

The Influence of Brain Drain Phenomenon on Tourism Sector

by

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Abstract: This paper work deals with skilled migration and its repercussions on tourism sector, from a developing country perspective. The authors sustain the idea that Brain Drain phenomenon represents a threat to Romania's economic development, mainly regarding tourism sector. This topic was chosen because the phenomenon of Brain Drain had a dynamic evolution in the last years in Romania and the consequences of its development are obvious. The purpose of this work paper is to determine the impact that the extent of this phenomenon has on the Romanian economic environment, mainly on tourism domain, to formulate some possible solutions in order to stop the manifestation of the Brain Drain phenomenon among young people, but also to identify some aspects that may stimulate a return to Romania of young specialists from abroad - considering the necessity of increasing tourism services' quality.

Key words: tourism, brain drain, services, quality, development, Romania

JEL classification: J61

1 Introduction

Maintaining and improving high quality of tourism services in Europe is fundamental to keeping Europe's leading position as a destination in world tourism, to meet the challenges of competitors and to increase its market share. Touristic activity constitutes, through the organizational and through the quality of the services offered, one of the signs of economic and socio/cultural development of a country. The role of tourism in national economy of Romania is particularly important because of the complexity of this phenomenon.

Nowadays, we are witnessing what has become known as the *globalization* phenomenon, which draws a new global revolution – the highly qualified work force is allured (and kept) where there are conditions for development. Thus, mankind becomes pragmatic, free and is building an open society, with young people settling down where they can fulfill and develop their personality.

The emigration represents one of the social processes that profoundly influence the current Romanian society and all developing countries; still, the specialized literature does not have the scientific papers that can render this

phenomenon or that can adequately explain the “skilled migration”. The brain exodus (the so-called “brain drain”) is considered an extremely important problem that numerous countries are facing, Romania being one of them.

Even if there were not yet fully identified the number and features of the international migrants and the reasons behind their departure from their originating countries, it is a sure fact that these countries face the danger of losing the most valuable economic resource: gifted people.

2 The importance of human capital in assuring quality in tourism

During time, an important part of the economic growth literature pointed out the importance of human capital as an explanatory factor of growth and has focused on the effects of human capital on productivity. It is a sure fact that nowadays, when competitiveness and flexibility are essential issues, investment in human capital could be a good tool to deal with these challenges.

The importance of quality services in tourism is growing, considering the increasing number of customers who are required to be satisfied; in this way, the dynamic and growth of tourism

industry will contribute significantly to the economic growth of a country. Considering Romania's case, tourism could become one of the fundamental and strategic points of economic growth that lies behind the growth of other activity sectors, not only the touristic ones.

Considering tourism sector, whose direct and indirect impact is estimated by the World Travel & Tourism Council to account millions of jobs worldwide and hundreds of thousands of jobs in Romania, table 1, the role of human capital is essential. Even if it is difficult to measure the implications of specialization/qualification in tourism for different reasons, there is no doubt the skilled labor force in this sector is essential in order to assure high quality of touristic services and to fulfill all costumers' needs.

Table 1. Travel and Tourism total contribution to employment.

	2009	2010	2011
Romania			
Real growth (%)	-1.1	-0.4	-0.4
% share	5.2	5.2	5.2
`000	450.8	448.6	446.4
World			
Real growth (%)	-3.1	-0.8	3.2
% share	8.8	8.6	8.7
`000	252720	250565	258592

Source: World Travel and Tourism Council, www.wttc.org;

2.1 Human Capital

Practically, the human capital is created by the educational capital (abilities developed by people during the schooling period, but also outside of it) and the biological capital (physical abilities, synthesized the most often through the health state). Therefore, it can be represented by those abilities belonging to individuals – and peculiar to them – who remain the same in any social environment and can be turned into account on the labor market in return for economic resources of any type; in economy, the human capital is regarded as being an “estimation of a person's ability to produce income through work” (Cotîrlea and Dragolea, 2009). Today, the society's evolution shapes the knowledge age towards which the whole

humanity reaches. It's important to mention that the central spot belongs to information, which gives birth to the intellectual capital. Metaphorically, it's called “the coin of the new millennium”. The wise use of the intellectual capital is the key to success in the knowledge age.

The human capital and, implicitly, the investment in human capital – especially in tourism sector – determines the individuals' capacity to earn money, but also their employment opportunities, because of the quality they can provide through the offered services; therefore, the importance of investing in education comes out as essential for the contemporary economic increase and development. The youth's inclination to continue their studies contributes to the overall development of society – the assessments are generally based on the high investment recovering rates put into education, and their inclination to continue studies in tourism domain assure the quality of the services that are going to be provided in the future.

2.1.1 Well-trained workforce: the premise of ensuring quality in tourism domain

The problem of delimitation of the tourism sector makes it difficult to analyze training and education needs as well as individuals' demand for education (Rey-Maqueira et al, 2006).

Relevant issues regarding the role of human capital in providing quality services in tourism domain have been studied until now; specialists have approached general themes, such as the relationship existent between quality of the service provided and employees' education, the demand for education in tourism sector, the connection between qualifications and productivity, the role of training or the relationship between migrations and qualifications, among others.

When evaluating the effectiveness of training programmes, the literature clearly indicates that training is an important component of successful tourism and hospitality organizations but that it must be approached with caution: training objectives must be clearly articulated and action

plans must be developed (Rey-Maqueira et.al., 2006).

The basement to evaluate the quality of tourism services is represented by tangible and intangible attributes of service. The specific of the touristic product and its quality depends to a large extent on the professional ability of the service staff (kindness, solitude, punctuality, promptness). Aspects related to professional ethics (correctitude, trust, honesty) are seen by the consumer as inseparable from the quality of a service. The problem for service providers is the identification of key quality attributes – those attributes which are tangible are easier to identify and measure than intangibles.

As it is written in the *Report for discussion* (ILO, 2001), although tourism is a diverse sector which can provide many working opportunities for a wide range of skills, there is a shift within Europe away from specific skills towards broader, more generic competencies. The key training needs established by employers and trade unions are food safety, IT, environmental awareness and foreign language skills. It is already known that the industry provides few post-experience training or retraining opportunities, and, indeed, commitment by the private sector to human resource development appears slight.

Considering the multinational companies and organizations that activate in tourism sector, there is a trend towards investment in education, training and development of employee, in order to meet the need for a higher level of customer-oriented service.

Efforts have been made by these companies to offer to their employees specific training in business finance, revenue management, euro handling and business planning and to establish relations with European and American hotel/business administration schools, so that a steady flow of students take up internships at their companies; in this way, it is possible for managers to identify the well-trained students and to ensure, in this way, a future workforce for their company - because they have understood that quality of services provided is in direct relationship with employees' education.

All these have been said, it is a sure fact that

only a properly educated workforce could be able to sustain the high level of friendly, efficient and professional service, which is a major ingredient in ensuring satisfied customers and continued growth.

2.2 Quality in tourism industry

Since service quality is highly dependent on the provider, time and place of supply, the customer's involvement in the provision and his expectations cannot be standardized. Quality service means a whole range of activities and issues that influence a customer satisfaction: accessibility, timeliness, explanations offered to clients about what they found, what they did and why.

Although it is currently well accepted that service quality is crucial to the success of any service organization, there exists no uniformly accepted definition of service quality (Lewis and Mitchell, 1990).

The definition of quality may vary from person to person and from situation to situation (Brown et.al, 1991). Services have been described as a *deed, act or performance* (Berry, 1980) encountered in time, rather than physical objects. Indeed, the critical time (in order to fully understand services' quality) is during one-to-one interactions that occur between the consumer and the provider (Brown et.al, 1991), the so-called *service encounter*.

As tourists participate in the production and consumption of services, they interact intimately with various aspects of the organization which activates in tourism sector. This inside knowledge presents them with the opportunity to assess services critically, in particular the quality of service (Kandampully, 1997). Consequently, quality of service has become a factor important in the overall tourism experience, and one which ultimately dictates the success of the tourism business. Indeed, a number of authors argue that the customer's overall perception of service quality stands or falls at the customer-employee interface (Cooper and De Salah, 2009); according to Marin A. and others (Marin et.al, 2010), service quality is a measure of how well the service delivered matches customers'

expectations.

Because tourism has been widely recognized as one of the most important sector of the service economy and quality service stimulates demand for an organization's products and services, in order to contribute to a robust economy, the tourism manager should pursue the performance of all quality standards, so consumers receive maximum satisfaction.

3 Brain Drain phenomenon: a threat for services' quality in tourism sector?

It is a sure fact that structured careers -in which workers have genuine prospects of career development, are not numerous in the tourism sector, and efforts to retain employees through incentives or promotion are the exception, rather than the rule. Not only do people tend to "pass through" the sector, but researches have shown that it is often the most talented who leave, since they are the most confident of finding employment over the borders (ILO, 2001).

Even if for many young people the tourism industry is an entry point to the world of work, because it brings many advantages (such as providing opportunity for travel, provision of food and lodging, bringing workers into direct contact with the public etc.), they rapidly face the reality -labor conditions in the sector are very poor, with low salaries, high rates of turnover, high seasonality, anti-social working hours, a lack of a career path design, and comprising a significant proportion of the informal sector, that make the acquisition of skills and, therefore, the improvement of the final service, difficult (Rey-Maqueira et.al., 2006) - and decide to migrate from their developing countries (origin country) to an already developed one. This phenomenon is called „Brain Drain” or “human capital flight” and represents the migration of the educated or talented people due to various reasons (conflicts, lack of opportunities etc.).

Brain drain is considered an extremely important problem that Romania is facing. Most studies suggest that the phenomenon has two distinctive negative effects. On one hand, although for the world as a whole, it's beneficial for the most intelligent people to exercise their abilities where

they are receiving the highest reward, it's important to mention that this is not true for the countries that lose an important part of their educated middle class. Besides losing the potential production, the fiscal loss caused by migration is also added; thus, the tax payers from the developing countries have paid for the education of those who are leaving, and the emigration leaves behind fewer workers that will pay for the costs of taking care of the elderly.

Migration represents a significant loss for the country, because of the intellectual, scientific and economic potential they have, and because of losing the investment put into their education. Financially, for each emigrant who graduated from university, Romania losses approximately 50.000 dollars/person. This sum represents the cost of 16 to 20 years of schooling, money that cannot be recuperated by the Romanian society.

Paradoxically, at the Government's level, this subject does not seem important, and when it is found within the political oratory, it is treated superficially and – most likely – is included in the general debate of the work force deficit. According to the latest studies, Romania has given to the world a tribute of no less than 24.000 students; of course that this number does not involve only tourism/business administration graduates, but an important percentage of these students represent the basis of a possible future high-qualified workforce.

Unfortunately, the dimensions of the highly qualified work force migration of Romania is well known, which represents one of the main causes at the basis of identifying and implementing the adequate solutions for stopping this phenomenon.

3.1 Causes

At society's level, the “brain exodus” represents a major problem. Migration is an important loss for the country because of the intellectual, scientific and economic potential that the youth has, but also because of losing the investment put into their education. Therefore, the following are worth mentioning:

- the fact that employers cannot pay wages commensurate with formal training and

recognized qualifications - one of the reasons why employees decide to leave their country in order to fulfill their needs (both on professional and social plan);

- in general, many of the operational activities in the industry require learning on the job, rather than formal training; because of this, managers frequently state their preference for recruitment on the basis of personality rather than on the basis of qualifications;
- the reality that even countries used to discourage the immigrants flow are indulgent towards brain migration; many of them are offering tax exempts and fast granted visas in order to be competitive on the global market; in this way, well-trained students in tourism sector will apply their knowledge in some other countries, which also give them the opportunity to fulfill their studies, benefiting from an important scholarship and having a decent living;
- other obstacles: the performance of really valuable students of being accepted by an organization which activate on tourism domain is blocked by numerous factors, among which the low remuneration level, the difficulty in finding a decent home, the blocking of existent positions etc.;
- this sector is characterized by high seasonality and Romanian industry did not discover yet a way to valorify its potential at maximum level, during the entire year.

Thus, the exodus of young values is not accidental: the remuneration is certainly a fundamental aspect, but it is closely related by the other mentioned factors. The industry displays a reluctance to give formal recognition to acquired skills, and this may reflect a wish to avoid claims for higher wages and prevent undesired mobility. On the other hand, a recent study also suggests that practical training and experience is more highly valued in the countries covered than formal, accredited training qualifications.

Generally, our country losses points regarding innovation and international competitiveness, and the international competition for attracting “gifted” young people is becoming more intense because the other competitors want to develop

their economy based on knowledge.

3.2 Solutions

The solutions to counterbalance the migration of the most valuable people, by encouraging them to stay in their country or by motivating them to come back to Romania, must try to remove the causes that determine migration. In order to bring the training provided by formal education institutions into harmony with the requirements of the everyday operation of the trade, the industry has entered into partnership with teaching establishments, to ensure that the content of their courses is relevant to work in the sector, and to offer students, through that linkage, practical experience in all fields. Even if it seems like an avant-garde measure, some authors think we should support the departure of students willing to make a career in tourism domain to a foreign institution, because only this way they can train at a high and competitive level with other countries – including with other competitors. At the same time, it’s necessary to have macroeconomic policies and policies to fight crime, corruption etc. The return of the “brains” and, at the same time, the measures that should be implemented to stimulate it requires the making of an essential distinction between the factors that are elements of satisfaction for those who are abroad: there is a highly qualified labor force that leaves in order to increase their incomes, but there is also a category that, besides the material benefits, targets other opportunities.

4 Study regarding the manifestation of the Brain Drain phenomenon in the future

4.1 Methodology

Research, as methodical and systematic process of searching for topics of real interest, aims at acquiring additional knowledge by discovering new facts and views regarding addressed issues. In order to identify and anticipate the manifestation level of the Brain Drain phenomenon and the future plans of students who attend classes both at B.Sc. Program (Trade, Tourism and Services Economics) and M.Sc.

Program (Business Administration in Trade, Tourism and Services) that allows and encourages them to make a career in tourism, the respondents were required to complete a structured questionnaire which was both sent by email and available online; it contained ten structured questions and since April, 20 until May, 20 (one month) three hundred eighty-four persons completed the questionnaire.

The questions formulated and used in this questionnaire were closed, *with multiple answers or follow the funnel principle* (from general to particular). The *self-recording* method (handing the questionnaire to be filled by the respondents) was also used. After the data analysis and the quantification of the responses, the findings will be written for each chart in order to facilitate their understanding and interpretation.

4.2 Results and discussions

Regarding the importance attached to aspects of the everyday life of students, it was shown that family comes first (in 83% of all the interviewed students), followed closely by education (79%) and then followed by relationships with friends and acquaintances. Regarding the student migration after graduation, only 9% say they intend to leave the country for good, while 16% don't want to go abroad. It's interesting that almost three quarters of the students intend to leave the country only temporarily, for tourism, studies or work, but after reaching their goal they want to return to Romania, figure 1.

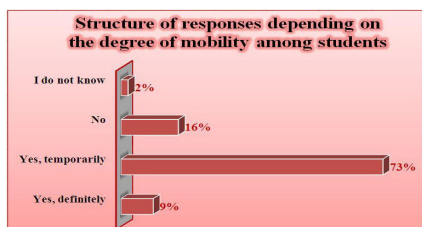


Figure 1. Structure of responses depending on the degree of mobility among students

According to the received answers, the United States of America is holding the first position regarding the country they would choose as destination (33%), followed closely by Great

Britain (21%) and France (14%). On the other side are Switzerland, the Netherlands and the Scandinavian countries (each with 2%) – Fig. 2.



Figure 2. Preferred destinations among students

Most questioned students seem to think they can't have a career in Romania (46%); 33% think that even if the chances are limited, they will succeed, while only 21% consider they can have a career in their own country. Regarding the question: "What would you choose in case you received a scholarship abroad?", most of the students that think that they can have a career in Romania (52%) would choose to work abroad for a period, and return after, while the majority (43%) of those who think it's impossible to have a career here, would choose to stay abroad for good if the opportunity arises, figure 3.

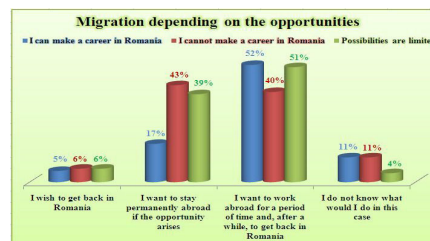


Figure 3. Migration depending on the opportunities

In case they would be offered the same job in an appealing field – here, or abroad – most students would choose to stay in Romania, with the condition to have the same salary as overseas (40%), followed closely by those who would choose the job abroad (38%); 20% of them would choose the job offered in Romania without hesitation, while 2% did not know what to answer.

According to the received answers, most students think they would have better living conditions abroad (74%) than in Romania, 16% think it would be similar, while 9% consider

they would have lived in worse conditions overseas than at home; 1% of them did not have an answer for this question. The main reason why graduates choose to leave the country are the career opportunities (43%) and the high living standards from abroad (32%), followed by the received salary.

The least important reasons are the political climate in Romania and the low quality of the education system. In the students' opinion, the main measures for stopping the Brain Drain phenomenon are increasing wages (61%) and increasing labour conditions in the sector (26%), or the implementation of macroeconomic policies (13%). According to the received answers, the main majority of the respondents consider that no matter the measures taken in order to stimulate the return of Romanian specialists from abroad, they will not come back (42%), while 26% consider that increased wages would stimulate well-trained people to return to Romania; 19% of them mentioned the fact that a higher standard of living would be a solution, while 14% of the respondents opted for macroeconomic policies (to combat crime, corruption etc.).

5 Conclusions

It is a sure fact that the success of a company which activates in the tourism domain depends on the knowledge, skills, abilities, motivation and dedication of its employees, and consequently has to have a well-developed internal training system, with links to outside training establishments as well. The training emphasis is shifting towards continuous learning and increasing the potential of individual employees. Regarding Brain Drain phenomenon's influence on the quality of services provided in organizations that activate in tourism sector, it is a sure fact that the receiving countries benefit from the capitalization effect of these foreign "talents". In case they do not return to their originating countries, the "brain drain" signifies the waste of added value potential that the developing country could have gotten involved for the society's development. The literature clearly

indicates that training is an important component of successful tourism and hospitality organizations; considering the fact that successful tourism can only be achieved by offering high quality services, it is a sure fact that only a properly educated workforce could be able to sustain the high level of friendly, efficient and professional services.

President of WTTC, Jean-Claude Baumgarten (2006) affirmed that *Romanian tourism has potential to grow, by 2016, more than the European or the world average, with one condition: the authorities must realize the importance of this domain and implement a realistic strategy in this regard. The first emergency should consist in improving the image of Romania outside the country.* All these have been said, it is our firm belief that Romania should stop being a weak country on the tourism market and should take advantage by its own strengths: the beauty of its nature and of its people.

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