
The Hospitality Industry – Anamnesis, Diagnosis and Directions in Pandemic Context

Univ. Prof. Monica PETCU, Ph. D.,
The Bucharest University of Economic Studies,
e-mail: monica.petcu@cig.ase.ro

Univ. Prof. Iulia DAVID-SOBOLEVSCHI,
Ph. D.,
The Bucharest University of Economic Studies,
e-mail: maria.sobolevschi@cig.ase.ro

Summary

As a component with high sensitivity, tourism is a sector of consequence, sensitive to the imbalances of the socio-economic metasystem that includes it. In the context of establishing the state of emergency on the Romanian territory as a result of the pandemic with SARS-CoV-2 coronavirus, the activity of the economic operators was severely affected or even suspended. Considering the importance of tourism in the Romanian economy, the authors consider peremptory the joint effort of the decision makers in the field and those with significant incidence in its support, in order to limit the losses, to relaunch the activity and to avoid the long-term effects. This approach aims to identify the main characteristics of the hospitality industry, with the highlight of the specificities of the impact of the pandemic context depending on the typology of tourism and of the sufficiency and viability of the adopted measures. For this reason, in this study has been used qualitative research methods, resorting to inductive, deductive, comparative reasoning in studying the particularities of tourism, in evaluating decisions in the pandemic context, in notifying the created interdependencies and in the cause-effect analyzes. Differences in the amplitude of the impact according to the typology identified and the need to extend the facilities to compensate the difficulties induced to the tourism area have resulted from the research undertaken.

Keywords: *pandemic context; state of emergency; regulations; tourist typology*

JEL Classification: D04, E62

To cite this article:

Petcu, M., David-Sobolevschi, I. (2020), The Hospitality Industry - Anamnesis, Diagnosis and Directions in Pandemic Context, Audit Financiar, vol. XVIII, no. 2(158)/2020, pp. 411-422, DOI: 10.20869/AUDITF/2020/158/015

To link this article:

<http://dx.doi.org/10.20869/AUDITF/2020/158/015>

Received: 12.04.2020

Revised: 14.04.2020

Accepted: 22.04.2020

Introduction

An industry with a globalizing vocation through excellence, tourism has represented in the last half century one of the most dynamic sectors of the activity, with multiplier effect in all the incident economies, which recovered wasted natural resources, created millions of jobs, even in extremely poor areas, being a major mean of education, knowledge and human development. Tourism is by its vocation a creator of peace, value and civilization, with a bearable impact on the natural environment. For this industry, social, food and health security and also the safety of the person are sine-qua-non conditions. The hospitality industry is developing along with the industrialization, with the increase of the productivity, of the income and of the free time, with the generation of new more efficient technologies and of the added value that could be directed to the realization of tourist facilities, and its expansion is intrinsically linked to the development of the transport and communications. The conditions of the urban agglomerations and of the work spaces, the monotony of the proximate environment, the pollution and the alienation have determined the search for some means of escape, of recovery the physical and mental tone, and of return to nature. Speaking about the importance of "amoenitas" in our daily lives, de Jouvenel (1977) wrote: "Particularly significant for our present state is the extreme appreciation of holidays conceived not only as a theft from the current rhythm of life, but also as an outward movement of the ordinary place of life." Through the available facilities to the contemporaneity, through its irrefutable valences, the hospitality industry is inscribed as an important coordinate of the quality of life, offering means by which the universal human rights to rest and travel can be realized in concordance with the aspirations of each one.

At the same time, the hospitality industry is most vulnerable to disruptions in any component of the planetary metasystem, developing multiple interdependencies with each of them and meeting strict requirements. Tourism is among the latest destinations of the incomes of the households and certainly the first one to give up in the case of the budgetary constraints.

The particularly aggressive virus pandemic that occurred at the end of the last year has insurmountably affected the tourism through measures which restrict or suppress the movement, events and accessibility to public spaces, even compulsory reclusion of people, both in tourist-generating areas and in those of the main receivers.

The economy was partially paralyzed, hundreds of thousands of people were infected and millions were unemployed. It can be said that all the components of the macrosystem strongly feel the consequences of this tough planetary episode and that the future evolutions, the extent and the depth of a major possible crisis cannot be yet evaluated. "What is significant is not the condition of a component in a relative equilibrium, but the process through which the system adapts itself to a change in its own condition or in its environment, since the imbalances create problems that management must solve (Demetrascu, 1983) ", and in this case, the imbalances are generalized.

In Romania, normative acts with major effects on tourism activity were adopted:

- Decree number 195 of 16.03.2020, which provides the establishment of the state of emergency on the territory of Romania for a period of 30 days. This was extended for another 30 days, until mid-May by a new decree;
- The Military Ordinance number 1 of 17.03.2020 regarding some first-aid measures concerning the agglomerations of persons and the cross-border movement of goods, which provides the suspension of the activity of balneary tourism, as well as of the service and consumption of food and alcoholic and non-alcoholic beverages, organized by restaurants, hotels, coffee shops or other public places.

The decline of the hospitality industry was faster and more severe than of any other sector. The overcome of this crisis, which tends to be generalized in all components, depends on the speed, the correctness of the decisions of the authorities as well as on the capacity of the specialists in the field in finding the remedies.

The aim of the present approach is to highlight the measures that should be taken accordingly in order to limit the losses and to ensure conditions for relaunching the activity under the conditions of sustainability.

Our contribution refers to structuring the effects on the various types of tourism and providers, highlighting the difficult situations that were created, those not covered by government facilities and support and which decisively affect the companies in the hospitality industry, specifying proposals for extending the legislative framework, of others exogenous and endogenous measures to support this sector which is

particularly important in the national economy, as well as the incidence of decisions by categories of expenses, in order to keep them close to the break-even point.

1. Literature review

Highly sensitive component, tourism is a sector of consequence of the entire national and international socio-economic gear, developing a multitude of interdependencies with the other systems on which it induces beneficial effects, contributing to attracting in the economic circuit of a multitude of resources with added value and increasing the quality of life.

UNWTO defines a tourism product as "a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific center of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers". The scale and importance of the hospitality industry have determined the research of this sector from different perspectives, numerous studies of introspection and evaluation being consecrated.

Scientific studies point out that increasing activity in the hospitality industry can stimulate economic growth (Surugiu and Surugiu, 2013; Balaguer and Cantavella-Jorda, 2002; Dritsakis, 2004; Gunduz and Hatemi-J, 2005). The analysis of the impact of the determining factors of the demand for tourism, evaluated by considering the number of overnight stays, the number of rooms sold or the expenses of tourists, has been the object of study of the numerous researches. Song, Lin, Witt and Zhang identified the determinants of demand in tourism, expressed by the rooms sold: the economic conditions (the level of income), the price of the room sold and the "word of mouth" effect. They pointed out that the demand for tourist guesthouse rooms is expected to be less affected by the crisis, compared to that for hotels.

Canina and Carvell proposed a model of analysis of the rooms sold, showing that the consumer confidence index has a positive influence on the demand in tourism, that the demand for the room is relatively inelastic in terms of ADR (average daily rate) in the urban environment, that the demand for a certain one location is relatively inelastic in relation to price changes practiced by competitors and that personal incomes and

macroeconomic conditions, evaluated on the basis of gross domestic product (GDP), have a positive impact.

Ming-Hsiang Chen pointed out that the real GDP growth and rate growth rate of total foreign tourist arrivals are the significant explanatory factors of occupancy rate. Moreover, he established that the economic factor (GDP) is more important than the industry factor (the rate of increase of foreign tourists' arrivals) in obtaining the performance in the industry.

Algieri, in the analysis of the demand for tourism, identified a robust and significant long-run cointegration relationship between tourism receipts, world GDP, real exchange rates and air transport prices. The demand in tourism, evaluated on the basis of the rooms sold can be studied as a function of ADR (average daily rate), income, change in employment, seasonal adjustments, rooms sold in the previous period, with the notification of the following determinations: negative in the case of ADR, positive in the case of income and employment, positive and <1 in the case of the rooms sold in the previous period and positive/negative in the case of seasonal adjustments (Corgel et al, 2012).

Athanasopoulos and Hyndman analyzed the demand in tourism (the number of visitor nights per capita travelling) using a model that considers exogenous variables: real personal debt (by all lenders) per capita; the price index for domestic holiday travel and accommodation; the real gross domestic product per capita; dummy variable capturing the effect of different events and seasonal dummy variables, highlighting different aspects depending on the purpose of the trip: vacation, visit to friends and relatives, business and others.

The results of the empirical research conducted by Vanegas and Croes show that the demand in tourism is very sensitive to the variable income and inelastic with respect to price. The magnitude of changes in market share in international tourism is the result of changes in prices, exchange rate, related expenses and general external status, especially recession and conflicts (Durbarry and Sinclair, 2003). In the conditions of a reduction of the tendency of the average length of stay, Alegre and Pou estimated a model that reveals the impact of the socio-demographic profile of tourists and the characteristics of the holiday on the average length of stay, highlighting its sensitivity to price changes.

Complementary to the study of the determining factors of the demand in tourism, in order to increase the

incomes, an appropriate pricing policy is necessary to the different situations. In the context of the perishability, inseparability, intangibility and heterogeneity inherent in tourism products, the price can be considered a landmark in order to reduce the uncertainties and to ensure the obtainable quality of the services. The factors that can explain the sensitivity of prices in tourism are mainly: motivation in choosing the destination, age, length of stay, structure of the service package etc. (Masiero and Nicolau, 2011). Maintaining and improving the market share require competitive prices to ensure performance. Hotels that offer ADR above those of their competitors have a lower occupancy rate but higher revenue per available room - RevPAR (Canina and Enz, 2009). Changing prices to increase them is the best way to achieve higher RevPAR growth, and maintaining price stability is the next most viable positioning strategy in terms of RevPAR (Canina and Enz, 2012).

2. Research methodology

The aim of the research, circumscribing the problem created by the pandemic context in the hospitality industry, focus on noticing its specificities and the sufficiency and viability of the measures adopted accordingly.

The purpose of the research consists in the introspection of the effects of the regulations adopted, structured on the typology of the units, in mentioning the measures to be taken for the resumption of tourist circulation in conditions of complete safety and for converting this impasse into the leverage of relaunching Romanian

tourism on qualitative coordinates, with the detection of some aspects regarding the performance and financial position that will be reflected in the financial statements that will be audited.

The research methods are qualitative, the authors resorting to inductive, deductive, comparative reasoning in the study of the particularities of tourism, in the evaluation of the decisions in the pandemic context, in the detection of the created interdependencies and in the cause-effect analysis. The research technique used includes the literature review, the analysis of normative documents and concepts introduced, analytical procedures and complementary procedures, observation, investigation, confirmation, evaluation and revision. These allow highlighting some aspects of the impact of the current situation on the performance and financial position of the tourism operators, specifying the necessary decisions, based on theoretical approaches and experience in the field, the reasoning being marked by a moderate skepticism.

3. Particularities and decisions in the hospitality industry

Previous to the date of establishing the state of emergency, the tourism in Romania was characterized by a relative maintenance of the level comparative with the same period of the year 2019, registering insignificant changes in the structure of the arrivals and the overnight stays, in which the Romanian tourists represent approx. 82%, and foreigners 18% (Table no. 1).

Table no. 1. The situation of arrivals and overnight stays

Indicator	2019						2020						Indices (%)	
	arrivals (thousands)			overnight stays (thousands)			arrivals (thousands)			overnight stays (thousands)				
	01.2019	02.2019	total	01.2019	02.2019	total	01.2020	02.2020	total	01.2020	02.2020	total	arrivals	Overnight stays
Total	758,5	758,8	1.517,3	1.472,8	1.496,5	2.969,3	796,3	724,4	1.520,7	1.575,5	1.404,6	2.980,1	100,2	100,4
Romanian tourists	618,6	623,9	1.242,5	1.188,0	1.226,5	2.414,5	668,7	603,6	1.272,3	1.299,2	1.143,3	2.442,5	102,4	101,2
Foreign tourists	139,9	134,9	274,8	284,8	270,0	554,8	127,6	120,8	248,4	276,3	261,3	537,6	90,4	96,9

Source: INS, 2020

In February 2020, when the effects of SARS-CoV-2 coronavirus infection were amplified internationally, Romania registered a number of overnight stays of 1,404.6 thousand, 6% lower than in 2019. The

occupancy rate in February 2020 was 24.4% on total tourist accommodation structures, with 1.9 percentage points lower than the one registered in February 2019. Starting with March, a severe decrease of the indicators

regarding the tourist circulation and, consequently, the occupancy rate has followed.

Ensuring the efficiency of the decision-making process involves the inclusion in the reasoning of a particular perspective arising from the complexity of this phenomenon. Thus, the support measures in the hospitality industry circumscribe:

- **decisional level:** operator in the hospitality industry, competent public authorities, partners (including the banking system). The importance of this sector in the Romanian economy and the major impact of the SARS-CoV-2 coronavirus pandemic on it required a joint effort of the decision makers in the field and those with significant incidence;
- **type of tourism:** business tourism, balneary tourism, seaside tourism, mountain tourism, agritourism etc. Each type of tourism has its own characteristics, constituting in particular species that must be properly treated in the decision-making process;
- **implementation period:** the period for which the state of emergency is established and the following period, of gradual relaxation and entry into normality. The viability of the proposed solutions implies the differentiated consideration of the difficulties faced by the tourism operators, with the detection of the punctual measures and the necessary steps in case of resuming the activity, in order to prevent a new wave of contagion;
- **type and classification of the tourist unit:** hotel (1*-5*), guesthouse (1 */daisies-5 */daisies), car parks, camping sites, campsites, holiday villages (structure 1*-3*), maritime and fluvial vessel, river floating pontoon (structure 1*-5*). The tourist reception structures have distinct specificities, which impose separate managerial decisions, both according to the type of unit and to its classification. In this article we will refer mainly to hotels.

The various typology of tourism, to which is attached a certain degree of severity of the normative measures adopted (the balneary tourism activity is suspended, while for the other types of tourism, the restrictions concern only the activity of serving and consuming food and alcoholic and non-alcoholic

beverages), determines a differentiation of approach. The identification of the structures and processes specific to each type of tourism requires, in order to make it more efficient, measures accordingly. The hospitality industry demands large investments in fixed assets, significant endowments with inventory objects and personnel to support the quality of the tourist services provided, with specific spending structures, which involve sustained efforts to reach the break-even point. The tourist services involve a large workforce, which generates expenses that hold high weights, differentiated according to: the location of the tourist unit (through the local particularities of the labor market), the classification of the unit that requires a certain level of qualification of the personnel, the type of tourism (balneary tourism involves the employment of medical personnel with higher salaries) etc. The demand for tourism services is generally elastic both in respect of price and income. However, the elasticity of demand for tourism services presents specific characteristics for each type of tourism, mentioning in normal situations a relative inelasticity of it in the case of business tourism (based on economic reasons) and of the balneary tourism (which has a lower variability of the demand determined by the individual needs and by the financial support by the social insurance budget).

Business tourism has its own motivations and forms. Although it derives from purposes related to an activity registered in the sphere of work, this displacement is assimilated to tourism due to the involvement of specific services. The extent of the economic relationships at national and international level has generated a significant increase of this type of tourism. It ensures the increase of the incomes and a diminution of the incidence of the seasonality at national level. In the context of the SARS-CoV-2 coronavirus pandemic, the business environment reduces its expenses, including the travel ones, both for economic and financial reasons and as a result of travel restrictions (more or less restrictive in different countries), affecting the occupancy rate and hotel revenues. If at the end of January an increase of business tourism in Romania was estimated at 12% in 2020, at the beginning of March 2020, the situation had deteriorated significantly. Thus, the hotels in Bucharest registered an occupancy rate by 20-30%, a degree of cancellation of reservations of approx. 80%, the situation was worsening in the next

period, given the circumstances of a massive investment in the industry made Bucharest which generated a market with an oversupply. The demands of the business tourism market require higher specializations and standards of service quality, promptness and efficiency in the response to the customer expectations.

The balneary tourism mainly engages tourists presenting chronic diseases, with indication of medical recovery. In order to obtain real beneficial effects, it is recommended that the duration of the treatment would take at least 10 days (in the case of the treatment packages that are the subject of the contract concluded with the National House of Public Pensions - NHPP, a number of 12 days is provided for the treatment), and the treatment should be done, depending on the medical diagnoses, even twice a year, at a minimum interval of 6 months. At the date of the initial establishment of the state of emergency, The Balneary Treatment and Capacity Recovery Company "T.B.R.C.M." provided treatment, accommodation and meals services for the second series of tourists covered by the contract concluded with the NHPP, out of a total of 59,926 balneary treatment tickets for 2020. Also, in the balneary resorts at that particularly time there were important arrivals by tourists. For example, in the Covasna resort, where cardiovascular diseases are treated, some hotels had an occupancy rate of more than 40%. Despite the available information at that time regarding coronavirus risk, there were options for these services, the tourists did not give up on the purchased services.

With reference to **the seaside tourism**, the acute problem is the one of the personnel, being generated by the reduction of the active labor force in Romania, in general, and of those interested in being employed in these units, in particular. The strong seasonal character of the activity, with an operation of approx. 5 months (May-September) per year, mainly involves the conclusion of employment contracts for certain periods (6 months). According to art. 34. a. 1 (a) of Law no. 76/2002 concerning the unemployment insurance system and the stimulation of employment, with the subsequent modifications and completions, in order to be able to get the unemployment benefit, the unemployed person must have a contribution period of at least 12 months in the last 24 months before the date of the registration of the application.

The constraints regarding the human resource in the case of the seaside operators (but also from other locations affected by the seasonality in which this system of employment is used frequently) are amplified under the conditions of the current pandemic. The extension of the state of emergency, until the middle of May, will cause a delay in the opening of the summer season 2020. This year's narrowing of the season will generate a critical situation for employees, who will not be able to meet the requirement for the duration of the contribution period, and will not get the unemployment benefit, reorienting itself to other sectors, amplifying the problem of labor force in these locations, complementary to the financial ones.

In the recent years, the **mountain tourism** in Romania is facing many problems, such as: the decrease of the number of tourists (the demand for this type of tourism is manifested with priority in holidays; mountain tourism has become a weekend or team-building tourism and less for stays longer than three days; climate change affects the ski season, etc.), lack of skilled labor, underdevelopment of general and specific infrastructure, insufficient funds, low promotion, etc. Even in the case of operators who made investments for higher classifications of tourist reception structures, a higher offer in the mountain area in relation to the demand does not allow the practice of tariffs corresponding to the classification outside of periods of high demand.

. Also, the fixed expenses have a high weight, constituting in significant constraints on the break-even point and implicitly on the self-financing capacity.

The implementation period of the decisions to support the hospitality industry is approached differently, as one for which the state of emergency is established and the other one after it, assuming appropriate measures.

I. The period related to the state of emergency

- **In the field of the management resource**
 - **human resources:** depending on the incidence of the measures established by the Military Ordinance no. 1/17.03.2020 regarding some emergency measures concerning the agglomerations of persons and the cross-border movement of goods and the

category of employees, the decisions will be customized. Thus, targeting the operative employees, the decisions in the field of human resources envisage an inclusion to a greater or lesser extent in the technical unemployment by suspending the employment contracts of all the operative employees who have employment contracts with the operators from balneary tourism, which suspended its activity, and a partial suspension, depending on the level of activity and the possibility of reconversion of the activity (catering in the case of restaurants opened in hotel complexes, the use of hotels for patients who must remain in quarantine after being diagnosed with coronavirus). It is possible to propose a legislative initiative that provides for a common system to support the personnel expenses by the economic agent and by the state by modifying the clauses stipulated in the employment contracts in term of working time, in the sense of part-time transition, and the inclusion in the technical unemployment (Good practice: in Germany, an unemployed person can work a number of hours to allow them to obtain a certain amount of money, complementary to unemployment benefit). An alternative to the technical unemployment for the technical staff of these units is its use for carrying out investment and repair works of the hotel complexes, taking into account that maintaining the technical status and modernizing the tourism units involve works cannot be always performed without affecting the comfort of tourists. In the present context, these works can be performed under optimal conditions with the advantage of partial use of own staff. The decisions about the managerial and administrative personnel can vary from the suspension of the employment contracts, until their maintenance in activity, under normal conditions.

It is necessary that the social health insurance allowances, paid by the employers to their own insured persons, supported by the FNUASS budget, must be settled within the term stipulated by the law, without delay, ensuring liquidity for economic operators.

Also, it is advisable to consider the legislative modification consisting of reducing the contribution

period of at least 12 months in the last 24 months in order to qualify for unemployment benefit.

— **financial resources:** the drastic decrease in the occupancy rate generates major financial difficulties. In this respect, operators must rigorously design their cash flows, prepare situations concerning the payments to be made, broken down by maturity, by priorities, considering the possibility of rescheduling them. In this regard, it is advisable to hold the Emergency Situation Certificate, which can be used by economic agents in the relationships with economic partners as well as with public institutions to obtain financing facilities. These certificates are issued by the Ministry of Economy, Energy and Business Environment, differentiated according to the cause that generates the emergency situation: Type 1 Emergency Certificate (blue), that can be requested by the economic agents whose activity has been totally or partially interrupted by decisions of the public authorities and the Type 2 Emergency Certificate (yellow), that can be requested by the economic agents that registered in March 2020 reductions with a minimum of 25% of the revenues and cash inflows, compared with the average of January and February 2020. Based on this certificate, in accordance with the provisions stipulated in the Emergency Ordinance no. 29/2020 about some economic and fiscal-budgetary measures, SMEs whose activity has been totally or partially interrupted by decisions of the public authorities can postpone the payment of utility services (electricity, natural gas, water, telephone services and Internet) and rents (with the exception of the holders of the Type 2 Emergency Certificate), as well as they can invoke the force majeure in the case of commercial relations with third parties.

With reference to the support of the financing of SMEs by the state, according to the Emergency Ordinance no. 29/18.03.2020 about some economic and fiscal-budgetary measures, they can benefit from a special program which consists of granting state guarantees for one or more credits for investments and/or one or more credits/lines of credit for working capital, through the Ministry of Public Finance, differentiated according to the type of company (Table no. 2).

Table no. 2. Clauses of credit/credit lines guaranteed by the state

Company type	Clause	Provisions
SMEs	maximum guarantee percentage	80% of the value of the financing, excluding interest, commissions and bank charges related to the credit
	value	the maximum cumulative value: 10,000,000 lei the maximum value of credits/lines of credit for financing working capital: 5,000,000 lei the maximum value of the investment credits: 10,000,000 lei
	interest subsidy	100% interest subsidy period: from the moment of granting the credits/lines of credit contracted to March 31. 2021
	the maximum period of financing	credits for investments: 120 months credits/lines of credit for working capital: 36 months, with the possibility of extension with maximum 36 months
micro or small business	maximum guarantee percentage	90% of the value of the financing, excluding interest, commissions and bank charges related to the credit
	value	the maximum value for micro-enterprises: 500,000 lei the maximum value for small businesses: 1,000,000 lei
	interest subsidy	100% interest subsidy period: from the moment of granting the credits/ lines of credit contracted to March 31. 2021
	the maximum period of financing	credits for investments: 120 months credits/lines of credit for working capital: 36 months, with the possibility of extension with maximum 36 months

Source: Authors, summary of the legal provisions, 2020

In term of the constraints concerning the payment of taxes, the competent authorities came to support the economic agents, granting certain facilities or discounts. Thus, in the case of local taxes, in GEO29/2020 about some economic and fiscal-budgetary measures, it is mentioned their postponed payment from March 31, 2020 to June 30, 2020. Also, the Emergency Ordinance no. 29/2020 regarding some economic and fiscal-budgetary measures stipulates that interest and penalties for fiscal obligations will not be calculated, as well as the fact that the measures of forced execution by budgetary receivables are suspended, with the exception of those established by court judgments in penal matters. The Emergency Ordinance no. 33/2020 provides for the granting of bonuses for the payment of the tax on profit for the first quarter of the year 2020, between 25.04.2020 and 25.06.2020, differentiated by type of payer, and for the payment until 25.04.2020 of the tax on revenue for the first quarter of 2020, in the case of micro-enterprises.

The current VAT provisions stipulate differentiated quotas for specific deliveries: 5% for accommodation and restaurant services, except the consumption of alcoholic beverages for which the VAT rate is 19%, and

exemption without the right of deduction in the case of packages of tourist services that include treatment. If the VAT rate for the purchases is 9% and 19% respectively, the tourism operators register negative amounts of VAT, which can be compensated with other tax liabilities.

A source of liquidity in this context is the collection of advances for service packages that will be provided in a future period, estimated by each operator according to the risk aversion. It is advisable to issue holiday vouchers for 2020 and to book future services by using them and also those issued in 2019, whose validity has been extended. Receiving the value of these holiday vouchers will ensure liquidity for economic operators. We consider advisable to flex the offers and the periods of return of the money, as well as to grant bonuses for the purchases during this period.

— **materials:** material resources include consumables (tourist consumables, cleaning and maintenance materials, packaging, etc.) and goods. It is necessary to inventory the goods in order to sell those who have expiration date during the emergency period, taking into account the possibility of its extension or new restrictive measures for the field, or to try to return them.

The consumption of resources is recorded as expenses at the level of companies. The tourism, by the nature of its activity, involves high investments in fixed assets, complex organizational structures and, consequently, a high share of fixed expenses. In the context of the SARS-CoV-2

coronavirus pandemic, the reduction of activity requires the measures in order to reduce the fixed costs, even at zero level in case of the suspension of activity, in order to fit the break-even point. In **Table no. 3** we detail the decision system regarding the fixed expenses.

Table no. 3. Decision system regarding the fixed expenses

Fixed expenses category	Measure	Decider
expenses with other taxes and similar payments	delay the payment of local taxes	GEO29/2020: deferment of payment period for building tax, land tax and tax on means of transport for 2020 from March 31, 2020 to June 30, 2020
specific tax*	cancel the payment of the specific tax during the emergency state	Legislative proposal: cancel the payment of the specific tax for the period of the suspension of the activity ordered by the Military Ordinance no.1 / 2020
employee expenses	technical unemployment combined system: part-time work-technical unemployment	GEO30/2020 with the following modifications and completions: 75% of the basic salary corresponding to the job occupied, supported by the unemployment insurance budget, but not more than 75% of the gross average wage stipulated by the Law of the state social insurance budget for 2020; Legislative proposal: IWC with part-time work and technical unemployment
security expenses (employee expenses/ expenses for services provided by third parties)	maintenance	operator in the hospitality industry
expenses with utilities	delay the payment based on the Emergency Situation Certificate	GEO29/2020 – SME
expenditure on other services provided by third parties **	suspension/renegotiation of contracts	operator in the hospitality industry GEO29/2020: invoke force majeure
amortization expenses	non-monetary expense, does not generate direct cash flow effects (only by its deductibility)	-

* in the case of hotel complexes which obtain income from rental or association contracts to/with other companies regulated by the Companies Law no. 31/1990, tax on profit is due, determined according to achievements. In this case, the fiscal burden of the economic operator adjusts accordingly to the volume of activity, not requiring any necessary measures;

** only the fixed expense component

Source: Authors, 2020

• In the relationship with customers

The taken measures in the relationships with customers are aimed to cancel or delay holiday and events, as well as to sell new tourist services packages under more flexible conditions.

II. The period subsequent to that for which the state of emergency is established

The main uncertainties affecting the future activity of operators in the hospitality industry concern the moment of resuming the activity and the occupancy rate that they

will achieve. With reference to the first constraint, optimistic/pessimistic scenarios can be developed, depending on the risk aversion of each entrepreneur. At the resuming moment of the activity, measures to comply with certain requirements of social spacing will be necessary, which will require the adaptation of the processes within the hotel. Regarding the number of tourists, the reluctance to get involved in social activities, as well as the financial difficulties that will change the priorities in the personal consumption constitute constraints at individual level, with effects on the incomes of the economic operators.

Among the levers that will support the economic operators, we mention: the issue of the holiday vouchers in 2020; extending the validity of holiday vouchers issued between March 2019 - December 2019, until May 31, 2021; at present, the procedure for the purchase of treatment, accommodation and meals services for the beneficiaries of tickets issued by the National House of Public Pensions for the period 2020-2022 is being carried out, for other providers than The Balneary Treatment and Capacity Recovery Company - TBRCM. In view of the demand for balneary tourism, it can be considered that this contract will be materialize in a lever to support the economic operators, with the reconsideration of the way of providing the services in terms of respecting the social distance (in the case of the group treatment procedures: basin , skunk; meal services, etc.)

We also mention as a factor of stimulation of the Romanian tourism, the reorientation of tourists who chose external destinations for domestic tourism. The uncertainties worldwide, generally cause an increase in domestic tourism, which in conjunction with the effects induced by the existence of more holiday vouchers (prolonging the validity of those issued in 2019, correlated with a new issue in 2020), may lead to diminish the losses related to the period in which the state of emergency is established and, depending on the overlap with the tourist offer, even to higher prices, subject to the impact of the decrease of GDP per capita and of the personal incomes. The experience of 2019 concerning the impact of holiday vouchers on the demand in tourism and, consequently, on the performances of the economic operators, can support this solution.

Currently, hotels are taking into account not only the possibility to cancel the vacation and the various events,

but also the option of rescheduling them. The motivation of the participants in the tourist circulation is the engine of this field. The construction of the tourist offer, the diversification of the tourism forms, of the packages of services based on the motivational analysis and the measures of the overlap of the structure and the quality of the services on the expectations of the consumers constitute important managerial levers in attracting the tourists, monitoring the fluctuation of the demand and relaunching of the activity. The hoteliers need to focus on the specificities of mass tourism or those of niche tourism (adjectival), proposing viable tourism products on a highly competitive market, considering the addressability of more informed and more demanding consumers.

Conclusion

Particularly sensitive to environmental imbalances and with insurmountable constraints regarding the security of the person (health, social, food), tourism is the most severely affected sector by the pandemic context and by the legal restrictions adopted accordingly.

Supporting the hospitality industry requires a coherent approach which involves everyone included in the value chain, from hoteliers and travel agents, to suppliers and customers. The economic operators must implement punctual measures of efficient management of the resources, to maintain a continuous dialogue with the tourism agencies and the clients in order to cancel or, postpone the holidays and events, proposing a flexibility of the offers with future valorizations. In the current context, the Romanian population represents the potential customer of this sector, its transformation into effectiveness depending on both personal factors, such as income, employment, psychological profile, etc., as well as external factors, specific to the economic (evolution of the economy, of the exchange rate, of the prices of the operators in transport, etc.) or the to the sector of activity (the offer of tourist services, in terms of price, the structure of the package of services, etc.). Usually, during the crisis and in immediately following periods, the decision-maker's tendency is to reduce costs and attract new customers, which may affect existing customer relationships. Such an approach is inefficient, the decision-making process requiring the arbitrage between favorable short-term effects and unfavorable long-term effects. The services, in

general, and tourism, in particular, present a number of specificities that require particular configurations. To obtain a competitive advantage in tourism involves providing high quality services, depending on the level of education and professional training of the personnel. In Romania, in general, and in the Romanian tourism, in particular, there is an acute personnel crisis, amplified by the low concern for quality of the economic operators, because the personnel training is an intangible investment, with no short-term quantifiable effects, and the mobility of the personnel is very high. The management in the hospitality industry must include the strategic dimension, guiding its approach towards ensuring long term performance. Considering the importance of tourism in the Romanian economy, we recognize the involvement of

the competent authorities in supporting the economic operators, being peremptory in the limitation of losses and relaunching the activity. The legislative measures adopted so far, as well as the consideration by the legislator of the opinions with recommendation value regarding the draft normative acts about the specific tax, the minimum contribution period for obtaining the unemployment benefit and the mixed system of remuneration of the tourism employees are essential elements of overcoming this situation without major long term effects.

The specialists from various professional associations must work together to provide viable solutions to economic operators. From this perspective, the auditors must be actively involved in the projects of the economic operators and make relevant proposals of normative acts.

REFERENCES

1. Alegre, J. and Pou, L. (2006), The length of stay in the demand for tourism, *Tourism Management*, vol. 27, no. 6, pp. 1343-1355.
2. Algieri, B. (2006), An Econometric Estimation of the Demand for Tourism: The Case of Russia, *Tourism Economics*, vol. 12, no. 1, pp. 5-20.
3. Athanasopoulos, G. and Hyndman, R.J. (2006), Modelling and forecasting Australian domestic tourism, *Tourism Management*, no. 29, pp. 19-31.
4. Balaguer, L. and Cantavella-Jorda, M. (2002), Tourism as a long-run economic growth factor: the Spanish case, *Applied Economics*, no.34 (7), pp. 877-884.
5. Canina, L. and Carvell, S. A. (2005), Lodging demand for urban hotels in major metropolitan markets [Electronic version]. Cornell University, School of Hospitality Administration site: <http://scholarship.sha.cornell.edu/articles/228>
6. Corgel, J., Lane, J. and Woodworth, M. (2012), Hotel industry demand curves [Electronic version]. Cornell University, SHA School site: <http://scholarship.sha.cornell.edu/articles/1090>
7. De Jouvenel, B. (1977), *Arcadie ou l'art de mieux vivre*, Paris, *SEDIS*, Futuribles.
8. Demetrescu, M.C. (1983), *Mecanisme decizionale în marketing*, București, *Editura Politica*.
9. Dritsakis, N. (2004), Tourism as a long-run economic growth factor: an empirical investigation for Greece using causality analysis, *Tourism Economics*, vol. 10, no. 3, pp. 305-316.
10. Durbarry, R. and Sinclair, M.T. (2003), Market shares analysis: The Case of French Tourism Demand, *Annals of Tourism Research*, vol. 30, no. 4, pp. 927-941.
11. Enz, C. A., Canina, L. and Lomanno, M. (2009), Competitive pricing decisions in uncertain times, *Cornell Hospitality Quarterly*, no. 50(3), pp. 325-341.
12. Enz, C. A., Canina, L. and Noone, B. (2012), Strategic revenue management and the role of competitive price shifting, *Cornell Hospitality Report*, no.12(6), pp. 6-11.
13. Gunduz, L. and Hatemi, J. (2005), Is the tourism-led growth hypothesis valid for Turkey?, *Applied Economics Letters*, no. 12(8), pp. 499-504.
14. Masiero, L. and Nicolau, J. L. (2012), Price sensitivity to tourism activities looking for determinant factors, *Tourism Economics*, no. 18(4), pp. 675-689.
15. Ming-Hsiang, C. (2010), The economy, tourism growth and corporate performance in the Taiwanese hotel industry, *Tourism Management*, no. 31, pp. 665-675.

16. Song, H., Lin, S., Witt, S.F. and Zhang, X. (2011), Impact of financial/economic crisis on demand for hotel rooms in Hong Kong, *Tourism Management*, vol. 32, no.1, pp. 172-186.
17. Surugiu, C. and Surugiu, M.R. (2013), Is the Tourism Sector Supportive of Economic Growth? Empirical Evidence on Romanian Tourism, *Tourism Economics*, vol. 19, no. 1, pp. 115-132.
18. Vanegas, M. and Croes, R.R. (2000), Evaluation of demand: US tourists to Aruba, *Annals of Tourism Research*, vol. 27, no. 4, pp. 946-963.
19. Government Emergency Ordinance no. 29/2020 concerning some economic and fiscal-budgetary measures, published in the Official Journal no.230 of March 21, 2020
20. Government Emergency Ordinance no. 30/2020 for the modification and completion of some normative acts, as well as for establishing measures in the field of social protection in the context of the epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus, published in the Official Journal no. 231 of March 21, 2020
21. Government Emergency Ordinance no. 32/2020 on the modification and completion of the Government Emergency Ordinance no. 30/2020 for the modification and completion of some normative acts, as well as for establishing measures in the field of social protection in the context of the epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus and for establishing additional social protection measures, published in the Official Journal no.260 of March 30, 2020
22. Law no. 76/2002 regarding the unemployment insurance system and the stimulation of employment, as subsequently amended and supplemented, published in the Official Journal no.103 of February 6, 2002
23. Law no. 170 of October 7, 2016 on the specific tax for certain activities, published in the Official Journal no.812 of October 14, 2016
24. Presidential Decree no. 195 of 16.03.2020 regarding the establishment of the state of emergency on the Romanian territory, published in the Official Journal no.212 of March 16, 2020
25. The Military Ordinance regarding some first-aid measures concerning the agglomerations of persons and the cross-border movement of goods no. 1 of 17.03.2020, published in the Official Journal no.219 of March 18, 2020
26. https://insse.ro/cms/sites/default/files/com_presa/com_pdf/turism02r20_0.pdf