

The expectations of the supply side of the hospitality labor market from employers in the Central Region of Romania

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Abstract: *The objective of my study was to analyze the impact of training and job offering program. It was offered by an NGO for the development of the civil society and was funded by the European Union. The target group were long time unemployed persons in Central Romania. They were trained for the jobs of cooks and waiters. The program offered places where to practice their new skills and eventually those who showed good results, were offered jobs or help to start up new firms in the hospitality sector.*

Data and methods: 105 unemployed persons were offered the training and all 105 persons completed a questionnaire. 33 entrepreneurs who offered places to practice were interviewed. For general description of the labor market official data from the Romanian National Institute for statistics were used. The results showed that the hospitality industry in Romania recovered from the shock caused by the Covid-19 pandemic and there is a growing demand for skilled workers in the industry. The conclusion is that the competition in the Romanian hospitality industry is growing, profit margins are weakening and there is a lack of skilled employees.

My paper reflects the results of the questionnaires completed by the participants of the training course.

Keywords: *labor market, EU funds, hospitality sector, human resources*

1 Introduction

This paper is based on a market study funded by the European Social Fund (Fondul Social European) through the Human Capital Operational Programme (POCU 2014-2020), Call Code: POCU/1080/3/16/: Improving the level of professional skills and increasing the employment rate of unemployed and inactive people in correlation with the needs of the labour market; Project title: AȘA- Acces la Șansă (Accessibility to Chance), project code: 157085

The project itself consisted of theoretical and practical courses for the jobs of waiters and cooks. The selection of the course beneficiaries (105 people who were

long-term unemployed or inactive) was carried out by two NGOs⁹. These NGOs organized the theoretical courses and selected the companies in the industry, where the practical training was done in the field. After completion of the course the best trainees were offered jobs or the possibility to start their own business in the industry.

The study contained a survey, in which we measured the appreciation of the services offered in the project, the appreciation of the collaboration between the project partners and the participating employers. We also measured mutual (employee-employer) expectations and values. The survey also referred to the employer's expectations from the staff (level of training, qualities, skills and abilities, etc.).

33 employers (business owners) participated in the survey on one side and all the 105 trainees on the other side.

The first part of the study included a general analysis at European and national level of the HORECA market evolution over the last decade.

The second part described with statistical data the evolution of the labour market and unemployment in Romania and the Centru statistical development region with a focus on the HORECA market.

The third part described the behaviour and qualities of generations X, Y and Z in the labour market. This part was included because from the interviews with employers we learned that different generations behave very differently when they are employed.

In the final part of the study the results of the opinion survey among the target group members and the results of the interviews with employers were presented in detail.

This paper is the part of the study that deals with the participants and the supply side of the market. The employers and the demand side were presented in the paper "The expectations of the demand side of the hospitality industry's labor market towards employees in the Central Region of Romania" presented at the 47th EBES CONFERENCE - BERLIN, GERMANY.

⁹ Szabó Árpád, 2023: Studiu despre situația pieței muncii în domeniul ospitalier, Fundația Civitas pentru Societatea Civilă, Odorhei

2 Literature review of hospitality labor market and the COVID 19 pandemic

As described by HOTREC¹⁰, the hospitality industry represents 6% of consumer expenditure in the EU and contributes to approximately 2 to 3% of the EU GDP. Hospitality is composed of almost 1.9 million enterprises, 89% of which are micro-sized (i.e. employing less than 10 people).

Besides, the hospitality industry alone created 2 million new jobs between 2015 and 2019 taking its workforce from almost 9 million employees to almost 11 million for the EU27.

In addition, 29.6% of the workers in the sector are relatively unskilled, compared to 16.1% in the overall economy, meaning that hospitality is inclusive and welcomes people with different profiles and backgrounds.

Moreover, 17.4% of the employees are aged under 25 years compared to 7.6% in the overall economy. This means hospitality provides young people with the possibility of developing their first working experience within the sector. It also helps fight youth unemployment.

The sector promotes gender balance: while in the overall economy 46.2% of people employed are women, in the sector the figure rises to 53.4%.

HOTREC's Romanian affiliate (FIHR/Romania) estimates that 15% of the total number of employees (around 30,000) are missing in the sector.

The COVID 19 pandemic hit very hard the sector. Xu mentions¹¹, that the number of international tourists in European countries has decreased by about 95%, which has caused great trauma to the development of the industry.

The problem has socio-economic impacts, as the impact of the COVID crisis is likely to concentrate on the most vulnerable segments of the working population.¹²

Haenraets¹³ presents the challenges for the sector:

- Adjustments to service offerings and operating hours

In order to cope with fewer staff, many hospitality businesses are adjusting their service offerings and operating hours. This may include simplifying menus, reducing room service hours or temporarily closing certain facilities. These

¹⁰ HOTREC, 2022: Labour shortages in the hospitality sector: forward-thinking and practices sharing

¹¹ Xu, Haixin. (2021). The Impact of COVID-19 on European Tourism Industry

¹² Fana, M., Tolan, S., Torrejon Perez, S., Urzi Brancati, M.C. and Fernandez Macias, E., The COVID confinement measures and EU labour markets

¹³ Haenraets, Bram, 2023: Europe's Hospitality Staffing Challenge - staff shortage: strategies, impacts, and future prospects for european hotels and restaurants in 2023

adjustments help businesses maintain service quality while managing the available workforce more efficiently. In addition, some are exploring pop-up concepts and seasonal adjustments to align their offerings with staffing levels and customer demand.

➤ Changes in guest expectations and experiences

As the hospitality industry adjusts to staff shortages, guests adjust their expectations as well. There is a greater understanding that service may not be as prompt or comprehensive as before. However, guests still expect a certain level of quality and personalization in their experiences. This creates a new dynamic where guests' patience and flexibility are tested against evolving service standards.

➤ Balancing service quality and value for money

Hospitality businesses strive to strike a balance between maintaining service quality and managing costs effectively. As operating costs rise, partly due to labour shortages and inflation, some of these costs are inevitably passed on to guests in the form of higher prices. Businesses are therefore challenged to justify these price increases through service quality, ensuring that guests feel they are still getting value for money. This balancing act is essential to maintain customer loyalty in a competitive market.

Among the most important future digital skills expected are online marketing and communication skills, social media skills, MS Office skills, operating system skills and online review monitoring skills. The biggest gaps between current and future skill levels were identified for artificial intelligence and robotics skills, as well as AR and VR skills, but these skills, along with computer programming skills, were also seen as the least important digital skills for future travel and hospitality employees.¹⁴

Hospitality insights, one of the sector's publications¹⁵ tries to oversee the future trends:

- Empowering the workforce: Turning challenges into opportunities
- Artificial intelligence and technology: Choosing the best technology to revolutionise the hospitality industry
- Culinary experiences: Putting experiences, authenticity and senses first
- Bars and drinks redefined: Adding creativity and design to the drinks menu
- Fine dining: In need of reinvention, but full of potential
- Fine wine prices: Navigating the fluctuating vineyard market
- Rising interest rates: Impact on hotel property values and transactions
- Green hospitality: Beyond sustainability to net positivity

¹⁴ Carlisle, S., Ivanov, S. and Dijkmans, C. (2023), "The digital skills divide: evidence from the European tourism industry"

¹⁵ Hospitality insights (2024): <https://hospitalityinsights.ehl.edu/hospitality-industry-trends>: Elevate experiences, embrace evolution - 10 hospitality trends in 2024

- Data-driven decision making: Data analytics for optimal customisation
- The power of social media: Creating authentic narratives.

HeyHire¹⁶ foresees the transformation in the restaurants business and also offers hiring tips to business owners :

- Mass Customization Tip: Look for culinary professionals who can create unique dishes and a front desk staff with skills in providing personalized service.
- Seamless online reservations and ordering Tip: Look for candidates with expertise in web development, app design and cybersecurity to effectively manage your online presence. online review monitoring skills.
- Embracing sustainability and local sourcing Tip: Look for chefs and kitchen staff who are passionate about sustainable cooking and sourcing. In addition, consider hiring a sustainability coordinator to manage eco-friendly initiatives.
- Flexible dining options Tip: Expand your kitchen staff to include chefs or cooks experienced in managing diverse food needs, and consider hiring delivery drivers or partnering with delivery platforms.
- Improved customer communication Tip: Improve customer communication: Look for candidates with excellent communication skills and experience managing customer relationships through various channels, such as social media and online review platforms.

3 Macroeconomic developments in Romania in the European context, with a focus on the HORECA sector

The HORECA sector in the EU is characterised by diversity, with a wide range of establishments catering to different customer segments and prices. The sector is also highly fragmented, with a large number of small and medium-sized enterprises (SMEs) representing a significant part of the industry.

In 2019, the EU HORECA sector generated an estimated turnover of €1.3 trillion and employed over 12 million people. This represents around 6% of the total EU workforce and 10% of EU GDP. The sector has seen steady growth in recent years, driven by the growth of tourism and rising disposable incomes.

Despite the challenges caused by the 2008-2010 financial crisis, the EU HORECA sector has shown signs of recovery in recent years. Consumer spending has increased and the number of tourists visiting the EU has grown steadily. Businesses

¹⁶ Restaurant Industry Trends, 2023: Adapting to Evolving Consumer Preferences

are also adapting to market developments by developing new products and services, such as online booking and delivery options.

The recovery of the HORECA sector has been uneven across the EU, with some countries, such as Germany and Spain, seeing a strong recovery in activity, while others, such as Greece and Italy, have been slower to recover.

3.1 The HORECA sector in Romania

The HORECA sector in Romania has followed a similar trajectory to the EU as a whole. The sector experienced significant growth in the years leading up to the 2008 financial crisis, but was hit hard by the recession. In the years following the crisis, the sector showed signs of recovery.

The HORECA sector in Romania is characterised by a large number of SMEs, many of which are family businesses. The sector is also highly dependent on tourism, with a significant part of its revenue generated by foreign visitors.

Despite the challenges it faces, the HORECA sector in the EU and in Romania has a number of opportunities for growth. The growing popularity of travel and tourism is expected to continue to boost demand for HORECA services. In addition, the growth of e-commerce and mobile technology is creating new opportunities for businesses to reach customers and improve their operations.

However, the sector also faces a number of challenges. Competition from new entrants and the sharing economy is putting pressure on traditional business models. In addition, rising labour costs and regulatory requirements are making it harder for businesses to operate profitably.

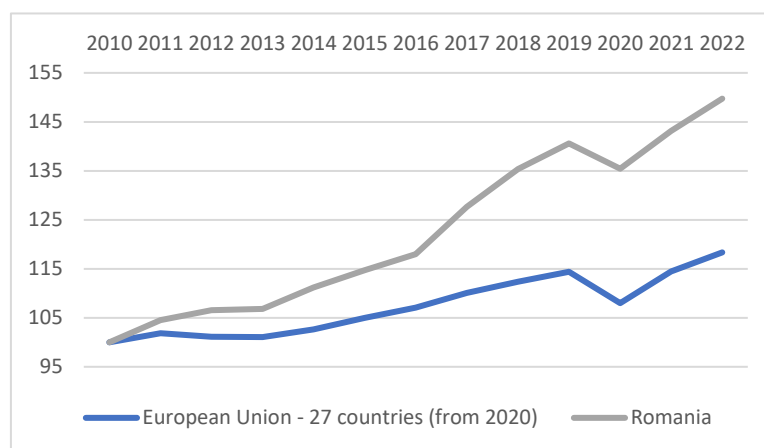


Figure 1.

Evolution of GDP in Romania and the EU as a percentage of the reference year 2010

Source EUROSTAT <https://ec.europa.eu/eurostat/databrowser/view>

As shown in Chart 3.1.1, Romania has developed strongly economically in 2010. By 2019, Romania's GDP had grown by 40 percent compared to 2010, while the European Union achieved a GDP growth of only 20 percent.

On the graph you can see the effect of the Covid19 pandemic, when growth was interrupted by a harder period, but in 2021 and 2022 growth continued. So it looks like our country has recovered from the effects of the pandemic. Of course the GDP data was calculated at current prices, so inflation in the last year drops a bit the very good result.

If we look at Table 3.1.2 and the graph drawn based on the numerical data in it, we can compare the year-on-year percentage change in GDP between the European Union and Romania. It can be seen very well that in 2010 Romania was still feeling the effects of the 2008 global financial crisis, but since 2011 year-on-year our country has managed to outperform the EU figures, 2017 being the best year with an 8.2% growth.

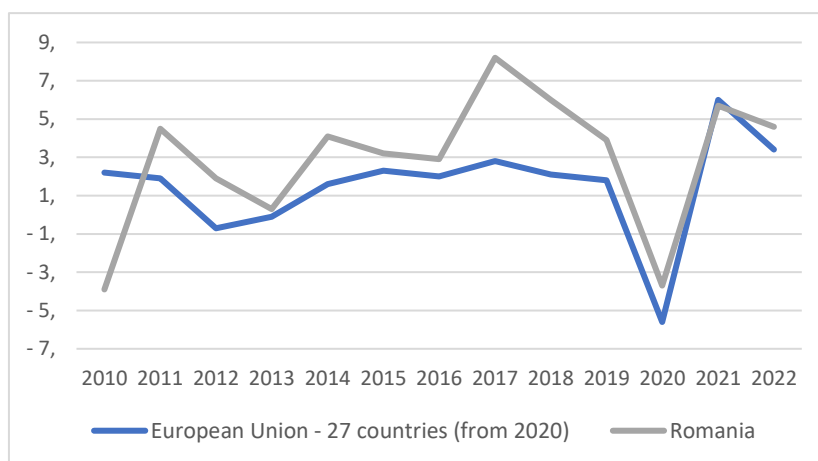


Figure 2.
Evolution of GDP in Romania and the EU in percentages compared to the previous year
Source: EUROSTAT <https://ec.europa.eu/eurostat/databrowser/view>

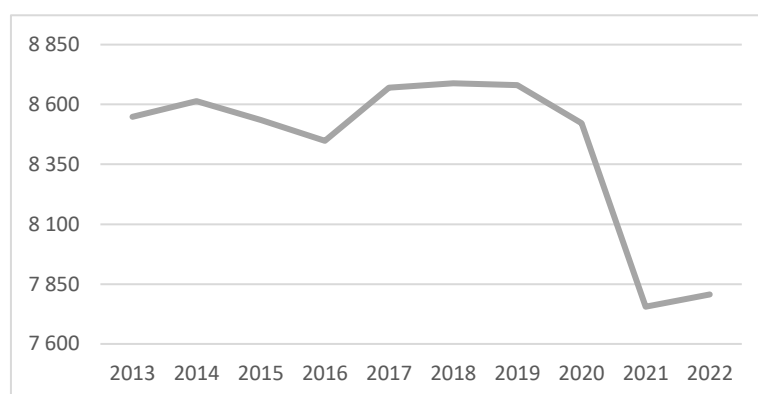


Figure 3.
Evolution of the number of employees in the EU and Romania in the last decade (million persons)
Source: EUROSTAT (Employed persons and employees by sex and full-time/part-time activity and NACE Rev. 2 activity [tour_lfs6r2__custom_9043139])

Graph 3.1.3 shows the evolution of the number of employees in the European Union and Romania over the last decade. It can be seen that the European Union already in 2022 managed to exceed the number of employees it had before the pandemic. In Romania we see a very steep decline in 2020 and a slower recovery (or beginning of recovery) in 2021.

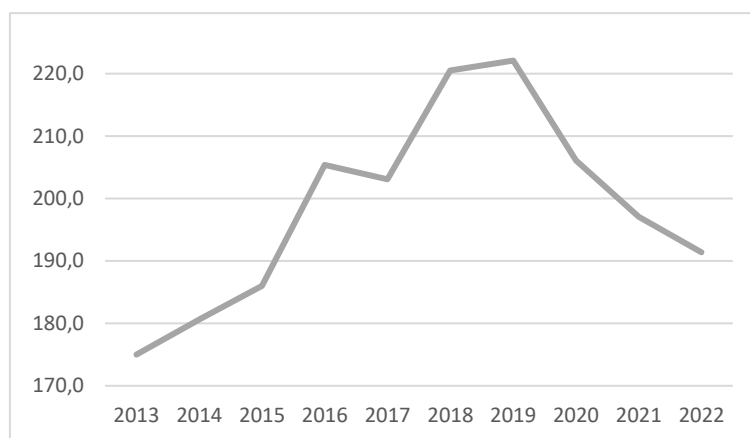


Figure 4.

Evolution of the number of employees in the accommodation and catering sector in the EU and Romania in the last decade (thousands of persons)

Source: EUROSTAT (Employed persons and employees by sex and full-time/part-time activity and NACE Rev. 2 activity [tour_lfs6r2__custom_9043139

Chart 3.1.4 shows the effects of the Covid pandemic on the accommodation and catering sector in both the European Union and Romania. It can be seen that in the European Union in 2022 there were already 9.1 million employees in the sector compared to 8.2 million in 2020 and 7.96 million in 2021. In Romania, however, 2022 has not yet brought an increase.

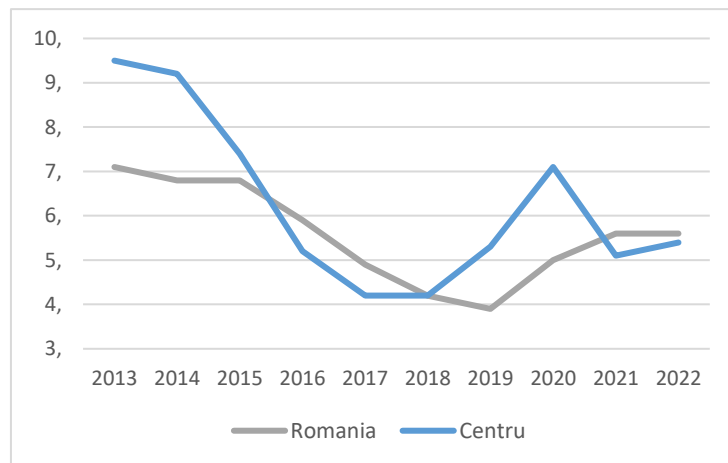


Figure 5.

Evolution of unemployment rate in the EU, Romania and the Centre Region (in percentages)

Source: EUROSTAT <https://ec.europa.eu/eurostat/databrowser/view>

Graph 3.1.5 Compares the evolution of the unemployment rate in the European Union in Romania and the Centru region. It can be seen from the graph that in the Centre region during the Covid pandemic there was a very high increase in the unemployment rate, while in Romania this increase was less steep.

If we look at long-term unemployment we see that between 2017 and 2020 there were no people who were unemployed for more than one year only after the Covid pandemic there was an increase in their number but it seems that in 2022 they also found work.

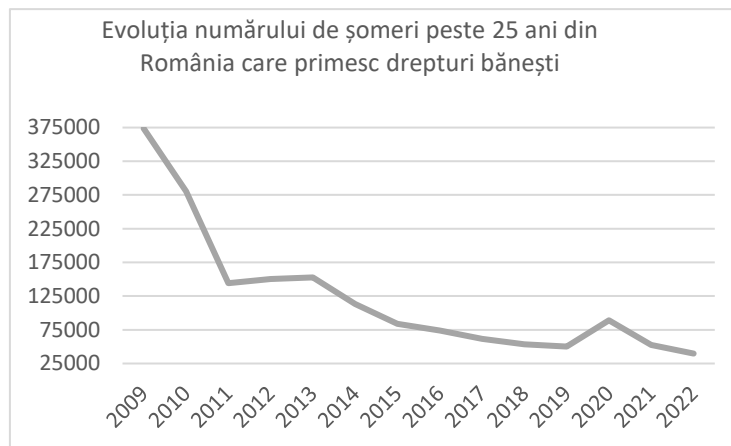


Figure 6.

Registered unemployed over 25 years of age, recipients of cash benefits

Source: EUROSTAT <https://ec.europa.eu/eurostat/databrowser/view>

Concluding the first part of this analysis, we can say that after the end of the Covid19 pandemic both the EU and Romanian economies have started to recover. It seems that things are evolving for the better

3.2 Labour market and unemployment developments in Romania, the Centre region and the region's counties, with a focus on the HORECA market

If we zoom in on the centre of the country, we can see that the economic growth in the Centre region in 2010-2019 was even higher than the average for the country. We see almost a doubling in 9 years from 61 to 119 billion RON.

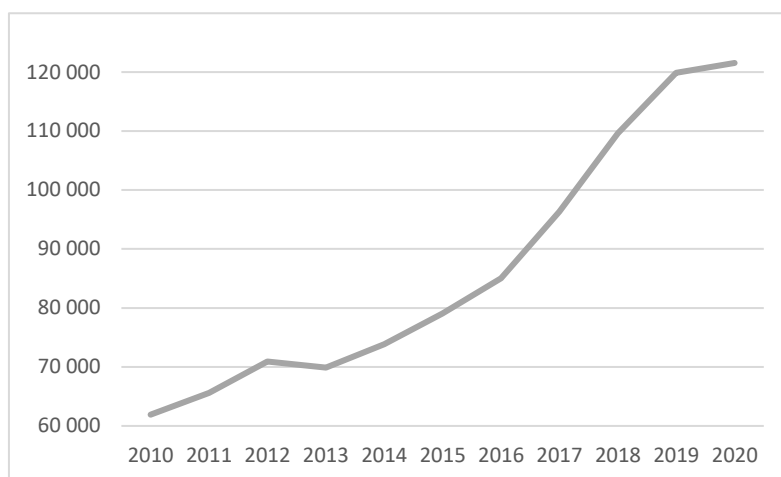


Figure 7.

Evolution of GDP in Central development region of Romania (millions RON)

Source: DIRECTIA REGIONALA DE STATISTICA ALBA <http://www.alba.insse.ro>

Before the pandemic in the Centre region both in general and in the Horeca sector in particular, the number of employees increased from year to year. During the pandemic we see a decrease that seems steeper in the Horeca sector. And after 2020 it seems that the other sectors have started to grow and hire new people, but the Horeca sector is stagnating in terms of employment in this region. (Chart 3.2.2.)

Charts 3.2.2.

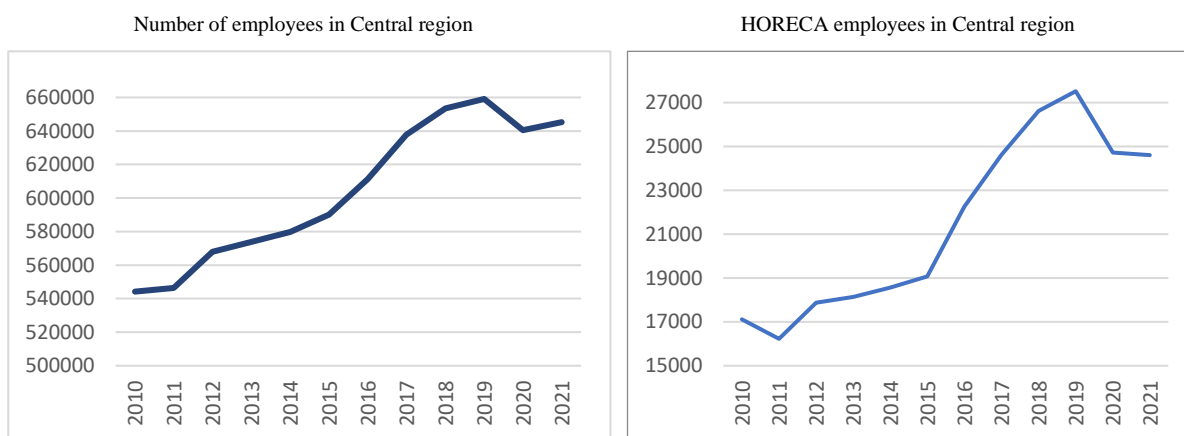


Figure 8.

Source: DIRECTIA REGIONALA DE STATISTICA ALBA <http://www.alba.insse.ro>

As shown on chart 3.2.3., in the last year we can see the recovery in the number of HORECA employees in Romania.

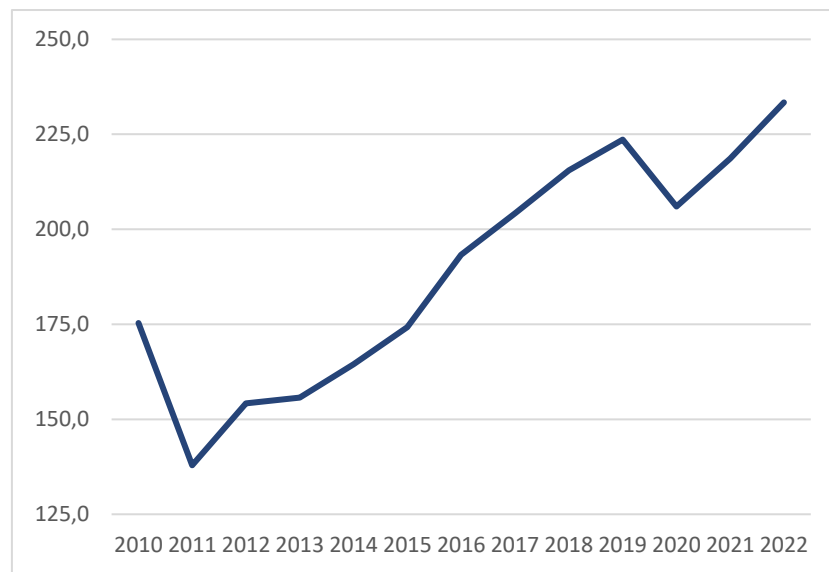


Figure 9.
HORECA industry employees in Romania in thousands
Source: Institutul Național pentru Statistică, Tempo online

Chart 3.2.4. shows that employees in HORECA industry are worse paid in the Centre region of Romania, too. But their wages raised in the 2010's as they did in all Romanian sectors.

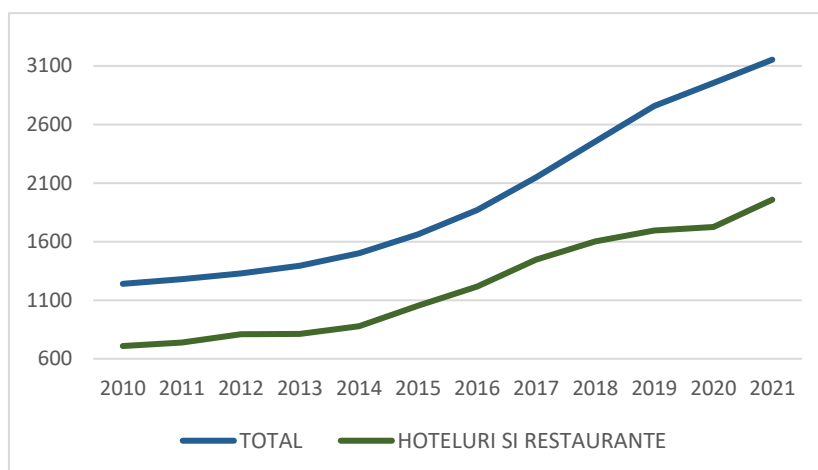


Figure 10.

Average net wages in Center region in HORECA (RON)

Source: DIRECTIA REGIONALA DE STATISTICA ALBA <http://www.alba.insse.ro>

4 Analysis of supply and demand in the HORECA labour market

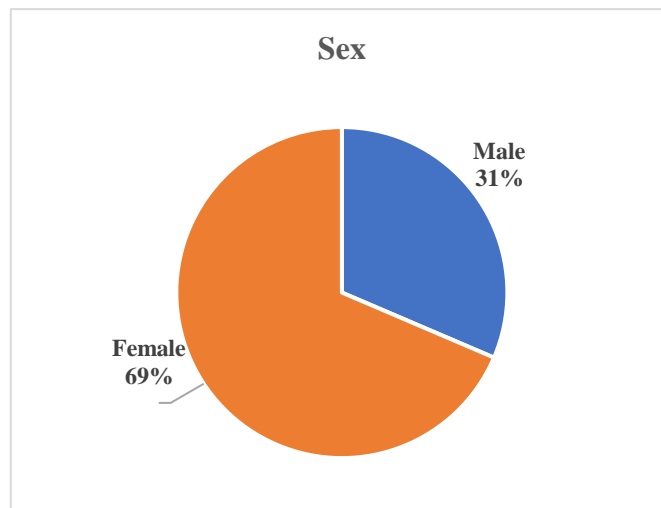
4.1 Data and methods

The actual analysis of the labour market was carried out both by questioning participants in the specialisation courses organised within the project (105 completed questionnaires) and by interviewing employers and potential employers (30+3=33 interviews).

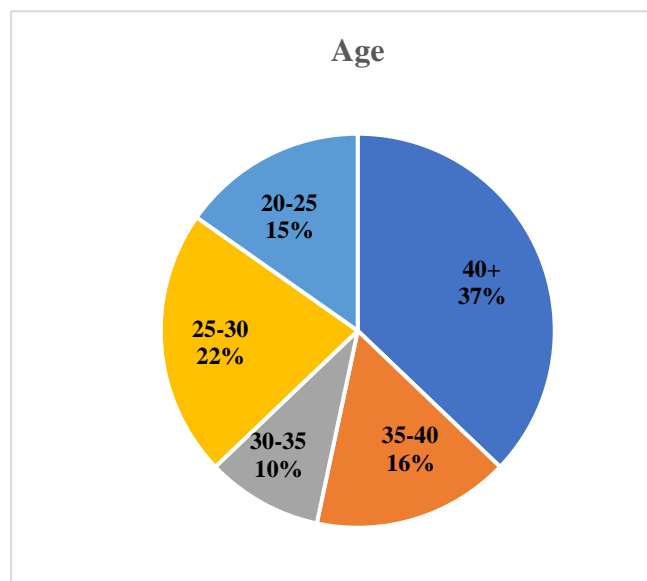
The responses are visually analysed with graphs on the following pages.

4.2 Questionnaire responses of the participants of the courses

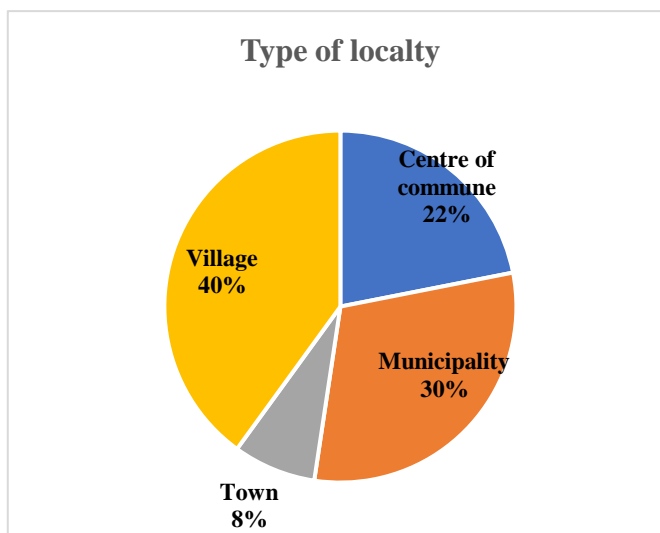
Members of the target group were predominantly women.



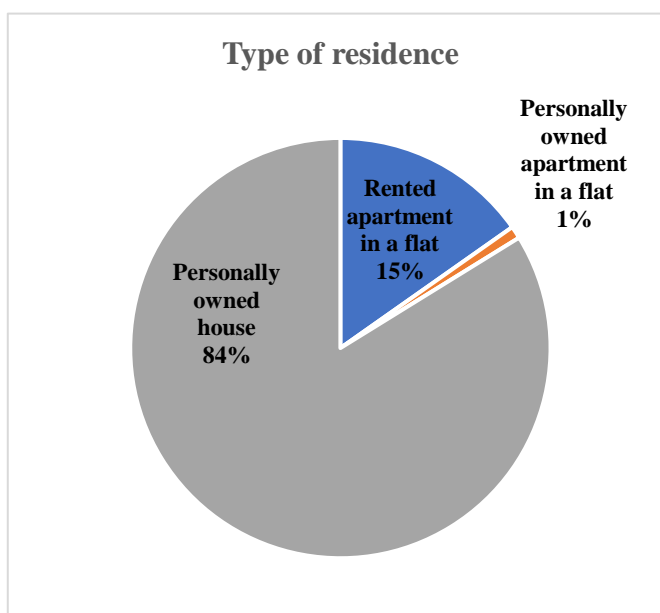
85% of respondents were over 25 years old.



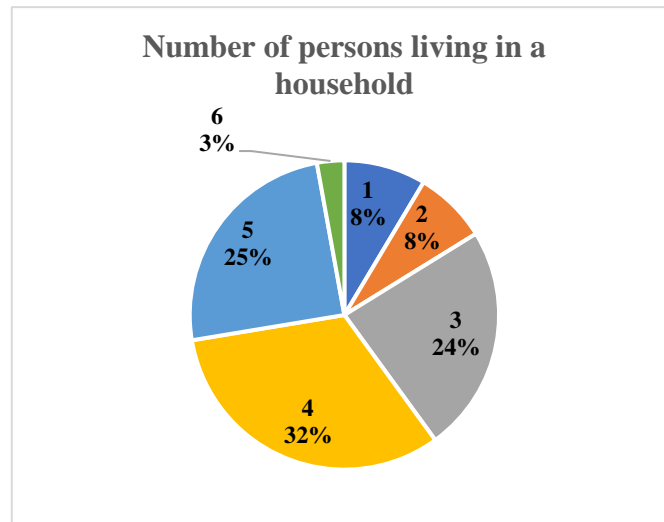
All respondents who completed the questionnaire were residents of Harghita county. 30% of the respondents lived in the municipalities of the county.



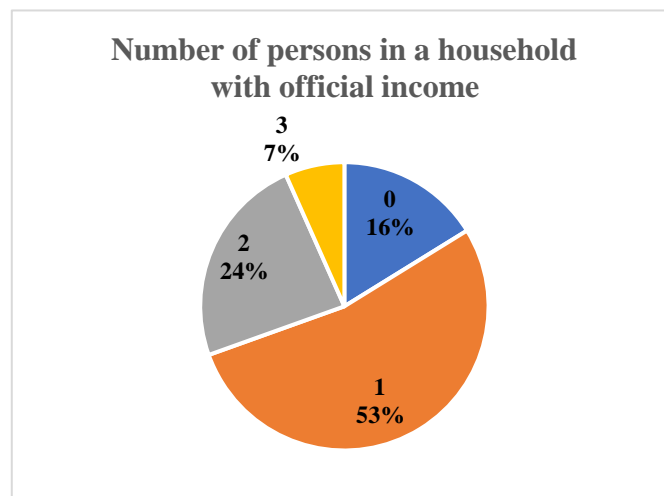
84% live in personally owned houses..



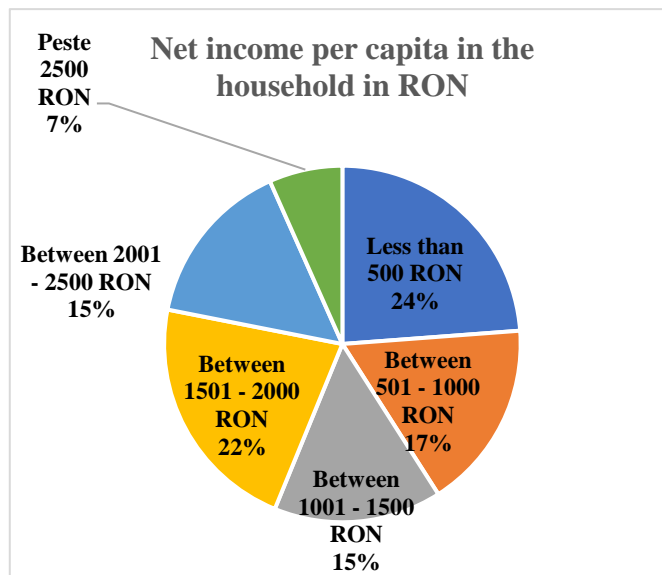
81% live 3-5
persons per
household on a
joint budget



16% of
households
have no
official
income on a
continuous
basis.

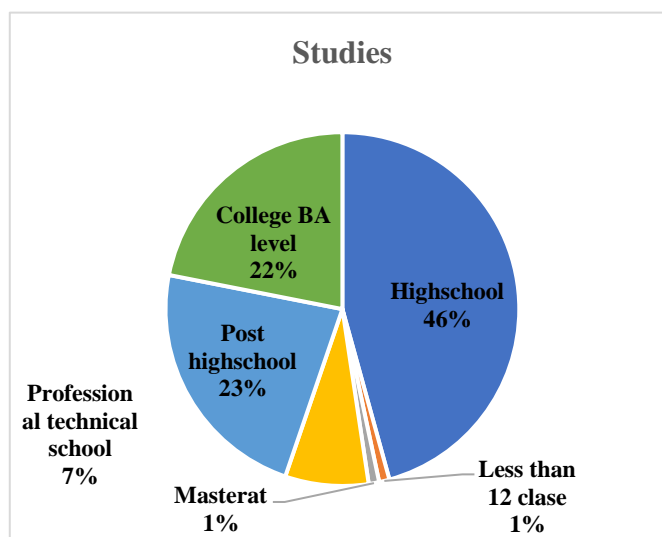


Net income per person is between 1000-2500 RON in most households, but almost a quarter (24%) have less than 500 RON.



None of the families surveyed live with a person with a disability who needs ongoing care.

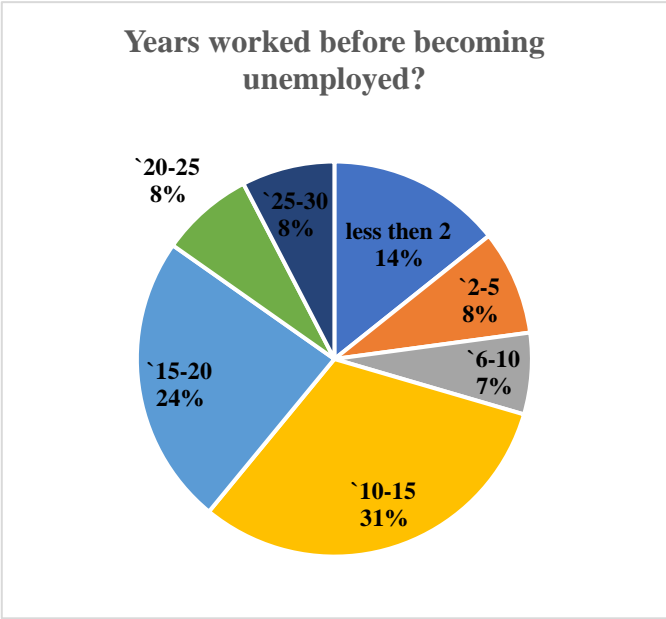
In terms of the schools attended by the respondents, almost half have a high school diploma, 22% have a university degree. 91% have also completed other specialised courses.



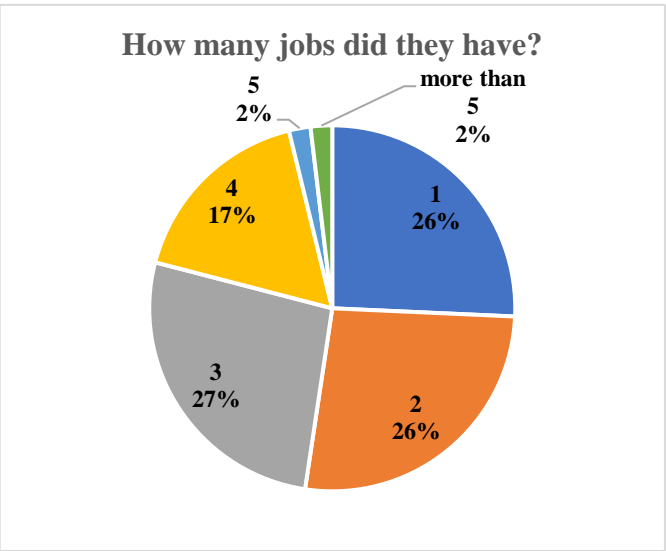
Specialisations mentioned: Cook (75%), Computer operator (15%) and Confectioner, Barber/hairdresser, Animal breeder, Medical assistant, Plumber,

Beautician, Masseur, Tailor, Nanny, Sports teacher, Musician, Social pedagogy, Receptionist, Barman, Carpenter.

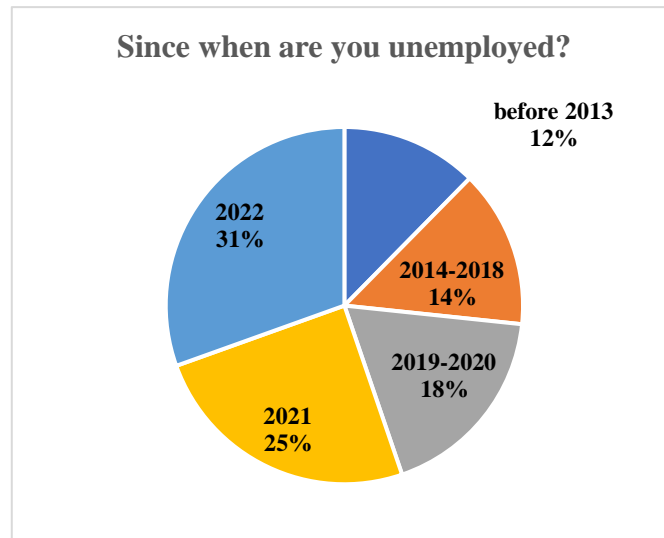
The vast majority of trainees worked for more than 10 years before becoming unemployed.



70% had 2 or more jobs during their career, the last net salary of 75% of the respondents was below 2500 RON.

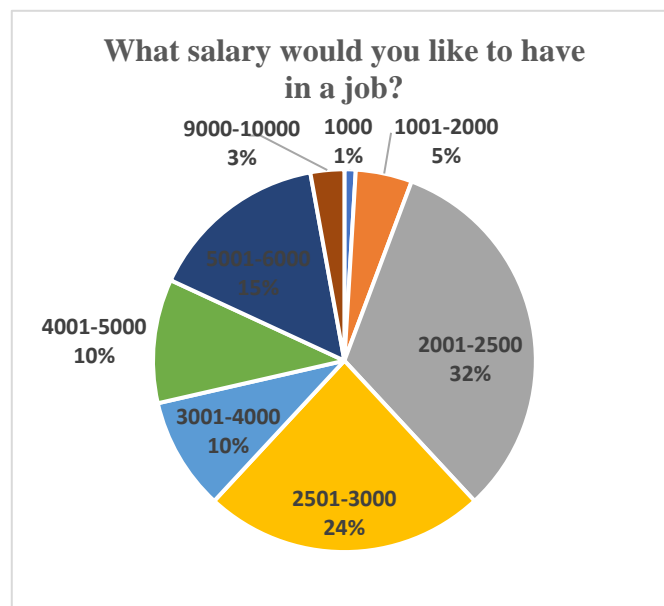


12% have been unemployed for more than 10 years, only 31% have lost their job in the last 2 years.



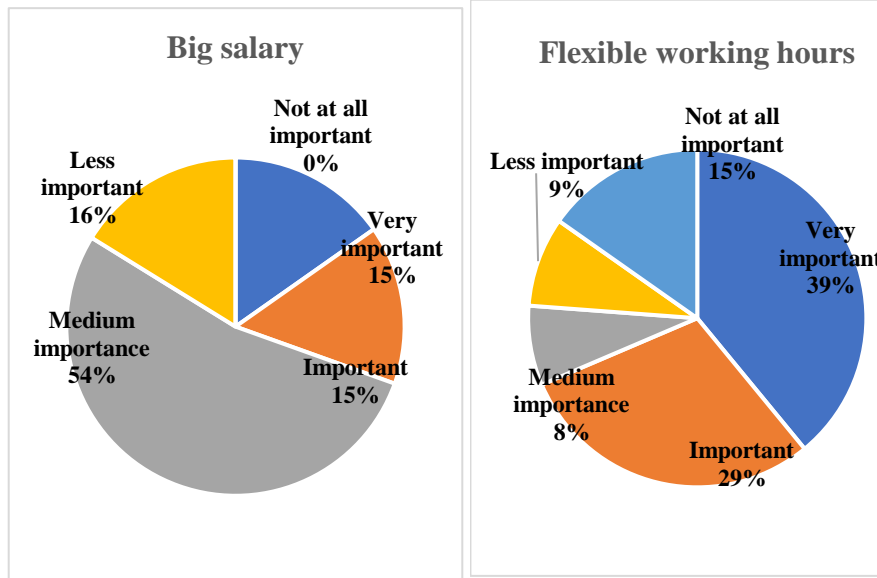
More than 90% have no other income from investments or renting property.

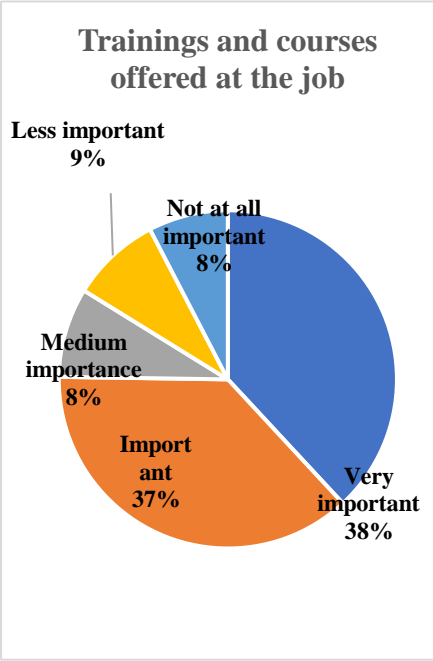
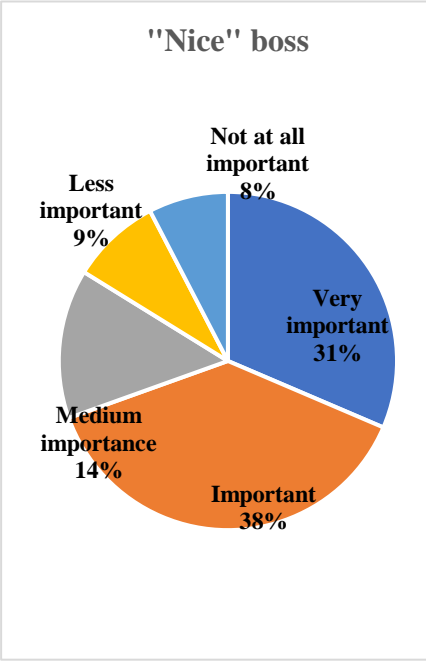
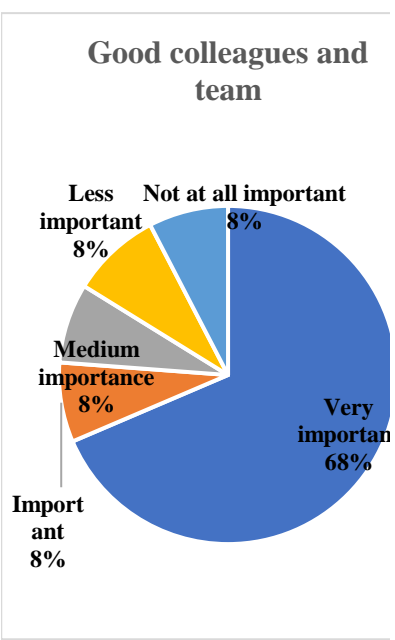
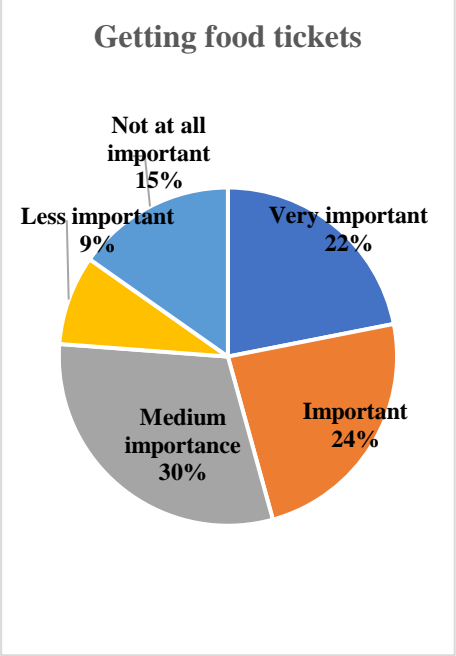
56% of respondents would like to get a job for a net salary of 2000-3000 RON.

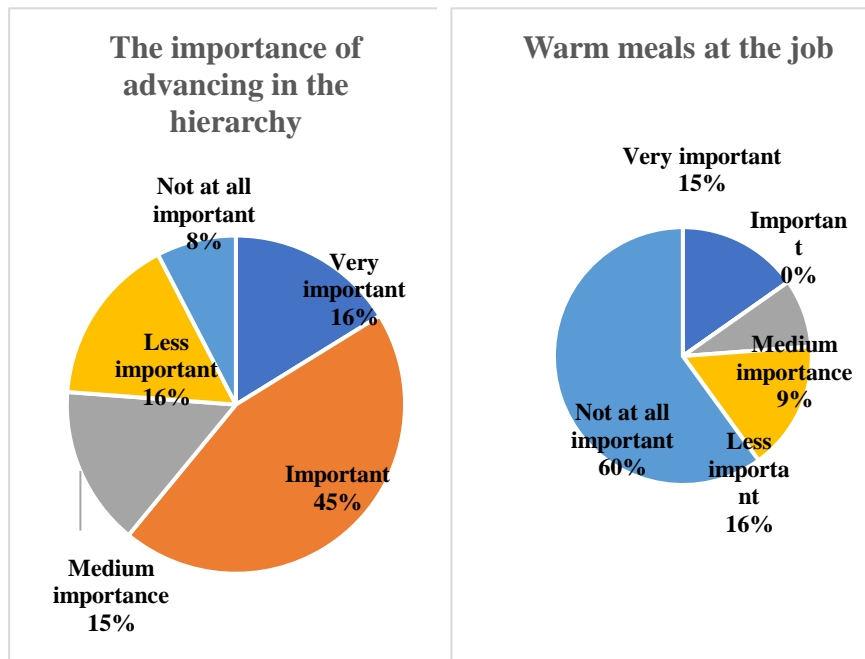


To the question where they would hire, we received the answers: Cook (32%), Bakery (25%), but also Administration, Own business, Accommodation agent, Sales agent, Music artist, "Something starting after 9 o'clock because of children", Tailoring, "Nothing in Romania", Wherever I can find, Dental technician.

An important group of questions concerned the importance of certain aspects of jobs. These are presented below:







How do these unemployed people look for work? We received the following answers; Specialist intermediary companies (82%), On the Internet (74%), Through relatives and acquaintances (32%), "I had my own business, I did not look", Newspaper advertisements, At non-governmental associations, National job placement offices, Priest/church, Headhunters.

All of them answered that they have Internet at home.

What do they expect from an employer? To be fair, honest, courteous, pay wages on time.

Conclusion

This study reveals a significant disconnect between the supply of potential hospitality workers and the demand from employers. While there seems to be a need for staff, the characteristics employers seek don't always align with the skills and motivations of the available workforce.

Challenges on the Supply Side:

Socioeconomic factors: The target group is demographically skewed towards underprivileged women with limited financial security. Many lack recent hospitality experience and have low starting salary expectations (2000-3000 RON).

Educational mismatch: Specialization courses aren't always aligned with employer needs. Additionally, some employers doubt the value of formal training due to its perceived obsolescence.

Attitudinal differences: There's a perceived generational gap, with employers criticizing young workers for lacking focus and long-term commitment.

The Post-Pandemic Landscape:

Shifting consumer behavior: The rise of food courts and home delivery services intensifies competition within the industry.

Labor market changes: The pandemic prompted some workers to leave the hospitality sector for retraining or more stable jobs.

Recommendations:

Bridge the skills gap: Revise training programs to focus on communication, planning, and soft skills alongside industry-specific knowledge.

Promote career paths: Highlight opportunities for professional development and advancement within the hospitality sector.

Competitive compensation: Offer fair wages and benefits that incentivize long-term commitment, especially for skilled positions.

Improved work environment: Foster a positive and respectful workplace culture that values employee well-being and reduces turnover.

Intergenerational collaboration: Encourage open communication and knowledge exchange between experienced staff and younger generations.

By addressing these issues, stakeholders can work towards a more balanced hospitality labor market, where employers find qualified workers and employees find fulfilling and sustainable careers. The current situation resembles a broken mirror, reflecting a distorted image of both supply and demand. By creating a more transparent and collaborative environment, the industry can create a clearer reflection of its potential and attract a more engaged workforce.

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