# TOURISM: ECONOMICAL AND SOCIAL EFFICIENCY

# EFICIENŢA ECONOMICĂ ŞI SOCIALĂ A TURISMULUI

**DANIELA SIMTION[1], ROXANA LUCA[2]**

***[1] „Lucian Blaga" University of Sibiu, Sibiu, Romania;***
***simtiondaniela@yahoo.com***
***[2] Faculty for Business Administration, Academy of Economic Studies, Bucharest, Romania***

***Abstract:*** *Efficiency has a large, comprehensive content, referring to the use of all categories of resources: natural, human, material, financial, to all activity components: production, marketing, service, to their quantitative and qualitative aspects, economic and social, direct and indirect.*
*The effort of obtaining a high efficiency leads frequently, to a lower quality of services. Market conditions require an increase in efficiency simultaneously with improving or at least maintaining the quality of products and services.*

***Key words:*** *tourism, efficiency, quality, resources, services.*

## INTRODUCTION

The most efficient use of human, material and financial society's resources represents the essential condition for economic and social progress, one of the fundamental features of market economy.

According to the general opinion, efficiency involves comparing efforts, expressed through the value of consumed resources, with the results achieved under the form of realized production.

Efficiency has a large, comprehensive content, referring to the use of all categories of resources: natural, human, material, financial, to all activity components: production, marketing, service, to their quantitative and qualitative aspects, economic and social, direct and indirect. We can speak about total efficiency, due to the efficiency of using production factors, defined by the results obtained with the lowest opportunity cost, efficiency of resource allocation, expressed by the optimal combination of production

factors intended to obtain goods and services that society needs and even distribution efficiency, achieved when goods and services produced are distributed in conjunction with the wishes and intentions of consumers to spend their disposable income.

Efficiency in tourism has many facets and is expressed in a wide range of indicators, trying to capture the complexity of the activity, the results achieved at the level of each component or process - transportation, accommodation, food, recreation, domestic tourism, international tourism - and of the field as a whole, the economic and social side, and the direct and indirect effects.

## MATERIALS AND METHODS

Given the criteria for evaluating efficiency, the general principles for determining it, the structure of resources and effects, an indicator system can be built.

A first category is represented by synthetic indicators, those reflecting the results of the entire activity: profit, profit rate, rate of return, volume and expenditure level.

Gross profit is obtained as the difference between income (revenues) and expenses (costs) and net profit is obtained after deduction of tax. In case of a hotel, accommodation venues and additional services are being considered. Catering sector revenues are made up of markup and special markup (for catering). For a travel agency or tour operator we speak about the commission applied to be sold products.

The profit rate represents the relative size of the profit (calculated as a percentage) in relation to a term of reference that reflects the effort in order to obtain it.

- the economic rate of profit is determined as the ratio between the profit P and the value of total assets - own and borrowed (AT):

$$Rpe = \frac{P}{AT} \text{ X } 100$$

where:

AT - the value of total assets - own and borrowed

P – profit

- the commercial rate of profit - is regarded as the most eloquent expression for the efficiency of the third party sector, including tourism, and therefore the most used one.

$$Rpc = \frac{P}{CA} \text{ X } 100$$

where:
P – profit
CA – turnover

- the financial rate of profit:

$$Rpf = \frac{P}{AP} \text{ X } 100$$

where:
AP - own assets (equity)
- Rate of return

$$Rr = \frac{P}{Ch} \text{ X } 100$$

where:
Ch - expenses (costs) of production and/or trading holidays

***Relative level of expenditures (costs)*** - highlights the total resource consumption (Ch) in relation to the economic results obtained, respectively incomes or turnover (CA):

$$Nch = \frac{Ch}{CA} \text{ X } 100$$

Tourism efficiency can be also assessed through *partial indicators* that either capture the efficiency of using inputs or the results obtained in a section of the activity.

- *labor productivity (W)* as an expression of human resource spending efficiency, is determined:

$$W = \frac{CA}{L} \qquad W = \frac{P}{L}$$

where:
CA – turnover
L - number of workers
P – profit

- *productivity/return on capital (rk)* - reflects the way material and financial resources are being used (K):

$$rk = \frac{CA}{K}$$

Also in the sphere of partial indicators we can be specify the investment efficiency indicators:

- *value of the investment*, the total expenses necessary for the preparation, execution and operation of the investment objective;

- *capacity*, expressed in the number of accommodation and catering, or areas for other functions, is an indicator that characterizes the way a proper equipment of the hotels was assured, of other means of accommodation or catering facilities;

- *the duration for the implementation of the investment* represents the time (in years or months) elapsed from the start of the execution of the investment and up to its operation;

- *the specific investment* renders the required investment volume in order to achieve an accommodation or a meal;

- *the volume of total revenues* represents the total revenues estimated to be achieved after the operation of the objective;

- *the time necessary for recovering the total investment*, is obtained either as the ratio between the total investment and the benefit to be expected, or the ratio between total accruals and the expected benefit, expressed in years or months;

- *the marginal investment coefficient* shows with how many percents the revenues in tourism have increased for a certain percent increase in the volume of investment. It is obtained as the ratio between the volume investment index and the tourism revenue index.

In order to determine and analyze the efficiency activity from the various areas of the tourism sector, it is calculated:

- *economy efficiency indicators of the accommodation unit*
  - the coefficient for capacity use Cuc shows the accommodation level of occupancy in a certain period of time:

$$Cuc = \frac{Ir}{Np} \qquad \text{or} \qquad Cuc = \frac{Ir}{Ip}$$

where:

Ir - the number of realized overnight stays;

Ip - the number of possible overnight stays;

NP – the number of beds;

The size of the coefficient is influenced by the location of all hotels. In order to highlight the seasonal fluctuations the capacity utilization coefficient can be calculated for each month.

- the average revenue for a bed is determined by reporting the actual revenues to the number of beds;
- the average expenditure for a bed is obtained by reporting the actual expenses to the number of beds.
- the economic efficiency indicators for the catering activity:
  - revenue from own production for m2 of production space
  - the revenue value for one seat at the table, indicator showing the degree of catering unit capacity;
  - profit for one seat at the table;
  - the capacity usage coefficient for room consumption sale, obtained as the ratio between the average number of daily occupied seats and the total number of seats in the hall;
  - the number of consumers for one waiter;
  - the average revenue per customer.
- economic efficiency indicators for recreational activities
- indicators of the park's tourism transport company:

- the park usage coefficient, which expresses the degree of using the park inventory for the transport activity:

$$Up = \frac{Ae}{Ai}$$

where:

Up - the park usage coefficient

Ae - number of vehicles - in service days

Ai - the number of vehicles in inventory

- occupancy rate or frequency of journeys
- the average revenue for car rental.

## RESULTS AND DISCUTIONS

Measurement and analysis of social efficiency of tourism involves two assumptions: defining the evaluation criteria and establishing the indicators system of social efficiency.

Criteria for assessing the social efficiency of tourism, namely: personal satisfaction level of tourists, helping to restore health and employment, raising training, environmental protection, etc., have been addressed in specialty literature. These criteria combine general interests with individual ones.

The second premise is difficult to be realized because of the prevalence of the quality element. Assessing the social impact of tourism through polls, surveys, but assessments are subjective.

The level of tourist service is a parameter with complex content. For its analysis a number of issues should be taken into consideration: environment of catering, accommodation, entertainment, therapy, behavior of workers in tourism, possibilities and ways to supply the required goods, the degree of diversification for tourism services, etc.

At the level of a travel unit, service quality assessment can be made depending on the degree of offered goods diversification, share food production, number of service assortments, the comfort degree, the number of workers per 1000 tourists etc. For each of these parameters a partial coefficient is calculated for the service level, as a ratio between their actual value and their normal value (or the previous period).

The general service level coefficient is given by the following

relation:

$$Ks = \Sigma gi\ ki$$

where:

Ki - partial coefficients of the service level;

Gi - the weighting coefficient

The weighting coefficient has a magnitude proportional to the importance of each parameter for characterizing the service level and can take values between 0 and 1.

The general service level coefficient may take the following values:

$Ks \leq 1$

If Ks = 1 the parameters defining the service quality have been achieved at a higher level from the chosen base of comparison.

Due to the wide variety of conditions in which the tourism activity is operating, practically it is very difficult to establish a value for these parameters, which is of general application.

A general coefficient of the service level can be calculated, after the relationship:

$$Ks = \sum giX \frac{(Ni + Ni\min)}{Ni\max}$$

where:

Ni - the recorded parameter value i of the service level;

Nimin - the minimum permissible level of the parameter i;

Nimax - the maximum achievable level of the parameter i

## CONCLUSIONS

The relationship between efficiency and quality of tourism products and services should also be mentioned. The effort of obtaining a high efficiency leads frequently, to a lower quality of services. Market conditions require an increase in efficiency simultaneously with improving or at least maintaining the quality of products and services. The relationship between efficiency and quality has a complex content and can be approached both in terms of the manufacturer (economic aspect), defined according to experts

by resources cost, the way they are being used (consumption, technology) and the results of resource spending, as well as in terms of the user (social aspect), evaluated through the satisfaction level of the individual, the level in which what is offered to the customers meets their expectations. Optimizing the relationship quality-efficiency assures conducting an activity corresponding with consumer's demands and market requirements.

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