

SOME PROBLEMS OF THE HORECA SECTOR IN TIMIS COUNTY DURING THE PANDEMIC COVID 19

MILIN IOANA ANDA*¹, MERCE IULIANA IOANA ¹, PEȚ ELENA¹

¹*Banat's University of Agricultural Sciences and Veterinary Medicine "King Michael I of Romania" from Timisoara, Faculty of Management and Rural Tourism, Romania*

*Corresponding author's e-mail: andamilin@usab-tm.ro

Abstract: *HoReCa has been one of the most affected market segments since the outbreak of the coronavirus pandemic. If before March 2020, Romanians went to the restaurant on average 2-4 times/week, now 61% of them say they do it much less often. Restrictions imposed by the authorities on the available capacity of the premises, hours of operation, safety during consumption, fear of illness, safety measures (wearing a mask, more frequent hygiene of hands and spaces) have significantly affected the owners of the HoReCa environment. The adaptation to the new requirements meant, for the entrepreneurs in the field, additional financial efforts, the reduction of the team of employees or their loss (which were reoriented towards their professions). The paper summarizes the main problems faced by HoReCa operators in Timis County during Covid pandemic.*

Key words: *pandemic, restrictions, safety, losses*

INTRODUCTION

Covid infection 19 has affected all of mankind - to a greater or lesser extent all economic activities have been under the influence of this disease. Globally, general and/or individual measures have been taken for each sector of activity. For two years all governments, specialized institutions, economic operators have been focused on this direction. [1-6]

As the effects of COVID-19 began to be felt around the world, the impact on the HoReCa industry became inevitable. Decisions to close hotels and restaurants have disrupted an entire system. Many interconnected industries have begun to look for solutions to adapt to this completely new situation. We can say that during the Covid 19 Pandemic, the HoReCa industry was among the first to be affected and will be among the last to recover because it has always been targeted by restrictions imposed by the authorities. Measures to avoid contamination have remained imprinted in the minds of consumers who will be more careful, from now on, regarding the safety of food choices and hygiene products, direct contact with strangers, etc. Looking back on the period 2020-2021, it can be seen that the pandemic has also triggered an analysis of the main aspects of the hospitality industry, such as: sustainable industry development, changing attitude of the hotel industry (related to customer safety, and customer behavior, but and the risks of resuming activity during and at the end of the pandemic).

MATERIALS AND METHODS

The elaboration of the paper was based on a rich bibliographic material - scientific, legislative, etc. which helped us to understand the analyzed phenomenon and to elaborate the questionnaire. [7-15]

The HoReCa domain began to be affected by the Covid 19 pandemic in early 2020, for a sufficiently long period of time to cause major malfunctions and problems in the field. For a long time, most restaurants, hotels, and other places in the HoReCa business have been closed for a long time, affecting their business significantly, with unfavorable long-term implications. In order to analyze the difficulties encountered in the accommodation and catering units in Timiș County during the pandemic (the period analyzed June 2020-June 2021), we used an online questionnaire, which was accessed and

completed by 59 operators in the HoReCa industry .Completing the questionnaire helped us to understand the complexity of the problems faced by companies in this field during the pandemic (financial difficulties and blockages, employment issues, social problems, psychological issues especially related to job insecurity employment, taking unpredictable and uninsurable risks for entrepreneurs, etc.).

RESEARCH RESULTS

The questionnaire applied to the operators in the field included 9 questions. The results after processing the received answers are presented below.

Q1-Currently, considering the pandemic situation, under what conditions will you carry out your tourism/restaurant activity?

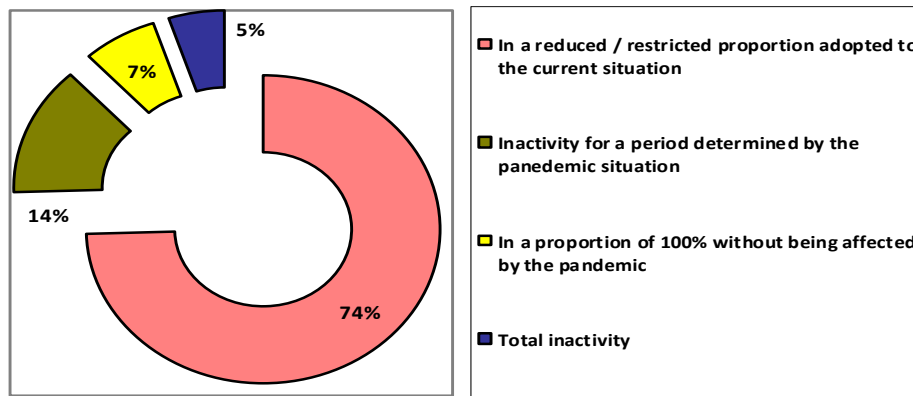


Figure 1. The result of processing the answers in Q1

Source: Own construction

As can be seen, 74.6% of those who completed this questionnaire worked in a small proportion, adapted to the situation imposed by the evolution of the pandemic, 13.6% were inactive during the restrictions, 6.8% were were opened and operated 100% without being affected by restrictions and 5.1% closed (ceased) activity.

Q2-Which of the following best corresponds to the description of the forgetfulness that you lead/manage?

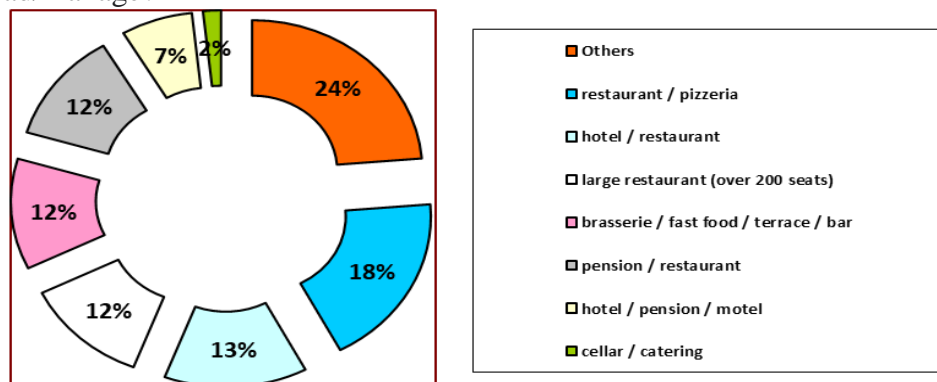


Figure 2. The result of processing the answers in Q2

Source: Own construction

Of the 59 people, 23.7% are from other fields than HoReCa (activities related to tourism and public catering, but which support this sector), 18.6% manage restaurant/pizzerias, 13.6% manage hotels and restaurants 11.9% own large restaurants with over 200 seats, 11.9% own brasseries/fast food/terrace / bar, 11.9% own a hostel + restaurant, 6.8% run a hotel/pension/motel and 1.7% own a canteen or catering services.

Q3-How affected is the activity you carry out, due to the pandemic situation?

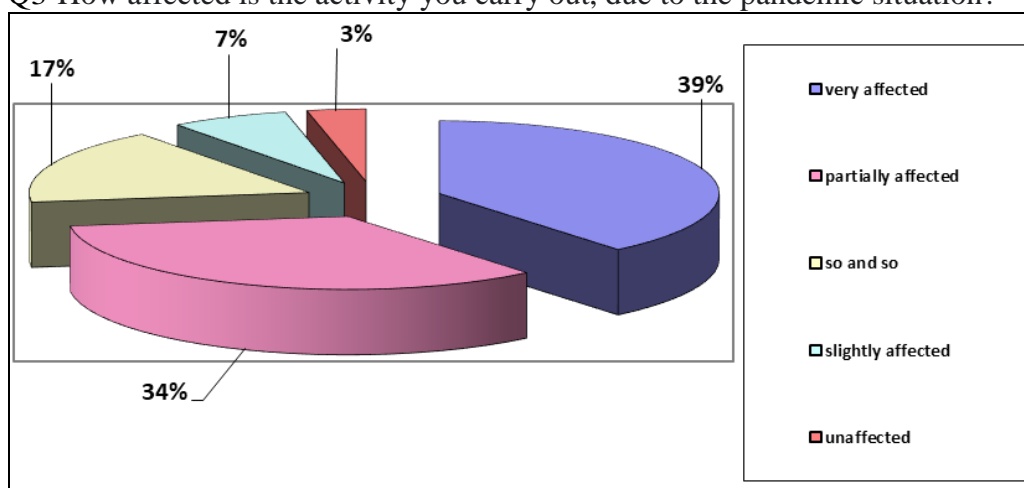


Figure 3. The result of processing the answers in Q3

Source: Own construction

Thus, of those who completed this questionnaire, 39% considered that they were very affected by the restrictions and rules imposed, 33.9% were partially affected, 16.9% were not partially affected, 6.8 were affected very little and 3.4% were unaffected. However, no respondent questioned the fairness and necessity of the measures imposed by the authorities.

Q4-For the next period, in which of the following situations you consider yourself to be in?

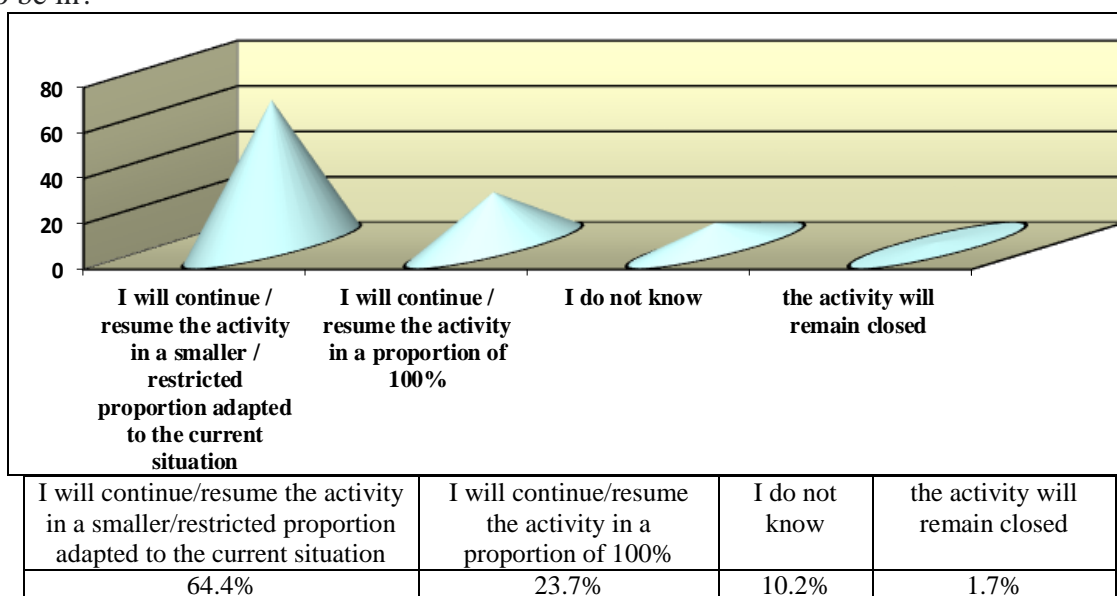
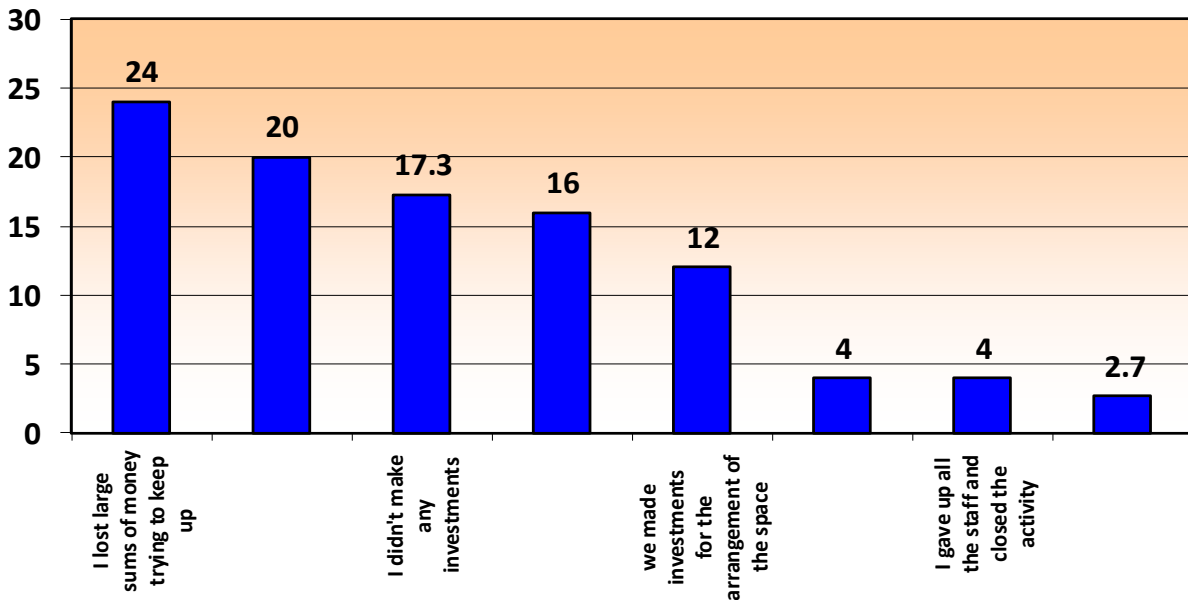


Figure 4. The result of processing the answers in Q4

Source: Own construction

Thus, 64.4% will continue/resume their activity in a reduced/restricted proportion, adapted to the current situation, 23.7% will continue/resume their activity in a proportion of 100%, 10.2% do not know how to manage In this situation, 1.7% of the 59 people who completed this questionnaire closed or will close the activity.

Q5- During this period, you may have had to make investments or changes in your business so that you can continue or support your business. Which of the following situations did you face?



I lost large sums of money trying to keep up	I re-profiled myself on telephone and online orders with home delivery	I didn't make any investments	I gave up some of my staff and kept up the good work	we made investments for the arrangement of the space	we have made other investments to support the activity	I gave up all the staff and closed the activity	I turned to companies specialized in the field
24%	20%	17.3%	16%	12%	4%	4%	2.7%

Figure 5. The result of processing the answers in Q5

Source: Own construction

In order to resume the activities of the HoReCa field, it was necessary to take some measures in order to operate, in order to be able to open and receive customers. Many entrepreneurs in this industry have had to invest in disinfection products, reorganize their business, redevelop spaces (make them safe from a distance point of view), give up some staff, or sign contracts. fixed-term or part-time/atypical work (example-only for weekends, only for holidays, only in season, etc.).

Of the 59 people who completed this questionnaire: 24% lost large sums of money trying to stay afloat; 20% re-profiled themselves by telephone and online orders with home delivery to save the business and not to send all people unemployed; 17.3% failed to make investments, 16% gave up part of the staff and maintained the activity with a reduced work capacity, 12% made investments for the arrangement of outdoor/indoor spaces for customers, so as to can continue to serve; 4% made other investments to support the activity; 4% gave up all employed staff and closed the activity; 2.7% turned to companies specialized in the field of home deliveries and / or online reservations. Companies of this type were, we can say, the only winners of this period, registering increases in activity (in terms of number of deliveries, sales volume, increase in the number of employees, etc.)

Q6-How much were the revenues obtained by the unit you run / manage during the pandemic?

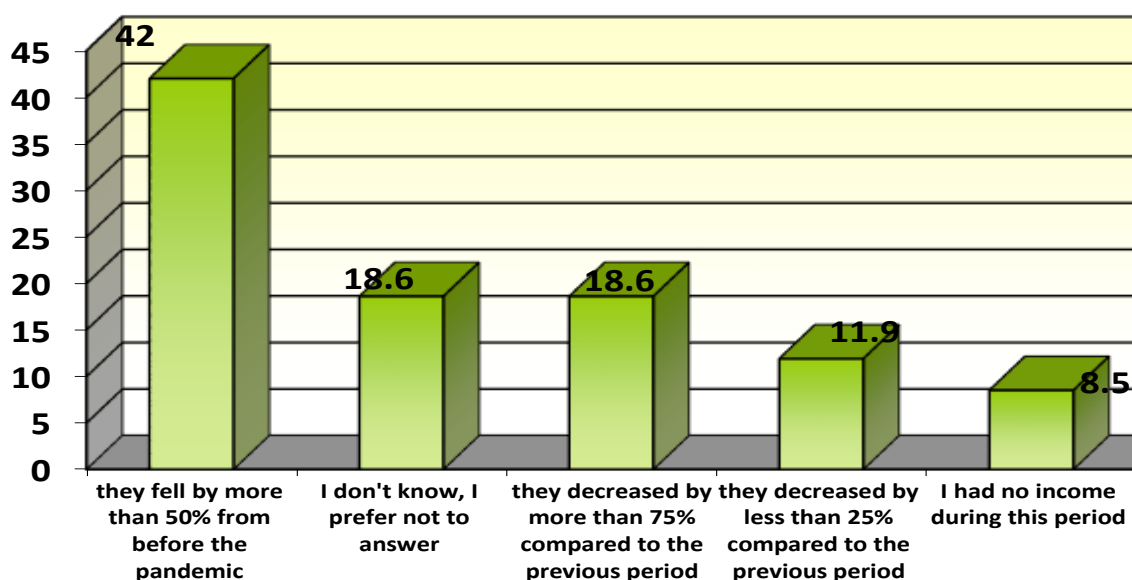


Figure 6. The result of processing the answers in Q6 (%)

Source: Own construction

In terms of revenues in this sector, their collapse was significant. Out of a total of 59 respondents: 42% decreased by more than 50% compared to before the pandemic, 18.6% do not know exactly the decrease in revenues or preferred not to answer; 18.6% decreased by more than 75% compared to the previous period; 11.9% fell less than 25% from before the pandemic; 8.5% did not have any income during this period, which led to the cessation of activity and the introduction of unemployed staff.

When this questionnaire was completed, the relaxation measures were right at the beginning, so the occupancy rate can be seen in the graph below.

Thus, of the people who completed this questionnaire, they claim that the occupancy of the rooms/accommodation is a percentage difference, 19 people have no reservations, 15 people have reservations below 15%, 10 people have an occupancy rate between 15% and 5%, 9 people have a occupancy rate between 25% and 50%, 5 people have occupancy rate between 50% and 75% and only one person between 75% and 100%.

Q7- Please tick the percentage of room occupancy and/or restaurant reservations during the pandemic period

In terms of revenues in this sector, their collapse was significant. Out of a total of 59 respondents: 42% decreased by more than 50% compared to before the pandemic, 18.6% do not know exactly the decrease in revenues or preferred not to answer; 18.6% decreased by more than 75% compared to the previous period; 11.9% fell less than 25% from before the pandemic; 8.5% did not have any income during this period, which led to the cessation of activity and the introduction of unemployed staff.

When this questionnaire was completed, the relaxation measures were right at the beginning, so the occupancy rate can be seen in the graph below.

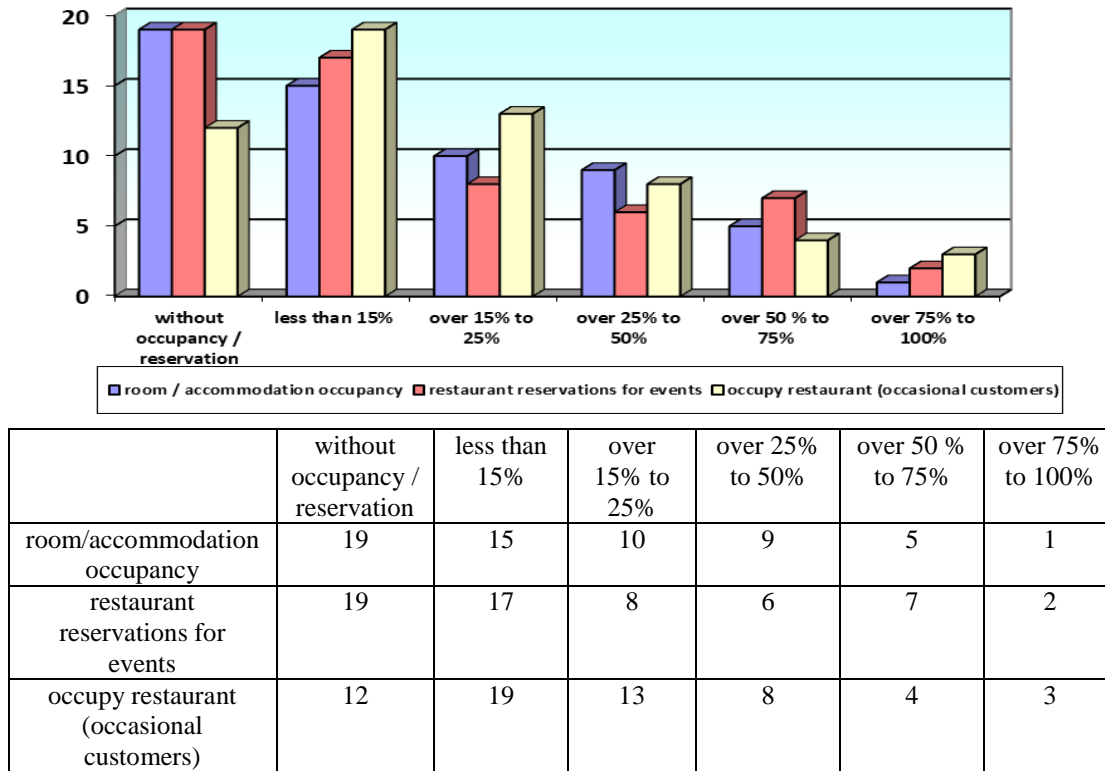


Figure 7. The result of processing the answers in Q7

Source: Own construction

Thus, of the people who completed this questionnaire, they claim that the occupancy of the rooms/accommodation is a percentage difference, 19 people have no reservations, 15 people have reservations below 15%, 10 people have an occupancy rate between 15% and 5 %, 9 people have an occupancy rate between 25% and 50%, 5 people have an occupancy rate between 50% and 75% and only one person between 75% and 100%.

Q8- What do you think will happen in the future with the field in which you work?

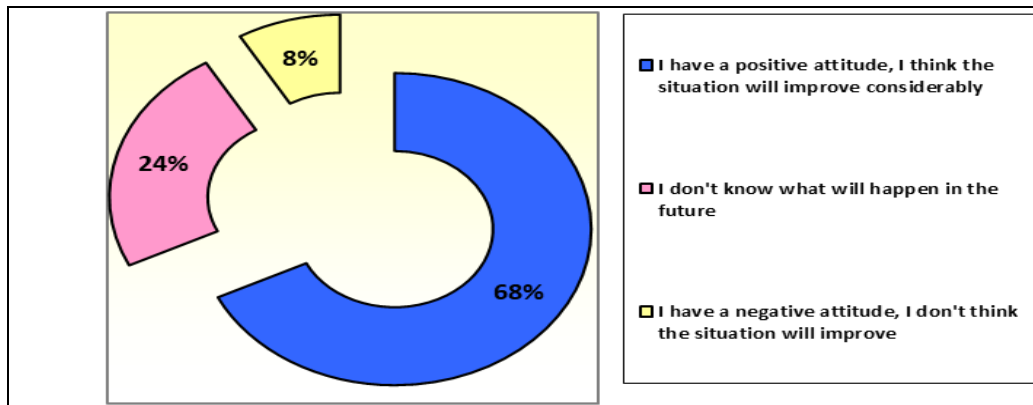


Figure 8. The result of processing the answers in Q8

Source: Own construction

In terms of the emotional situation of the people who completed this questionnaire 67.8% have a positive attitude and believe that the situation will improve considerably

the near future 23.7% do not know what will happen in the future, 8.5% they have a negative attitude and I don't think the situation will improve in the near future.

Q9- Which age group you belong to ?

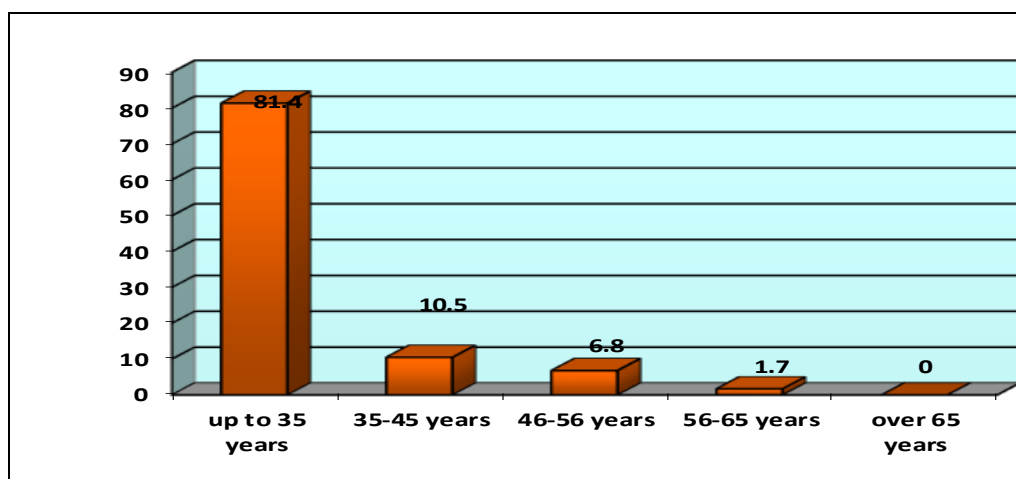


Figure 9. The result of processing the answers in Q9

Source: Own construction

From the point of view of the age of the participants in this questionnaire, it can be seen that most of them are young people, 81.4% being up to 35 years old, 10.2% being between 36-45 years old, 6.8% 46-55 years old, 1, 7% 56-65 years and no person over 65 years.

Since the beginning of the pandemic, the Romanian state has granted certain aids or fiscal facilities to the taxpayers from the HoReCa industry, but within the limits of the budgetary space and in the conditions in which other sectors also needed support. After the recent relaxation measures and the measures to support this sector, the HoReCa operators have started to become more optimistic and to gradually resume their activity. In summary, the support measures were as follows:

Table 1.

Measures that came in support of the companies affected by the Covid 19 pandemic in Romania

	Measure
1	✓ exemption from paying specific tax, a fixed amount tax that is not affected by turnover
2	✓ granting technical unemployment for the period of temporary suspension of the individual employment contract, at the initiative of the employer, up to 75% of the average gross salary per economy (5.429 lei in 2020) for each employee *
3	✓ allowances were granted for the payment of the annual tax and the monthly building tax for the buildings used in their own economic activity or rented, as well as reductions from these grants for the spaces where restaurants and hotels operated.
4	✓ the state aid scheme (Emergency Ordinance no. 224/2020) is implemented by the Ministry of Economy, Entrepreneurship and Tourism and involves the provision of financial support for tourism enterprises, accommodation structures, food structures and travel agencies whose activity was affected in the context of the COVID-19 pandemic. Through this measure, taxpayers received compensation for the decrease in turnover in 2020, but are obliged to maintain their activity for 12 months, respectively 24 months (if the value of the grant exceeds 200,000 euros).

* The measure targeted all affected sectors, not just HoReCa.

Source: Own construction based on the synthesis of legislative measures in Romania[10]

Under the state aid scheme for HoReCa, 10.185 applicants were registered and 8294 operators received funding in 2 installments (on 27.01.2022).

For comparison, we review the aid methods applied in other European countries:

Table 2.

The aid methods applied in other European countries

Country	Measure
Austria	- aid scheme through which companies that have experienced drastic decreases in turnover during the pandemic, compared to 2019, can cover up to 90% of their fixed costs.
France	-a solidarity fund to support small businesses, which consists of providing a limited amount of money, exempt from any taxes and contributions.
Spain	- "strengthening plan", which aims to support restaurants and bars that have suffered from restrictions imposed in the context of the pandemic. This includes: - obliging building owners to lower the rent for HoReCa companies by negotiating contracts individually. If the parties do not reach an agreement, the landlord is obliged to reduce the rent by 50% during the state of emergency, with the possibility of extending it by another four months from the lifting of the state of emergency. The legislation obliges them to conclude a moratorium for this period (state of emergency plus four months). Under these conditions, late payments may be made for a period of two years from the expiry of the moratorium. - access to finance by extending the term for repayment of loans supported by the State Official Credit Institute (ICO), from five to eight years, and the grace period has been increased from one to two years. At the same time, the ICO announced a new set of 90% state guarantees for loans of EUR 500 million for small businesses in the hospitality sector, - postponements for the payment of taxes and social insurance.
Luxembourg	- partial unemployment compensation for 50% of working hours, provided that no employee is dismissed until June 2021, - at the beginning of 2021, HoReCa companies were able to request a refund and / or cancellation of tax advances for the last two quarters of 2020 and / or the first two quarters of 2021
United Kingdom	- hospitality businesses are entitled to a one-time cash grant of up to £ 25,000 from the local council in the area where they operate, - aid scheme called 'Eat to help' (August 2020) to support the reopening of businesses in the HoReCa industry after the deadlock, through which the UK government offered a 50% reduction in the cost of food and / or soft drinks consumed to participating companies across the country.

Source: Own construction based on the synthesis of legislative measures in Europe [15].

CONCLUSIONS

Although we can say that the pandemic has passed, uncertainty is still present in this industry. In the short term, the most important aspect was that, through these aid schemes, taxpayers in the field received the amounts they needed; in the medium term, predictability is needed in terms of the state of the industry in relation to the pandemic, and in the longer term, recovery measures for this sector should be considered in close connection with the “experience” of the pandemic period.

REFERENCES

- [1]. BOSELEY SARAH 2020, Germany confirms first human coronavirus transmission in Europe” ISSN 0261-3077
 [2]. *** Biroul Regional UNICEF pentru Europa și Asia Centrală-Crearea unor sisteme de educație reziliente în contextul pandemiei de COVID-19: Considerente pentru factorii de decizie de la nivel național, local și de unitate școlară

- [3].***Institutul Național de Sănătate Publică. Centrul national de supraveghere si Control al Bolilor Transmisibile (2020). „Covid 19 Raport saptamanal de supraveghere. Rapoarte lunare
- [4].***ILO. 2013. Training Package on Workplace Risk Assessment and Management for Small and Medium-Sized Enterprises/”Pachet de instruire privind evaluarea și gestionarea riscurilor la locul de muncă pentru întreprinderile mici și mijlocii”.
- [5].***2020 “ILO Monitor: COVID-19 and the World of Work: Updated Estimates and Analysis”. Third edition, 29 April/ „Monitorul OIM: COVID-19 și lumea muncii: estimări și analize actualizate”. Ediția a II, 29 aprilie, 2020
- [6].***2020. “ILO Standards and COVID-19 Key Provisions of International Labour Standards Relevant to the Evolving COVID-19 Outbreak”. Version 1.2, 23 March/„Standardele OIM și COVID-19 (Coronavirus). Prevederi-cheie ale standardelor internaționale ale muncii relevante pentru evoluția focarului COVID-19”. Versiunea 1.2, 23 martie, 2020
- [7].***2020.“World Employment and Social Outlook: Trends 2020: Data Finder”Ocuparea forței de muncă la nivel mondial și perspectivele sociale: Tendințe 2020”
- [8].***COVID-19 and the world of work/Virusul COVID-19 și lumea muncii:<https://www.ilo.org/global/topics/coronavirus/lang--en/index.htm>
- [9].***Advice and guidance on COVID-19/Recomandări și îndrumări privind pandemia COVID-19: <https://www.who.int/emergencies/diseases/novel-corona-virus-2019>
- [10].***<https://www.onrc.ro/index.php/ro/legislatie/legislatie-covid19#HotarariCOVID19>
- [11].*** <https://uefiscdi.gov.ro/resource-821307-15.septembrie.-evolutia-coronavirus-in-romania.analiza-uefiscdi.pdf>
- [12].***<https://www.consilium.europa.eu/ro/policies/coronavirus/fighting-disinformation/>
- [13].***Johns Hopkins University of Medicine, Coronavirus Research Center. (2020) „Maps & Trends” 2020 <https://coronavirus.jhu.edu/data>
- [14].***Worldometer 2020 World/Countries/Romania 15 iunie 2020 <https://www.worldometers.info/coronavirus/country/romania/>
- [15]. Safe Return to Work: Ten Action Points/Revenirea în siguranță la muncă: zece puncte de orientare practică:https://www.ilo.org/global/topics/safety-and-health-at-work/resources-library/publications/WCMS_745541/lang--en/index.htm