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THE PECULARITIES OF THE COMPETITIVENESS OF THE TOURISM SECTOR OF THE REPUBLIC OF MOLDOVA

ОСОБЛИВОСТІ КОНКУРЕНТОСПРОМОЖНОСТІ ТУРИСТИЧНОГО СЕКТОРУ РЕСПУБЛІКИ МОЛДОВА

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In the current economic conditions, tourism specialists are of the opinion that tourism is one of the sectors with the highest potential to provide economic growth and development at the national and international level. A growing tourism sector can effectively contribute to employment, increase national income and also make a decisive impact on the balance of payments. Thus, tourism can be an important engine of economic growth and prosperity, especially in countries with economies in transition, being a key element in reducing poverty and regional disparities. Despite its contribution to economic growth, the development of the tourism sector can be hampered by a series of economic and legislative obstacles that can affect the competitiveness of this sector. The tourism sector in the Republic of Moldova has faced a lot of obstacles, currently going through the most difficult period in its recent history. Starting from 2020, international and national tourism was faced with serious problems generated by the COVID-19 pandemic, followed by the economic crisis, the increase in the prices of oil products, as well as climate change, etc. But, not looking for these aspects of shock, the sector continues its activity and is currently experiencing a gradual recovery and gratifying results. In this context, the World Economic Forum proposes, through the Travel and Tourism Development Index, in addition to a methodology for identifying the key factors that contribute to increasing the competitiveness of tourism, and tools for analyzing and evaluating these factors. Through this indicator, it can be used in the analysis of the degree of competitiveness of the sector in relation to other countries. In this context, this paper aims to analyze the determinants that are the basis of the Travel and Tourism Development Index, in order to highlight the effects of communication on competitiveness in the tourism sector. The purpose of this analysis is to provide some answers, which can explain the performances but also the particularities of the tourism sector in the Republic of Moldova that could help in the development of strategies for the development of this sector.

Keywords: competitiveness, tourism, Travel and Tourism Development Index, tertiary sector, accommodation.

У сучасних економічних умовах фахівці з туризму вважають, що туризм є одним із секторів з найвищим потенціалом для забезпечення економічного зростання та розвитку на національному та міжнародному рівнях. Зростаючий сектор туризму може ефективно сприяти зайнятості, збільшенню національного доходу, а також мати вирішальний вплив на платіжний баланс. Таким чином, туризм може бути важливим двигуном економічного зростання та процвітання, особливо в країнах з перехідною економікою, будучи ключовим елементом у скороченні бідності та регіональних диспропорцій. Незважаючи на свій внесок в економічне зростання, розвитку туристичного сектору може заважати низка економічних і законодавчих перешкод, які можуть вплинути на конкурентоспроможність цього сектору. Сектор туризму в Республіці Молдова зіткнувся з багатьма перешкодами, зараз переживаючи найважчий період у своїй новітній історії. Починаючи з 2020 року міжнародний та національний туризм зіткнувся з серйозними проблемами, спричиненими пандемією COVID-19, а потім економічною кризою, підвищенням цін на нафтопродукти, а також зміною клімату тощо. Але, не шукаючи цих аспектів шоку, сектор продовжує свою діяльність і наразі переживає поступове відновлення та приємні результати. У цьому контексті Всесвітній економічний форум пропонує через Індекс розвитку подорожей і туризму на додаток до методології для визначення ключових факторів, які сприяють підвищенню конкурентоспроможності туризму, а також інструменти для аналізу та оцінки цих факторів. Завдяки цьому показнику його можна використовувати в аналізі ступеня конкурентоспроможності сектора по відношенню до інших країн.

Ключові слова: конкурентоспроможність, туризм, індекс розвитку подорожей і туризму, третинний сектор, розміщення.

Problem statement. The tourism industry plays an important role in the economy of any country, due to its economic and employment

potential, as well as due to its social and environmental implications. Tourism, in its various forms, has seen a development and an

accentuated diversification in the last decades so that, at the beginning of the 21st century, it is considered one of the most dynamic sector of the modern civilization. The main argument is the permanent transformation, as a result of the adaptation of the tourism phenomenon to the global economic requirements of globalization and sustainable development of the service sector. Being a service sector, tourism contributes to the development of the economy by accumulating capital in about 12 types of activities specific to the branch, attracting in its activity about 20 related branches with about 140 services related to the tourism sector: public catering, transport, production and sale of goods, equipment, souvenirs, cultural, sports, leisure activities, car rental, medical services, hygiene and cleaning products and services, etc. The development of tourism also stimulates the multiplier effects in the local economy due to the increase of jobs in legal entities whose activities are related to the sale of products and goods, the provision of works and services in the field of tourism.

Thus the multiple atoons of a strong and diversified touristic industry would provide to Republic of Moldova, as well as to many other countries from Eastern Europe, a promising future with many advantages and benefits.

Analysis of recent research and publications. The analysis of the competitiveness of the tourism sector is offered by the World Economic Forum, which, through the Tourism and Travel Competitiveness index developed by specialists in the field, allows a complex and detailed characterization of the actual state of the tourism sector in the countries that are part of the ranking.

Emphasizing the unresolved parts of the general problem. The problem of measuring the degree of competitiveness of the tourism sector is a complex and multidimensional one. In the present paper, we resort to the examination of the evolution of the tourism sector in the Republic of Moldova in the last decade, but also its placement in the international framework, in order to define its position and condition both in relation to the previous period and its evolution in relation to other countries.

Purpose statement (setting objectives). The objectives of the work are represented by the following purposes:

- analysis of the principles for calculating the Tourism and Travel Competitiveness Index;
- analysis of the placement of the tourism sector of the Republic of Moldova in the international ranking;

- analysis of the factors that contributed to the results recorded in the international ranking;
- analysis of the evolution of the tourism sector in the Republic of Moldova in the last ten years;

- analysis of prospects for the development of the tourism sector in the Republic of Moldova.

The main research material. In the last six decades, tourism was the only sector of economic activity which had an almost uninterrupted growth. International tourist arrivals have increased worldwide from 25 million in 1950 to 278 million in 1980, 674 million in 2000 and 1.4 billion in 2018 [2].

In 2019, Europe received over 742 million international tourists, which generated nearly 572 billion USD for national economies of the region and providing millions of jobs for small and medium enterprises. So, one out of ten enterprises in the non-financial sectors of the European economy belongs to the tourism sector. Employees of enterprises in sectors with related activities of tourism represents approx. 9.5% of people employed in all sectors non-financial sectors of the economy and 21.7% of people employed in the service sector.

Unfortunately, the pandemic caused by the Covid-19 virus hit hardly the tourism sector, generating its decrease of approx. 75–80% in 2020 comparing to 2019, of outbound tourism and a considerable decrease of the revenues from the touristic activities.

In 2013, Moldova was declared by Lonely Planet as one of the most little visited countries in the world, and after years of continuous investment and support industry by different structures, including by the competitiveness project of USAID, Moldova came to be called in 2019 "a surprising tourist destination" and "an extraordinary wine experience" in famous international publications, such as Vogue International, CNN travel, Winerist and the same Lonely Planet.

In 2019, the expenses of foreign tourists who visited Moldova were evaluated at 500 million dollars, or 4.4% of GDP, having a positive secondary effect on to the more than 20,000 people employed in the tourism industry and serving as an engine of sustainable economic growth in rural areas.

In addition to the progress made, the tourism competitiveness of the Republic Moldova, analyzed in comparison with other countries, based on the evolution of the index T&T Tourism Competitiveness WEF (Tourism and Travel World Economic Forum), remains at a fairly low

level. Thus, according to the latest ranking of competitiveness of tourism, which is elaborated biennially by the World Economic Forum, globally, the Republic of Moldova is ranked 77 out of 140 evaluated countries in 2021.

It should be mentioned that the Tourism Competitiveness Index measures four general factors of competitiveness. These factors are organized into sub-indices, which are as follows divided into 14 pillars as follows:

Sub-index (1), *Enabling Environment*, captures the general conditions necessary to conduct businesses in a country:

- The business environment.
 - Safety and Security.
 - Health and Hygiene.
2. Human Resources and the Labor Market.
 3. ICT readiness.

Sub-index (2), *Policies & Enabling Conditions in Tourism* captures policies or specific strategic aspects that directly impact the tourism industry:

1. Prioritization of the Tourism Industry.
2. International Openness.
3. Price competitiveness.

Infrastructure sub-index (3), captures availability and quality the physical infrastructure of each economy:

1. Air Transport Infrastructure.
2. Ground and Port Infrastructure.
3. Tourist Service Infrastructure.

Sub-index (4), *Tourism and Travel Demand Drivers*, includes the main “reasons for travel”:

1. Natural Resources.
2. Cultural Resources and Business Travel.
3. Non-leisure resources.

Sustainability sub-index (5), captures current and potential sustainability challenges and risks:

1. Environmental sustainability.
2. Socioeconomic resiliency and conditions.
3. Tourism and travel demand pressure and impact.

The situation regarding the evolution in the years 2011–2021 of main tourism competitiveness indicators in the Republic of Moldova is presented in Table 1.

Following the evolution of the positions in the ranking, occupied by the Republic of Moldova on during the last 10 years, we note that the main trends are the following:

1) The Tourism and Travel general index in the last ten years has had unstable trends, showing a worsening of the position in the first five years of the examined period (there was a drop, from the 99th place to the 141st), followed by a period

Table 1

Evolution of the Travel and Tourism indexes of Republic of Moldova, 2011–2021

Overall indexes	2021	2019	2017	2015	2013	2011
MOLDOVA	77	81	123	141	102	99
Business environment	81	97	123	115	81	81
Safety and security	57	58	69	64	61	65
Health and hygiene	50	47	34	22	41	49
Human resources and labour market	55	60	90	68	102	97
ICT readiness	67	66	74	63	66	65
Prioritization of Travel & Tourism	96	104	120	114	112	115
International Openness	83	84	119	123	112	75
Price competitiveness	23	12	32	64	41	54
Air transport infrastructure	90	90	110	119	125	128
Ground and port infrastructure	65	66	103	109	123	124
Tourist service infrastructure	80	81	105	95	91	93
Natural resources	109	114	136	139	135	132
Cultural resources and business travel	108	107	129	135	125	121
Non-leisure resources	102	102	*	*	*	*
Environmental sustainability	51	49	79	60	93	78

Source: Elaborated by author using *The Travel & Tourism Competitiveness Reports 2011, 2013, 2015, 2017, 2019, 2021* of World Economic Forum [4; 5; 6]

* Index calculated in the newest reports, since 2019

of growth, the Republic of Moldova improving its ranking from 123rd place (in 2017) to 77th place (in 2021). Thus, even if the Republic of Moldova, despite all the negative consequences of the Covid-19 pandemic, it managed to improve its overall position in the ranking of tourism competitiveness.

The improvement of the position in the international ranking was due, in particular, to the favorable developments of the following indicators: price competitiveness, environmental sustainability, human resources and labor market, safety and security.

2. The Business environment indicator showed an involution in the period 2011-2017, after which it returned to its initial state. Thus, the increase in the rating of this sub-indicator was achieved based on the improvements in the legislation on foreign investments, the tax code and the access to the financing of tourism companies.

3. The trend of the Safety and security sub-indicator, during the examined period, is a positive one and constantly improving. This is based on increasing the work efficiency of public safety employees.

4. A net positive evolution was registered by the Human resources and labor market sub-indicator, it increased from 102nd place in 2013 to 55th place in 2021. The increase was based, in particular, on the improvement of the degree of pupils enrollment in secondary education, the increase in the qualification level of the workforce, the high number of years of schooling, but also the flexibility of hiring and firing and the continuous education process of the employees.

6. Regarding the Price competitiveness sub-indicator, it showed during the analyzed period, a higher level of classification, recording one

of the best scores. High scores are based on competitive short-term property rental prices, favorable exchange rates, low transportation prices, and airport taxes.

7. The Environmental sustainability sub-index registered a significant increase, from 78th place in 2011 to 51st place in 2021. That growth is particularly based on the favorable position of the Pollution and Environmental conditions sub-indicator.

8. The vulnerable points of the competitiveness of Moldovan tourism are: Natural resources (position 109, y. 2021) and Cultural resources and business travel (position 108, y. 2021) even if these fields had recorded positive evolution in the analyzed period.

The analysis of the competitive environment in the field of tourism needs to be completed by the analysis of the evolution of the main tourist indicators: indicators that characterize the activity of tourist reception structures with accommodation functions and indicators that characterize the activity of travel agencies.

Next we will examine the evolution of the number of tourist accommodation units in the Republic of Moldova in the years 2013–2021 (Table 2).

Based on the data from the table above, we note that during the last decade, the number of tourist accommodation units in the Republic of Moldova has not changed essentially, attesting an increase of only about 6% in 2021 compared to 2013, an increase achieved based on the increase in the number of hotels and motels and agritourism guesthouses, as follows: the number of hotels and motels increased by 9 units, and the number of guesthouses and agritourism guesthouses doubled. At the opposite pole are holiday camps for children, which during the mentioned period, decrease by 15 units.

Table 2

Evoluția numărului unităților de cazare turistică din Republica Moldova, anii 2013–2021

Year	2013	2015	2017	2019	2021
Hotels and motels	94	96	106	110	115
Pensions and agro-touristic pensions	19	26	28	36	43
Hostels	6	4	3	3	7
Health pensions	7	7	8	7	7
Other types of rest accommodations (touristic villas, vacation villages, bungalows, campings)	63	57	62	58	60
Holiday camps for children	75	59	61	53	50
Total	264	249	268	267	280

Source: Author's calculations based on data of www.statistica.md

In 2021, 178.2 thousands of people were accommodated in 280 tourist reception structures with accommodation functions, with 196.6 thousand less than in the year before the pandemic (2019), which is represents a decrease of 48% (Table 3). However, we are witnessing a recovery of the situation comparing to 2020, because the the number of accommodated persons has doubled.

Analyzing the situation before the pandemic, we note the increase of the number of foreign citizens staying in tourist accommodation units. Thus, in 2019 tourist reception structures with accommodation functions were frequented by 174 thousands foreign citizens, which represents an increase of 13.8 thousands people, or 10.9%, compared to 2018.

Despite the fact that the number of accommodation units increased in 2021 compared to 2013, the number of rooms and places in the rooms had decreased. This is explained by the reduction in the number of holiday camps for children (Table 4).

Annually, the number of citizens who benefit from the services of tour operators and travel agencies increases (Table 5).

Following the trend of the number of people traveling through travel agencies, we notice that in 2021, the situation begins to recover after the

pandemic, the flow of tourists increasing by 91% compared to 2020, but representing only about 2/3 of the flow from 2019 .

In the same way, the trends of outbound tourism to prevail continues to be maintained. Thus, out of the total number of 237.6 thousand people who used the services of travel agencies in 2021, 171.6 thousand people (72%) are beneficiaries of outbound tourism.

At the same time, we notice a stagnation of domestic tourism in the year. Thus, 42.4 thousand local tourists benefited from the services of travel agencies, 400 less than in the previous year, which represents a slight decrease of 1%.

At the same time, inbound tourism is showing positive trends, even compared to the years before the pandemic. Thus, in 2021, inbound tourism attracts 23.8 thousands foreign tourists, 16.9 thousands more compared to 2020 and 4 thousands more compared to 2019.

During the restrictions caused by pandemic of COVID-19, outbound tourism obviously suffered the most, contracting more than 3 times in 2020. The situation began to recover from the following year (according to the data in table 5).

Conclusions. The competitiveness of tourism in the Republic of Moldova is still at a mediocre stage, which is conditioned by a

Table 3

The number of tourists staying in tourist reception structures in the years 2013–2021, thousands of people

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Foreign tourists	95.6	93.9	94.4	121.3	145.2	160.2	174.0	28.7	68.8
Local tourists	175.9	189.1	184.5	184.9	192.0	204.4	200.7	61.6	109.3
Total number	271.5	283.0	278.9	306.9	337.2	364.6	374.8	90.3	178.1
Growth/decrease compared to last year,%	-	+4.2	-1.5%	+9.8	+10.0	+8.1	+2.8	-75.9	+95.2

Source: Author's calculations based on data of www.statistica.md

Table 4

The capacity of tourist reception structures with accommodation functions: rooms and the number of beds, 2013–2021

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Rooms	8.4	8.5	7.7	7.9	8.2	8.2	8.0	8.1	7.5
Deviation comparing with previous year, thousands	-	+0.1	-0.8	+0.1	+0.3	0	-0.2	+0.1	-0.6
Beds	28.1	28.5	25.3	25.2	26.0	25.6	24.5	24.7	23.1
Deviation comparing with previous year, thousands	-	+0.4	-3.2	-0.1	+0.8	-0.4	-1.1	+0.2	-1.6

Source: Author's calculations based on data of www.statistica.md

Tabele 5

**The number of tourists and excursionists who traveled through travel agencies
and tour operators in 2013–2021, thousands of people**

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Internal tourism	34.2	43.0	37.3	41.3	38.1	40.1	46.1	42.8	42.4
<i>In % , comparing to previous year</i>	-	+25.9	-13.5	+10.8	-7.8	+5.3	+14.9	- 7.2	-0.9
Inbound tourism	13.2	14.4	15.5	15.7	17.5	19.3	19.8	6.9	23.8
<i>In % , comparing to previous year</i>		+9.2	+8.0	+0.9	+11.7	+10.2	+ 2.9	- 65	+244
Outbound tourism	157.6	180.6	189.8	177.3	229.3	264.1	310.6	74.7	171.6
<i>In % , comparing to previous year</i>		+16.2	+1.9	-3.5	+21.6	+13.5	+16.4	- 67	+130
Total	204.9	238.1	242.6	234.2	284.9	323.5	376.6	124.5	237.6
<i>In % , comparing to previous year</i>		+16.2	+1.9	-3.5	+21.6	+13.5	+16.4	-67	+91

Source: Author's calculations based on data of www.statistica.md

series of objective and subjective factors. The evolution in recent years of this economic sector of the Republic of Moldova was influenced by the lack of attention paid by public institutions, under-financing and quite limited resources. As in the entire international community, the economy of the Republic of Moldova, implicitly

the field of tourism and its competitiveness, suffered heavy consequences following the COVID-19 pandemic. However, emerging from the evolution of tourism competitiveness measurement indicators, as well as national measurement indicators, a positive trend is noted, which can turn into a long-term trend.

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