TOURISM INDUSTRY IN ROMANIA AND JAPAN – A COMPARATIVE ANALYSIS

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Abstract

Tourism has evolved in the last decades from "leisure activity" to "travel and tourism industry", this semantic transformation showing the importance of this sector in the global economy. Although there are multiple socio-economic aspects that separate them, both Romania and Japan have a remarkable touristic potential and they are included in international touristic circuits as destinations to be considered. The purpose of this paper is to evaluate the dimensions of the tourism in Romania and in Japan, starting from the premise that, no matter the level of development, of the touristic potential or of the national priorities, the tourism acquires an important role in the present economy.

Keywords: tourism, Romania, Japan, multiplier, GDP

JEL Classification: L83, O10

1. Introduction

The direct contribution of the tourism industry to the global economy was last year, according to the World Travel & Tourism Council, of 2, 2 billion dollars in the gross domestic product (representing an increase of 3,1%) and 101 million jobs. Furthermore, the influence generated by this activity has increased the total tourism contribution in 2013 (direct + indirect + induced) to 7 thousand million dollars (larger by 3% compared to the precedent year), respectively 266 million jobs. The fact that one in eleven jobs are related to this industry, as well as 4, 4% from the total global investments and 5,4% from the total of exports, confirms the strategic importance and the socio-economic impact of this sector.

Regarding the Romanian and Japanese tourism industry at a macroeconomic level there can be identified both resemblances and differences:

- At an absolute level, there are major differences: Romania is the 60th touristic economy in the world (World Travel & Tourism Council, 2014a), while Japan is the third world touristic economy in absolute value (World Travel & Tourism Council, 2014b):

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- At a relative level the situation is different: Romania is the 154th world tourist economy while Japan is the 123rd of a 184 countries analyzed by the Council.
- If at the evolution level estimated for this year by the Council, Romania is on the 68th place while Japan is on one of the last places (170), the prospects on long term are not favorable – for the next 10 years Romania will register only the 115th annual increase and Japan is at the end of the top (184).

The purpose of this paper is to evaluate from static, dynamic and comparative points of view the tourist industry from Romania and Japan. The specific objectives are: determine the impact and the efficiency of the tourism industry in these two countries; identifying the position that Romania and Japan have in the international touristic flows. The hypotheses we are working with are: the impact of tourism is rather small; if Japan is an important world touristic destination, Romania is still on an unfavorable position.

The paper is structured as it follows: literature review, research methodology, results and discussion, conclusions.

2. Literature review

Studies regarding the socio-economic effects held by tourism have represented an ever present point in research these last decades. Sadler (1975) was interested in the tourism in the developing countries, analyzing the costs and the benefits generated by this sector, while Liu et al. (1984) have approached the secondary effects generated by the tourism payments on the economy. Rita (2000) argues the importance of tourism in the economic growth and in employment, emphasizing on the fact that, including the European Union, there isn't awareness about this sector's benefits. Archer (1982) has kept track of the origins and the evolution of the touristic multipliers, their limits but also their importance in accomplishing the politics and strategies in tourism. A critical analysis of the tourism multipliers was conducted by Dwyer et alt. (2004), proposing alternative methods of measuring the impact of tourism on the economy, techniques adjusted to the present economic reality.

Several authors have approached the theme of tourism as industry that generates benefits, on Central and East Europe (Buckley, 1990; Hall, 1998; Baláz, 1998), respectively Romania (Light& Dumbrăveanu, 1999; Onetiu & Predonu, 2013), before and after the fall of communism, or the Asia-Pacific region (Mak & White, 1992) and Japan (Tokushisa, 1980; Soshiroda, 2005; Arlt, 2006; Lim et al., 2008).

A complex approach was proposed by Mak & White (1992), who, taking into consideration a study from the Asia-Pacific region (Japan, Honk Kong, Taiwan,

China, Korea, Singapore, Thailand, Malaysia, Philippine, Indonesia, Australia, New Zeeland, the Island States from the Pacific), consider that the development of tourism in this area is due to the economic growth and to the governmental policies to open the borders for international touristic flow. Tokushisa (1980) brings into discussion the concept of "awareness of leisure", emphasizing the changes in Japan and the increasing demand for tourism as far back as 1970's. Soshiroda (2005) did a long term analysis on the touristic development process in Japan, between 1859 and 2003, highlighting the fact that this sector has contributed to the economic revitalization and establishing some collaboration relations at international level. Arlt (2006) analyzed the tourism industry in Japan, demonstrating that this country has followed the three steps of developing the international touristic destinations: "discovery – acquisition – invention". Starting from the fact that the travel and tourism industry is among the most dynamic economic sectors, Lim et alt. (2008) analyzed the dynamic relationship between the tourism demand and the real income in Japan.

Buckley (1990) has evaluate the dimension and the potential of the touristic markets from the planned economies in Europe before 1990, comparative with the occidental destinations, taking into consideration the arrivals, revenues, gross domestic product and exports. Buckley considers that their opening will provide new opportunities and will eliminate the major identified constraints: travel restrictions and political difficulties, the poor quality of the touristic services, including product marketing and promotion. Hall (1998) highlighted a role of the tourism that was slightly ignored in the post-socialist restructuration in Central and Eastern Europe. Hall considers that the tourism's development potential in South-East Europe is limited by the regional instability. Baláz (1998) confirmed in his paper that after 1989 the touristic flows towards and from the Central Europe have registered a significant increase, including with faraway countries as Japan, the consequences being the settlement of these destinations in the international touristic flows and, moreover, the integration of regional tourism in the world economy. Light & Dumbrăveanu (1999) studied the tourism development in Romania after 1989, considering that, although the potential exists, post-communist economic restructuration has weighted down this sector. Onetiu & Predonu (2013) analyzed the way in which the tourism contributes to the increase of employment in Romania, underlining the role of this industry in the business development, in the increase of relationships between nations, also in the cultural development, and they concluded that tourism can be a catalyst to improve the standard of living, the quality of life and the social welfare.

3. Research methodology

The research included two stages:

I. Building the database

II. The empirical analysis of the results, calculating and interpreting the specific indicators.

The database includes the following indicators:

a. The direct contribution of the travel and tourism industry in gross domestic product
b. The direct contribution of the travel and tourism industry in employment.
c. The total contribution of travel and tourism in gross domestic product.
d. The total contribution of travel and tourism industry in employment.
e. The tourism competitiveness index and 3 sub-indexes.
f. The revenues from the international tourism and the exports impact.
g. The expenditures in international tourism and the import impact.
h. The number of foreign tourist arrivals
i. The number of resident tourist departures

The sources for the data were: the reports of the World Travel and Tourism Council (a, b, c, d), the reports of the World Economic Forum (e) and the World Bank database (f, g, h, i)

The horizon of time for the database is: for a, b, c, d, indexes – 2008, 2009, 2011, 2013, 2014 (estimation), 2004 (forecast); for the e indexes – 2008, 2009, 2011, 2013; for the f, g, h, i – 2008, 2009, 2011, 2012. These years were chosen as it follows: for the a, b, c, d indexes there were chosen the years with the last final values (2013), the forecast for the year in course, the 10 years activity reporting (2004, 2024) in comparison with it and 2007, the year when Romania joined the European Union. For the Competitively Index in Tourism and its sub-indexes (e) 2008, 2009, 2011 and 2013 are the only years that are calculated; for the f, g, h, i indexes the same years as for the e index have been chosen, with the difference that instead of 2013, for which the World Bank hadn't publish the data yet, it has been used that data from 2012.

The empirical analysis of the results implied a static and dynamic evaluation for each country and comparative evaluation of the indexes:

A – the direct contribution of the travel and tourism industry to the GDP, the direct contribution of the travel and tourism industry to the employment, the total contribution of the travel and tourism industry to the GDP, the total contribution of the travel and tourism industry to the employment – as absolute value and as impact in the economy.

B –the tourism competitiveness index and 3 sub-indexes – the index and the 3 sub-indexes score, the global rank.

C – the revenues from international tourism and the rate of exports, the international tourism expenditures and the rate of imports, the number of foreign tourists that have arrived, the number of residents departures.

Using the statistics from the A category, it was calculated and measured:

- The tourism multiplier after the formula:

$$K = \frac{Total\ Impact}{Direct\ Impact}$$

where the total impact is represented by the total impact of the tourism industry on the GDP, respectively in employment (total impact = direct + indirect + induced impact) and the direct impact is represented by the direct impact of the tourism industry on the GDP, respectively in employment. As it follows:

$$K\ GDP\ = \frac{\text{T\&}T\ total\ Contribution\ to\ GDP}{\text{T\&}T\ direct\ Contribution\ to\ GDP}$$

$$K\ Employment = \frac{\text{T\&}T\ total\ Contribution\ to\ Employment}{\text{T\&}T\ direct\ Contribution\ to\ Employment}$$

- Tourism industry efficiency, after the formula:

$$E = \frac{impact\ on\ GDP}{impact\ on\ employment}$$

where the impact on the GDP is represented by the tourism industry share on the GDP, and the impact on employment is represented by tourism industry share in employment.

Thus:

$$E\ direct = \frac{\text{T\&}T\ direct\ Contribution\ to\ GDP}{\text{T\&}T\ direct\ Contribution\ to\ Employment}$$

$$E\ total = \frac{\text{T\&}T\ total\ Contribution\ to\ GDP}{\text{T\&}T\ total\ Contribution\ to\ Employment}$$

Taking into consideration the statistics from the C category, it was calculated and evaluated the international tourism cash flow, the difference between the number of arrivals and the number of departures, respectively the averages indicators – average revenue per tourist and average expenditure per tourist, after the formulas:

$$\text{Average revenue per tourist} = \frac{revenues}{arrivals}$$

$$\text{Average expenditure per tourist} = \frac{expenditures}{departures}$$

4. Results and discussion

The direct contribution of tourism industry in Romania has been over 3 thousand million dollars in 2013, being in a slow uptrend in the last 10 years, evolution that will continue in the following period as well. However, the travel industry total contribution, although it was almost 10 thousand million dollars in 2013, was inferior to that registered in 2007, the year Romania joined the European Union. At an absolute level, there isn't a comparison between Japan and our country, the tourism contribution to the economy being far more superior: the direct contribution over 100 thousand million dollars in 2013, the total contribution of almost 340 thousand of dollars. Being in a slow decline since 2007, the tourism industry in Japan will undergo, as per WTTC, significant increase, over 15% in the case of the GDP directly generated and over 10% at an absolute level. It has to be mentioned that in 2024 in Romania the direct, indirect and induced tourism generated GDP is forecasted to be the double of that of 2004, on absolute value. Concerning the number of jobs generated by the tourism industry, the trends are similar: a decline of the direct and indirect tourism employees in 2013 compared with 2007, both in Japan and Romania, followed by an absolute increase, according to the forecasts for next year and the projections for the next ten years.

Table no 1. The absolute volume of the tourism economic contribution

	Travel & Tourism Direct Contribution to GDP (real 2013 US$ bn)		Travel & Tourism Total Contribution to GDP (real 2013 US$ bn)		Travel & Tourism Direct Contribution to Employment (thousands)		Travel & Tourism Total Contribution to Employment (thousands)	
	Romania	Japan	Romania	Japan	Romania	Japan	Romania	Japan
2004	2,453	95,442	7,601	301,764	221	1446,1	480,3	4460,8
2007	2,911	109,423	10,462	343,452	218,8	1537,8	569,8	4745,9
2013	3,154	108,631	9,907	339,895	212,4	1447,1	500,7	4496,8
2014	3,27	111,25	10,44	345,079	219,3	1471,1	527,1	4534,3
2024	4,844	127,895	15,211	381,005	230,8	1557,9	552,9	4660

Source: realized by the authors following the WTTC statistics, accessed at the link: http://wttc.org/research/economic-data-search-tool/Forum

Romania's touristic competitiveness is reduced, both at a worldwide level (68th place last year) and in relation to the Japanese one. It should be pointed out that, in contrast to Romania, Japan has increased the competitiveness of tourism, in the ranking of 2013 climbing to 14th in the world.

Table no. 2. Tourism competitiveness index

TTCI	Romania				Japan			
	2008	2009	2011	2013	2008	2009	2011	2013
RANK	69	66	63	68	23	25	22	14
SCORE	3,88	4,04	4,17	4,04	4,9	4,91	4,94	5,13
A score	4,29	4,68	4,85	4,61	5,11	5,1	5,24	5,31
B score	3,55	3,61	3,8	3,67	4,88	4,83	4,72	4,86
C score	3,79	3,83	3,84	3,85	4,73	4,81	4,86	5,22

Source: realized by the author following the World Economic Forum statistics, accessed at the link: http://www.weforum.org/issues/travel-and-tourism-competitiveness/ttci-platform

The major differences between the two countries and also the progress realized by Japan regarding the legislative framework and resources (natural, cultural and human) are confirmed also in what concerns the three elements of the touristic competitiveness index. Furthermore, although in 2009 and 2011 Romania has increased the touristic competitiveness, the World Economic Forum report from last year shows a step backwards – the decrease of the global index and position, the degradation of the legislative framework, of the business environment and of infrastructure. Thus, the negative elements reveled by the index's values analysis are price competitiveness and transport infrastructure and specifically the touristic infrastructure and the B sub-index components, respectively the position occupied by tourism as a priority.

4.1. Empirical result analysis

The tourism impact on economy measured both by GDP and by the number of jobs is low both in Romania and in Japan. There is indeed a slow increasing trend, with few exceptions, for both counties, but the rates of 1,6% (Romania) and 2,2% (Japan) for the direct contribution in GDP, respectively 5,1% (Romania) and 6,9% (Japan) for the total impact, on one side, and of 2,4% (Romania) and 2,2% (Japan) for the direct impact of tourism in employment, respectively 5,7% (Romania) and 7,1% (Japan) for the total contribution, confirms that at 2013 level the tourism industry doesn't represent an essential industry sector.

The low impact of travel and tourism industry in Romania and Japan is confirmed by the low rates of exports and imports of tourism services. In decline in 2008-2012, but not a continuous one, the revenues from the international tourism had an impact of only 3% on the entire exports in Romania. Although they had a different and oscillatory evolution, Japan's touristic exports were even smaller than that, only 1, 8% in 2012. Regarding the imports, the impact of tourism is a slightly

more high in Japan, but it's on a downtrend, even if in their absolute value, Japanese tourist spending across borders have increased between 2008 and 2012. The situation is different for Romania: if the impact in the total of imports has maintained to an inferior value even to the exports (2,9%), in their absolute value the Romanian tourist spending abroad has receded in the analyzed period.

Table no. 3. The relative level of tourism contribution to the economy

	Travel & Tourism Direct Contribution to GDP (share %)		Travel & Tourism Total Contribution to GDP (share %)		Travel & Tourism Direct Contribution to Employment (share %)		Travel & Tourism Total Contribution to Employment (share %)	
	Romania	Japan	Romania	Japan	Romania	Japan	Romania	Japan
2004	1,5	2	4,8	6,4	2,6	2,2	5,7	7
2007	1,5	2,2	5,5	7	2,5	2,3	6,6	7,3
2013	1,6	2,2	5,1	6,9	2,4	2,2	5,7	7,1
2014	1,6	2,2	5,2	6,8	2,5	2,3	6	7,1
2024	1,7	2,3	5,5	6,9	2,6	2,5	6,4	7,6

Source: realized by the authors taking into consideration the WTTC statistics, accessed at the following link: http://wttc.org/research/economic-data-search-tool/Forum

Table no 4. International tourist fluxes

	Romania				Japan			
International tourism	2008	2009	2011	2012	2008	2009	2011	2012
Receipts (current bn US$)	2625	1687	2018	1919	13781	12537	12534	16197
Receipts (% of total exports)	4.7	3.7	3	3	1.5	1.9	1.4	1.8
Expenditures (current bn US$)	2409	1769	2295	2112	38976	34788	39760	40967
Expenditures (% of total imports)	2.9	3.2	2.9	2.9	4.5	5.4	4.1	4
Number of arrivals (thousands)	8862	7575	7611	7937	8351	6790	6219	8353
Number of departures (thousands)	13072	11723	10936	11149	15987	15446	16994	18491

Source: realized by the authors according to the World Bank statistics, accessed to the link: http://datacatalog.worldbank.org/

Nevertheless, the total number of tourist arrivals who have visited Romania and Japan between 2008 and 2012 doesn't differ significantly, rising to the level of 8 million in 2012, the first year when, at an absolute level, Japan surpassed Romania.

4.2. International tourist fluxes

Regarding the international tourism, both countries, Romania and Japan, are tourism services importers. Although in 2008 in Romania the international tourism revenues outgrow the expenditures, the last years evolution don't leave place for discussions. Both, the cash flow and the difference between the number of residents that leave Romania and Japan for touristic purposes, put the two countries on the same side of the international touristic flows. The significant differences reside in the fact that the tourism cash flow register major deficit in Japan. This is due mainly to the fact that in 2012 the number of Japanese people that left abroad as tourists was larger by 10 million than the number of tourists that went to visit Japan. The negative cash flow is also the result by the difference between the average expenditure per tourist and the average revenue per tourist from the international tourism. The situation in Romania is different regarding this last stand point. If at an absolute level any comparison with Japan doesn't need comments, one could remark the fact that the average revenue per tourist is with over 50 million dollars bigger than the Romanian tourist expenditure abroad. Thus, only the fact that the number of Romanian residents who leave annually the country for touristic purposes is with 3 million higher (2011 – 2012) than the foreign tourists that have visited Romania, results in a negative cash flow.

Table no. 5. The cash flow and the medium indexes in the international tourism

	Romania				Japan			
	2008	2009	2011	2012	2008	2009	2011	2012
Tourism Balance Account (Receipts-Expenditures)	216	-82	-277	-193	-25195	-22251	-27226	-24770
Arrivals-Departures Balance	-4210	-4148	-3325	-3212	-7636	-8656	-10775	-10138
Average receipt/tourist($)	296,2	222,7	265,1	241,8	1650,2	1846,4	2015,4	1939,1
Average expenditure/tourist ($)	184,3	150,9	210	189,4	2438	2252,2	2339,7	2215,5

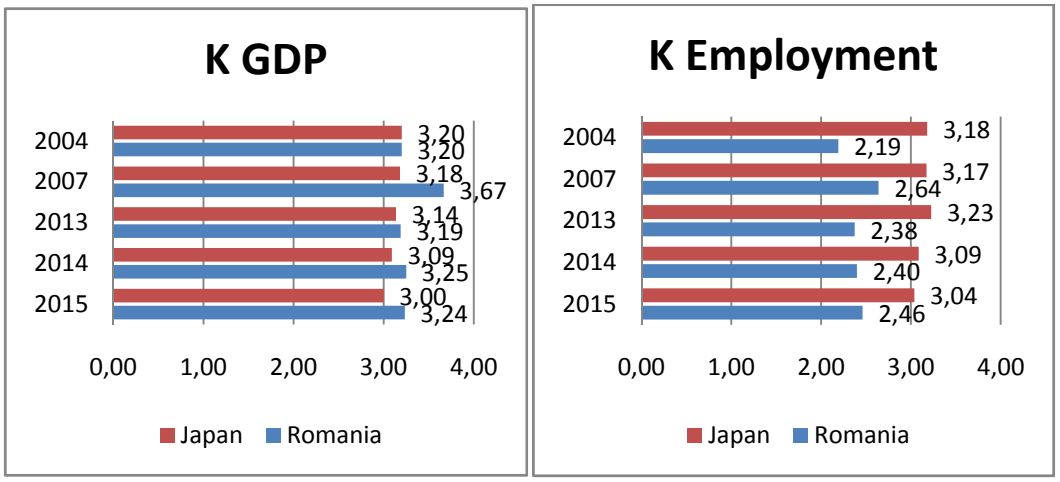
Source: realized by the authors based on the data from table no. 4

4.3. The tourism multiplier coefficients and the industry efficiency

The GDP tourism multiplier coefficient is superior to the reference value from the literature of specialty (K=3), but for the employment tourism multiplier coefficient there are some important differences.

However, the multiplier tourism values in the Gross Domestic Product for Romania is higher than Japan's, even if at 2013 level the values are close (3,19 Romania, respectively 3,14 Japan), unlike 2007 (3,67 Romania, respectively 3,18 Japan) furthermore the year with a maximum for Romania. Regarding the multiplier for jobs in the tourism industry the situation is completely different. Last year, the value of K reached a maximum for Japan – 3, 27, far superior to the one calculated for Romania (2,38).

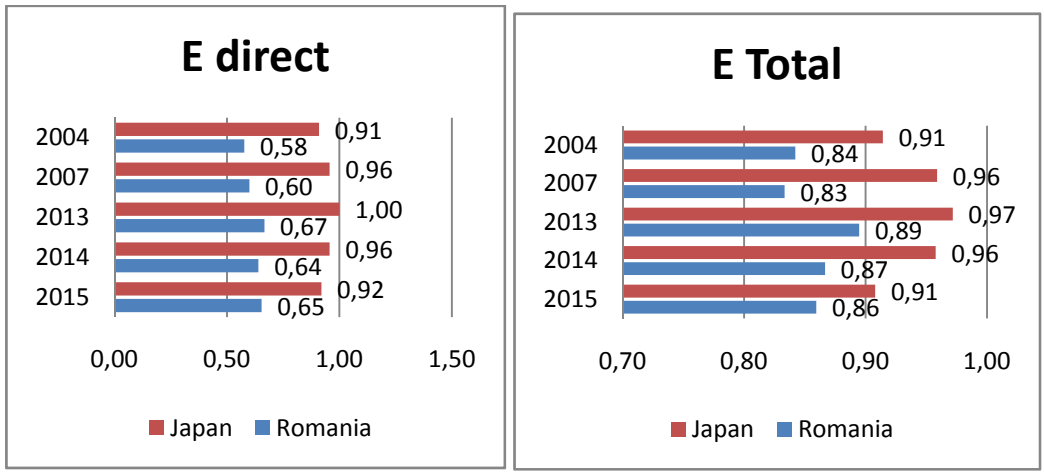
Fig 1. Tourism Multipliers



Source: realized by the authors using the data from table no.3

According to the E indexes calculated for these years, the differences concerning the industry impact are emphasized by the differences concerning the efficiency. In the first instance, both the partial industry efficiency and the total one are under the value 1 (in 2013, the value is reached for E in Japan) so that it can be considered that the industry is rather inefficient – it has a bigger impact on employment that on the GDP. From this perspective, we can talk about the social efficiency of tourism, by the capacity to generating jobs. Secondly, the tourism efficiency in Romania is lower than in Japan. Although socially it is a positive element, the reverse is the fact that there is low work productivity especially on the direct tourism activities. This low productivity is toned down if we refer to the total efficiency, the calculated values for the two countries tending to be close.

Fig 2. Tourism Efficiency



Source: realized by the authors using the data from table no. 3

5. Conclusions

Regarding the first specific objective, the results of this research show that the GDP and the number of jobs generated by tourism are at an absolute higher level in Japan compared with Romania. However, the rates for the direct and total contribution are low, this confirming the hypothesis that the tourism impact in the economy of the two countries is reduced. Nevertheless, going further, the multiplier effect of tourism is high, over the referral value (K=3), thus it can be concluded that the touristic sector has a high entailing potential for Romania's and Japan's economies. On the other side, the industry's calculated efficiency index suggest that the tourism generates benefic effects, more at a socio-economic level (employment), than purely at an economic level (added value, GDP).

Concerning the second objective and the main hypothesis issued, we consider the following: Romania and Japan are countries that send out international tourist fluxes; while the Romanian tourists spend less abroad than the foreign tourists in Romania, in Japan the situation is opposite. The average revenues per tourist and average expenditure per tourist Japan is far superior for Japan.

The limits of the research are subjective – Romania and Japan are on different stages of development – and objective – the deficiency of some supplementary data and the insufficient control on the measuring the touristic flow indexes methodology.

The future research directions: an analysis regarding the direct touristic rapports between Romania and Japan; comparing the factors that generate the significant differences for the averages indicators for the tourism consumption.

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