



Tourism contribution to gross domestic product (GDP) and gross value added (GVA)

Milin Ioana Anda ^{a*}, University of Agricultural Science and Veterinary Medicine, Romania

Merce Iuliana Ioana ^b, University of Agricultural Science and Veterinary Medicine, Aradului street, no. 119, Romania

Iancu Tiberiu ^c, University of Agricultural Science and Veterinary Medicine, Aradului street, no. 119, Romania

Pet Elena ^d, aUniversity of Agricultural Science and Veterinary Medicine, Aradului street, no. 119, Romania

Eugenia Tigan ^d, University Aurel Vlaicu Arad, Revolution Boulevard, no. 77, Arad, Romania

Suggested Citation:

Anda, M. I., Ioana, M. I., Tiberiu, I., Elena, P. & Eugenia, T. (2020). Tourism contribution to gross domestic product (GDP) and gross value added (GVA). *Global Journal of Business, Economics and Management: Current Issues*. 10(3), 176-182. <https://doi.org/10.18844/gjbem.v10i3.4686>

Received from July 21, 2020; revised from September 21, 2020; accepted from November 25, 2020.

Selection and peer review under responsibility of Prof. Dr. Cetin Bektas, Gaziosmanpasa University, Turkey.

©2020 Birlesik Dunya Yenilik Arastırma ve Yayıncılık Merkezi. All rights reserved.

Abstract

The overall evolution of the economy is usually appreciated by two macroeconomic indicators GDP and GVA, which by their value gives us clear information on the state of the economy. Gross domestic product (GDP), the main macroeconomic aggregate of national accounts, is the final result of the production activity of resident producer units and which corresponds to the value of goods and services produced by these units for final consumption. Gross Value Added (GVA) is the balance of the production account and is measured as the difference between the value of the goods and services produced (valued at basic prices) and the intermediate consumption (valued at the buyer's prices), thus representing the new value created in the production process. GVA is calculated before calculating the consumption of fixed capital. Since 1990, we have been confronted with a major restructuring of the way GDP and GVA are created due to the intensive process of restructuring the economy. In the paper we will analyze the basis of the processing of national statistical data, how the tourism component of the tertiary sector contributes to the formation of the aggregate indicators presented above. In 2016, Romania had a GDP of 169.6 billion euros, below the Czech level (174.4 billion euros), Greece (175.9 billion euros) and Portugal (184.9 billion euros). Data series published by the European Statistical Office show that in the first quarter of this year, Romania's GDP adjusted for seasonal influences was 44.2 billion euros, while the value of GDP- Greece was 43.96 billion euros, the Czech Republic's 44.85 billion euros, and Portugal's 47.37 billion euros. In terms of GVA training, Romania is included in the European Union's Statistical Yearbook 2016 as the country with the largest contributions to the Gross Value Added in the economy from industry, agriculture and construction, simultaneously with the lowest Public sector contribution (administration, defense, education, health and social welfare, etc.) Although professional, scientific and technical activities have seen the largest increase in the share of Gross Value Added training, they remain below the average of 10.4% Registered on the whole EU. There is an increase in the art, entertainment, recreation and other activities related to tourism - which brought us near the European customs and contributed to the "structural convection" of the Romanian economy. Touristic activity, particularly complex, with upstream and downstream implications, generates a tourism industry, whose components contribute to the formation of GDP and national Gross Value Added We will analyze the share of tourism in Romania's Gross Domestic Product in the period 2008-

* ADDRESS FOR CORRESPONDENCE: Milin Ioana Anda, University of Agricultural Science and Veterinary Medicine, Romania
E-mail address: anda_milin@yahoo.com

2014, gross value added in the tourism industry direct gross value added from tourism and gross domestic product of tourism in 2013 and 2014.

Keywords: macroeconomic indicators, tourism industry, Gross Domestic Product, Gross Value Added economy

1. Introduction

Over time, tourism has become a clear field of activity with implications for national economies, which deserve careful treatment. It is a multifaceted field, requiring an approach from the perspective of several social sciences and professions, it is at the same time a human experience, a social behavior, a geographic phenomenon, a business, a source of income - for those who work in this sector - an "industry", etc.

In addition to the economic, social, environmental effects it generates is a human activity that, along with its psychological (recreational) and physiological (physical recovery) purpose, has an important economic consequence. It features the features of a distinct field of activity and forms a rank of economic rank, a so-called "smoke-free industry."

The growth of the volume and the complexity of the tourist services offer generated the development of an "industry", travel and tourism, tourism has the character of a branch of interference belonging to the tertiary sector. The development of this branch is constantly in close correlation with the levels and rhythms of development of the other branches of the national economy. At the same time, it stimulates the development of other branches (agriculture, construction, industry, transport, trade, etc.). Relationships between branches manifest directly or indirectly, permanently or periodically, horizontally or vertically.

In order to establish the size of the contribution of tourism in the national economy, as a component of it, there are indicators that can appreciate its size. They quantify the contribution and the place of tourism in the national economy. For example, here is the contribution of tourism receipts to GDP, the contribution of tourism to the export of goods, the share of tourism expenditures in the total consumption expenditures, the share of the employed in the tourism sector compared to the total active population, etc. . The establishment of the level of these indicators for a certain period of time creates the premises for the dynamic pursuit of the evolution of the role of tourism in the national economy.

The main aggregate indicators provide information on the complex dimensions of tourism activity. These are comparable to other macroeconomic indicators referring to consumption and value added. The following aggregates are taken into account in the economic activity specific to the tourism industry: indoor tourism expenditure, indoor tourism consumption, Gross value added in the tourism industries, Gross direct value added of tourism and Gross Domestic Product directly from tourism. The last three indicators complement each other, being the most important macroeconomic aggregates for characterizing the volume and economic importance of tourism.

The analysis of domestic supply and domestic consumption on products (at purchase prices) presents the confrontation between domestic supply and domestic consumption, and helps to obtain the basic information that is necessary for the calculation of the three indicators presented below. Tourism Compensation and Analysis requires a special classification of products and productive activities.

Table no 1 List of categories of consumer products and activities characteristic of tourism (tourism industries)

Products	Activities
1. Visitor Accommodation Services	1. Visitor Accommodation
2. Food and beverage serving services	2. Food and drink serving
3. Rail passenger services	3. Passenger rail transport
4. Road passenger transport services	4. Transport of passengers by road
5. Passenger transport services on water	5. Passenger transport on water
6. Passenger air transport services	6. Air passenger services
7. Rental of transport equipment services	7. Rental of transport equipment
8. Travel agents and other booking services	8. Activities of travel agencies and other reservation services
9. Cultural services	9. Cultural activities
10. Sport and recreation services	10. Sporting and recreational activities
11. Goods specific to a country's tourism	11. Retail sector of goods specific to a country's tourism
12. Country-specific tourism services	12. Other tourism-related activities in a country

The tourism industries represent a group of units whose main activity is the activities characteristic of tourism. In the supply statistics, units are classified in accordance with the main activity, which is determined by the activity that generates the highest added value.

Because the units can carry out secondary activities, the production of tourism-specific products may not take place within the tourism industries; the tourism industries can produce products that are not characteristic of tourism.

Gross value added in the tourism industries - is obtained by summing the total gross added value of all tourism industries, regardless of whether all production is provided to visitors and the degree of specialization of the production process. They exclude added value from other non-net industries whose production was purchased by visitors or others in their account.

In 2013 the gross added value generated by the tourism industries amounted to 32599.9 million lei, distributed as follows: most of the passenger transport (13884.1 million lei), followed by food and beverages (5566, 0 mil. Lei). Very low contributions were made to water transport (422.6 million lei).

The share of gross value added in the tourism industry in total value added in Romania was 2.1%

In 2014, the indicator recorded the amount of 27191,1 million lei. Regarding the gross value added elements for the tourism industry, they are distributed as follows: most of the passenger transport (12076.4 million lei), followed by food and beverages (4609.2 million lei). Very small contributions were made to water transport (184.3 million lei).

The share of gross value added in the tourism industry in total value added in Romania has kept its weight in 2013.

Table no. 1 Structure of gross added value generated by tourism industries in Romania -%

Activity	2013	2014
Accommodation services	13,6	11,5
Food and Drink	17,1	17,0
Passenger transport by rail	3,1	3,0
Road passenger transport	42,6	44,4
Passenger transport on water	1,2	0,7
Passenger air transport	4,4	1,7
Travel agencies and other reservation services	3,5	3,8
Cultural services	5,5	7,8
Recreation and sports services	2,9	2,9
Goods and services specific to the country	3,8	4,4
Rental of transport equipment	2,3	2,8

Remark - In 2014 Country-specific goods and services were broken down into country-specific services - 3.5% and goods characteristic of the country - 0.9%

Sources- Buletin Informativ Institutul National de Statistica-Contul Satelit in Turism 2013-2014

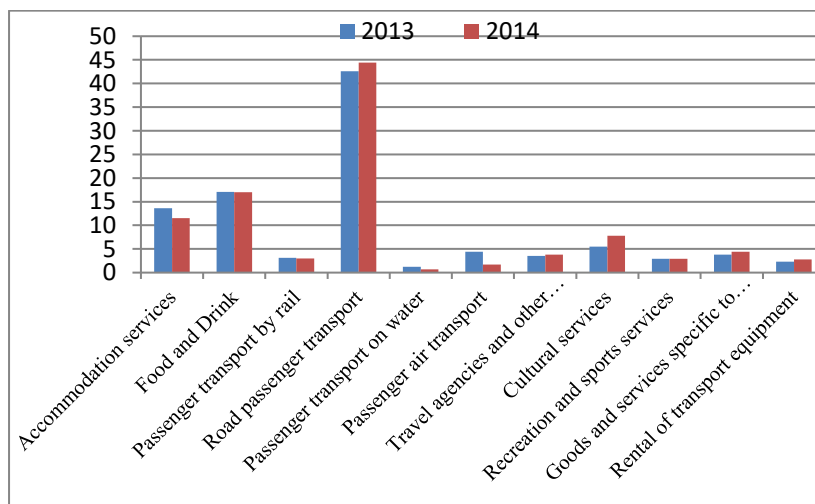


Chart no.1

Structure of gross added value generated by tourism industries in Romania -%

Sources- Buletin Informativ Institutul National de Statistica-Contul Satelit in Turism 2013-2014

Gross direct tourism added value is the sum of the share of gross added value generated by tourism industries and other industries of the economy that are directly at the service of visitors.

The term "direct" in this aggregate means that only part of the added value (of tourism industries and other industries) is measured which leads to the consumption of visitors without accounting for the indirect and induced effects that this consumption may generate.

In 2013 the direct gross value added from tourism was 11606.5 million lei. Compared to total gross value added in the economy, tourism contribution was 0.9%.

Table no. 2 Structure of gross direct value added from tourism by industries-%

Structural elements	2013	2014
Accommodation services	28,3	25,0
Food and beverage	18,8	21,8
Passenger transport by rail	1,2	1,0
Road passenger transport services	9,9	17,3
Passenger transport on water	0,2	0,1
Passenger transport on air	9,5	3,7
Travel agents and other reservation services	6,2	5,2
Cultural services	1,6	1,7
Recreational and sports services	2,4	2,5
Goods and services characteristic of the country	6,4	6,6
Other industries	14,8	14,6
Renting of transport equipment	0,7	0,6

Remark - In 2014 Country-specific goods and services were broken down into country-specific services - 4.9% and country-specific goods - 1.7%

Source - Buletin Informativ Institutul National de Statistica-Contul Satelit in Turism 2013-2014

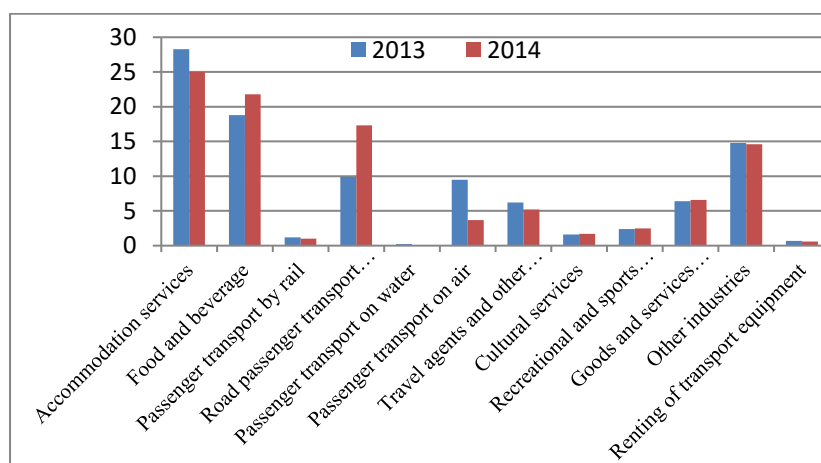


Chart no.2

Structure of gross direct value added from tourism by industries-%

Source - Buletin Informativ Institutul National de Statistica-Contul Satelit in Turism 2013-2014

Direct gross value added from tourism in 2014 was 12484.2 million lei. Compared to total gross value added in the economy, the tourism contribution was also 0.9%. Concerning the direct gross value added from tourism, we find that higher weights are for accommodation services (25.0%), followed by food and beverage services (21.8%).

Direct Gross Domestic Product of Tourism As the total gross domestic product (GDP) of an economy is equal to the gross value added of all industries (at basic prices), plus taxes on production and imports, it is possible to commensurate the share of GDP directly attributed to inland tourism consumption as part of the added value (at basic prices) generated by all industries in response to inland tourism consumption plus the net taxes on production and imports included in purchase prices. This part of GDP will be called gross domestic product directly from tourism. In conclusion, Gross Domestic Product directly from tourism is obtained by adding to gross value added directly from tourism taxes, less subsidies on products in the country and imports.

In 2013, the Gross Domestic Direct Product from Tourism was 12295,7 million lei, representing only 1,929% of Romania's Gross Domestic Product.

In 2014 it was 13104,6 mn lei, representing 1,961% of Romania's Gross Domestic Product (668143,6 mn lei), so there is a slight increase from the previous year.

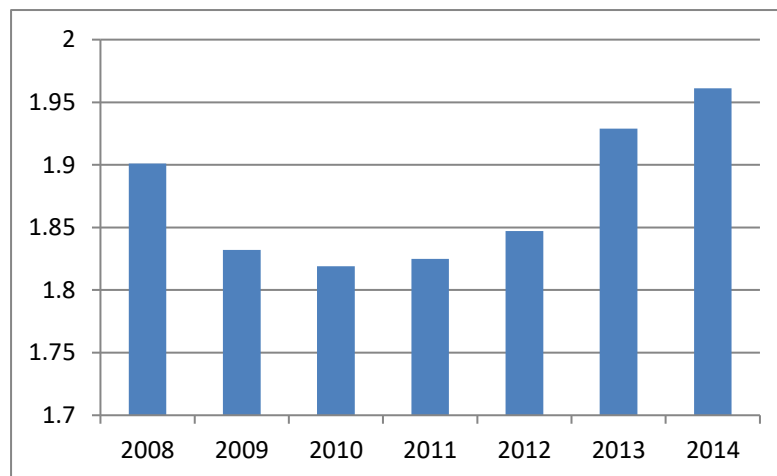


Chart no.3

The share of tourism in the GDP of Romania

Source-- Buletin Informativ Institutul National de Statistica-Contul Satelit in Turism 2013-2014

Conclusions

The added value is the measure of the wealth actually created by the economic units, regardless of the specific form of the activity they carry out, represents the wealth created by capitalizing the technical, human and financial resources of the company above the value of the intermediate consumption from third parties.

By adding the added value from all the enterprises in the country, Gross Domestic Product (GDP) is obtained. This is the only domestic offer of goods and services to meet the demand (internal and external) for final consumption in the private and public sectors.

Gross domestic product (GDP) is an essential measure of national accounts, summarizing the economic position of a country or regions

In the structure of the economic mechanism, tourism has an important position and has an active role in the process of developing and modernizing the economy.

Economic signals in which indirect effects of tourist activity are recorded are those that provide investments in the technical and material basis of tourism; which develops general and specific infrastructure and tourism infrastructure; with commercial character; light industry and related industries that produce goods demanded by tourists; food industry; providing services of a general nature and benefiting tourists; cultural, artistic, sporting and recreational activities

Economic effects, the consequences of tourism consumption are also required to be evaluated in terms of labor income earned either directly or indirectly by the tourism industry and by raising the standard of living.

References

- Rusu Sergiu, Isac, Florin Lucian , „Entrepreneurship and Small Business in Tourism”, Ovidius Annals, Economic Sciences Series, vol. XV, Issue 1, ISSN 2393-3127, p.616-62, 2015
- Petroman Ioan, Suciu Codruta, Benea Marius Catalin, Bolocan Rodica, Marin Diana SWOT analysis Banat and Timis agroturism sector -Conference 3rd International multidisciplinary Scientific onference and Social Sciences and Art-SGEM 2016-Albena-Bulgaria
- Petroman Cornelia, Benea Marius Catalin, Voica Melania, Serban Victoria, Petroman Ioan Study regarding the role of the tourism organization in promoting the authentic agroturism -Conference 3rd International multidisciplinary Scientific onference and Social Sciences and Art-SGEM 2016-Albena-Bulgaria
- Sava Cipriana-Gestiunea activitatii de turism, Ed Editura Aprilia Print, Timisoara 2008
- *** Buletin Informativ Institutul National de Statistica-Contul Satelit in Turism 2013-2014