Assessment of the situation in the tourism sector of the Slovak Republic in the context of the impact of the economic crisis on the development of selected indicators

HENRIETA PAVOLOVÁ
Institute of Business and Management, Technical University of Košice, Letná 9, 042 00 Košice, Slovakia
(E-mail: henrieta.pavolova@tuke.sk)

Abstract
The article deals with the issues concerning the impact of the economic crisis on the tourism sector in the SR. On the basis of the development of selected inter-industry indicators of this sector, it describes the impact of the crisis on the employment rate, sales, and wages in the sector. Upon the results of the analysed indicators development it suggests possible future prospects and trends focused on the support for tourism development in the SR.

Key words: economic crisis, sector of tourism, development of selected indicators

INTRODUCTION

The tourism sector belongs to the most dynamically developing industries with the direct impact on the economy, industry, trade and services, finances, transport, regional development, culture, healthcare, education, sports, environmental protection, forest and water management, agriculture management, employment, new jobs creation, and competency of self-governing regions.

The global economic crisis which the Slovak Republic is currently experiencing had a significant impact on all objects and entities engaged in tourism. Generally speaking, the economic crisis was manifested in the decreased demand by domestic and foreign tourism participants, i.e. passive and active tourism, which had a logical consequence of reduced orders for undertakings operating in the primary, secondary, and tertiary sphere of tourism, and, subsequently, it induced the changes in working conditions or working hours of employees working in these undertakings. Such situations often resulted in cessation of smaller and non-stabile tourism undertakings which were not able to pay their liabilities. Despite the crisis which is still present in the sector of tourism in the SR, new opportunities how to support this sector development and eliminate possible barrier of the development implementation must be identified.

ANALYSIS OF DEVELOPMENT OF THE SELECTED INDICATORS OF THE SR TOURISM SECTOR

Due to its inter-industry nature, the tourism sector (TS) and its outputs represent a dynamic economy sector of the SR which has a significant impact on the SR economy. The attendance rates of individual TS destinations in the SR are affected by several factors, such as social factors (a habit of taking a leave during summer or spring holidays, Christmas holidays, etc.), natural factors (alternation of seasons, climatic changes, etc.), or the TS seasonality as such. Active foreign TS, compared to passive TS, is still on a low level in the SR (Weiss, et al., 2013). The main reason of higher number of persons engaged in the passive TS is probably the fact that the Slovaks prefer seaside

destinations for their summer holidays where they spend 8 to 9 days on average. Foreign tourists, on the contrary, come to Slovakia for shorter holidays lasting 2 to 4 days (Tab. 1) which they spend mostly by hiking and exploration of the culture.
The Tab. 1 above points out the fact that the economic crisis affected also the TS, as in 2009 there was a 10,8% decrease in the number of active TS tourists, compared to 2008, and in case of passive TS it was a 3.33% decrease.

Active TS of the SR depends on the number of tourists coming to the territory in order to satisfy various needs. Reduction of active TS is also confirmed by the overall decrease in the number of foreign tourists from the neighbouring countries observed in 2009 in the amount of 30.16%, compared to 2008. The crisis affected the inflow of tourists especially from Hungary (a 46.59% decrease in 2009 versus 2008) (Tab. 2), which can be assigned to the fact that Hungary, out of all neighbouring countries, was most affected by the economic crisis, as in the pre-crisis period the country had a large amount of short-time loans, which was constantly increasing their foreign debt. In 2009, Hungary requested the financial aid in the amount of € 7.5 billion which represented a significant help for the country; in 2010 the deficit started to decrease and also the Hungarian GDP slowly began to grow. This fact was manifested also in 2011 by the 14.95% annual increase of the attendance rate in connection with Hungarian tourists, compared to 2010. Out of the above mentioned countries, the second country most affected by the crisis is Poland, which was also manifested by the annual decrease in the foreign tourist's attendance rate in 2009, compared to 2008, in as much as 46.59%. As for Poland, there was also an increase in the number of tourists from this country observed in 2011, but compared to Hungary, in case of Poland there was only a 6.27% increase compared to 2010 (Tab. 2). Number of foreign tourists from each country until 2012, again compared to 2009, when the crisis began to show its impact in the full extent, has a growing tendency. As for Austrian tourists, there was a 31.07% increase, compared to 2009, and in case of Ukraine it was as much as 91%. The Czech Republic represents a 15.44% increase in 2012, compared to 2009, and for Hungary it was a 6.7% increase. The only country where there was a decrease in the tourist's attendance rate was Poland where the number of tourists in 2012 compared to 2009 is in 0.58% lower (Tab. 2).

In connection with the decrease in the number of visitors, in the above mentioned years there was also a 16.63% decrease in the number of days of overnight stays and a 4.13% decrease in the number of accommodation facilities. The decrease in the number of accommodation facilities is closely related to the crisis, as plenty of undertakers were not able to cope with

Tab. 1 Organized tourism on the SR territory

Active TS						
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Total number of people	135,294	175,203	156,139	176,620	177,090	157,872
Total average duration of stays	4	2.9	2.5	3.6	2.4	1.8
Passive TS						
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Total number of people	578,978	631,034	527,655	581,781	618,738	581,741
Total average duration of stays	8.8	9	8.7	8.8	8.4	8.2

Source: Processed according to the Statistical Office of the SR (Štatistický úrad SR: Organizovnaý cestovný ruch na SR za rok 2012, 2013)

Tab. 2 Structure of foreign visitors in TS accommodation facilities in the SR

	2007	2008	2009	2010	2011	2012
Czech Republic	490,986	537,180	425,414	433,321	477,159	491,136
Poland	243,917	308,437	164,712	161,851	172,001	163,754
Hungary	93,797	90,123	56,111	51,324	59,000	59,885
Austria	62,661	62,052	50,065	51,678	58,983	65,621
Ukraine	34,612	28,858	20,618	21,659	35,616	39,458
Neighbouring countries in total	**925,973**	**1,026,650**	**716,920**	**719,833**	**802,759**	**819,854**

Source: Processed according to the Slovak Tourist Board (SACR: Výročné správy 2013)

the economic crisis, they were forced to shut down their facilities and terminate their businesses. The most significant decrease in the attendance rate was observed among foreign visitors; in 2009, compared to 2008, the number of foreign visitors decreased in 26.5% and the number of overnight stays of foreign tourists decreased in 28.36%, compared to 2008 (Tab. 3). As we can see, all indicators examined in Table 3 showed a growing trend in 2012, compared to the year when the crisis in the SR began to affect also the tourism. Indirect proportion can be observed between the number of accommodation facilities and the number of visitors, as the number of visitors in 2012 increased in 6.08%, compared to 2008, whereas the number of visitors in the compared period decreased in 7.55%. Therefore, we can state that the tourism market witnesses higher competition than before the crisis and if undertakings want to be successful in the competition struggle, they have to fight for a customer.

DEVELOPMENT OF EMPLOYMENT RATE IN THE TOURISM SECTOR IN THE SR

Development of this tourism sector indicator is determined by the so-called "risk factors" that have a direct impact on the number of jobs and the working environment quality. These factors include especially the tourism seasonality, low qualification requirements (as much as 45% of professions in the hotel and catering industry do not require education level higher than elementary, instruction courses or various trainings) and the corresponding low salaries. Disadvantages of employment in the tourism sector include also inconvenient working time (work on holidays and at weekends), inconvenient working time allocation (divided shifts, night shifts) and often not suitable working environment (Gučík, 2011).

During the years affected by the crisis, employment rate in the tourism sector had a decreasing trend, as in 2009 the employment in accommodation services decreased in 6.7% and in the catering facilities and restaurants in 20.67%, compared to 2008 (Tab. 4). Tourism undertakings started to dismiss their employees early in the beginning of the crisis in 2008, and even though the employment rate in tourism is gradually increasing as the time passes, in 2012, compared to 2007, these undertakings employ 24% less employees in both service segments (Tab. 4). In general we can state that employees working in accommodation services have higher average nominal salary for the work performed than employees working in the accommodation services, and that the development of the average nominal salary of employees, despite the economic crisis, has an increasing tendency in the accommodation services as well as restaurant and catering services. Therefore, we can state that employers could afford higher salaries for their employees due to lower overall number of employees in their companies. In 2012, compared to 2008, salaries in accommodation facilities were 12.41% higher and in catering facilities it was 8.86% higher (Tab. 4).

Tab. 3 Capacities and outputs of the TS accommodation facilities in the SR

	2006	2007	2008	2009	2010	2011	2012
Accommodation facilities in total	**2,490**	**3,182**	**3,434**	**3,292**	**3,126**	**3,011**	**3,643**
Visitors in total	**3,583,879**	**3,777,754**	**4,082,645**	**3,381,354**	**3,392,361**	**3,571,093**	**3,774,062**
Domestic visitors	1,972,071	2,093,228	2,316,116	2,083,279	2,065,722	2,110,732	2,246,562
Foreign visitors	1,611,808	1,684,526	1,766,529	1,298,075	1,326,639	1,460,361	1,527,500
Overnight stays in total	**11,137,565**	**11,566,632**	**12,464,104**	**10,391,069**	**10,367,330**	**10,524,738**	**10,908,200**
Overnight stays of domestic visitors	6,004,032	6,367,936	7,202,628	6,621,933	6,560,721	6,486,103	6,806,999
Overnight stays of foreign visitors	5,133,533	5,198,696	5,261,476	3,769,136	3,806,609	4,038,635	4,101,201

Source: Processed according to the Statistical Office of the SR, the Slovak Tourist Board (SACR: Výročné správy 2013; Štatistický úrad SR, 2013)

Tab. 4 Development of the employment rate and the average nominal salary in the tourism of the SR

Average number of employees	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Accommodation	12,346	12,469	10,935	10,196	9,504	9,409	9,553
Restaurant and catering businesses	35,850	38,430	39,127	31,039	28,707	28,676	28,901
Average nominal monthly salary	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Accommodation (€)	428.14	484.49	506.15	526.86	549	552	569
Restaurant and catering businesses (€)	309	310.8	331.6	341.2	357	358	361

Source: Processed according to the Statistical Office of the SR (Štatistický úrad SR, 2013)

DEVELOPMENT OF SELECTED ECONOMIC INDICATORS IN TOURISM

The total sales in the TS had a rising tendency until 2008. In 2009, when the crisis began to be manifested in the full extent, the annual sales decrease in 26.84% was observed, whereas the largest proportion in this decrease represented the sales from coach tours (27.31% decrease) and sales from passive TS (28.52% decrease). In 2009, compared to 2008, the lowest decrease was observed in the domestic TS, only in 0.62%, which can be attributed especially to the fact the Slovaks preferred cheaper holidays in the SR to holidays abroad. Economic crisis manifestations in the TS began already in 2008 in the active TS sphere (3.35% decrease compared to 2007) and in sales from the domestic TS (5.17% decrease compared to 2007) (Tab. 5).

Similar course of development was observed also with regard to receipts and expenditures in the tourism sector, as the rising tendency thereof was only reported until 2008 when they started to decrease. While the receipts from TS in 2009, compared to 2008, decreased in 8.53%, expenditures decreased only in 1.30%, which resulted in lower amount of balance of TS in 2009, in the amount of € 170.4 million, and significant 44.43% decrease, compared to 2008 (Tab. 6). In terms of TS, year 2010 was unfavourable as well, as the amount of balance decreased again in 26.05%, compared to 2009, and also year 2012, when the decrease in the amount of balance was observed again down to the so far lowest level since 2006. In 2012, similar to 2011, there was an increase in receipts and expenditures, but in 2012, compared to 2011, there was a significant increase also in expenditures on TS, which resulted in lower amount of balance. Even though in

Tab. 5 Development of sales in tourism in the SR

(in thousands of EUR)	2006	2007	2008	2009	2010	2011	2012
TS sales total	**404,995.65**	**457,278.60**	**521,378.38**	**381,397.91**	**441,429.38**	**455,668.41**	**475,420.30**
Active TS sales	24,652.19	29,979.69	28,974.51	25,110.02	22,502.47	24,522.65	19,236.62
Passive TS sales	364,432.38	410,864.67	476,820.06	340,801.42	402,585.40	413,488.66	444,554.76
Domestic TS sales	15,911.07	16,434.24	15,583.81	15,486.47	16,341.52	17,657.11	11,628.92
Coach tour sales	226,309.13	273,736.37	322,726.48	234,584.65	270,790.09	286,049.66	300,564.50

Source: Processed according to the Statistical Office of the SR (Štatistický úrad SR, 2013)

2012, compared to 2009, the receipts increased in 6.83%, expenditures increase represented as much as 11.78%. In case of TS proportion in the Slovak GDP, there was a decrease in approximately 3.8%, when comparing 2009 and 2008, and also when comparing 2010 and 2009. During the past analysed years, the TS proportion in the GDP stays on the level of 2.5%, which stimulates the SR to increase it, using appropriate methods and marketing strategies. In 2012, the TS proportion in the export of goods and services was on a lowest level of 2.6%, which represents a significant 29.72% decrease, compared to 2009 (Tab. 6).

SUMMARY AND DISCUSSION

Considering the results of the performed analyses we can state that the crisis has also influenced the sector of tourism in the SR; however, the development of the monitored indicators predicts a positive trend in this sector of the Slovak national economy. By means of suitable tools and governmental support (proper utilisation of various financial supporting programmes, provision for foreign investments, etc.), these still persisting negative impacts of the crisis can be mitigated and averted completely in future. In order to avert the critical situation and strengthen the tourism, at the times of crisis, in 2009, other countries applied various supporting measures, financial stimuli, and support for domestic tourism, to advert the impact of crisis. The objectives of the Slovak Republic in the field of tourism should include the following:

- increasing the quality and competitiveness of tourism,
- reduction of regional disparities,
- Slovakia brand reinforcement,
- increasing the employment rate in the field of tourism,
- increasing the proportion of tourism in the GDP,
- supporting the active tourism,
- more aggressive marketing strategy in Slovakia,
- more efficient utilisation of EU funds to support the tourism,
- improvement of the transport infrastructure (construction of highways and direct airline connections),
- presenting Slovakia as a holiday destination,
- compensation of climatic changes by suitable additional offers,
- strengthening the congress tourism, construction of sufficient accommodation capacities necessary for the provision thereof,
- supporting the development of domestic tourism, especially to cover the seasonality with foreign tourists,
- better use of the Slovakia’s potential,
- supporting the business activities in tourism.

CONCLUSION

Despite the fact that Slovakia is the country possessing a remarkable tourism

Tab. 6 Development of other economic indicators in the tourism sector of the SR

	2006	2007	2008	2009	2010	2011	2012
Receipts for TS in € mill	1,493.23	1,651.44	1,830.73	1,674.50	1,684.40	1,744.70	1,789.00
Expenditures on TS in € mill	1,040.60	1,252.11	1,524.03	1,504.10	1,470.70	1,566.80	1,681.30
TS balance in € mill	452.7	399.32	306.69	170.4	126	177.9	107.7
Proportion in GDP in %	2.7	2.7	2.7	2.6	2.5	2.5	2.5
Proportion in export of goods and services in %	3.1	3.1	3.3	3.7	3.2	2.9	2.6

Source: Processed according to the Slovak Tourism Board (SACR: Výročné správy 2013)

potential, this segment of the SR national economy is insufficiently developed with the missing marketing. The results of the performed analyses and presented opportunities for the SR how to advert unfavourable consequences of the economic crisis and strengthening the sector of tourism in terms of all development indicators, we can state that although the Slovak Republic is a small country, it is rich in natural and cultural heritage which can represent an appropriate attraction for tourists, if it is presented in an appropriate manner internationally and locally. For the SR there are several opportunities how to implement the measures and support the TS; however, these opportunities must be utilised in order to strengthen the competiveness of the SR. The sector of tourism is an important industry which, when aimed at the proper direction, can significantly contribute to the financial and economical development of the SR in future.

REFERENCES

Guík M. (2011) Cestovný ruch. Politika a ekonómia. Knižnica cestovného ruchu, Banská Bystrica, 188 p. (In Slovak)

Príjmy, výdavky a podiel cestovného ruchu na HDP a exporte. available at: http://www1.enviroportal.sk/indikatory/detail.php?kategoria=123&id_indikator=3389#0 (15. November 2013).

SACR: Výročné správy (2013), available at: http://www.sacr.sk/sacr/vyrocne-spravy/ (15. November 2013) **Štatistický úrad SR** (2013), available at: http://portal.statistics.sk/showdoc.do?docid=3545 (11. November 2013)

Štatistický úrad SR: Organizovnaý cestovný ruch na SR za rok 2012 (2013), available at: http://portal.statistics.sk/showdoc.do?docid=66708 (14. November 2013)

Weiss R., Weiss E., Zuzik J. and **Kovanič Ľ.** (2013) Impact of economic crisis on tourism in Slovak Republic. Acta Geoturistica. Vol. 4, nr. ,1 10-14.