

ANALYSIS OF GLOBAL COMPETITIVENESS PILLARS' INFLUENCE UPON THE ROMANIAN TOURISM INDUSTRY

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Abstract

We consider that the factors which influence the economic competitiveness, in general, exert, also an influence over a country's tourism competitiveness. Infrastructure, public and private institutions and their transparency, telecommunications, health and education infrastructure, at a primary, secondary and tertiary level, the efficiency of the labor market, adaptability to new technologies and innovation are only part of the economic competitiveness pillars, without which a country's tourism cannot evolve. According to these arguments, the present paper evaluates, from the methodological perspective provided by the World's Economic Forum, the economic competitiveness of Romania, in comparison to a series of emergent countries in the region.

Key words: *economic competitiveness, global competitiveness, Romanian competitiveness, tourism competitiveness;*

JEL Classification: *L83, P52.*

I. INTRODUCTION

We consider that the issue of competitiveness is a current one since it denotes quality, safety, flexibility, efficiency, and these characteristics should be placed on the standard of any tourist destination with high aspirations. In fact, a destination competitive strength lies in competitive advantages and distinctive elements that they possess in relation to other destinations. Overall, countries with advanced economies have won themselves relatively easily a dominant position in the tourism market due to competitive advantages supported by the overall level of development, the volume of public and private investment in tourism, but at the same time, there have emerged a number of developing countries that are starting to systematically recover from the disparities recorded. *Is Romania such a country?* This paper aims to generate a response just as pertinent to this question.

The work consists of a quantification of Romania's economic revitalization efforts and therefore tourist quantification results in determining the overall level of competitiveness of the country in relation to other emerging countries in Europe. We chose to focus on global competitiveness and the proposed methodology of the World Economic Forum before studying the competitiveness of tourism in the strict sense, also proposed by the same organization (WEF) because we believe that the pillars of economic

competitiveness in general, exercise also influence over a country's touristic competitiveness therefore such a preliminary analysis is more than welcome.

The competitiveness is important from several points of view: first, it allows identification of strengths and weaknesses of a country as a whole or a specific economic sector; secondly, can forecast the economy's ability to cope under the pressure of competition; not least, the competitiveness identifies the preconditions for the creation of tools able to incent market participants. The evaluation of competitiveness is also a complex process with several steps that must take into account various quantitative and qualitative factors which determine the capacity of companies, certain sectors, regions and countries to compete and gain a competitive advantage on national and international markets (Malakauskaite, Navickas, 2015, p.50).

II. THE CONCEPT OF COMPETITIVENESS

Despite the fact that there is a very rich literature on the theme of competitiveness, it has not reached unanimous agreement on the definition of the concept. Theoretical explanations of economic competitiveness varies. Some researchers believe that the concept applies the most appropriate for companies and products. Others identify national competitiveness as an important determinant of overall competitiveness of economic entities and a

number of other researchers analyze competitiveness from a sectorial perspective.

The Dictionary of Business and Management, the Vth edition, edited by Jonathan Law defines competitiveness as *the ability of an organization to successfully compete with its commercial rivals* (Law, 2009). Malakauskaite and Navickas (2015, p. 50) have a broader view of the concept, defining it as a complex phenomenon of the economy that has at least three dimensions: 1) macroeconomic, 2) mezzo economic, and 3) microeconomic. At the macroeconomic level, competitiveness is associated with the national economy, at the mezzo economic level - a regional or sectoral economy, and at microeconomic level - with companies or business units. Each level has its own unique characteristics and indicators, which are used in the evaluation of competitiveness. Other approaches to the concept of competitiveness at the nation are related to Porter (1990), which he defines as a result of a nation's ability to obtain and maintain in an innovative way, an advantageous position in certain key industrial sectors.

According to Papadakis (1994, pp. 1-20), the competitiveness of a nation can be measured by summing the levels of competitiveness of businesses operating in the country; the author believes that the power of these companies is the most important determinant of national competitiveness. In addition to the statement made by Papadakis, other authors such as Newman, Porter, Roessner, Kongthong and Jin (2005, pp. 121-128) have listed a number of other factors that could influence national competitiveness. It argues that competitiveness encompasses everything from national government policies and attitudes of citizens, to investments in production capacity and infrastructure.

In the view of the Organization of Economic Cooperation and Development (OECD) competitiveness must be understood as the ability of companies, industries, regions, countries or even supranational regions to generate significant revenue and a high level of employment remaining simultaneously exposed to international competition. According to recent OECD definitions, competitiveness is *"a country's ability to produce goods and services that stand the test of international markets under equal conditions of free market and ensuring a long-term increase in living standards."* The same organization defines competitiveness as *"a measure of a country's advantages or disadvantages in selling its products in international markets"* (www. stats.oecd.org/glossary).

The World Economic Forum defines competitiveness as *"the set of institutions, policies and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be earned by an economy"* (Global Competitiveness Report 2015-2016, www. reports.weforum.org). More competitive economies tend to be able to produce higher levels of income for

their citizens. Also, the competitiveness is one of the determinants of return on an investment, which in turn is one of the determinants of growth of an economy.

World Competitiveness Yearbook prepared by the International Institute for Management Development defines competitiveness in two forms (www.imd.org/wcc/):

- the manner in which countries and companies manage all their skills to achieve prosperity or profit;
- the field of economics, which examines policies concerning the ability of a nation to create and maintain a favorable environment for business value creation and prosperity for its people.

A definition developed by the National Council of Competitiveness suggests that the ability to achieve success in certain markets leading to better living conditions for the population, is called competitiveness (Balkyte & Tvaronavičiene, 2010, p. 344).

III.METHODOLOGICAL ASPECTS OF THE RESEARCH

Disagreement or lack of unanimity in the definition of competitiveness leads inevitably to disagreements and differences of opinion in terms of methodology for measuring this phenomenon, both at micro and macro level.

To assess the competitiveness of a country, or, specifically, of a tourist destination, it is necessary to undertake a series of analysis based on concrete data and aimed at both the destination and the country as a whole and its components. To facilitate such analysis, the World Economic Forum began in 2005 to elaborate a methodological framework based on the Global Competitiveness Index (GCI), which includes elements of both macroeconomic and microeconomic nature of a nation's economy.

Global Competitiveness Index (2016-2017 version) covers 138 countries from all regions of the world and demonstrates that the phenomenon is complex and competitiveness can be improved only through a series of reforms in various fields. The index provides a weighted average of several different components, grouped themselves into 12 pillars of competitiveness: institutions, infrastructure, macroeconomic environment, health and primary education, training and higher education, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business complexity, innovation (Figure 1).

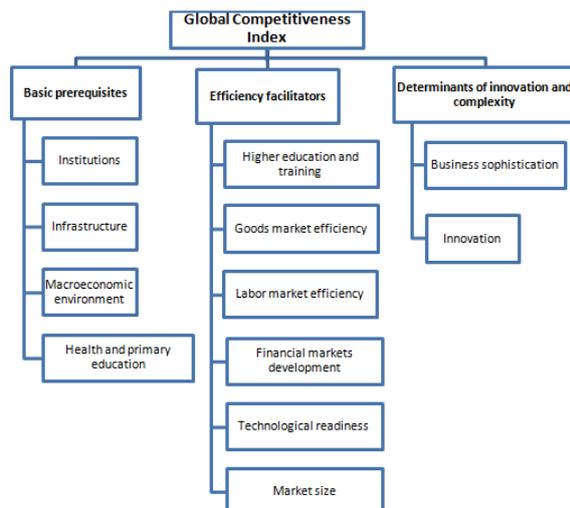


Figure 1 – Global Competitiveness Index

Source: *Global Competitiveness Report 2016–2017*

In order to highlight the overall level of competitiveness of Romania and to assess in a clear and unambiguous manner pillars underpinning competitiveness and exercising their influence including the tourism phenomenon, we chose to perform a series of international comparisons with a number of emerging countries in the region. From a conceptual standpoint, the emerging countries are aimed at bridging the gap of growth and development relating to already developed countries (usually those in Western Europe), which, incidentally, is the oldest nucleus of the European Union. Thus, to emphasize as closely as possible inter-country differences, we chose 10 other countries as a basis for comparison, which we include in the category of emerging countries, described briefly in the previous lines:

- Czech Republic, Hungary, Poland, Slovakia, Slovenia and the Baltic States (Estonia, Lithuania, Latvia) - joined the European Union in 2004;
- Bulgaria - joined the European Union in 2007, along with Romania;
- Croatia - joined the European Union in 2013;

To gather under a common title all these countries, we used the terminology proposed by the OECD using the abbreviation CEE, coming from countries in Central and Eastern Europe. To better delineate and selected countries, we chose to add the abbreviation CEE and ending - the EU, in order to clarify from the start that we refer to European Union countries in Central and Eastern Europe. The reasoning behind the choice of these countries concerned also the socialist past of them, which was an extra motivation to see how they evolved and to what extent these countries succeeded to develop over recent years, compared with Romania.

We proposed that a more detailed analysis of the competitive position of Romania in the European

context to be performed in comparison with neighboring Bulgaria. We chose to focus more attention on this comparison as both Romania and Bulgaria have many similarities, economic, but also geopolitical or historical: both have been through the communist regime, both joined the European Union in 2007, climate and topography are largely similar and up to the 90s, tourism practiced by the two countries was at about the same level, in both countries performing in this sector. If we refer only to the tourism potential of the two countries, we can find without much effort that there are many similarities in terms of cultural, natural or historic heritage (Costea, Hapenciuc, Arionesei, 2016, p. 471).

Tourist activity in the two countries is supported largely by the same typology of components. If the Romanian tourism is conceived and managed through the basic three natural elements: Carpathians, the Danube and the Black Sea, to which we attach also the cultural component (concentrated on the side of religion, ethnographic and museum), but also the variety of spa potential, Bulgaria take full advantage of the mountainous area represented by the Rila, Pirin (with their glacial lakes in number 260), Rodopi, Srenda Gora and Balkan Mountains (Stara Planina), but mostly of its own shore line of the Black Sea coast which measures not less than 380 km long (www.bulgaria.hartaeuropa.com).

Despite the many similarities between the two countries immediately after the '90s, the period that marked the fall of communism, the phenomenon of tourism has evolved in a divergent manner. As the tourism industry in Bulgaria, especially in terms of seaside tourism had to know a positive development, with a notable trend of linearity, tourist activity in Romania would have lost systematically in competition, at least in relation with key regional competitors (Costea et al., 2016, p. 471). It should be noted that the comparison is only more pronounced in the case where the pillars have direct or indirect influence regarding touristic activity, in the case of other pillars evaluated the results are presented in a concise manner as possible.

IV.COMPARATIVE ANALYSIS ROMANIA – CEE-EU COUNTRIES

At a short analysis of the overall picture of the global competitiveness index, we see that Romania ranks 62 of 138 countries with a score of 4.3 points for overall competitiveness, down 9 positions from the previous year (position 52 in 2015 out of 140 countries), although overall score remained the same. A snapshot of Romania's competitiveness in relation to other countries in Central and Eastern Europe is presented in Table. 1. According to the data, we can see that compared with other analyzed countries, Romania is, in terms of overall competitiveness, ranked weaker against countries like Czech Republic, Poland, Slovenia, the Baltic States or Bulgaria.

Moreover, compared to Bulgaria, Romania began to lose its competitive position since 2011 and although 2015 showed signs that it is on a position of the neighboring country, the following year the gap has widened, the two countries are separated by no less than 12 positions in the rankings. In the year

2016, by far the most economically competitive countries are Estonia (position 30 worldwide and an overall score of 4.78 points), Czech Republic (ranked 31 with 4.72 points) and Poland (36th with 4.56 points).

Table no. 1 – Global Competitiveness Index

Country	Position 2012-2013 of 144	Score 2012-2013	Position 2013-2014 of 148	Score 2013-2014	Position 2014-2015 of 144	Score 2014-2015	Position 2015-2016 of 140	Score 2015-2016	Position 2016-2017 of 138	Score 2016-2017
Bulgaria	62	4,3	57	4,3	54	4,4	54	4,32	50	4,44
Croatia	81	4,0	75	4,1	77	4,1	77	4,07	74	4,15
Czech Rep.	39	4,5	46	4,4	37	4,5	31	4,69	31	4,72
Hungary	60	4,3	63	4,2	60	4,3	63	4,25	69	4,20
Poland	41	4,5	42	4,5	43	4,5	41	4,49	36	4,56
Romania	78	4,1	76	4,1	59	4,3	53	4,32	62	4,30
Slovakia	71	4,1	78	4,1	75	4,1	67	4,22	65	4,28
Slovenia	56	4,3	62	4,3	70	4,2	59	4,28	56	4,39
Estonia	34	4,6	32	4,7	29	4,7	30	4,74	30	4,78
Lithuania	45	4,4	48	4,4	41	4,5	36	4,55	35	4,60
Latvia	55	4,3	52	4,4	42	4,5	44	4,45	49	4,45

Source: authors elaboration based on data from *The Global Competitiveness Report, 2007-2016*

Thus, below we find the overall situation of competitiveness for the period 2016-2017 in the CEE-EU region through the perspective of the 12 pillars proposed by the World Economic Forum:

P1. Institutions

P2. Infrastructure

P3. Macroeconomic media

P4. Health and primary education

P5. Higher education and training

P6. Goods market efficiency

P7. Labor market efficiency

P8. Financial market development

P9. Technological readiness

P10. Market size

P11. Business sophistication

P12. Innovation

Table no. 2.a – The 12 pillars of global competitiveness at CEE-EU level

Country	P1		P2		P3		P4		P5		P6	
	Pos	Score										
Bulgaria	97	3,5	70	4,0	42	5,2	57	5,9	56	4,6	57	4,4
Croatia	89	3,6	46	4,6	84	4,4	66	5,8	49	4,7	95	4,1
Czech Rep.	54	4,2	43	4,7	19	5,9	25	6,3	27	5,2	36	4,7
Hungary	113	3,3	62	4,2	47	5,1	78	5,6	72	4,4	59	4,4
Poland	65	4,0	53	4,3	45	5,1	38	6,2	37	5,0	47	4,6
Romania	92	3,6	88	3,6	28	5,5	88	5,5	67	4,4	80	4,2
Slovakia	102	3,5	61	4,2	37	5,3	55	6,0	61	4,5	53	4,5
Slovenia	58	4,1	39	4,8	58	4,9	16	6,5	22	5,4	42	4,6
Estonia	23	5,1	33	5,0	12	6,1	12	6,5	18	5,5	20	5,1
Lithuania	51	4,2	45	4,7	34	5,4	32	6,3	26	5,3	39	4,6
Latvia	64	4,0	51	4,4	24	5,6	42	6,2	39	5,0	49	4,5

Source: authors elaboration based on data from *The Global Competitiveness Report, 2007-2016*

Table no 2.b – The 12 pillars of global competitiveness at CEE-EU level

Country	P7		P8		P9		P10		P11		P12	
	Pos	Score										
Bulgaria	54	4,4	59	4,1	38	5,1	65	3,9	79	3,8	65	3,4
Croatia	100	3,9	95	3,6	47	4,7	78	3,5	80	3,8	103	3,1
Czech Rep.	44	4,5	27	4,7	29	5,5	46	4,4	32	4,5	37	3,8
Hungary	80	4,1	70	4,0	54	4,5	53	4,3	113	3,5	80	3,2
Poland	79	4,1	46	4,2	46	4,8	21	5,1	54	4,1	60	3,4
Romania	88	4,0	86	3,7	48	4,7	42	4,5	104	3,6	93	3,1
Slovakia	93	4,0	33	4,6	44	4,8	61	4,0	55	4,1	68	3,3
Slovenia	85	4,1	118	3,2	35	5,2	84	3,3	48	4,2	33	3,9
Estonia	15	5,0	22	4,8	32	5,4	100	3,0	44	4,3	28	4,1
Lithuania	59	4,4	60	4,1	27	5,6	77	3,5	42	4,3	39	3,7
Latvia	34	4,6	52	4,2	34	5,2	96	3,2	58	4,1	64	3,4

Source: authors elaboration based on data from *The Global Competitiveness Report, 2007-2016*

P1. Institutions

Institutional environment of a country depends of the efficiency and behavior of involved stakeholders, both public and private. Legal and administrative framework in which individuals, firms and governments interact determines the quality of a country's public institutions and has a strong influence on competitiveness and growth. It influences investment decisions including for tourism and plays a key role in the ways in which societies distribute the benefits and bear the costs of development strategies and policies.

In the case of CEE-EU region, the lowest-ranked countries in terms of this pillar are Hungary (113th out of 138 countries), Slovakia (No. 102) and Bulgaria (97th). Unfortunately, ranking 4th in the lack of competitiveness at the institutional level, is Romania, with only 3.6 points (92nd worldwide). Within the public sector, the greatest shortcomings are identified down to the level of performances recorded (items valued referring, among other things, to the effectiveness or ineffectiveness of government spending, the degree of transparency, burdensome government regulations and policies). Another element that affects the competitiveness of Romania's overall ranking is corruption and lack of ethics. From this point of view, our country ranks 105 of 138 countries, with only 2.8 points, which means that Romania continues to encounter problems related to embezzlement of public funds (position 106), illegal

payments and bribes (position 90). The same ethical issues are encountered in the private sector, the level of ethical behavior in the business environment amounting to only 3.3 points out of 7 possible, which places our country at the position 113 in the overall standings. In connection with public institutions in Romania there are still found favoritism occurred in the decision-making process in the interests of certain companies or individuals (position 119 out of 138 countries). Given that institutional environment offers no guarantee of transparency and ethics, a country is increasingly more difficult to become attractive for investors in tourism.

Although the overall situation is not good, there are still positive trends regarding the independence of the justice (position 70), intellectual property protection (position 70) and safety. A comparative analysis between Romania and neighboring Bulgaria, reveals that in terms of security, Romania is obviously superior (Table no. 3), which can be a competitive advantage, especially considering that, in the current geopolitical and social context in which military conflicts and terrorism sow panic in many countries, security becomes very important in order to attract tourists. However, even with this competitive advantage to Bulgaria, in terms of general security, Romania is below countries such as Estonia, Slovenia, Croatia, Czech Republic, Latvia, and Lithuania.

Table no. 3 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 1 – Institutions

	Romania		Bulgaria	
	Position	Score	Position	Score
Intellectual property rights	88	4,0	114	3,6
Ethics and corruption in the public sector	105	2,8	91	3,1
Judiciary independence	70	3,9	110	3,0
Officials favoritisms	119	2,2	97	2,7
Public sector's performances	113	2,9	95	3,2
Terrorism costs	40	5,7	107	4,5
Organized crime costs	61	5,1	118	3,7
Violence costs	39	5,3	97	4,0
Police services	80	4,2	105	3,5

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P2. Infrastructure

The efficient functioning of the economy and tourism development are actually impossible without adequate infrastructure. High quality roads, railways allowing movement involving high speeds, by default, decreased travel time, ports and air transport are indispensable elements of a competitive tourism activities. Also, power supply infrastructure must function optimally without interruption affecting the production process of enterprises. Also in the infrastructure category we include telecommunications network. In a competitive economy, it must be as broadly and allow a rapid flow of information, ensuring efficient communication between all economic entities.

In terms of infrastructure, the most competitive countries in the CEE-EU are Estonia (33 place, 5 points) and Slovenia (39th place, 4.8 points), and the most underdeveloped regions are Romania (88th, 3.6 points) and Bulgaria (70th, 4 points). The fact that Romania is the least developed country in the region in terms of infrastructure means, firstly, a lack of quality roads (position 128 of 138 countries). From this point of view, Romania is lower than countries such as Chad, Nigeria, Sierra Leone, Gabon, Bangladesh or Zimbabwe. Also, major problems are encountered in the case of transport networks by rail (79th), port infrastructure (98th) or the air (No. 101), where Romania is again overtaken by countries such as Cambodia, Pakistan, Kazakhstan, Senegal or Gambia.

In terms of quality of electricity supply, Romania ranks 75 worldwide, with 4.7 points, and regarding the connectivity through mobile network and the number of terminals per 100 inhabitants, our country ranks 88 with 107 mobile phones per 100 inhabitants. As inside the CEE-EU region, Romania and Bulgaria are the least developed countries in terms of infrastructure, we will undergo a detailed

comparison of the two countries in order to determine the objective situation of both the transport infrastructure, as well as the electrical and telecommunications. So we find that neighboring Bulgaria, is superior in all areas of infrastructure, less to the supply of electricity, but even in this case, the situation is relatively balanced (Table no. 4).

Table no. 4 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 2 – Infrastructure

	Romania		Bulgaria	
	Position	Score	Position	Score
The quality of roads infrastructure	128	2,6	94	3,4
The quality of rail transport infrastructure	79	2,4	54	3,1
The quality of port infrastructure	98	3,4	79	4,0
The quality of air transport infrastructure	101	3,7	77	4,1
The quality of electricity supply	75	4,7	79	4,6
The number of mobile phones per cent of residents	88	107,1	46	129

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P3. Macroeconomic environment

Macroeconomic stability is important for business and therefore for the overall competitiveness of a country. It is true that macroeconomic stability should be cumulative with a number of other determinants in order to enhance competitiveness, but at the same time, it is no less true that macroeconomic instability is clearly prejudicial to the national economy.

Although it still has to solve numerous shortcomings, Romania has evolved in recent years to a level of macroeconomic stability, which can be a

plus for attracting foreign investment including in the field of tourism. Through this indicator, the CEE-EU, our country ranks fourth position with 5.5 points, which gives it the world number 28, after Estonia (12th), Czech Republic (19) and Latvia (24). On the last places in the region of Central and Eastern European countries are Croatia (84), Slovenia (58) and Hungary (47). Among the items evaluated to determine the macroeconomic situation of the country are: State budget balance (% of GDP), gross savings of households (% GDP), inflation, government debt.

Table no. 5 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 3 – Macroeconomic environment

	Romania		Bulgaria	
	Position	Value	Position	Value
State budget balance (% of GDP)	32	-1,5	63	-2,9
Gross savings of households (% GDP)	44	24,4	49	23,5
Inflation (annual% change)	77	-0,6	91	-1,1
Government debt (% GDP)	51	39,4	20	26,9

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P4. Health and primary

In order to increase productivity and competitiveness of a country requires a workforce as healthy as possible. Poor health will result in a low yield of work and therefore a significant cost to business. Therefore it is considered that investment in health is vital for a sustainable economy. In addition to the health, productivity and quality of tourism products and services depend on the education of workers. Therefore, this pillar also focuses on primary education received by the population as a foundation for sustainable national economy.

In terms of the two drivers of global competitiveness, Romania occupies the last position in the ranking of EU countries in the CEE region. Globally, Romania ranks 88th with 5.5 points, below countries such as Nicaragua and Rwanda. On the other

hand, countries in the region with the most developed level of health and primary education are Estonia (12th), Slovenia (16th) and Czech Republic (25th). As regards health, the main assessed issues that Romania has serious limitations are:

- Estimated number of cases of tuberculosis (TB) per 100,000 inhabitants;
- HIV prevalence (% of population aged between 15 and 49 years);
- Infant mortality (no. Deaths per 1,000 births);
- Life expectancy at birth (years);

Regarding the level of primary education, were evaluated following:

- Quality of primary education;
- Enrollment of primary education at the national level;

Considering that if the variable that adult HIV prevalence in the overall population there are no fewer than 58 countries that have a similar situation, all countries have been placed in position 1 (*). Really worrying is the situation regarding children's access to primary education. In Romania, only 87% of children of going to school age are attending an educational institution, a lower rate than in less developed countries such as Zambia, Mozambique or Namibia. Given the degree of access to education is low, long-term negative impact can be major, whereas a low education brings with low income, thus poverty, and poverty leads to turn into a vicious circle, damaging health (given that access to health services will be restricted due to low incomes). Long-term implications can be devastating, because it will affect the workforce, the government will increase social spending, productivity will decrease etc.

Between Romania and Bulgaria, are observed no major differences in terms of the variables of this pillar. HIV prevalence is similar, infant mortality is significantly higher in Romania, life expectancy at birth and the quality of primary education are highest in Bulgaria. Significant differences are found in the estimates of the number of TB cases per 100,000 inhabitants and in terms of primary education enrollment rate, where Bulgaria registers better results than our country.

If we analyze the situation of Estonia we find that the number of cases of tuberculosis per 100,000 inhabitants is only 20, the infant mortality rate is only 2.3 deaths per 1,000 births, life expectancy is on average 77 years and the rate of primary education enrollment nationally is 97.3%, the quality of education being assessed by 5.7 points, which enable Estonia to win the 8 position worldwide.

Table no. 6 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 4 – Health and primary education

	Romania		Bulgaria	
	Position	Value	Position	Value
The number of cases of tuberculosis (TB) per 100,000 inhabitants	87	81	57	27
HIV prevalence (% of total adult population)	1*	0,1	1*	0,1
Infant mortality (no. Deaths per 1,000 births)	59	9,7	58	9,3
Life expectancy	63	75,1	59	75,4
The quality of primary education	79	3,9	67	4,1
The enrollment rate of primary education at the national level (%)	114	87	72	94,5

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P5. Higher education and training

A significant added value requires highly skilled workforce, capable of performing complex tasks and adapt quickly to changing needs of consumers. Therefore, the role of education and training is crucial for countries seeking to develop tourism. As a result of the above, the role of pillar no. 5 is to measure, in terms of quantity and quality, secondary and tertiary education. It is also considered the readiness of personnel and the extent to which it benefits from training, especially given that many economies neglect this form of specialization at work. From this perspective Romania is ranked 67 worldwide, with a score of 4.4 and the second lowest in the region CEE-EU, ahead of Hungary who is ranked 72 in the world, but with the same points. Therefore, we find that considering this pillar Romania suffers too, the situation was somewhat expected; given that primary education suffers deficiencies, and its enrollment rate is one of the lowest in the world, is somewhat normal as secondary and tertiary education have consequently suffered.

The most competitive countries at regional level in terms of secondary and tertiary education and respectively attainment levels are Estonia (18th worldwide) and Slovenia (world ranked 22). The elements assessed under this pillar are presented in

Table no. 7, and the results represent the situation in the two neighboring countries - Romania and Bulgaria. As we see in Bulgaria, as enrollment of secondary education (lower – secondary education and upper – higher education) and tertiary education enrollment rate (academic - education) are higher than those recorded in Romania. Both for Romania and for Bulgaria, quality education system is poor. However, if the situation in Romania is valued at 2.8 points, which gives it a position at the bottom rankings, in the neighboring country, quality of education is assessed at 3.3 points (91st worldwide).

Romania occupies a better position in terms of quality education focused on math and science. It is true that in recent years our country has been remarked in the world through successful presence at various international Olympiads in mathematics, chemistry, biology or physics. Unfortunately, we believe that in the domain we study, namely tourism, skills in mathematics, chemistry or biology are paramount, such as, for example, studies in management, the chapter that, unfortunately, Romania is positioned in again at the end of the world ranking, position 121, below countries like Ethiopia, Namibia, Burundi or Nicaragua. Regarding staff training, we can see that in Romania there are more opportunities for training, but, however, the level of staff training is similar to that of Bulgaria.

Table no. 7 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 5 – Higher education and training

	Romania		Bulgaria	
	Position	Value	Position	Value
Secondary school enrollment rate (%)	63	94,8	41	100,9
Tertiary education enrollment rate (%)	50	53,2	26	70,8
Quality general education system	121	2,8	91	3,3
The quality of education in mathematics and sciences	32	4,7	75	4,0
Quality education in management	121	3,4	111	3,6
Internet access in schools	44	4,8	52	4,6
Availability of local training services	99	3,9	111	3,7
The readiness of staff	103	3,5	102	3,5

Source: authors elaboration based on data from *The Global Competitiveness Report, 2007-2016*

P6. Goods market efficiency

On efficient markets get to thrive only firms producing goods and providing services that are competitive in performance both at internal and external level. The demand has major implications on efficient markets also. There is the possibility that due to cultural or historical reasons, customers to be more demanding in some countries than in others. This can create a significant competitive advantage, especially given that forcing companies to meet the challenges of innovation by increasing demand and the customer care.

Estonia remains the most competitive country and in terms of goods market efficiency, this being on position 20 globally, with an overall score of 5.1 and followed by the Czech Republic on 36th position with 4.7 points. In contrast, most competitive countries in the region are Croatia and Romania, 4.1, and 4.2 points respectively. According to the analysis in the table no. 8 below, we find that if the market of Bulgaria domestic competition is stronger than the

market of Romania, regarding foreign competition, the situation is exactly the opposite.

It is interesting to note that WEF estimates show that general taxes applied to business sector stand at about 42% of profit, cumulating here besides tax / income and other taxes on wages, social contributions etc. In contrast to Bulgaria, the fees represent only 27% of the profits of a company, which may represent an increased attractiveness to attract investments in tourism. Also in Romania imports represent 45.5% of GDP, unlike Bulgaria, where imports are amounting to some 70% of GDP.

Out of the data presented in Table no. 8, we find that in Bulgaria customers are generally more demanding than in Romania, although the degree of orientation of companies to customers in both countries is similar, according to the World Economic Forum. In Romania there is a higher tendency of customers to make purchases taking into account in particular the price of goods and services and less of their attributes.

Table no. 8 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 6 – Goods market efficiency

	Romania		Bulgaria	
	Position	Score	Position	Score
Domestic competition	87	4,4	58	4,6
Foreign competition	38	4,9	44	4,8
The sophistication of the client / exigency	122	2,7	82	3,3
The degree of orientation towards the client companies	69	4,6	73	4,6

Source: authors elaboration based on data from *The Global Competitiveness Report, 2007-2016*

P7. Labor market efficiency

Efficiency and flexibility of the labor market are essential to ensure that workers are allocated in the most efficient way in the economy and are encouraged to give everything to work. Workforce flexibility refers to the ease and speed in transferring workers from one economic activity to another with the least cost. Also, a labor market efficient and flexible will not allow that fluctuation salary to create social disruption, promote meritocracy in the workplace and ensure equity between women and men. These conditions being met, the country will become more attractive for workers and talents. From this perspective, the most inefficient labor markets at

regional level are those of Croatia (No. 100), Slovakia (No. 93) and Romania (88th) and the most effective are Estonia (15th place) and Latvia (34th).

Comparative analysis Romania - Bulgaria reveals the superiority of Bulgaria in light of all the elements analyzed, less the flexibility in determining wages: labor relations between employees and employers' flexibility rules regarding hiring and firing employees, the country's ability to attract and retain talents in the country, the correlation between productivity and wages. Also, taxes and social contributions affect a lesser extent the stimulation of labor in Bulgaria unlike Romania.

Difficulties in economic and social plan are relevant given that we analyze the labor market. Low wages compared with external demand, relatively low income security or migration of highly skilled labor in developed countries of the European Union are just some of the shortcomings that Romania is facing.

Therefore, the national economy will take time until it will be on track of a modern, competitive, able to support in a way as efficiently as possible employment in all sectors, including tourism (Micu 2009, pp. 209-214).

Table no. 9 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 7 – Labor market efficiency

	Romania		Bulgaria	
	Position	Score	Position	Score
Cooperation in labor relations (worker - employer)	106	4,0	92	4,2
Flexibility in wage determination	31	5,4	71	5,0
Hiring and firing practices	82	3,6	60	3,9
The effect of taxation on incentives to work	119	3,1	66	3,9
Correlation productivity talent - their remuneration	89	3,7	67	4,0
The country's ability to attract talent	127	2,2	110	2,5
The country's ability to retain talent	133	2,1	125	2,6
The rate of female participation in the labor force (compared to men)	81	0,77	35	0,89

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P8. Financial market development

An efficient financial sector allocates resources saved by the population of a country or people from abroad in various entrepreneurial projects and investments, with the highest rates of return. Thus, an efficient economy requires a sophisticated financial market able to provide private investors with numerous financing sources. In this context, the banking sector must be reliable and transparent, and financial markets need appropriate regulations in order to protect investors and other actors in the economy.

The most effective financial market in the region is identified, as we have already been used to in Estonia (ranked 22 globally), and in contrast, the most inefficient markets are Slovenia (ranked 122 of 138 countries) Croatia (ranked 95) and Romania (86th). Against Bulgaria, Romania only has an advantage in terms of banking system soundness. For the other variables assessed, Bulgaria has much better results than our country (Table no. 10).

Table no. 10 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 8 – Financial market development

	Romania		Bulgaria	
	Position	Score	Position	Score
The degree of satisfaction of the needs of business from the financial services available	125	3,4	57	4,5
Availability of financial services	121	2,9	67	3,8
Financing through local equity markets	123	2,6	75	3,5
Ease of access to credit	110	3,1	61	4,1
Availability of venture capital	125	2,1	47	3,1
Soundness of the banking system	90	4,4	107	4,2
Regulate trade in securities	114	3,5	100	3,8

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P9. Technological readiness

The pillar "technological readiness" measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries, with particular emphasis on its ability to rely on information and communication technologies (ICT) activities and daily processes production, increase efficiency and innovation. The location where it was developed a technology is irrelevant, as long as a country is able to effectively use the technology and to increase productivity and hence competitiveness in international markets. Although in the case of these variables may be observed mouse differences among countries in the region, we can still remark that

globalization has made today that almost every country can have access, in particular, to new information technologies, so evaluating variables shows us overall more balanced situation than other pillars of competitiveness. In terms of technological readiness Estonia no longer holds the leading position in the regional rankings, its place being taken by Lithuania, which ranks 27th globally, with 5.6 points, followed by the Czech Republic at the position 29 overall, 5.5 points. On the other hand, the least prepared countries in terms of technology are Hungary (54th) and Romania (48th). Deficiencies facing the country related, in particular, the relatively low implementation of new technologies for the daily activity of firms. Really surprising it is that countries

like Trinidad & Tobago, Namibia, Rwanda or Kenya would have a greater access to the latest technologies than countries like Romania or Bulgaria. In terms of internet penetration in the population, we find that the situation in the two neighboring countries - Romania and Bulgaria - is relatively balanced, with a sensible superiority (approx. 1%) of Bulgaria.

With the advent and development of fulminant last decade smart phones (smartphones), use of the Internet it has become much easier. Many of the operations which were performed at another time from a desktop PC or laptop, have become more affordable

and faster from mobile phones. That caused the number of mobile internet subscriptions are constantly growing, thus gaining ground to the number of fixed Internet subscriptions. For example, on average, in Romania, out of 100 inhabitants, 63 have Internet access on their mobile phone and only 20 of 100 have a fixed Internet subscription. In Bulgaria, the rate of Internet access on handsets is higher; on average, 81 out of 100 people have Internet access on your phone and only 22 of 100 people signed a fixed internet subscribers (Table no. 11).

Table no. 11 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 9 – Technological readiness

	Romania		Bulgaria	
	Position	Value	Position	Value
Availability of latest technologies	71	4,8	63	4,9
Integrating technologies into business companies	88	4,3	56	4,7
Internet users (% of population)	70	55,8	68	56,7
Subscriptions to fixed broadband internet (per 100 inhabitants)	44	19,8	41	22,4
Internet bandwidth (kb / s / user)	22	146	23	145,2
Internet subscriptions on mobile devices (100 inhabitants)	50	63,5	27	81,3

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P10. Market size

Market size affects productivity since large markets allow firms to exploit economies of scale. Traditionally, the markets available to firms have been constrained by national borders, but today, in the era of globalization, international markets have become a substitute for domestic markets. Therefore we often consider exports as a substitute for domestic demand.

Under this pillar of competitiveness were evaluated:

- Domestic market size of a country as the sum of gross domestic product and the value of imports of goods and services minus the value of exports of goods and services;

- Foreign country market size measured by the value of exports of goods and services;
- Exports as a share of GDP;

The results of the comparison Romania - Bulgaria reveals Romania's superiority in terms of domestic market size, which is somewhat expected, since the domestic market directly depends on the size of the population. Also notice that in absolute Romania's are higher than those of Bulgaria, but on the other hand, our country has the value of exports to GDP is 44.6%, in Bulgaria, the share of exports in GDP is over 68% (Table no. 12).

Table no. 12 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 10 – Market size

	Romania		Bulgaria	
	Position	Score	Position	Score
Domestic market size	42	4,3	71	3,5
Foreign market size	39	5,2	56	4,8
Exports (% of GDP)	44	44,6	19	68,7

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P11. Business sophistication

The rate of business sophistication refers to two elements that are closely linked: (1) general business network quality of a country and (2) the quality of the operations and strategies of individual firms. These elements are particularly important for countries that are in an advanced stage of development when to a large extent, the basic sources of productivity improvements have been exhausted.

Under this pillar were evaluated elements such as quantity and quality of local suppliers present in the market, the development stage of clusters (clusters of companies, suppliers, product manufacturers and related services and specialized institutions in a

particular field) the nature of the competitive advantages held by companies on foreign markets (from low labor costs and a competitive advantage based in particular on the natural resources of the region / country to unique products and services with high added value), the extent to which local firms have control of distribution products and services in foreign markets, the complexity of production processes - from production processes-intensive labor, production processes based almost exclusively on technology, the success of the companies in the use of techniques and processes marketing.

Together with Hungary (position 113 globally), Romania is one of the lowest-ranked EU countries

belonging to the CEE, in terms of business sophistication. Compared to Bulgaria, our country suffers in all areas listed above, with the exception of

marketing, where record results significantly better than in Bulgaria.

Table no. 13 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 11 – Business sophistication

	Romania		Bulgaria	
	Position	Score	Position	Score
Local suppliers - quantitatively	112	4,0	78	4,4
Local suppliers - quality	72	4,3	46	4,6
Stage cluster development	104	3,2	78	3,6
General nature of the competitive advantage held by companies in the foreign market	118	2,7	87	3,2
Control of international distribution	115	3,0	76	3,5
The complexity of the production process	97	3,4	68	3,8
Marketing	100	4,1	112	3,9

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

P12. Innovation

Innovation is particularly important for economies that are approaching the frontiers of knowledge and the value generated by simple integration and adaptation of technologies tends to disappear. In these economies, companies must design and develop cutting edge products and processes in order to maintain a competitive edge over the competition and focus on those activities with higher added value. This progress requires an environment conducive to innovative activity and must be supported by both the public and private sectors through: investment in research and development

through the work of institutes of scientific research that can generate knowledge necessary for the development of new technologies, through collaboration between universities and industry, and the protection of intellectual property.

In terms of results recorded for this indicator, Romania is on the penultimate position in the CEE-EU, with 3.1 points (ranked 93 worldwide) after which Croatia is ranked 103, but still with a total score 3.1 points. In light of the results presented in Table. 14, Romania is inferior in all respects to Bulgaria.

Table no. 14 – Comparative analysis Romania- Bulgaria regarding the variables of pillar 12 – Innovation

	Romania		Bulgaria	
	Position	Score	Position	Score
The innovativeness	80	4,0	59	4,3
The quality of scientific research institutions	71	3,8	64	3,9
Research & development expenditure of companies	111	2,8	50	3,5
University-industry collaboration on research and development	80	3,3	74	3,4
Patents (deposits per million inhabitants)	52	3,4	45	7,0

Source: authors elaboration based on data from The Global Competitiveness Report, 2007-2016

Major weaknesses are found in terms of the degree of cooperation of state and private universities with companies in various industries for the purpose to advance research and development of new technologies. The situation is somewhat normal, given that investment in research and development of Romanian companies are among the lowest in the world (position 111). It is true that meanwhile the quality of scientific research institutions is the lowest in the region. All these accumulated drive on a lack of efficiency in research and innovation, and as a result, Romania occupies the last position regionally and in terms of number of patents filed per 1 million inhabitants.

V.CONCLUSIONS

The strategies to increase the competitiveness of a country are certainly topical issues, and tourism competitiveness is addressed in ways that vary from one destination to other destination. The heterogeneity

of these approaches gave birth to a set of rather complex models and methods to study the phenomenon: the assessment of natural factors that provide a competitive country, to factors related rather to the quality of human resources and services, of technological readiness and innovation. During this study you could observe that we stated as supporters of the idea that all the circumstances play a decisive role in gaining competitive advantage, and the latter is the path by which a national economy and, why not, a tourist destination can achieve notable performance. In fact, a destination competitive strength lies in competitive advantages and distinctive elements that they possess, compared to other tourist destinations. Items including global competitiveness in the tourism implications were analyzed in this paper, compared to the results recorded by other ten EU countries in Central and Eastern Europe. Comparative analysis results show that our country does not excel in any of the chapters listed.

In comparison with most countries in the region, Romania has shortcomings larger in terms of the institutional environment, infrastructure, health and primary education, higher education and training, market efficiency of goods, labor market efficiency, the degree of financial market development, sophistication of business and innovation. Average results are recorded regarding the pillar of technological readiness and market size, and better results at regional level are recorded only in terms of stability of the macroeconomic environment, therefore a very important element but insufficient to ensure the country's attractiveness for investment.

Romania, along with Bulgaria, is classified among economies based on efficiency factors, which, at least for our country, represents a progress of past 15 years, but not enough to keep up with the other EU member states: Croatia, Hungary Latvia, Lithuania, Poland and Slovakia which are in transition to economies based on innovation category, and the other three EU countries in CEE (Czech Republic, Estonia and Slovenia) which are already classified as innovation-based economies. Also, as we have seen in Romania are still predominant the production processes based solely on manpower, which

apparently could be a boon for the tourism industry. Incidentally, the main competitive advantages of the Romanian foreign market are mostly related to cheap labor and natural resources exploited intensively.

Unfortunately, none of these advantages support sustainable tourism development, especially if we consider that natural resources are limited. Regarding low labor costs, this element leads to increased competitiveness in terms of prices, the chapter that Romania is one of the best positioned countries at European level. From our point of view, this is not necessarily a strength in the long term, especially if we consider that wages in the Romanian tourism are among the lowest in the economy. Moreover, the share of tourism income to GDP is one of the lowest in Europe.

Therefore, from our point of view, Romania, as a tourist destination, must find other areas to compete on the international market before the price. The more so because, despite relatively low prices for tourist services, the number of arrivals of foreign tourists in Romanian destinations is among the lowest in the region, and the average stay of tourists from abroad is below the ones recorded in all other countries EU in Central and Eastern Europe.

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