

Business Administration

Romanian Tourism Facing Labour Shortage

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Abstract: The purpose of this paper is to present the main tendencies in the Romanian tourism and their impact on the labour market. The first part of the paper presents the main tendencies in travel and tourism sector. The second part of the paper focuses on the challenges of the labour market in the hotel sector, highlighting essential aspect related to the declining of population, shortage of the workforce, emigration, financial compensations. The final part exposes few ideas and possible suggestions that can be applied into the travel and tourism sector in order to better manage the multiple dimensions of growth.

Keywords: labour shortage, tourism, economy growth

Jel Classification: L83, L80, L8

1. The Multiple Dimensions of Growth

Romania is among the European countries with the most important economic growth during the last years. The GDP has witnessed a steady growth in the last 8 years. In 2007, the Romanian GDP grew by a robust 6%. For 2008, the trend will be also ascendant, but at a slightly lower pace due to the US and international slowdown.

Tourism sector is no exception of this overall ascending trend. According to World Travel and Tourism Council (WTTC) 2008 Country Report, in 2007 Romania was

ranked number 7th worldwide, with an annualized real growth rate of 7.4% in a list of countries that expect to grow their Travel and Tourism demand most rapidly within the next 10 years. In the new country Report for 2008, Romania climbed one position, being ranked number 6 worldwide, with an annual growth rate of 7.1%.

Regarding the Travel and Tourism Economy growth over the next 10 years, the estimations place Romania in the top of the EU countries, with a rate of 6.7%, reconfirming the emerging country status for the country in the region. Table Nr. 1 shows a comparative perspective by main regions.

Table no. 1

	Romania	European Union	Worldwide
Growth of Travel and Tourism Economy in 2009-2018	6.7%	2.8%	4%

Source: WTTC, *The 2008 Travel & Tourist Research Romania*, 2008

In support of this tendency stand other indicators such as contribution of Travel and Tourism to the GDP, demand, visitor export, capital investments, government expenditures, etc, that reveal a steady contribution to the overall increase of the Travel and Tourism sector in Romania.

The situation of the arrivals during the last year confirms the ascending path of the Romanian sector. The average increase of the arrivals in 2008 compared with the same period in 2007 is of 8.2% as showed in Table Nr. 2. Going deeper with the analysis, the internal tourists count for 79.08% of the total number of tourists, but the highest increase has experienced by the foreign tourist with 9.7% increase vs. 7.8% increase for internal tourist.

Table no. 2

	Arrivals 01.01- 29.02.2008	Arrivals 01.01- 28.02.2007	Increase 2008 compared to 2007 in January and February %	Structure of the arrivals by Romanians and foreigners tourists in 01.01- 29.02.2008 %
Total	824,000	761,700	108.2	100
Romania Tourists	651,700	604,600	107.8	79.08
Foreign Tourists	172,300	157,100	109.7	20.92

Source: National Institute of Statistics, Press Release Nr. 63/01.04.2008

This reveals the fact that the interest of the foreigners has slightly increased in the last year as a consequences of the admission of Romania into the European Union and also on the ground of an increased interest of the foreign investor in the Romanian market. The special cultural project – Sibiu – *European Cultural Capital* in 2007 has also contributed in promoting the image of our country abroad.

2. Are we prepared to cope with the growth in tourism?

Worldwide, the specialists consider tourism as the service sector generating the highest wealth and the most employment. Romania, by its positive indicators confirms this general premise. All the increasing indicators translate into a parallel raise of employment. A higher demand and a steady increase of the sector imply new jobs creation.

The question that arises is how many new jobs would be created? According to the data provided by the WTTC, the number of direct jobs from the travel and tourism in Romania, in 2008, is estimated at 304,000, representing 3.5% of the labour force of the country. By 2018, the travel and tourism employment is forecast to grow by 72,000 jobs and reach 376,000 jobs representing 4.5% of the total employment in Romania.

Table no. 3

	Number of jobs estimated		New jobs created in 2008-2018	Increase rate 2018/2008	Percent of the total number of jobs in economy	
	2008	2018			2018/2008	2008
	2008	2018	Δ 2018/2008	2018/2008	2008	2018
Direct T&T Industry	304,000	376,000	72,000	8.08%	3.5%	4.5%
T&T Economy	600,000	705,000	105,000	8.51%	6.9%	8.4%

Source: WTTC, The 2008 Travel & Tourist Research Romania, 2008

In 2008, the sector of travel and tourism in Romania is estimated at 600,000 employees (direct and indirect), representing 6.9% or 1 out of 14.5 jobs. In the following 10 years, the number of jobs in the travel and tourism sector is estimated to grow to 705,000, representing 8.4% from the total jobs, or 1 out of 11.9 jobs. The Table Nr. 3 data reveal that the supply of jobs will have a sustained and upward trend in the following 10 years, with a growth potential of 10,500 jobs per year.

Are we prepared to cope with the growth in this sector? This is the question that many specialists and employers ask themselves. Romania, like other European countries experiencing sustainable economic growth is confronted with a shortage of labour force, especially with trained and qualified workers. In order to sustain the rate of growth and to maintain the competitiveness, the Romanian companies have to find innovative and non-conventional solutions and to adapt rapidly to the challenges concerning the human capital.

There are several causes behind the shortage of employees in Romania. In this paper we will present the most relevant ones.

1. The labour force shortage

A short overlook at the statistical data in Table Nr. 4 show that between 1996 and 2006 the number of employed persons has decreased by 1,622,000, due to emigration, but also due to a diminishing fertility rate, which is actually under the level of replacement rate. At the same time, the active population has a tendency to 80

shrink, being somehow compensated by a diminishing unemployment rate which was registered during the last years, and an increase in the participating rate.

Table 4 Thousands of employees

	1996	1997	2002	2003	2004	2005	2006
Employed population	10935	11050	9234	9223	9158	9147	9313

Source: National Institute of Statistics, Annual Indicators, 2006

2. Emigration of labour force

The emigration of the Romanian workforce to the European countries that faces the same challenges with regards to the labour shortage (like Italy, Spain, etc.) is also an important cause to the present situation on the labour market. The integration of Romania in the European Union has allowed an easier transfer of the human capital. Moreover, the diversified offer, the higher wages and benefits have determined Romanians to apply for jobs abroad.

3. Low level of compensation

Also, the tourism sector is one of the lowest pay sectors of the economy. A recent report issued by the National Institute of Statistics reveals that the average net salary registered in February 2008 in Hotels and Restaurants sector was 660 lei/month. The average net salary in February for the whole economy was 1134 lei/month, almost double the salary in the tourism sector.

4. Lack of coherent statistical data

Unfortunately, there are very few data available regarding the actual situation of the shortage of the labour force. Also, there is no standard, unique methodology to calculate the shortage of the labour force. Each company calculates the indicator using its own methodology. According to the Minister of Labour, the official number of open positions in March 2008 is between 85.000 and 100.000, mostly in the construction, textile, sanitation and tourism sectors. The employers and representatives of the professional associations and trade union are waving higher numbers. Only in the construction sector, the President of the Romanian Association of the Constructors estimates that the shortage in this sector is estimated at 150,000 employees. The huge contradiction between the data provided by the official and the practitioners (employees) reveals one more time that there is an urgent need for a standard methodology to collect and calculate the labour market indicators.

3. Recommendations and conclusions

The human resources specialists from the tourism sector are already faced with a shortage of qualified personnel, mainly for the specialized positions such as chambermaids, waiters, barmen, cooks, pastry cooks. The skilled stuff is becoming scarcer, while the number of jobs in tourism is increasing from one year to another and the number of qualified people on the labour market is diminishing every year.

The authorities and the employers are taking into consideration few ideas and solutions that can be implemented in order to decrease the pressure on the labour market.

a. "Internal" solutions

- A better use of the internal resources of the companies which translates into an increase in the productivity and multi-skill employees are ideas which are already applied by the employers to compensate the shortage of the human capital.
- The development and training of human capital are some of the most important ways to retain and motivate the employees and better use their potential.
- The advance use of technology should be applied throughout the organization processes.
- Flexible work schedules will become a model, and not an exception.
- Re-viewing and re-defining the benefits packages should be a priority for the employers in this sector.

b. "External" solutions

- Outsourcing used to insure work force for positions that imply repetitive or labour-intensive tasks such as: housekeeping, laundry, stewarding, food and beverage service, accounting, payroll, maintenance, etc., is gaining a solid ground and perspectives look good for the future of this sector.
- Few categories of population – the students, the retired people, and the population from remote areas with higher supply of workforce (such as Moldavia Counties) – will be attracted into the hiring process.

- The attraction of the Romanian employees that work abroad or the employment of foreign workers that represents other two options which are taken into consideration by the companies.
- A strong relationship and continuous communication should be developed between employers and education centres (vocational high schools, universities).
- The government authorities have to be more pro-active in taking concrete measures to ensure a constructive, efficient and sound legal framework for the employees, employers and society in its holistic approach.

However, there is no unique model or strategy to be implemented and the list of recommendations is not exhaustive, but important is to be aware of the challenges and learn from the experience of other countries that confronted with similar problems.

In conclusion, these data represent an alarm signal to be taken seriously into consideration both by the private investors and by the government officials. Successful companies will be those which will identify, in the most rapid way, the permanent changing market demand, and which will be innovative in adapting to the challenges of human resources. As a matter of fact, the practice shows that the human resources are those that make the difference between success and failure in this business.

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