EMPLOYMENT IN ACCOMODATION AND FOOD SERVICE ACTIVITIES. COMPARISON BETWEEN ROMANIA, BULGARIA AND HUNGARY

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Abstract: *The aim of this article is to analyze the evolution of some relevant indicators regarding the labor force over the past 10 years that correspond to the accommodation and food service sector. Also, to underpin the impact of the COVID-19 pandemic on the employment part of this area. It would be a comparative study of the countries mentioned that could shed some light on which countries managed to maintain better control regarding the pandemic impact in accommodation and food service activities. So, a first objective is to obtain a measurement of the impact of pandemic in this area in 2020. Some other objectives are to find out which country has a better annual productivity per employee. Another one, related to in which country are the most employees in this area and what are the percentages of employees from this sector in the whole economy of these 3 cases. Last but not least what could be in terms of the perspective over the next few years. In terms of the methodology used, the Google Scholar platform would be used as the main source for the literature research, while the websites of the national institutions on statistical data for each country would be used for the empirical study.*

Keywords employment, economy, accommodation, food service, Romania, Bulgaria, Hungary.

JEL Classification: *A10, E24, J21, L83, Z30.*

Introduction

The resource that people possess and how they are organized is increasingly recognized as critical to strategic success and competitive advantage. The company's focus on human resources has become one of the core tasks of strategic management and human resources plays an important role in all strategic decisions (Gabčanová, 2011). Yet in this study it will extrapolated the above mentioned not to a firm from accommodation and food service sector but for the whole industry in the 3 countries subjected to analysis.

Indicators regarding employment in Romania, Bulgaria and Hungary

A series of indicators will be analyzed in order to offer a clearer image of the employment situation and productivity in the accommodation and food sector. Only

with the help of this indicators will not be extremely sufficient for defining an entire industry but it could be a useful starting point for a more complex future analysis.
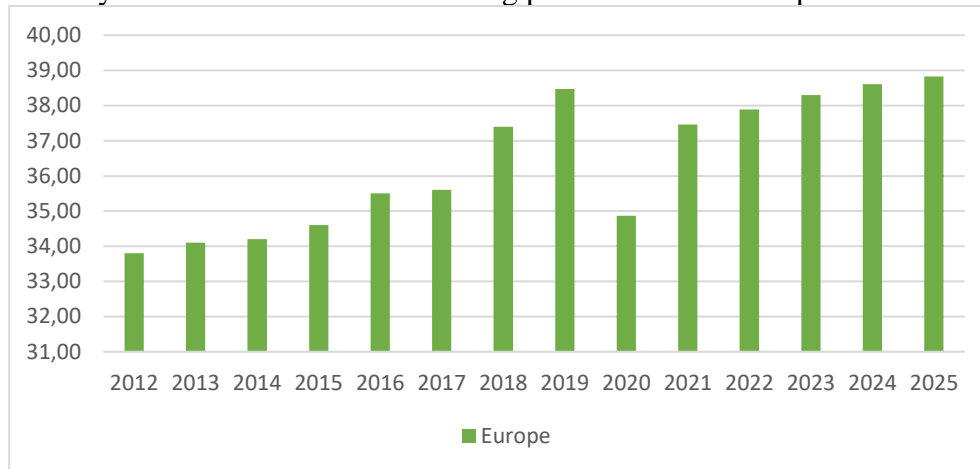

Figure 1. Total contribution of travel and tourism to employment in Europe (in million jobs).
Source: https://www.statista.com/statistics/617583/travel-and-tourism-employment-contribution-europe/ accessed on 30.11.2021
Values from 2021-2025 were forecasted with Forecast.linear function in Excel

The importance of travel & tourism as a driver of jobs was for the first time recognized by the G20 world leaders in the Declaration from the annual meeting of the G20 world leaders, held in Los Cabos, Mexico in 2021. They agreed to work "towards developing travel facilitation initiatives in support of job creation, quality work, poverty reduction and global growth". (Jucan, 2013)
Employment of travel and tourism sector, directly and indirectly, has a significant impact in the total of Europe's employment, with no less than 33,5 mil. employees for each of the analyzed years. Constantly increasing number from 2012 to 2019 shows the major role that travel and tourism is having in the labor market in Europe. Hitting a peak of 38.47 mil. employees in 2019 is followed by a massive decrease in 2020, mainly due to COVID-19 pandemic of which can be stated that with the interdictions and restrictions put back the employment in this sector to the 2015 level. It's the biggest year to year difference from 2012 to 2020, in the last year of the analyzed period being less with 3.6 mil. employees in travel and tourism sector. Accommodation and food service activities is a part of this area, so it has a certain relevancy to follow the trends in the mother-sector. Regarding the forecast for 2021-2025 it can be brought up that there may be some limitation regarding the Excel function used, the most impregnating one being that there is no ability of including the major event that can change an economic activity and area like economic crisis, sanitary crises, wars etc. Further a due the data entries used in this research were relatively few (only 9 entries from 2012- 2020). Based solely on this forecast the number of employees should reach a same as before pandemic in 2023 and to a maximum of around 38,8 mil. employees in 2025.
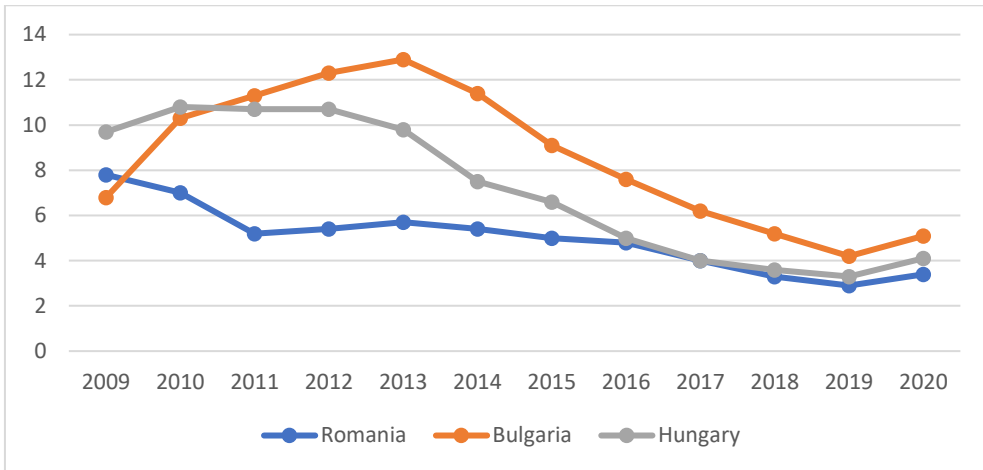
Figure 2. Unemployment rate
Source: graphic processed by authors, accessed on 29.11.2021
http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table
https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=831
https://www.ksh.hu/stadat_files/mun/en/mun0033.html

The unemployment rate is another indicator that can highlight the trends in an economy as a whole and also the level of labor market in the 3 analyzed countries. In the majority of the years 2010-2020 Bulgaria has the highest rate of unemployment (as of all sector in economy) more than double than Romania's from 2011 to 2014. Hungary is somehow situated in between, with a highest rate of 10.8% in 2010 and a lowest of 3.3 in 2019. In the last 3 years the discrepancy is not that visible, the rate having a relatively close and constant level.
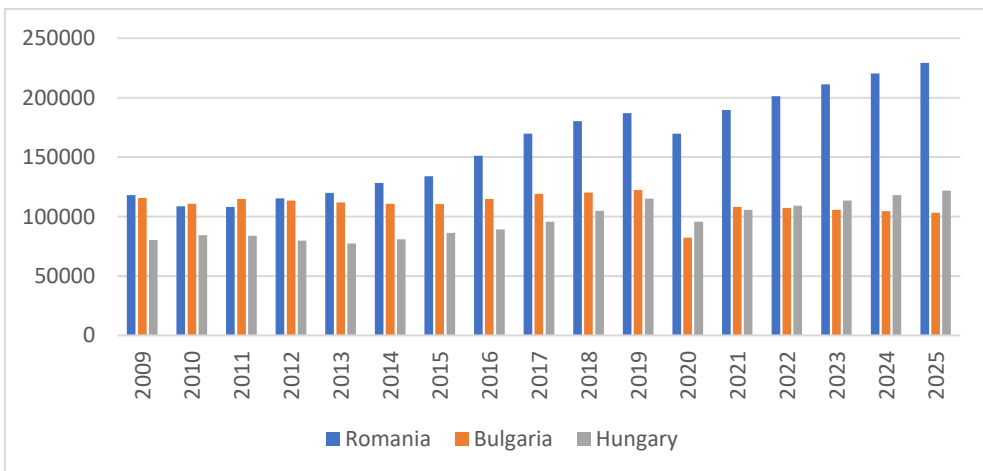

Figure 3. Number of employees in accommodation and food service activities (absolute values).

Source: graphic processed by author (data available on the following links) accessed on 29.11.2021

http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table

https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=382

https://www.ksh.hu/stadat_files/mun/en/mun0052.html

For 2020 in Bulgaria's case the data is preliminary and can be found on https://nsi.bg/en/content/3953/total

Values from 2021-2025 were forecasted with Forecast.linear function in Excel

It can be observed that Romania and Bulgaria are relatively on the same position in 2009, regarding the number of employees in accommodation and food service activities while Hungary has the lowest number in the majority of the analyzed period. In Romania's case the numbers are constantly increasing from 2009 to 2019, registering a peak of 187.057, more than 67 thousand than 2019. Having a drop in 2020 where it only reached the same number as in 2017, 169 thousand employees. In Bulgaria's case it can be seen a relatively consistency regarding this indicator varying from 2009 to 2019 to a difference of around 10 thousand employees. In 2020 the numbers plummeted in Bulgaria's case to a minimum of around 82 thousand employees. Hungary only passed the barrier of 100 thousand employees in 2018 and 2019 while the lowest values were for 2009, around 77 thousand.
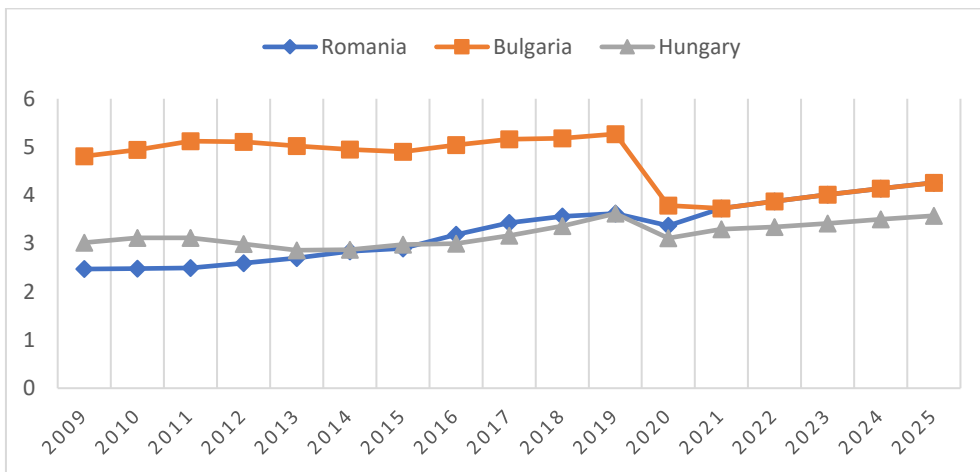

Figure 4. Percentage of employees in accommodation and food service activities in total number of employees.

Source: graphic processed by authors (data available on the following links) accessed on 29.11.2021

http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table

https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=382

https://www.ksh.hu/stadat_files/mun/en/mun0052.html

For 2020 in Bulgaria's case the data is preliminary and can be found on https://nsi.bg/en/content/3953/total

Values from 2021-2025 were forecasted with Forecast.linear function in Excel

Bulgaria has the biggest rate regarding the percentage of employees in accommodation and food service activities, around 5%, in other word it has the most impact in the labor market between the 3 countries mentioned. This rate is situated around 3% in Hungary's case while in Romania varies from 2.5% in 2009 to around 3.5. The pandemic 2020 brought a decrease in Bulgaria's rate of 1.5 percentage points (the highest in the 3 cases analyzed), in Hungary the decrease was around 0.5 percentage points while in Romania, 0.25 (all compared to the previous year 2019).
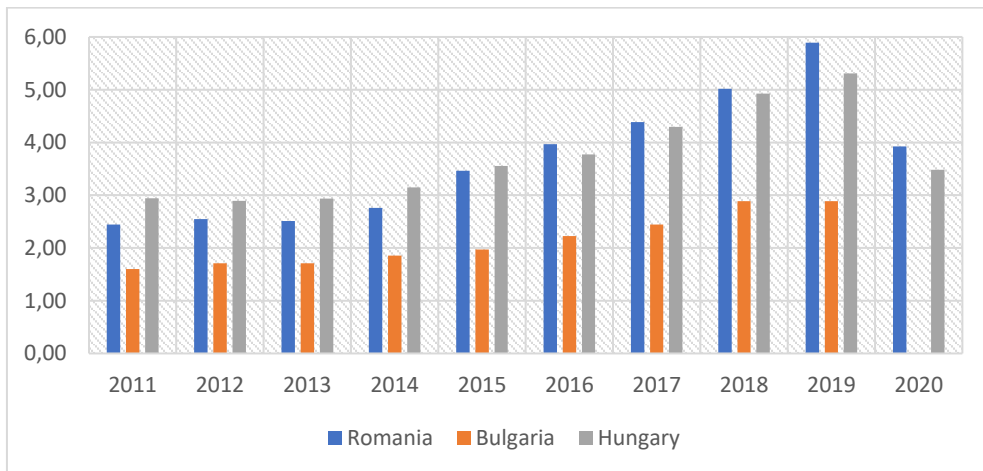

Figure 5. Turnover accommodation (billion euros)
Source: https://www.statista.com/statistics/382809/turnover-accommodation-food-service-activities-romania/
https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x_2=250
https://nsi.bg/en/content/7699/turnover
https://www.statista.com/statistics/382763/turnover-accommodation-food-service-activities-hungary/
For Bulgaria the data was transformed from BGN to Euros at Average exchange rate in each of the analyzed period.

It can be observed that 2011-2013 things are quite still regarding the turnover with some relatively low ups and downs in Romania and Hungary's case while Bulgaria is on an ascended trend to 2019. There is yet no data about the turnover in Bulgaria for 2020. In 2011, in Romania the turnover was situated around 2.44 billion euros while in 2019 it reached almost 5.9 billion euros which is a growth in absolute values more than 3.45 billion or an over 141 percent in 2019 compared to 2011. In Hungary's case the turnover in 2019 grew compared to 2011 by over 80 percent. Bulgaria is in the same situation as Hungary, with a growth just over 80 percent. Such a growth rate over 8-9 year could imply that in each from the analyzed country was some potential that wasn't revealed yet. It can be stated that this growth was also possible by the investments made throughout this period in the quality of services

offered and in expanding the capabilities and the areas deserved. Up until 2020, the situation seemed to be relatively ideal. Then, the pandemic struck and affected in a single year the turnover with more than 33 percent compared to the previous year in Romania while Hungary recorded a decrease with about 34.5 percent. These percentages are relatively close to each other so it can be affirmed that the impact of the pandemic was give or take the same in these 2 countries. From far distance it can be observed that the lower the unemployment rate in these 3 countries the higher the turnover is in this area. It could be a starting point for further research regarding the correlation of these indicators but for specific firm and not just the whole industry because in the total industry may be some actors that perform better than the others.
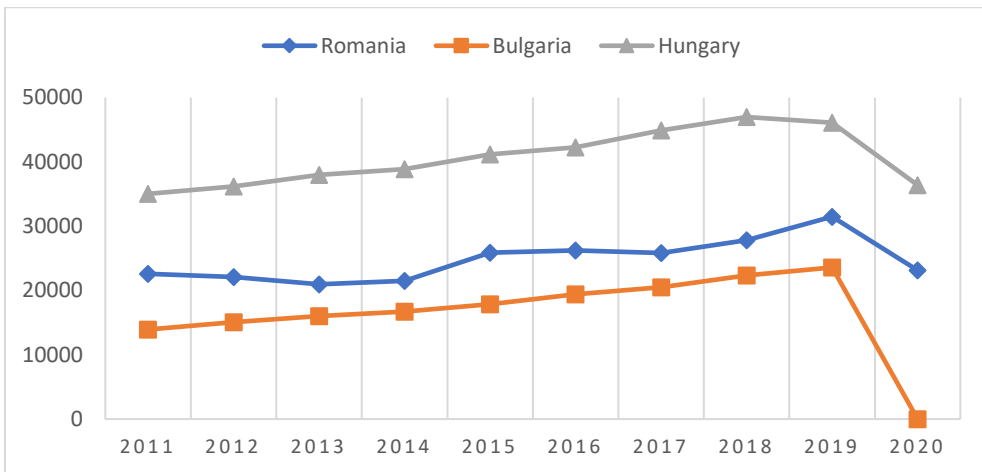

Figure 6. Annual productivity per employee in accommodation and food service sector (euros/employee).
Source: Determined as Turnover divided by the number of employees

Romania is situated in between Bulgaria and Hungary regarding the annual productivity of employees in this sector. In Romania's case there are some fluctuations regarding this indicator. Registering a decrease from 2011 to 2014 then relatively being stabilized in 2015-2017 with another increase in 2018 and 2019. Again, the effects of the pandemic are visible in 2020, when the productivity only reaches just over 23 thousand euros/employee. Meanwhile, Bulgaria shows a constant increase throughout the analyzed period (up until 2019 in this case, because of lack of data regarding the turnover, the productivity couldn't be calculated, being noted with the value 0), reaching a maximum of around 23500 euros. Hungary on the other hand registered the highest values of this indicator from a minimum of 35 thousand euros in 2011 to almost 47 thousand in 2018. In that year, productivity in Hungary was more than double compared to Bulgaria's and around 1.5 times higher than Romania.

CONCLUSION

In terms of labor force, Bulgaria is the one that is the most involved in this area of accommodation and food service activities, relying on this sector more than the other countries. Romania is up front regarding the number of the employees in this are (in absolute terms) registering the highest increase in the analyzed period, up until 2020. Romania also has the biggest increase in terms of turnover (absolute values) in the analyzed period. Yet Hungary is the best positioned country regarding the productivity of employees in this sector. Generally speaking, the pandemic 2020 put back Romania and Hungary to a 2017 level regarding the number and the percentage of employees. In Europe, the peak for the number of employees in travel and tourism sector was in 2019, with 38.47 mil, followed by the pandemic 2020 with a decrease that led to a total number of only 34.87 mil the same, similar level with the numbers from 2015.The forecasted values are merely based on the calculations made with forecast linear function from Excel and cannot be held account for accuracy especially because of the limitation provided by the extraordinary factors that may appear from time to time in economy generally or in specific sectors. The official numbers from 2021 are expected with great interest in order to sketch a big picture regarding the impact of Covid-19 pandemic regarding employment indicators in these countries, if it has deepened its effects compared to 2020 or things somehow stabilized.

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