced compared to the touristic capacity of the country. After a slight recovery from 2019, tourism has suffered greatly.

As anticipated, there is a decrease in the possibilities for people in Romania to travel abroad, although the provisions on the free movement of persons in the territory of other Community states have entered into force.

Between 2010 and 2019, over 81.7% of trips abroad were made by their own means of transport, in the form of visits and trips for tourist interest abroad.

Table number 1 shows the situation of the tourist accommodation capacity as of August 31, 2022.

Tourist accommodation capacity as at 31 August 2022

Table 1

	Sosiri			Înnoptări		
	August 2021 -mii-	August 2022 -mii-	August 2022 față de august 2021 -%-	August 2021 -mii-	August 2022 -mii-	August 2022 față de august 2021 -%-
Total	1729,9	1706,0	98,6	4491,3	4241,0	94,4
Turiști români	1577,3	1518,6	96,3	4171,8	3849,4	92,3
Turiști străini**)	152,6	187,4	122,8	319,5	391,6	122,6
din care:						
- Europa	125,8	142,9	113,6	255,4	283,9	111,2
- Uniunea Europeană	98,4	108,1	109,9	193,6	211,0	109,0
- Asia	13,0	23,3	179,2	34,2	62,0	181,3
- America de Nord	8,4	12,6	150,0	19,4	27,1	139,7
- America de Sud	0,6	1,3	216,7	1,7	3,2	188,2
- Africa	0,8	1,3	162,5	1,6	3,6	225,0

Source: National Institute of Statistics. Data processed by the authors.

Arrivals and overnight stays in accommodation establishments increased by 24.8% and 20.8% respectively.

At the border points, there were increases both in the arrivals of foreign visitors on average 13.3%, and in the departures abroad of Romanian visitors on average 14.8%.

The arrivals registered in the touristic reception structures in August 2022 amounted to 1706,0 thousand, down by 1,4% compared to those of August 2021.

Out of the total number of arrivals, the arrivals of Romanian tourists in the tourist accommodation establishments represented in August 2022 88.98%, while the foreign tourists represented 11.02%, shares close to those of 2020-2021.

As for the arrivals of foreign tourists in the establishments of touristic reception, the largest share was held by those from Europe (76.4% of the total foreign tourists), and of these 76.1% were from countries belonging to the European Union.

The overnight stays recorded in the touristic reception structures in the august of 2022 amounted to 6616,2 thousand, up by 11,0% compared to the first seven months of 2021 those in the similar period of 2021.

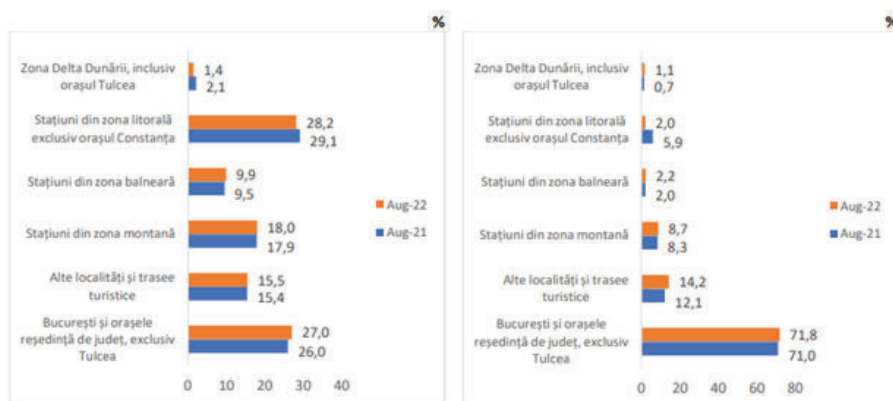
Out of the total number of overnight stays, the overnight stays of Romanian tourists in the establishments of touristic reception with accommodation functions represented in August 2022 87%, while the overnight stays of foreign tourists represented 13.0%. As for the overnight

stays of foreign tourists in tourist accommodation establishments, the largest share was held by those from Europe (91.9% of the total foreign tourists), and of these 82.7% were from countries belonging to the European Union.

In the chart number 1 is presented the distribution of arrivals of Romanian and foreign tourists in the establishments of touristic reception, on tourist areas, in August 2022 compared to August 2021.

Distribution of arrivals of Romanian and foreign tourists in the establishments of touristic reception, by tourist areas, in August 2022 compared to August 2021.

Graphic 1



The average length of stay in August 2022 was 2.2 days for Romanian tourists and 2.2 days for foreign tourists.

The net use of accommodation in August 2022 was 30.3% for total tourist accommodation, up by 2.3 percentage points compared to the previous month 2021. Higher indices of accommodation use in August 2022 were recorded in hotels (52.8%), tourist villas (36.5%), student and preschool camps (31.4%), tourist stops (31.0%), hostels (32.0%) and holiday villages (29.0%).

The arrivals of foreign visitors to Romania, registered at the border checkpoints, were 187,400 people in August 2022. The majority of foreign visitors come from countries located in Europe (75.9%). Of the total arrivals of foreign visitors to Romania, 57.75% come from the European Union states. Among the European Union states, most arrivals were recorded from Hungary, Bulgaria, Poland, Germany, Italy and Austria.

In table number 2 is presented the situation of the arrivals and overnight stays of tourists in establishments of touristic reception with functions of

accommodation, in the period 01.01.2022-31.08.2022 compared to the period 01.01.2021-31.08.2021.

Arrivals and overnight stays of tourists in establishments of touristic reception with functions of accommodation, during the period 01.01.2022-31.08.2022 compared to the period 01.01.2021-31.08.2021

Table 2

	Sosiri			Înnoptări		
	Perioada 01.01. - 31.08.2021 -mii-	Perioada 01.01. - 31.08.2022 -mii-	Perioada 01.01. - 31.08.2022 față de perioada 1.01- 31.08.2021 -%-	Perioada 01.01. - 31.08.2021 -mii-	Perioada 01.01. - 31.08.2022 -mii-	Perioada 01.01. - 31.08.2022 față de perioada 1.01. - 31.08.2021 -%-
Total	6437,8	7613,1	118,3	14733,5	16686,6	113,3
Turiști români	5960,6	6616,2	111,0	13691,7	14514,1	106,0
Turiști străini ^{*)}	477,2	996,9	208,9	1041,8	2172,5	208,5
din care:						
- Europa	380,2	752,2	197,8	813,0	1560,0	191,9
- Uniunea Europeană	291,3	548,0	188,1	616,6	1126,5	182,7
- Asia	39,6	121,7	307,3	96,8	320,4	331,0
- America de Nord	28,6	73,2	255,9	63,9	174,5	273,1
- America de Sud	2,2	7,4	336,4	5,5	20,8	378,2
- Africa	2,9	8,8	303,4	6,6	24,4	369,7

Source: National Institute of Statistics. Data processed by the authors.

The departures of Romanian visitors abroad, registered at the border checkpoints, were 2,016.9 people in August 2022, up by 19.4% compared to July 2014. The means of road transport were the most used for departures abroad, accounting for 79.6% of the total number of departures.

The arrivals registered in the touristic accommodation structures in the period 1.01-31.08.2022 amounted to over 8.44 million, up by 92.9% compared to those in the period 1.01-31.08.2021.

Out of the total number of arrivals, the arrivals of Romanian tourists in the touristic reception structures with accommodation functions represented in the period 1.01-31.08.2022 86.90%, while the foreign tourists represented 13.10%, shares close to those of the period 1.01-31.08.2021.

As for the arrivals of foreign tourists in the establishments of touristic reception, the largest share was held by those from Europe, especially those from countries belonging to the European Union.

The overnight stays recorded in the tourist accommodation structures increased in the first eight months of 2022, compared to the same period of 2021.

Out of the total number of overnight stays, the overnight stays of Romanian tourists in the establishments of touristic reception with accommodation functions represented, 85.9%, while the overnight stays of foreign tourists represented 14.1%.

As for the overnight stays of foreign tourists in the tourist accommodation establishments, the largest share was held by those from Europe, and most of them belonged to the European Union.

The average length of stay between 1.01-31.07.2022 was 2.2 days for Romanian tourists and 2.0 days for foreign tourists.

Conclusions

The data contained in the study conducted and the published article reveal some conclusions. First of all, it was pointed out that the touristic activity, which should be a bonus of Romania through the natural conditions that our country offers, was seriously affected. The measures taken to guarantee the protection of the population against Covid 19 diseases had as main effect almost the destruction of the HoReCa and touristic activity. Prices in these areas have increased enormously as a result of the crises faced by the Romanian economy and in this way the number of foreign tourists, but also Romanians, has been greatly reduced, sometimes limiting itself to tourism for economic activities, activities of interest for companies in the country or abroad.

The national recovery and resilience plan provide for measures that should be applied at a much more sustained pace, on the one hand to capitalize on the amounts made available by the European Union, and on the other hand to meet the economic agents suffering in terms of resources in this area of services.

Another conclusion is that the workforce specialized in these activities has decreased as a result of the closure of some companies, the decrease of salaries or the imposition of temporary restrictions on the closure of the activity of some units in the field of tourism. It is necessary to increase the support granted to economic agents with specific activity in the field of tourism through the VAT rate applied or other facilities to ensure the relaunch of this field. We can specify that the field of services is a bonus for Romania, which has special geographical and climatic conditions, which could achieve more in terms of formation and growth of the Gross Domestic Product.

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