

## ENDOGENOUS CHALLENGES FOR THE TOURISM INDUSTRY

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**Abstract:** *The tourism industry faces numerous challenges, both from the outside and from the inside. Among the exogenous challenges we can mention terrorist attacks, viral outbreaks and natural disasters. These events occur independently from the tourism industry, but they have a significant impact on the number of incoming tourists and subsequently on the financial earnings of affected regions. In the present paper, we have tried to identify some challenges that are generated within the industry and/or by the industry. We have focused on three such challenges: the consumers' behavior, the work force, and the organization of the community. We have selected these three, although there are many others, because we consider them easier to fix.*

**Key words:** *tourism, workforce, community, behavior, consumer.*

### 1. Introduction

It is extremely difficult to define the tourism industry because of the many areas that it transcends. The difficulty of defining the tourism industry arises from the fact that there is no formal production function, or output, which can be calculated. When we refer to the tourism industry, in the present paper, we consider that it includes several categories of establishments/companies: hotels, service providers, catering business (restaurants), transport, tour operators, travel agents, NGOs and government bodies.

The tourism industry has a number of features, namely: it is dominated by the private sector; it is very fragmented. There are few cases of coordination and cohesion within the industry; the industry is dominated by SMEs. Even though when we think about the tourism industry we think of large hotel or air transport corporations, in fact, the industry is dominated by SMEs, particularly family-owned; it is highly diversified. As can be seen from the above list, there are a number of specific categories of firms with highly differentiated fields of activity.

The tourism industry has faced in the last years numerous exogenous challenges, among which, we can mention: the terrorist attacks of September 11 2001, the wars in Afghanistan and Iraq, the SARS outbreak in 2003, the tsunami in South East Asia in 2004, the financial crisis in 2007 – 2010 (Bac, Aksoz 2009: 29), the Arab spring etc. These events have occurred independent from the tourism industry, but they affected several countries and regions (in the case of SARS or the wars) or industry sectors (travel industry was hit hard by the September 11<sup>th</sup> attack).

In the present paper we will try to focus on some of the endogenous challenges of the industry that it faces in Romania. The three challenges we have selected are: the tourism consumer, the work force and the organization of communities.

## **2. The behavior of the tourism consumer**

The tourism consumer is not necessarily a part of the tourism industry, but they (the consumer and the industry) are intrinsically linked. They mold and influence each other and the development of tourism in the last part of the 20<sup>th</sup> century and the beginning of the 21<sup>st</sup> is mostly caused by the way tourists have changed their behavior.

The consumers' behavior in tourism has changed even more radically in recent years. There are many factors that contributed to this change, among which we can mention the following (the order is random):

- political factors: legislation, how visa policy changed, terrorism, state funding for tourism infrastructure;
- economic factors: distribution of wealth, disposable income, foreign exchange rates, booms and recessions;
- social factors: demographic changes, lifestyle changes, the emergence of new cultures;
- technological factors: the internet, television, virtual reality, global distribution systems, new transport technologies;
- the influence of media: media non-tourist (news, movies, documentaries etc.), media profile (TV channels dedicated to travel, tourist guides etc.)
- marketing activities of the tourism industry: new product development, pricing policies, distribution strategies, public relations;
- the confidence and knowledge more complex tourists who become more experienced (Horner and Swarbrooke 2007: 230).

The factors we listed above have a number of effects on tourism consumption: increase of the number of tourists from countries that were not considered large generators of international trips (Eastern Europe, Southeast Asia); expansion of tourist demand from certain segments of society; development of new types of tourism products and means of purchasing them (Horner and Swarbrooke 2007: 229).

In terms of market segmentation, the tourism industry will have to pay increasing attention to the elderly, especially in countries like USA, Japan or Germany, where there is a significant aging population. Also there will be an increase of the number of people from other religions than Christianity, who have different rules, traditions and behaviors influenced by their beliefs. Special attention should be paid to young people, especially students, who have become a significant segment of tourism demand (Moisa 2010: 418-424). Finally, we should mention people with disabilities. With changing societal attitudes about them, the tourism industry will be obliged to pay more attention (Woodside et al. 2004: 3; Babaita 2012: 481).

New types of products are influenced by: options of tourists, technological innovation and the perpetual search for new of the tourism industry. Due to the increasing pressure of everyday life, more and more people will seek resort packages in remote areas to reduce stress.

In addition to the new types of products, tourists will be encouraged to acquire similar packages, but to new destinations: city-breaks in Cape Town, Havana and Tehran, coastal tourism in Namibia and Brazil, skiing in Japan, Argentina or Chile, cultural tourism in Myanmar, Laos and Nigeria (Akama and Kennedy 2001: 57; Horner and Swarbrooke 2007: 232).

We should mention here the impact of new procurement methods and travel packages. First, the Internet offers a wide range of possibilities for purchasing flight / train, car rental and hotel reservations. The tourists will be able to create their own packages, abandoning the services offered by travel agencies.

A new type of tourist has emerged called the “experiential” tourist. This type of tourists are interested in novelty, “strangeness,” authenticity, and all that is different and that creates an unique experiences. As a result, the industry has striven to organize tours to various localities that have something unique and specific and that set them apart from other destinations with their scenic beauty, festivals, or art works (Reisinger 2009:11).

### 3. The work force

Creating jobs along with income generation are the most important benefits of tourism development (Medlik 1997: 200). Some authors (Bădulescu 2007; Vanhave 2006) identified a number of features and developments of the workforce employed in tourism:

- even if in the 1990 – 2000 period there has been an impressive growth rate of tourist arrivals worldwide, which generated, in turn, a need for labor, in the near future, employment in the tourism industry could sharply decline;
- the tourism industry employs a large number of unqualified or "semi-skilled" persons, which can be an opportunity for unskilled workers in emerging countries; also there is an increase in using part-time employees;
- the tourism industry is dominated by women and youth;
- although it varies from country to country and even from region to region, seasonality affects tourism demand and employment, which is why tourism jobs are less and less attractive.

We conclude that, internationally, in terms of quantity the number of employees in the tourism industry is growing, but in terms of quality, jobs offered are not very attractive, with a high degree of instability.

The National Tourism Development Master Plan 2007 - 2026, the authors present the tourism labor problem in the following terms: the hospitality sector in Romania faces an acute shortage of qualified and trained personnel, and this affects the overall performance of the services. However, the crisis of qualified personnel is not the same as "a personnel crisis" in quality. The qualified personnel crisis is due partly to the fact that a large number of people are leaving the country to work abroad after graduating from high school or university (but they are not sufficiently prepared!), or after having worked in a hotel for a short time. (MDRT 2006: 76-77)

Some of the causes of this situation have been identified by the Ministry (MDRT 2006: 78-79). Firstly, current training programs are not focused on creating skills and abilities and do not meet the necessary standards. There are many training providers, who can issue diplomas and certificates required for employment without ensuring a full and proper training.

Secondly, there is a considerable number of young people leaving the hospitality and tourism industry to go abroad to work, as a result of how poorly are considered the jobs in this field and the low level of wages.

Thirdly, there is no adequate continuous training in the workplace to keep pace with the necessary skills and knowledge of the existing staff in hospitality.

Another negative aspect of the workforce, identified in the Master Plan refers to the educational offer for training in tourism. Existing training programs are often more theoretical than practical, more focused on teaching than on learning and are focused more on qualifications than learning skills (MDRT 2006: 81). For example, in Romania, the training period for a student at the tourism major is 3 weeks, at the end of the fourth semester. In comparison, in Great Britain the training period is between 12 weeks and 12 months (Busby 2005:94).

Also in terms of education, we have mentioned continuous training in the workplace. It is now almost nonexistent, except for internal training programs within the big hotel chains. Continuous training in the workplace is very poor. Currently the most vulnerable points of the hospitality sector in Romania are: managerial and supervisory skills, including continuing vocational training in the workplace, kitchen skills (cooking, organizing, menu planning and management) and serving skills (MDRT 2006: 83).

We can conclude that employment in tourism has systemic problems, both by the employers and jobs offered and due to the low training of employees or potential employees.

#### **4. Community organization**

It is clear that companies are finding it increasingly difficult to survive alone in a market as competitive as the tourist one (Fyall and Garrod 2005: 71-72). At the national level there are numerous professional associations: Romanian Tourism Employers Federation; Hoteliers Association of Romania; Romanian Association for Accommodation and Ecological Tourism (ARCTE), the National Association of Travel Agencies (ANAT), National Association for Rural, Ecological and Cultural (ANTREC), Organization of Spa Tourism, Association of Ecotourism in Romania etc.

The organization to which we refer in the title of this chapter refers to the creation of partnerships / associations at local level, which involve especially entrepreneurs and local population. We do not exclude the participation of NGOs or local government, but mainly local entrepreneurs should be aware of the need for cooperation to be competitive nationally and internationally.

The main features of a partnership of this kind are (Robinson and Wiltshier 2011: 88): to be led by the involvement and consent of local people; be able to share the profits fairly between all partners; involve the community and not the individual.

The concept of *coopetition* was first defined in 1995. Coopetition represents the need for cooperation between companies, or even tourist destinations in order to be promote more efficiently tourism products, when they meet the competition at a regional or global level (Edgell and Haenisch quoted in Edgell 2008: 111). Coopetition, in general, is a dynamic process in which organizations seek competitive advantages arising from both cooperation and competition. Through this process, organizations look for complementary partners, as a way of promoting their own resources; transferring and creating knowledge; exploring entrepreneurial opportunities, without losing sight of their own interests (Kossyva 2014: 90). In practice, this involves local partnerships and networks established between local entrepreneurs, NGOs, local authorities, etc., which could better promote tourism products (destination) and could increase the number of visitors.

This collaboration can surpass marketing and promotional activities and the association can establish priorities of tourism development. In addition, local entrepreneurs can collaborate with local governments to improve tourism strategies, so that tourists leave with a positive experience. Coopetition proved to be an effective tool for increasing tourism demand for areas that were not considered tourism destinations (Edgell 2008: 111). Forming a partnership at a community level may provide an easier transition from fierce competition in a fair and profitable cooperation for all parties involved.

## **5. Conclusions**

Considering the above mentioned, we have reached some conclusions, and we have tried to adapt them to the Romanian reality.

Reihardt (2011: 27) believes that the tourist want "closer, shorter, cheaper" and Adlwarth (2011: 294) believes that due to the financial crisis, tourists have become more sensitive to corporate social responsibility in tourism. The emergence and development of nature friendly types of tourism (ecotourism) is mainly because tourists have become more environmentally conscious and because travel agencies have increased the promotion of these ecotourism tours. This might have an important impact for the Romanian tourism market, as we have several important destinations for ecotourism.

WTO foresees good prospects for the leading cultural cities of Central Europe, such as Prague, Budapest, Krakow, Sofia and Bucharest which will become even more popular with international visitors, especially for short breaks. (Badulescu Bac 2006: 142) Due to the fact that several cities in Romania have airports that link them to international destinations, we can conclude that Cluj, Timisoara along with Bicharest can become important tourism destinations for city breaks.

Goeldner & Ritchie (2009: 575) consider that, in terms of tourism, there will begin a decline of country – destinations due to the development of city - destinations or region - destination. We can say that tourism will remain an essential component of the global economy, generating significant revenues for private firms and the state, and many jobs. Regarding exogenous challenges of the tourism industry, they cannot be avoided or eliminated. Tourism professionals should be much better prepared to deal with crisis situations that may occur.

In the case of Romania, there are many challenges and several types of solutions. Some of the measures that should be taken by the authorities are:

- creating an attractive environment for investment in tourism, by reducing bureaucracy and providing advice, especially in rural areas;
- effective promotional campaigns at national and European levels to attract both tourists as Romanian and foreign. We believe it would be beneficial regional promotion (eg Apuseni Mountains, the Danube Delta, cultural and religious tourism in Moldova) at the expense of the national
- construction of specialized schools (in partnership with colleges and universities in the country) for young people who want to work in the tourism industry and continuous training of staff;
- efficient management of natural resources and man, because they can generate revenue that can be used in development projects.

The future directions of research should focus on the following steps in order to improve the tourism industry in Romania:

- identifying other challenges, both endogenous and exogenous;
- measuring or approximating the impact each challenge has on the domestic tourism market;
- finding solutions for the challenges and presenting them to the tourism industry, as it is widely accepted that one of the main problems for tourism in Romania is the ravine between the industry and academics.

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