

The role of the state in the development of tourism. The case of travel vouchers in Romania

Gheorghe CHEIA^{1*}

¹Department of Geography, Ștefan cel Mare University of Suceava, Romania

*Correspondence to: Gheorghe CHEIA. E-mail: cheiageorge16@gmail.com.

CC BY 4.0

Vol. 32 / 2022, 105-112



Published:

online first

19 December 2022

ABSTRACT: The present paper analyzes, in the first part, the role that states/governments can have in the direction of the development of the tourism phenomenon in a certain country. This direction can be of at least two categories: direct and indirect. The state is mainly responsible for enabling an official legislative framework in which each participant in the tourism phenomenon has a well defined role and place, but also generates the promotion campaigns, opens special financing lines for tourism companies, offers different fiscal facilities, directly finances the specialization of employees in different sectors, and also makes general infrastructure and utilities available to citizens. Several cases of such interventions are presented and it is observed how different factors can cause problems in the implementation of these initiatives or even in not achieving the expected results. A more widely analyzed example is that of Romania, an EU member country since 2007, which over time pursued the launch and promotion of tourism as a profitable economic branch through various methods: legislative, financial, fiscal and, for several years, through the voucher system travel cards used on a nationally scale. The effect of the latter can be observed in the national flows and in the degree of occupancy of accommodation units. Using the data from the website of the Statistics Institute, a direct and comparative analysis is made (between different time periods, when these vouchers did not exist and the immediately following period when they were issued and used) of different tourist indices, with the aim of assessing the impact of this method on the development of the tourist sector in Romania.

KEY WORDS: tourism, state role, travel vouchers, Romania.

1. Introduction

If tourism began in antiquity as a special form of demographic mobility, in order to discover and see the still unknown world, of initiation into life, to know other civilizations, as an individual initiative, the contemporary period places the tourist sector among the main development priorities of state governments, as a service sector, with significant contributions to GDP. If in the past it was practically an individual activity, due to its size and accessibility among the population,

through the enormous financial flow it generates, tourism has become an economic sector with a huge contribution to world GDP (10.4% in 2019 according to WTTC 2020-2021 due to pandemic reasons, cannot be taken into account). Tourism activities have become a priority for states and groups of states that have joined forces to create opportunities for collaboration and facilitate the movement of people at all levels.

2. Theoretical approach

Among the first authors to notice the link between the growing importance of tourism for different social categories, its role in the development of national economies and, especially, the role that governments have in supporting tourism development, were Jenkins and Henry (1982). They discuss and try to define the “active and passive involvement” of the state leadership, concluding that as long as the private sector of development and tourism initiative is still at the beginning, without rich experience, the state has the obligation to support as much as possible (legislative and even with direct funding measures) the private initiative. The authors even consider that the role of the state in regulating the tourist phenomenon is even greater, as most of the time the private sector has as main / sole purpose the financial profit, at any cost, often coming into conflict with the interests of local communities (territorial disputes, utilities, environmental issues, local traditions, etc.).

Passive involvement, from the authors’ perspective, is “mandatory” (ensuring the legislative framework related to, for example, the status of foreign employees within the country, incentive offers, establishing partnerships with airlines) and “support” (the way in which the government supports potential groups of investors, or provides opportunities for qualification and specialization of tourism employees). Active involvement also has two facets: “managerial” (the government sets certain goals and the legal / institutional framework through which they can be achieved) and “developmental” (specific to developing countries where the government and its agencies, in the absence of a strong private sector, take over some of the development responsibilities, to the point that it may own hotels or various accommodation and food facilities).

Rastegar (2020), through a case study from the Yadz province of Iran, a rural tourist destination, analyzing the impact of tourism on the whole community vs. government intervention, highlights an example in which the legislative framework / measures taken to facilitate the presence of tourism did not take very important account of the conservation of the environment, which has led to the destruction of habitats of faunal and floristic species and, especially, water pollution, such a valuable resource for any community; we arrived here because the experts in this field were not consulted when drawing up the development plan.

Sharma, Thomas and Paul (2021) make a detailed analysis of several specialized works (approx. 37), written especially during the pandemic, and put together most of the so obvious shortcomings / negative effects that the Covid-19 pandemic brought on international tourism, the change in human behaviour related to leisure, the way in which some natural tourist destinations will have a time of “recovery”, the opportunity of detours and the chance that less visited destinations receive so far, the role of general population mobility in the spread of the pandemic and how it (i.e. the mobility) will be rethought, etc.; in all this cavalcade of hypotheses and analyses, the authors note, among other things, that this crisis of tourism and demographic mobility will give the “chance” to the development of tourism and local / national destinations. Among the topics addressed, reference is inevitably made to the special role that the state / government will play in supporting and relaunching local and international tourism in the “post-Covid era”.

One of the works analysed is that of Assaf and Scuderi (2020). The editorial of the two authors consists of two distinct parts, equally important: methods and ideas by which tourism developers (direct ones - hotels, food units, cleaning and disinfection; indirect ones - health insurance system, transport, developers of technologies in general) can minimize the impact of the pandemic on the flow of tourism and, in particular, the role that governments play in this direction.– financial support (non-reimbursable loans, flexible installments, tailor-made financial products), promotion of tourist destinations (through direct campaign financing or vouchers), more flexible visa formalities, decentralization of power through the ability of local authorities to formulate various operating regulations, the removal of the danger of unfair competition and the emergence of “predatory” investors.

Kapera (2018) conducts an extensive study on how the efforts and involvement of the Polish government to develop sustainable tourism work, questioning several categories of actors directly involved in this process, including locals. The survey highlights some positive aspects of collaboration between government representatives and the local community (which is actively involved in decision-making), the fact that the diversity of investors generates a multitude of approaches to achieving the goals, but also the fact that the compromise is accepted on the way to achieve these goals, the ignorance of the basic terminology by the officials and, especially, an aspect invoked and reproached by the 2 big groups and the scientific world) that none of the camps exchange information / ideas with the other, in a field where the collaboration of all those involved is extremely important. In this situation, it is obvious that it is not enough for the government to understand that it has a special role in tourism, but also to discover how to put this role into practice as effectively as possible. A solution offered, as a whole, somewhat predictable, certifies the role that education has in the direction of sustainable development, implicitly of sustainable tourism.

Another case study, but this time with more positive conclusions related to the role of central institutions in supporting and developing tourism (rural tourism in particular), is that of Liu et al (2020). The authors believe that the authorities have understood the role that tourism plays in the national economy, but also as a regeneration and support for the rural environment in general (Daye County, Hubei Province) and the fact that there is a good collaboration between the local and the national-central level of implementation, as shown by the data obtained (a sudden increase from 1.2 million tourists in 2011 to 8.5 million in 2018). The conclusions are not necessarily a surprise, given that China is one of the communist countries in the world, where the government is fully involved in everything that means the economy of the whole country, but at least in the opinion of the authors, we are witnessing a positive example.

Cvelbar, Farcnik and Ogorevc (2021) make a similar analysis on the intervention of the Slovenian state in the direction of reviving the tourism sector, so affected by the Covid-19 pandemic. Starting from May 2020, the state made an infusion of 350 million euros in the form of tourist vouchers, with the difference that practically all resident Slovenian citizens were eligible, the difference being, among other things, age (minor or adult). In their study, the authors provide a list of other countries (Ireland, Iceland, Taiwan, South Korea, Italy, Lithuania, Poland, some provinces in China, etc.) in the world that adopted such measures during the pandemic, with the aim to support the tourism sector.

3. Case study: Romania

In the case of Romania, things are just as complex. The economic and political path is a winding one, from a communist country with a centralized economy to a democratic one, with a market economy and private initiative. This transition, quite long in the case of Romania, was reflected in

all economic sectors, obviously also in tourism. Since the year 1989/1990 when the state was the only owner of accommodation, food and entertainment spaces, with 3213 * owned units, in 2021 their number decreased to 96* accommodation units with full state ownership and 63 * with majority state ownership (owned by various autonomous utilities). Due to that fact we realise that the state owns a minimum of 4.94% of what they were initially, and this represents only 1.73% of the total number of 9146 existing units in 2021 (*<http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>). The transition to the free market and private initiative is therefore almost complete, which indicates that the role of the state no longer derives from that of the status of owner, but rather from that of supervisor and possibly mediator of the tourism process, with the role of intervening and offering the legislative framework to finance and create advantageous financing conditions and opportunities for private investors.

4. Results and discussion

One such example is the campaign to encourage domestic tourism through holiday vouchers (<https://mfinate.gov.ro/vouchere-de-vacanta>) which aims at practically 2 directions of stimulation: ensuring a constant and consistent flow of tourists to domestic tourist destinations, as well as a tool to reward and strengthen the budget employees. They were first used in 2015, according to Law 173/2015 which validated Government Ordinance 8/2014 and 8/2009 (www.infoinstitutii.ro/articole/salarizare-7/infografic-ghidul). This type of stimulus is not an incentive type (Xiang, Formica, 2007), the criterion for granting them not being related to the performance of the employee or the company in which he works. We are witnessing here a government decision which basically wants to support domestic tourism. In this first stage, however, they did not even address to all budget holders, but only certain categories (parliament, presidential administration, ministries and various companies regulated by Law 31/1990), but their validity was until the end of that year, which makes somewhat easy their follow-up in the statistics of 2015. If in 2014 it was registered a number of 6.55 million arrivals of domestic tourists in the national structures, in 2015 this number increased to 7.68 million Romanian tourist arrivals (an increase of approximately 17%).

An immediate effect in the case of receiving free tourist vouchers / bonuses is, often, the increase of the holiday period spent in different accommodation units, implicitly of the overnight stays. Thus, by comparison, if in 2014 there were 16.51 million overnight stays of Romanian tourists in national accommodation units, in 2015 there were 19.04 million tourists (an increase of about 15%).

Later this year there were changes regarding the status of this voucher time (2016, raising the amount financed was risen according to the minimum gross salary in the economy at that time from 1050 to 1250 and specifying the nominal value entered on the voucher), as well as the categories of employees who qualify for them (including the private sector, the employer being the one who bears the full payment of the vouchers; all employees with valid employment contracts within the budget sector are eligible). The year 2017 (according to the Official Gazette no. 506 of June 30, 2017, the GEO 46/2017 was published, which refers to the Emergency Ordinance no. 8/2009 with details on the granting of holiday vouchers) brings new changes in the amount financed (1450 lei), details related to possible bonus overlaps and also legal sanctions and contraventions (with the fixing of the financial value of a fine point) if these bonuses are not used by the right holder (<https://contabilul.manager.ro/a/21349/noi-reglementari-privind-voucherele-de-vacanta-de-la-1-iulie-2017.html>).

The real impact on general tourism of this regulation can be, at least intuited, only if we observe the dynamics of the number of budget employees, which, in the period 2015-2021 knows a continuous increase (Fig1, tab.1).

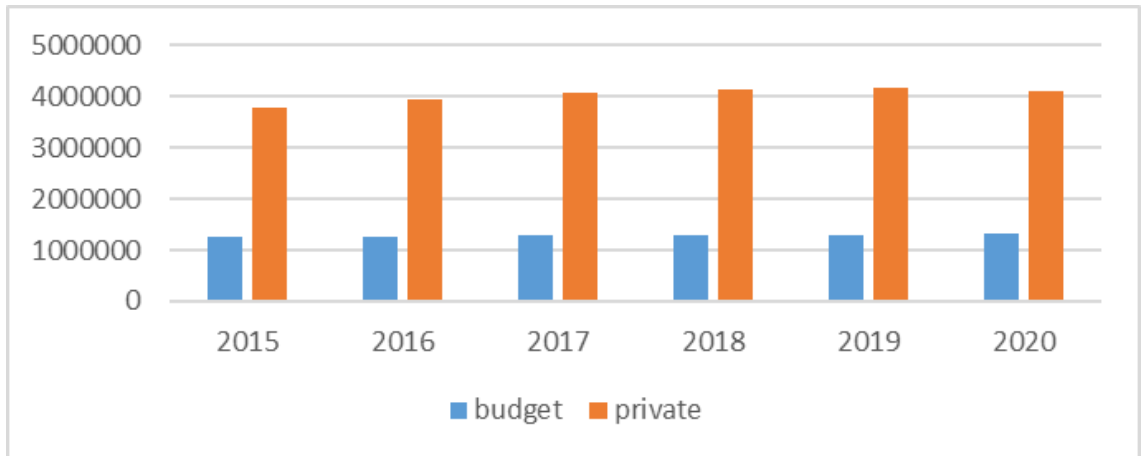


Figure 1 Number of private vs budget employees in Romania (*statistici.insse.ro).

Table 1 Absolute data of private vs budget employees in Romania (*www.statistici.insse.ro).

years	2015	2016	2017	2018	2019	2020
budget	1257284	1268578	1293965	1303987	1305572	1312547
private	3783902	3955189	4068381	4122285	4175571	4098562

Only for an average of 1.3 million employees (*insse data), at an average exchange rate of 4.7 lei, we obtain an amount of at least 377 million euros liable to be spent and enter the accounts of tourism developers in Romania.

Implicitly, this financial flow is an extremely solid argument for increasing the number of arrivals and overnight stays within the accommodation structures in Romania during this period; obviously, as can be seen in the graph (fig.2, tab. 2) the drastic decrease (by over 50%) from 2020 is due to the impact of the Covid-19 pandemic on the entire tourism sector. The year 2015, which began with the benefit of holiday vouchers, recorded an increase of over 1.1 million arrivals (an increase of 17% over the previous year) and an increase of approximately 2.5 million overnight stays (an increase of approximately 15%) compared to 2014. And in the years that followed (except for the pandemic lockdown periods) the trend was continuously increasing.

The same upward trend, at least for the period analyzed in more detail (2015-2021) can be seen in the case of the index of net use of accommodation capacity, an index whose values we can take into account and some incentives that would benefit the population of a country / region. Thus, if in the years preceding this tourist facility, the values of net use of accommodation capacity ranged around 25% -26% with small, subunit fluctuations (2011-2014), the year 2015 already records the value of 28.7% (an increase of 2.6% compared to 2014) with constant, annual increases of over 1% in the following years, the maximum being registered even in 2019 (33.9%). However, this record value can also be explained by the fact that, due to the pandemic restrictions of that year, many Romanian tourists did not spend their holidays abroad, choosing national destinations anyway. However, this combination of factors (financial facility usable exclusively in national tourism, major

restrictions on international tourist traffic) has generated another phenomenon: rising prices for accommodation, especially in the case of accommodation listed on the "official" list of those which, at the beginning of this campaign, received these vouchers and would later reimburse them from the state.

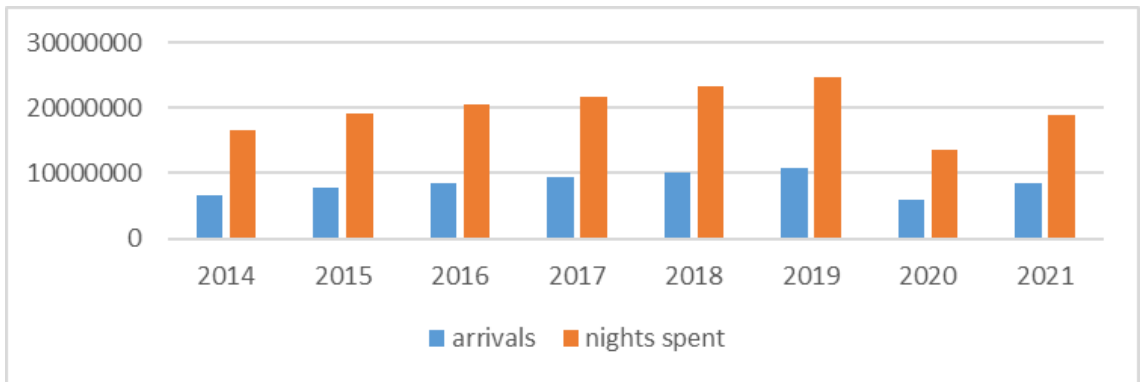


Figure 2 Arrivals vs nights spent in Romania (*www.statistici.inse.ro).

Table 2 Absolute data of arrivals vs nights spent in Romania (*statistici.inse.ro).

years	2014	2015	2016	2017	2018	2019	2020	2021
arrivals	6551339	7681896	8521698	9383266	10108509	10691195	5944775	8527409
nights spent	16511937	19047701	20609141	21801487	23315138	24795253	13581775	19002611

The involvement of governments in the Romanian tourism sector has been known in various forms since the 90s and subsequent periods, even if at first what brought foreign tourists here was for the curiosity of a country fresh out of the "iron curtain", still unexplored. Even though the infrastructure was far from the European standards of the time, the natural setting aroused real interest. What is certain is that the national administration understood the real tourism potential of the country, and, implicitly, a potential source of income for GDP. The state has been constantly involved in creating the legislative framework for the operation of all types of accommodation units (classification, rules of establishment and operation), food, hosting and promotion of various activities (fairs, festivals, concerts), for PFAs (most common fiscal functioning framework for pensions for example - the most widespread type of accommodation in Romania in the early 2000s); tax exemptions for the profit reinvested in improving the tourist and leisure infrastructure, tourist ports and amusement parks, tax exemptions / reductions for a certain period of newly established companies with tourist profile, granting tax credits and rescheduled interest payments, without applying other penalties or interest, etc., direct funding for the training of certain categories of employees and employers / owners / managers involved in this sector, or for the development of certain specific axes - tourism in rural or mountain areas (Regional Operational Program 2007-2013 – "Sustainable development and tourism promotion" - just one example), the development of the hosting and online promotion sector. Also, the state, through the ministry created especially for this economic sector, has created, over time, various campaigns to promote the country's tourism, both in the national and international media ("This is Romania - Explore The Carpathian Garden"). The reform of the legislative framework, the direct national financing or by absorption of European funds intertwined with the private initiative that intuited

from an early age the great opportunity to develop a successful business with almost guaranteed success, determined that the number of tourist accommodation units (at least) be in a continuous increase (fig. 3). Thus, theoretically we can say that the “surrounding environment” is favorable, but often the implementation of regulations is hindered by the difficult situation on the ground (rural areas lacking basic utilities, infrastructure elements and technical-material tourist base, mountainous areas under the protection of other laws that restrict the access of tourists or the possibility of building facilities, etc.), but this topic may be the subject of other research.

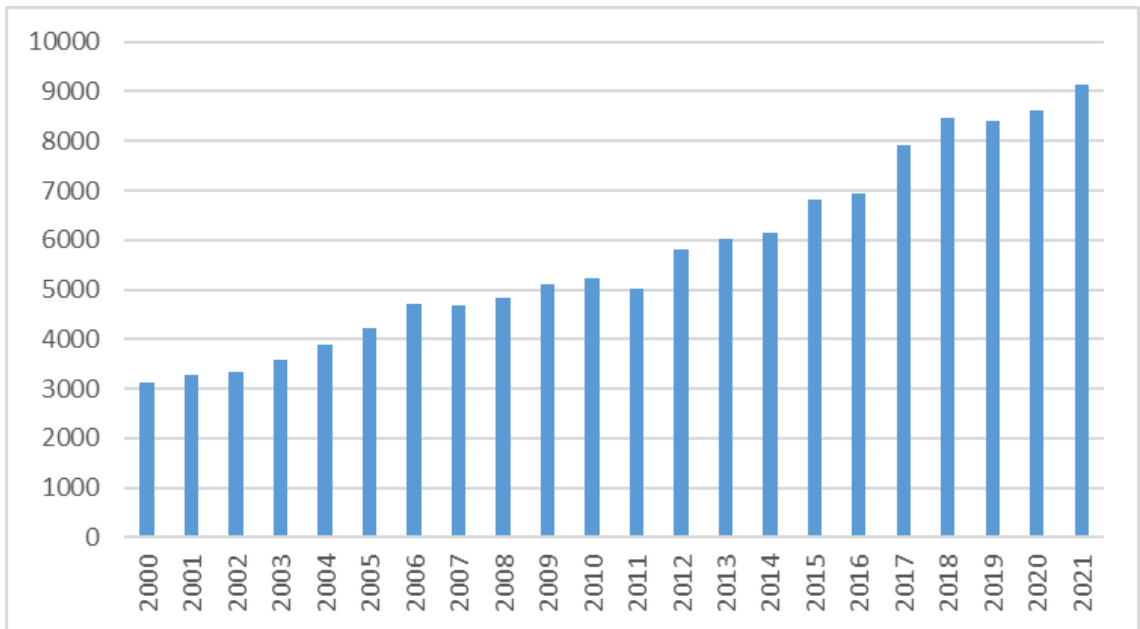


Figure 3 Number of tourist accommodation structures (*statistici.insse.ro).

5. Conclusion

The analysis reinforces the idea that the tourism phenomenon and its existence at national and international level is a joint action of states / groups of states in conjunction with the initiative and the private environment. The two "actors" have an active role, in a complementary relationship, so that the role of governments (especially in capitalist countries) is primarily to ensure the legislative framework for the official and legal development of all stages of the existence of tourism at the national level, regulation of tax exemptions for companies, to provide financial support for the employee specialization in different types of tourism specific to some regions, the provision of incentive bonuses with national coverage and, in general, as an independent obligation, the state provides the general infrastructure of utility existence.

As already noticed, the Romanian state is present through both types of intervention, the one through travel vouchers being the most appreciated by the working active citizens especially by those in the budgetary sector. Their presence in the national tourist flow from the last 5-6 years is emphasized, although a part of the increase of the national tourist flow as well as the increase of the occupancy rate of the accommodation units in Romania for the period 2019-2021 up to a point, can be given due to the international restrictions on the Covid-19 pandemic, but certainly the huge financial flow reflected in the value of travel vouchers (and the targeted way in which

they can be put into circulation) made available, did nothing but intensify the increase of the number of Romanian tourists in national destinations. In order to be able to really measure the real effect of these vouchers, access to official data should be easy, and they should be quantified separately; it is very easy for the financial flow resulting from the implementation of tourist vouchers to be tracked in the national system, as long as they are nominal and paid separately, with electronic card or printed ticket. Separate counting would give an extremely clear picture of their economic contribution. The impact of this method of encouraging national tourism would be much greater if the government also focused more on the private sector. Private companies also have access, by law, to this type of vouchers, but the full payment must be borne by the employer. A series of deductions, discounts, differentiated taxation could encourage the private sector to purchase more of this type of vouchers.

What seems to remain to be solved, for so many years noticed as a big problem of Romanian tourism, is the state and quality of the general infrastructure (communication routes, presence and quality of basic utilities, information points, orientation markings, personal safety issues), as well as the way in which the legislative norms are perceived and applied in the field by the local administration or by the private investors.

References

- Assaf, A., Scuderi, R. 2020. COVID-19 and the recovery of the tourism industry, *Editorial, Tourism Economics 2020*, Vol. 26(5) 731–733.
- Cvelbar, L., K., Farcnik, D., Ogorevc, M. 2021. Holidays for all: Staycation vouchers during COVID-19, *Annals of Tourism Research Empirical Insights*, Vol 2 (2), <https://doi.org/10.1016/j.annale.2021.100019>.
- Ghidul voucherelor de vacanță pentru bugetari, <https://www.infoinstitutii.ro/articole/salarizare-7/infografic-ghidul-voucherelor-de-vacanta-pentru-bugetari-755.html>.
- Jenkins, C. L., Henry, B. M. 1982. Government involvement in tourism in developing countries. *Annals of Tourism Research*, 9(4), 499–521. doi:10.1016/0160-7383(82)90070-6.
- Kapera, I. 2018. Sustainable tourism development efforts by local governments in Poland, *Sustainable Cities and Society*, <https://doi.org/10.1016/j.scs.2018.05.001>.
- Liu, C., Dou, X., Li, J., Cai, A.L. 2020. Analyzing government role in rural tourism development: An empirical investigation from China, *Journal of Rural Studies* 79 (2020) 177–188.
- Ministerul Finanțelor, Informații Publice, Bugetul MF, Vouchere de vacanță, <https://mfinante.gov.ro/vouchere-de-vacanta>.
- Noi reglementări privind voucherele de vacanță de la 1 iulie 2017, <https://contabilul.manager.ro/a/21349/noi-reglementari-privind-voucherele-de-vacanta-de-la-1-iulie-2017.html>.
- Rastegar, R. 2020. Tourism and justice: Rethinking the role of governments, *Annals of Tourism Research*, <https://doi.org/10.1016/j.annals.2020.102884>.
- Sharma, D.G., Thomas, A., Paul, J. 2021. Reviving tourism industry post-COVID-19: A resilience-based framework, *Tourism Management Perspectives*, no 37, 100796.
- *www.statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table
- Xiang, Z., Formica, S. 2007. Mapping environmental change in tourism: A study of the incentive travel industry, *Tourism Management*, Vol 28 (5), pp 1193-1202.