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TRANSYLVANIAN HOTELS AND THEIR ECONOMIC IMPACTS ON TOURISM

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Abstract: This paper aims to identify the economic impacts of the Transylvanian hotels on the tourism considering three important aspects: the implicit relationship between tourism and the hotel sector; tourism as a socio-economic phenomenon, expanding constantly and generated by the human need to know, to rest and recover physically and psychologically; and the tourism hotel infrastructure with its main role to assure the appropriate tourism development. The method of the longitudinal study will stress out the important changes in the hotel sector for 2008-2012 and also the importance of the hotels as tourist accommodation units within a tourist region.

Key words: tourism, hotels, impact, change, economy

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INTRODUCTION AND LITERATURE REVIEW

The degree of tourism development in a taxonomic unit influences the dynamics of the tourist flows. Concerning the hotels, it has to be highlighted their effects on the tourism phenomenon. Altough the hotel as tourist accommodation unit rarely represents the main motivation of the travel (excepting the destination-hotels) however the hotel sector has an important role as contributor to the revenues increasing of an area. Tourists choose those destinations which fulfill their needs and expectances in terms of the tourist offer of the visited destination including the accommodation tourist units offer; they evaluate this offer considering: quality, quantity and diversity. On the other hand, the hotel sector is impacted by the degree of tourist development (Snak et al., 2003). Therefore the relationship between the tourism and the hotel sector are in both directions. The tourism development is subject to the degree of development of a certain tourism area and of tourist services quality offered while the tourist demand it is determined by the tourist material base including the tourist accommodation units. Cities as main tourism destinations, "*should be evaluated according to their hotel industry capacity*" (Aksoz & Bâc, 2012, p.7). Tourism development depends on the existence of tourist natural and anthropic resources (Berbecaru & Botez, 1977). It is important to mention that tourism development represents an organizational process of the tourist space (Erdeli & Gheorghilaş, 2006). The dimensions of a hotel investment involve a special background (Falniţă, & Băbăiţă, 2003). The hotel sector evolves in interdependence with the tourist activity (Cosmescu, 1998) and the succes of a tourist destination it depends on the hotel sector development (Pop et al., 2007).

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From an economic perspective, tourism represents an attractive option for the development of an area because of its main advantages (Fletcher, 2012, p.175):

• *„apparently, a product easy to develop;*

• *prevail the small and medium-sized firms which imply the existence of a lower operating capital;*

• *compared to other areas, does not depend in such a great extent of the technoloy evolution;*

• *can rapidly attract foreign capital;*

• *greater capacity to generate jobs*".

In most cases, the economic impact studies in tourism, focuses on highlighting the positive aspects and less the negative aspects such as:

• consuming the capital of other sectors;

• the lack of experience an specialized knowledge can compromise the business development;

• seasonality of jobs;

• tourism and implicitly the hospitality industry cannot develop without the existence of general infrastructure.

It is also considered that the economic impacts are important *„for central and local governments and the private sector*" (Horvath, 2011, p. 76).

The economic impacts of the hotels on the tourism can be direct, for example the tourism expenditures; indirect and induced such as the reinvestment of the profits in the hotel development and purchase of goods and services from the part of the tourism employees. The economic impact studies performed in the hotel sector, is very often limited to highlight the differences between the national hotels and the international ones; the main conclusion being that the international hotels have a small contribution to the improvement of the economic situation of a region or country (Sharma, 2006). Also the multiplier effect of tourism, representing the sum of the direct, indirect and induced effects, is highlighting the monetary unit circuit obtained from tourism services and stressed out by the expenditure of tourists and tourism employees. The dimension of the multiplier effect of tourism depends on (Archer, 1982, p.123):

•"*dimension of the studied area;*

•*proportion of services and goods imported in order to be consumed by tourists;*

•*dimension of tourist flows;*

•*tourism expenditure typology;*

•*availability for local products and services;*

•*main characteristics of the consumer behavior from a certain region*".

The analyse of the economic impact follows the estimation of changes occurring in a region when it comes to expenditures, incomes, availability of jobs, tourism policies, events and hotels and their facilities (Tyrell & Johnston, 2006). Tyrell T.J. and Johnston R.J. (2006) stress out that seldom analysing the economic impact it is confused with analysing the cost-benefit when they represents two different concepts. The economic impact analyse has the role to quantify the economic activity or the incomes while the cost-benefit analyse is about estimating the net economic benefits. Hushak L.J. (1987) and Edwards S.F.(1990) think that analysing the economic impact it is not about the identification of those policies and situations hich generates social benefits, but to identify those situations which can generate a significant increase in the tourism market activity, in this study the hotel market.

Therefore it is important to make the difference between the economic impact of the tourists expenditures and the economic impact of the tourism through different facilities development (Page, 1995).

MATERIAL AND METHODS

The present study aims to identify the economic impacts of the hotels on the tourism of Transylvania through the investments made in the hotel sector, the Gross Domestic Product, turnovers created and the earnings of the employees in this sector. The longitudinal study represents the main method approached. Given that tourism as a specific branch of the economy it is not found in the System of National Accounts as a different branch and the hotel sector as a NACE (Classification of Economic Activities in the European Community) section it exists only under the name of „*Hotels and Restaurants*", in order to identify the economic impact of the hotels on tourism, there will be analysed the macroeconomic indicators of the NACE section "*Hotels and restaurants*" from Transylvania implying its 10 counties: Alba, Bistrița-Năsăud, Braşov, Cluj, Covasna, Harghita, Hunedoara, Mureş, Sălaj and Sibiu.

The data for this study was collected from the National Institute of Statistics and the Ministry of Regional Development and Tourism (2012). Due to the lack of available data for the whole analyzed period for the choosen indicators, in this study it was approached the method of estimation through extrapolation in order to create an image about the evolution of the hotel sector in terms of economy.

All the estimated data are marked in the charts with the "*" sign. Through the analyse of the positive dimension (Hall & Page, 2000, p.122; Getz, 1977; Mathieson & Wall, 1982; Ritchie, 1984; Hall, 1992;) (Figure 1) and negative dimension (Hall & Page, 2000, p.122 after Getz, 1977; Mathieson & Wall, 1982; Ritchie, 1984; Hall, 1992), (Figure 2) of the economic impacts of hotels on the tourism, it is applied a case study on a 5 stars hotel from Cluj-Napoca in order to identify the changes occurred at regional, but also at local level.

It is necessary to mention that the case study has the role of a model of identification the economic impact of hotels on tourism. It has to be mentioned that concerning these impacts, they occur in both directions: the development of hotels influences the tourism development and vice versa.

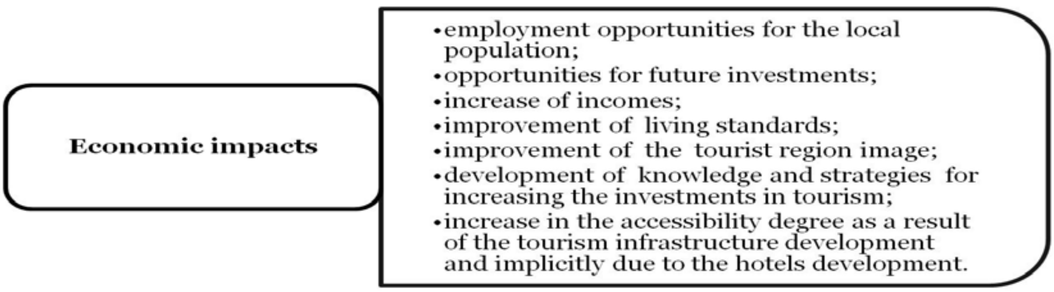

Figure 1. Positive dimensions of the hotels economic impacts on tourism
(Source: Hall & Page, 2000, p.122; Getz, 1977; Mathieson & Wall, 1982; Ritchie, 1984; Hall, 1992)

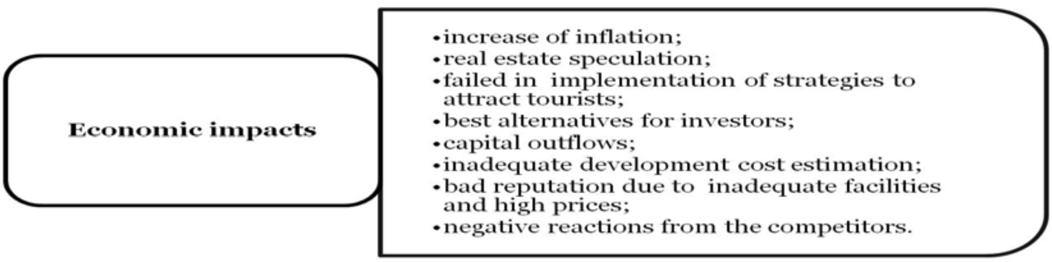

Figure 2. Negative dimensions of the hotels economic impacts on tourism
(Source: Hall & Page, 2000, p.122; Getz, 1977; Mathieson & Wall, 1982; Ritchie, 1984; Hall, 1992)

RESULTS AND DISCUSSIONS

In Transylvania, in 2012, the hotel sector dimension (Table 1) consisted in 354 hotels with 16994 rooms, representing 27% of the total amount of hotels from Romania.

Table 1. Dimension of the hotel sector from Transylvania
(Source: NIS and MDRT, 2012)

Total no. of hotels in Romania	Total no. of hotels in Transylvania	% from the total no. of hotels from Romania	Total no. of rooms in the hotels of Transylvania
1308	354	27%	16994

Tourism industry includes those tourism units with tourism as its main function and includes the following sectors (Frenţ, 2009): accommodation, food&beverage, transport, travel organizers, leisure attractions, destination management organisations (national, regional and local tourism offices). Highlighting the economic effects of the hotels on tourism, the first analized indicator will be the investements made in this sector. This consists in purchase of goods in order to generate greater investments than the amount invested. Figure 3 shows that in the 2008-2012 period, the largest *Gross Investments* in the "*Hotels and restaurants*" NACE section were made in the Center development region which implies the counties of: Alba, Braşov, Covasna, Harghita, Mureş and Sibiu) in 2008 (aproximately 600 millions RON); after this year the involution beginns due mainly to the global economic recession.

Figure 3. Gross Investments in the "*Hotels and restaurants*" NACE section in 2008-2012
(Source: National Institute of Statistics, 2013, for the period: 2008-2010)

Gross Domestic Product (GDP), as a macroeconomic indicator which express the economic performance of a certain country, region, county or city, for the "*Hotels and restaurants*" (Figure 4) NACE section, the GDP registered for the 2008-2012 period shows continuous changes, the highest values being registered for the CENTER development region, followed by the NW development region and West development region. The economic performance of a county attract new investments and determines the development of the existing businesses. The Gross Domestic Product registered in the studied section regresses in 2009. The situation will improve in 2010, but in 2012 presents values below the year of 2008. The GDP registered by the „*Hotels and restaurants*" NACE section contributes with 1,8 to 2,2% to the regional GDP.

The *Turnover* represents a macroeconomic indicator which express the economic performance of a company through its incomes. Figure 5 shows that the highest value of *Turnover* for the „*Hotels and restaurants*" NACE section was registered in 2008 from the 0-9 employees cathegory, followed by the hotels with 10-49 employees. The *Turnover* regresses starting with 2009, except with 2010 when the tourist units from the cathegory of 10-49 employees progresses easily. In 2012, the tourist unit from the 0-9 employees and 10-49 employees cathegory counts a *Turnover* of over 1200 millions RON, but remains below the values of the year 2008 while the tourist units with 50-249 employees and those with more than 250 employees regresses. The lowest value of the turnover from the studied region and section, it is registered by the tourist units with 250 employees and over 250 employees. In this respect, an explanation can be the highest expenditures which a bigger tourist unit can imply.

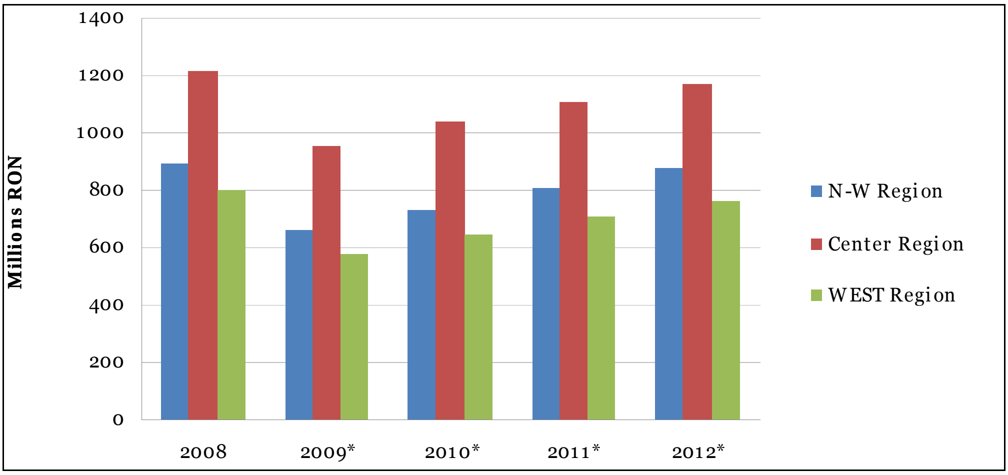

Figure 4. Gross Domestic Product registered by the "*Hotels and restaurants*" NACE section from the Center, NW and West development region in 2008-2012
(Source: for the year of 2008: National Institute of Statistics, 2013)

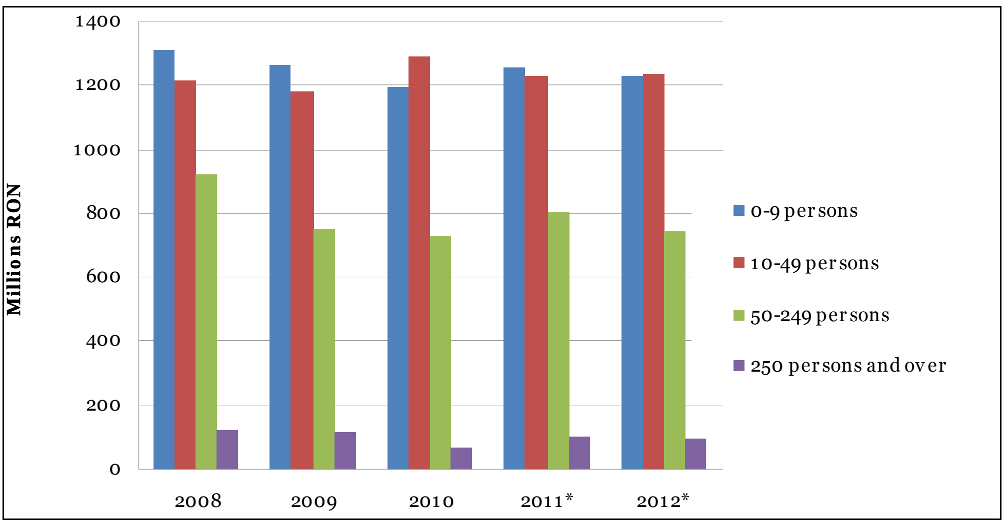

Figure 5. Turnover registered by the "*Hotels and restaurants*" NACE section for the Center, NW and W development region in 2008-2012
(Source: 2008-2010: National Institute of Statistics, 2013)

Concerning the evolution of the tourist units depending on the number of employees (Figure 6), it is remarquable that the cathegory with 0-9 employees prevails.

The *Average Gross Nominal Monthly Wage* for the *„Hotels and restaurants”* NACE section employees for the 2001-2012 period, shows a progress until 2008, mainly in the following counties (Figure 7): Mureş, Sibiu, Cluj, Hunedoara, Bistriţa-Năsăud, Covasna and Braşov with a wage of 800-1000 RON while in Harghita, Alba and Sălaj this value is under 800 RON. In 2009 a strong decrease with over 200 RON is registered. Situation will improve in the next 3 years, but in 2012 the value of the *Average Gross Nominal Monthly Wage* remains under the value of the year of 2008.

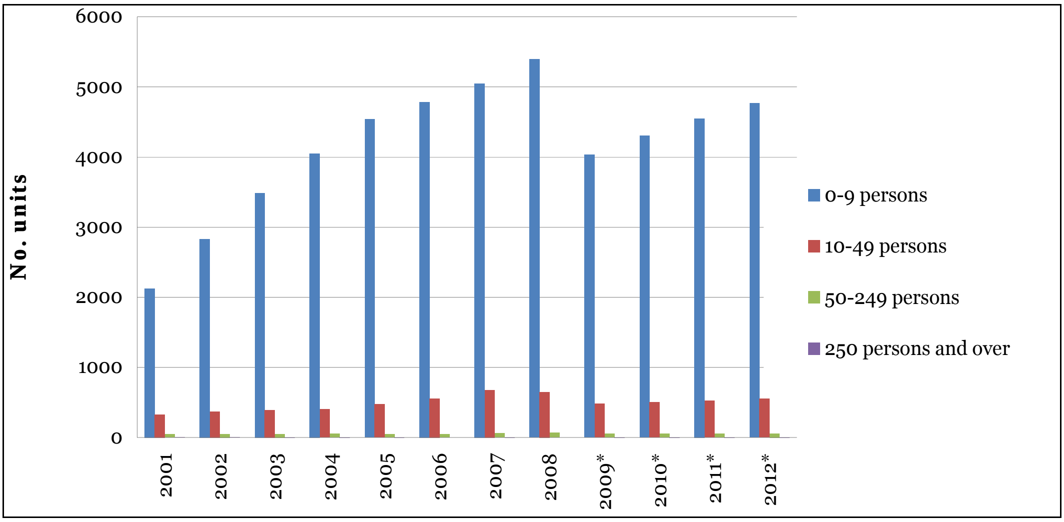

Figure 6. Evolution of the companies depending on the employees number from the *„Hotels and restaurants”* NACE section from Transylvania in 2001-2012
(Source: National Institute of Statistics, 2013, for 2001-2008)

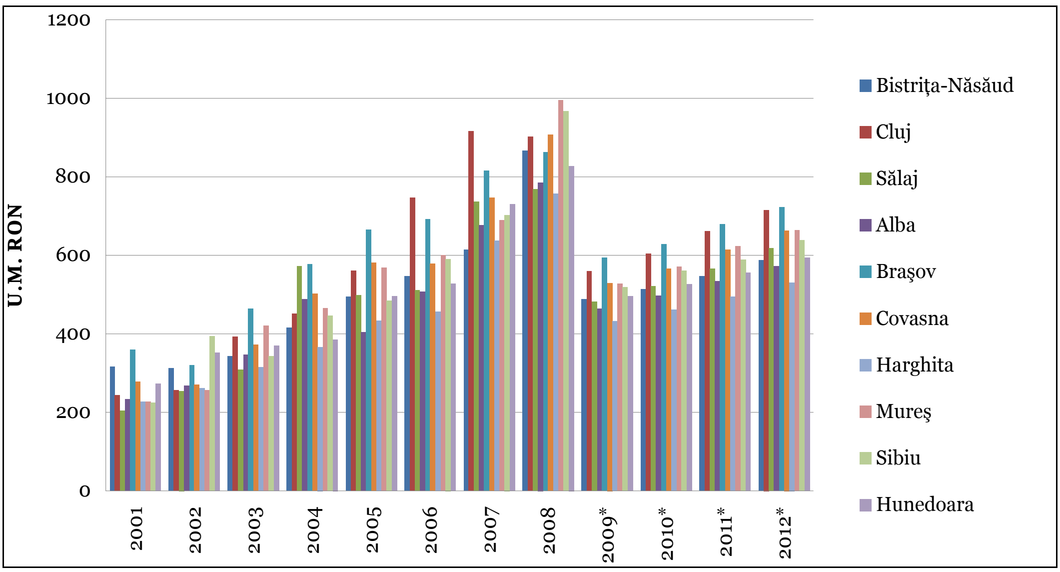

Figure 7. Average Gross Nominal Monthly Wage registered in the *“Hotels and restaurants”* NACE section from Transylvania in 2001-2012
(Source: National Institute of Statistics, 2013)

The *Average Number of Employees* of the „*Hotels and restaurants*” NACE section in 2001-2012 shows the highest values in the county of Brasov (Figure 8). In 2001, the county holds a number of under 3000 employees and in 2012, over 5000 employees. The peak is registered in 2008 when the county of Brasov count over 6000 employees in the studied section. After this year the situation will regress until 2011. The global economic recession will determine layoffs, wage cuts with efects on the situation of *Average number of employees*. Besides these factors, the population migration and especially the work force migration have negative effects on the situation of the employees in the „*Hotels and restaurants*” NACE section from Transylvania. In 2012 a slow improvement it can be observed with values situated under the year of 2008.

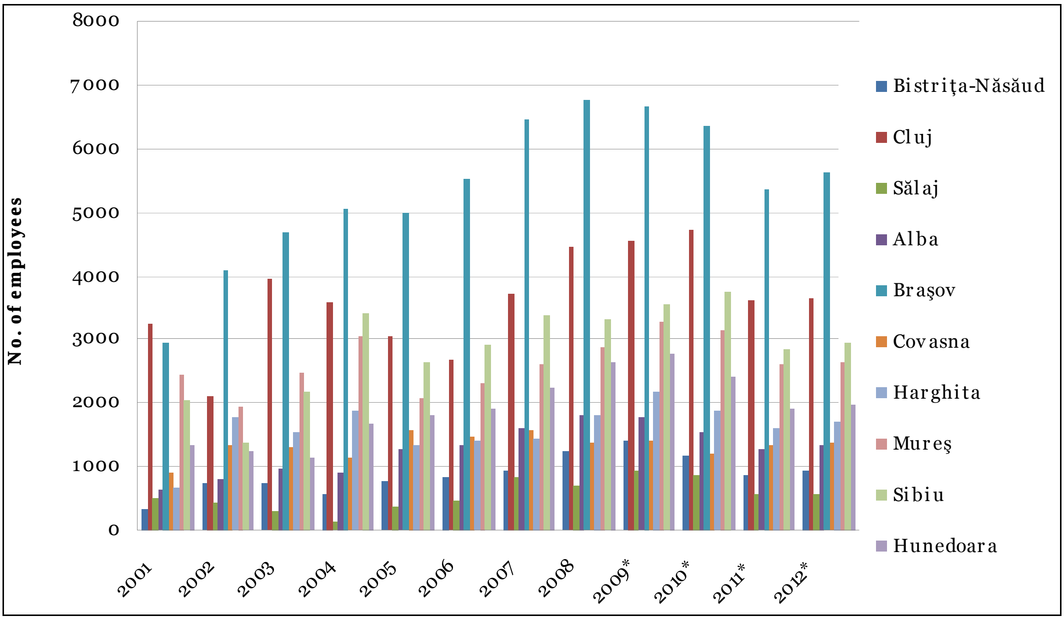

Figure 8. Evolution of the average number of employees from the „*Hotels and restaurants*” NACE section from Transylvania in 2001-2012
(Source: National Institute of Statistics, 2013, for 2001-2008)

Highlighting the economic impact of the hotels on the tourism of a certain area can be done analysing the indicators of the incomes generated by the hotels, the tourist expenditures and also the distribution of these expenditures, the evolution of occupancy rate, average rate per room, seasonality and their implications on the incomes. Analysing the activity of a 5 stars hotel from the city of Cluj-Napoca and corelating these indicators with those at regional level, contributes to identify the positive and negative economic effects which the hotels have on the tourism of Transylvania. First, the analyse of *overnights* in the accommodation units of Transylvania, then the analyse of *overnights* registered in the hotels of Transylvania and also for the 5 stars hotel from Cluj-Napoca for the 2008-2012 (Figure 9) period stress out that the evolution trend is the same excepting the 2009-2010 period when the number of *overnights* in the hotels of Transylvania regress despite the increase registered at the 5 stars hotel.

The overnights in the accommodation units of Transylvania regress, a slow improvement being registered in 2011. Therefore beginning with 2008, the *overnights* in Transylvania decrease with -18,5% while the overnights registered in the 5 stars hotel decrease with -18% until 2009. In 2009-2010 the decrease at the level of Transylvania is -1,73% while an increasing of 70,78% is registered at the level of the 5 stars hotel.

In 2010-2011 at both levels it is about an icreasing of 19,34% in case of Transylvania and 22,30% in case of the 5 stars studied hotel. Starting with 2011 and until 2012, the overnights registered regress with -6,56% in Transylvania and with -27,99% in the 5 stars studied hotel. At regional level, it is remarquable that in the year of 2008 when the global recession begins, the number of *overnights* decrease with -10,73% while at the 5 stars hotel level increase with 23,32%.

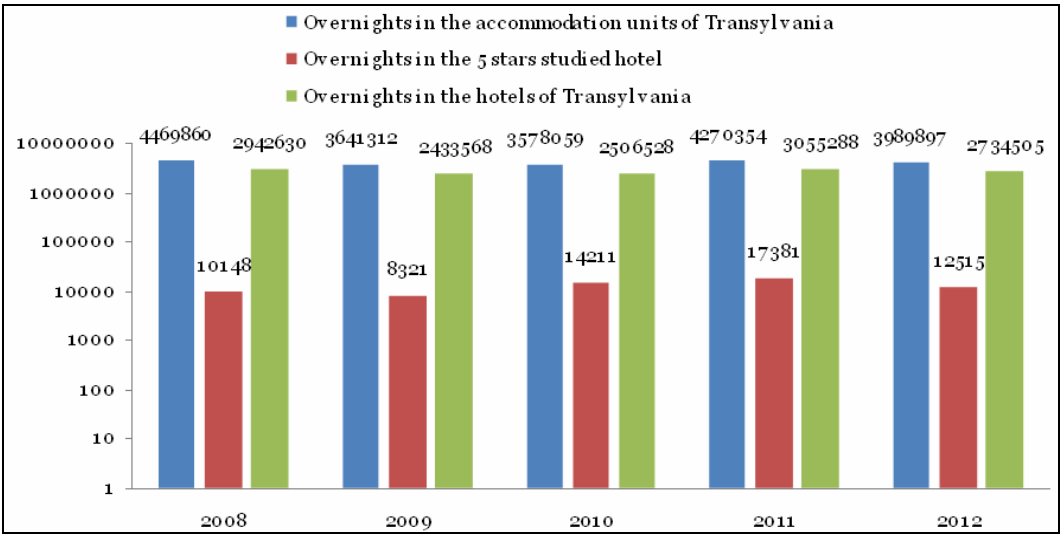

Figure 9. Evolution of the overnights registered in the accommodation units of Transylvanya, in the hotels of Transylvania and in the 5 stars hotel from Cluj-Napoca in 2008-2012
(Source: National Institute of Statistics; Internal data from the 5 stars hotel from Transylvania, 2013)

Concerning the *overnights* registered in the hotels of Transylvania, in the period of 2008-2009, there were progresses with an increasing of 2,9% and for the years of 2010-2011 an increase with 21,89%. In 2008-2009, respectively 2011-2012 there were regressions, the number of *overnights* decrease with -17,29% and -10,49%. It is evident that the trends of evolution, respectively those of involution in the case of *overnights* registered in the hotels of Transylvania and in the case of the 5 stars studied hotel are more closely related than the situation of the 5 stars hotel with the situation of the *overnights* registered in the accommodation units from Transylvania.

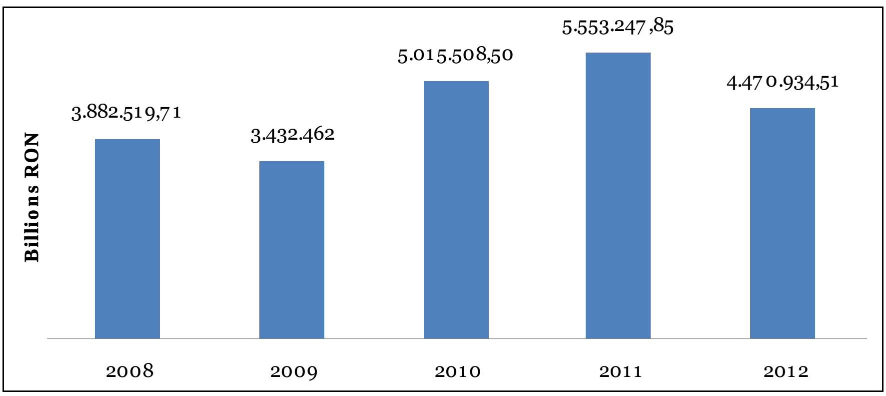

Figure 10. Annual income from the accommodation services of a 5 stars hotel from Transylvania (Source: internal data of the 5 stars studied hotel, 2013)

The evolution of this indicator, at both levels, shows differences due mainly to the different dimensions, but also because of the different tourist typologies specific to every hotel type. While the overnights in the hotels of Transylvania were made by both the leisure and the business tourists, in the 5 stars hotel situation, the overnights were made especially by the business tourists (according to the Room Divison Mnaager of the hotel) who come because they have to come in business interest, therefore the effects of the economiv recession on this type of consumer behavior it was less impacted. While the leisure tourist chose to go in holliday only if the budget allows it.

As figure 10 shows, at the regional level, as a result of the global economic recession, in the period of 2008-2009 it is registered a strong decrease, as well as in the case of the studied 5 stars hotel. In contrast with the situation which exists at regional level, at the 5 stars hotel unit level, it was registered a regress in 2011-2012, but the *annual incomes from the accommodation services* in 2012 are higher than in 2008.

The *Average rate per room* express the ratio of the accommodation income and the total number of sold rooms. *The Average rate per customer* represents a lower value comparing to the rack rate due to the discounts applied depending on the customer loyalty, the period of year or the contractual rates. It is well known that in the accommodation units and especially in the hotels the rack rate can be negotiated at the reception. At the end of a hotelier day, the customer/tourist has more chances to benefit from a discount because the hotel operators wish to have a higher degree of occupancy rate and due to the perishability of the hotel product, it is likely to apply a discount and sell the room than to leave it unoccupied.

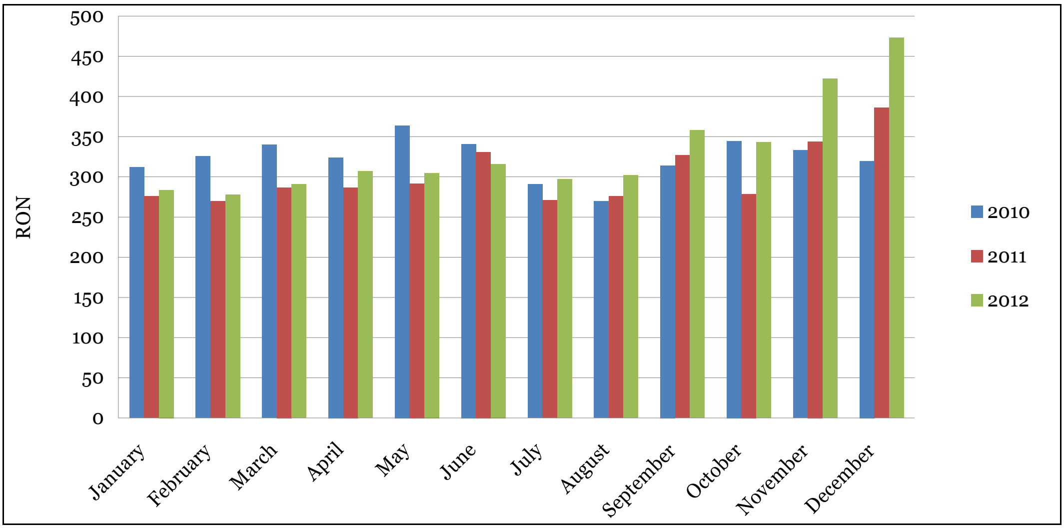

Figure 11. Average rate per room registered in a 5 stars hotel from Transylvania from January 2010 to December 2012
(Source: Internal Data of the 5 stars studied hotel from Transylvania, 2013)

Concerning the studied hotel figure 11 shows that in the period 2010-2011, the *Average rate per customer* fluctuated. In 2010, the highest value of the average rate per ustomer was registrated in the month of May (over 350 RON/customer) and the lowest in the month of August. According to the statements of the Room Division Manager, the hotel is a business hotel, therefore it is explained why the highest *Average rate per customer* is registered in May when a lot of conferences take place in the city and also some important festivals and cultural events. The month of August has the lowest *Average rate per customer* due to the fact that this month it is considered the month of hollidays for business tourists. The year of 2011 registers the lowest *Average rates per tourists*. The *Average rate per room* in 2010-2012 (Figure 11) varies from month to month and from one year to another. In 2010, the average rate per room was the highest in the month of May (over 300 RON), and the lowest in August (under 300 RON). In 2001, the month of July registered the highest *Average rate per room* while the month of December shows the highest rate. The year of 2012 shows important increases in the second half of the year when the *Average rate per room* registers the highest value for the studied period, this means a rate of over 450 RON.

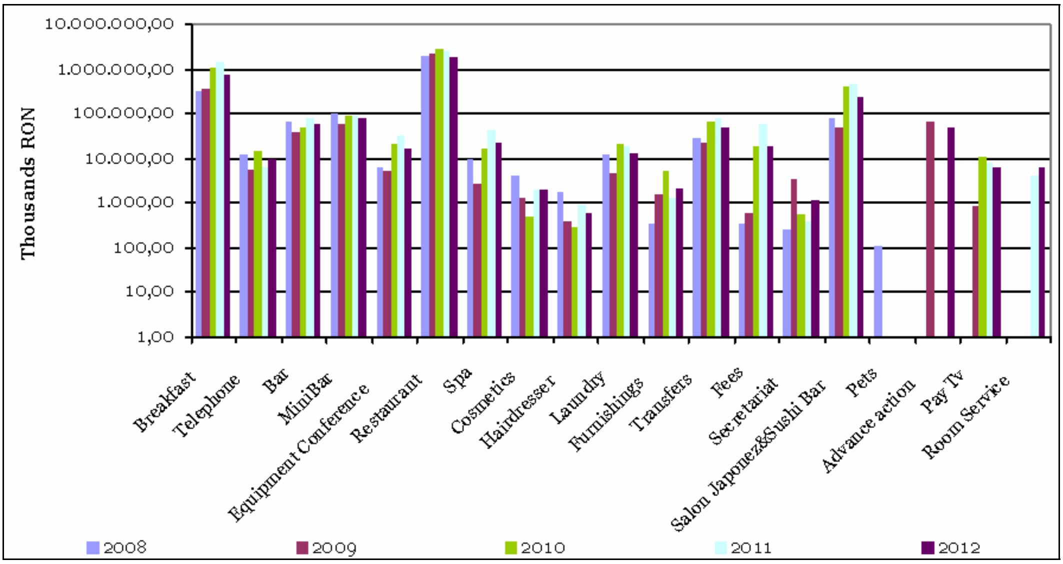

Figure 12. Incomes registreted from the hotel services (others than accommodation) of a 5 stars hotel from Transylvania (Source: Internal data of a 5 stars studied hotel, 2013)

Figure 12 highlights the *Incomes from the hotel services*. Therefore, there are remarquables the restaurant services, followed by the Breakfast services, Bar and MiniBar, Transfers, Spa as representing important sources of income for the hotel. PayTv services and Phone are also important income sources.

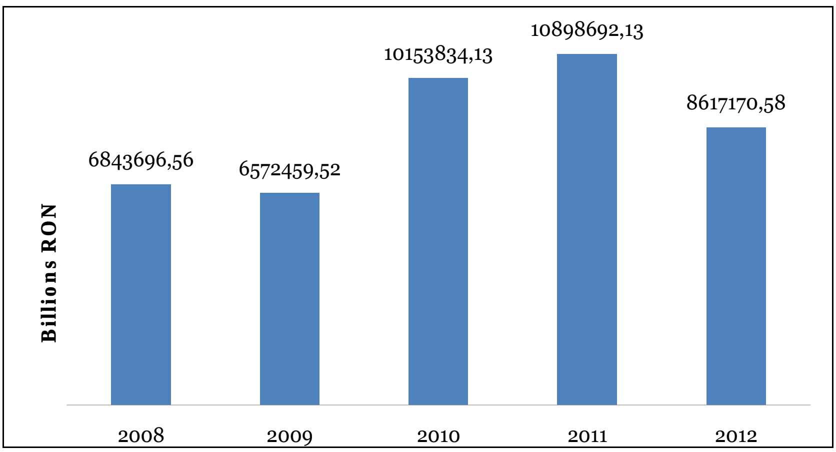

Figure 13. Total incomes of a 5 stars hotel from Transylvania
(Source: Internal data of the 5 stars studied hotel, 2013)

The total incomes of the studied hotel keep the same trend as the evolution of deducted incomes. There are evident two phases of involution: the first one in the 2008-2009 period, and the second in the 2011-2012 period (Figure 13).

CONCLUSIONS

The studied period (2008-2012) in order to identify the impacts of the hotels on the tourism of Transylvania stress out important changes at all levels due to the global economic recession which affected the whole world business environment starting with the year of 2008. At regional level, the most important macroeconomic indicator, the *Gross Domestic Product* which express the economy development degree in a certain area, highlights an involution process in Transylvania concerning the hotel sector. As a consequence of this decreasing, the *Gross investments* in the "*Hotels and restaurants*" CAEN section from Transylvania decrease and also does the *Number of the hotel companies*.

The *Turnover* shows some increases starting with the year of 2009 but the values registrated in 2012 are below the year of 2008. This decrease influenced negatively the earnings, therefore the *Average Nominal Monthly Wage* in 2012 is below 600 RON and the *Number of employees* in this sector regress from 2009. Stressing out the evolution of the *overnights* at all the three levels (regional, local and at the individual hotel unit), it was identified that the trend in evolution and also in involution occurs approximately in the same time and keeps the same direction. Transylvania has a diversified hotel offer where the small companies (0-9 employees) prevail.

This type of company register the highest value of turnover. Of course that the economic effects of the hotels on the tourism of Transylvania are relevant in terms of GDP contribution to the regional tourism development, in the study's case, it is about a contribution of 1,8-2,2%. The involutions highlighted in this study, demonstrates that the hotel economic situation of the hotel sector from Transylvania needs a revitalization through new strategies to attract tourists in order to improve the existing situation. The hotels can positively impact the tourism through the investments made in this facilities which will attract tourists, implicitly the arrivals, overnights and occupancy rate will increase and therefore the incomes from this sector.

The lack of a good cooperation between the hoteliers of Transylvania and the predominance of the small hotel units determines a high degree of sensibility to the economic fluctuations and in the same time stops the investments in the development of hotels due to financial insufficiency. In this respect, it is necessary to encourage the hoteliers to affiliate their hotel unit to national and international hotel chains not only to benefit from consistent financial resources, but to benefit of professional management assistance from the head company and to improve the resitance to economic fluctuations in conditions of an insecure business environment.

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